

Neah Bay Tug Stakeholders Group

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DEC 01 2009

SPILLS PROGRAM

December 1, 2009

Senator Phil Rockefeller
218 John A. Cherberg Building
PO Box 40423
Olympia, WA 98504-0423

Representative Dave Upthegrove
333 John L. O'Brien Building
PO Box 40600
Olympia, WA 98504-0600

RE: Final Report to the Legislature as Required by ESSB 5344

Dear Senator Rockefeller and Representative Upthegrove:

Please consider this correspondence as the final compliance report due December 1, 2009 as required by the ESSB 5344 Section 4 (2). *Note: This report does not differ substantially from the "interim compliance report" sent to you on October 31, 2009.*

As representatives of vessel owners/operators maintaining oil spill contingency plans required by ESSB 5344 to pay for a response tug at Neah Bay, we are writing to provide you the final report on our compliance efforts. Representatives of stakeholders cited in the legislation have met on four occasions in addition to a number of individual stakeholder communications.

Cost Share Negotiations Stalled: We have not collectively agreed on a cost share split between oil and non-oil vessel sectors. Stalled discussions center around weighting transits versus oil volumes carried in the cost share allocation. In addition, stakeholders remain concerned about the lack of progress in getting non-contingency plan holders to pay their fair share (a significant number of tug activations were for non-contingency plan holder vessels). Ecology has reported making contact with Canada but there is no indication of any cost sharing participation.

We continue to make progress on a number of organizational and procedural matters as outlined below and in our interim compliance report.

Anticipated Annual Cost of Providing the Emergency Response System- Section 4(2)(a)

We do not have a firm estimate of the cost of complying with the legislation at this time. We will have a better idea of the cost after we are able to receive bids from tug providers. We solicited tug broker services from two tug brokers and have collectively made a selection to award the broker services to L&R Midland. We will work with the tug broker to develop a Request for Qualification and Tug Service Provider Contract. We are also working with legal counsel, LeGros, Buchanan & Paul, of Seattle to prepare documents to form an entity to address compliance issues. All vessel categories required to comply with ESSB 5344 will be appropriately represented.

Additionally, we have agreed that the Washington State Maritime Cooperative (WSMC) and the Marine Exchange (MAREX) are ideally suited to provide administrative support. We are working closely with WSMC and MAREX on a number of issues from invoicing to contract implementation details.

Methodology for determining anticipated annual cost for each class of covered vessel Section 4(2)(b): See Interim Compliance Report. Methodology discussions and spreadsheets provided by both the oil and non-oil sectors including transits, vessel size, oil volumes and vessel design considerations. Invoicing can only be finalized after a cost share agreement is reached.

Crediting enhanced navigation or structural characteristics and frequent callers - 4(2)(b)(i) and (ii): See Interim Compliance Report

Consideration of current economic conditions - 4(2)(b)(iii): See Interim Compliance Report

Contingency Plan Appendix for Neah Bay Tug

WSMC is the plan holder for the majority of vessels. However, some tank vessels owners/operators have their own Contingency Plan (CPLAN) and are not covered by WSMC. WSMC has drafted an appendix to the CPLAN for covered vessels. For each plan holder there will be distinctions due to the differences in the format of plans. Further, plan holders who are also owner/operators may have more specific guidance for operations than the blanket plan holder, WSMC (not being an owner/operator.).

Procedures are being developed to ensure compliance with ESSB 5344 and will account for a vessel owner/operator or Ecology to contract for tug service.

On behalf of the Covered Vessel Stakeholder Group listed in the enclosure, we submit this final report as required by ESSB 5344.

Sincerely,



Michael R. Moore
Co-Chair Stakeholder Group



Frank E. Holmes
Co-Chair Stakeholder Group

cc: Governor Chris Gregoire
Senate Majority Leader Lisa Brown
House Speaker Frank Chopp
Senator Kevin Ranker
Representative Kevin Van de Wege
Senator Jim Honeyford
Representative Shelly Short
Dale Jensen, Department of Ecology

Neah Bay Tug Stakeholders Group Membership:

Captain Michael Moore, Pacific Merchant Shipping Association
Frank Holmes, Western State Petroleum Association
John Hansen, NW Cruise Association
Jason Lewis, American Waterway Operators
Leslie Hughes, North Pacific Fishing Vessel Operator Association
Richard Berkowitz, Transportation Institute
Glenn Reed, Pacific Seafood Processors Association

