



West Coast Sailors

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Friday, November 21, 2014

Matson to buy Horizon Lines' Alaska service

Matson, Inc.—the parent company of SUP-contracted Matson Navigation Company—and Horizon Lines, Inc. announced on November 11, that Matson and Horizon have entered into a definitive “merger” agreement in which Matson will buy the stock of Horizon, its Alaska operations and the assumption of all non-Hawai'i business liabilities.

Separately, Horizon announced that it has agreed to sell its Hawai'i service to The Pasha Group, which operates Pasha Hawai'i Transport Lines, for \$141.5 million and that it intends to shut down its East Coast-Puerto Rico line operation by the end of the year. Pasha will acquire four Horizon vessels.

Under the terms of the deal, Matson will acquire Horizon for \$0.72 a share, or \$69 million, plus the repayment of Horizon's debt outstanding at the close of the transaction which is expected in mid-2015. The total value of the deal is \$456.1 million, based on Horizon's net debt outstanding as of September 21, 2014, less the anticipated proceeds from the sale to Pasha.

Under the deal for the Alaska service, Matson will acquire three 1,668 TEU diesel-powered vessels all built in 1987—*Horizon Anchorage*, *Horizon Kodiak* and *Horizon Tacoma*. In addition it will acquire the 1,690 TEU steam-powered *Horizon Consumer* built in 1973 and held as a reserve ship.

The three diesel vessels have a projected useful service life of ten years. Matson plans to install main engine exhaust scrubbers in these vessels at a cost of \$6-8 million per vessel to comply with environmental emissions requirements. This work is expected to begin in 2015 and be completed by the end of 2016.

Matson will also acquire two Horizon-owned cranes at Dutch Harbor, over 6,500 containers, over 2,000 chassis plus five other steam-powered vessels that are near the end of their economic life. Matson was mum on what it planned to do with these ships.

“The acquisition of Horizon's Alaska operations is a rare opportunity to substantially grow our Jones Act business,” said

Matt Cox, President and Chief Executive Officer of Matson. “Horizon's Alaska business represents a natural geographic extension of our platform as a leader serving our customers in the Pacific. We expect this transaction to deliver immediate shareholder value through earnings and cash flow accretion via significant cost and operating synergies. We are also encouraged by the long-term prospects of the Alaska market, which mirrors Hawai'i in many operational ways, despite different underlying economic drivers. Both markets depend on reliable, superior and timely container cargo service as part of vital supply lifelines—hallmarks of the Matson brand.”

The Boards of Directors of both Matson and Horizon have unanimously approved the deal, and Horizon shareholders representing 55% of the fully diluted equity, which also represents 41% of the outstanding voting common stock on November 11, 2014, have agreed to vote their shares in support of the transaction.

Matson will fund the transaction from cash on hand and available borrowings from its line of revolving credit.

The deal is expected to close in 2015 after the completion of Horizon's sale of its Hawai'i assets, Horizon's shareholder approval, and regulatory approval.

South Korea ferry verdict: Sewol captain sentenced to 36 years in prison

The captain who abandoned hundreds of school children as the *Sewol* ferry capsized and sank off the coast of South Korea in April has been sentenced to 36 years in prison, on the same day as officials called off the underwater search for those still missing.

A court in the city of Gwangju found Lee Joon-seok not guilty of murder, but convicted him of gross negligence.

The overloaded *Sewol* capsized on April 16, while making

a turn during a routine voyage to the holiday island of Jeju. Lee abandoned the sinking ship with hundreds of people, most of them teenagers on a school excursion, on board.

Only 172 of the 476 passengers were rescued. Nearly seven months after the disaster 295 bodies have been recovered but nine are unaccounted for. Of the 304 confirmed dead or still listed as missing, 250 were pupils from the same high school.

Prosecutors had demanded the death penalty for Lee, 69, after branding him a liar who abandoned the *Sewol* despite knowing that hundreds of trapped passengers would probably die.

The court sentenced the *Sewol's* Chief Engineer, Park Gi-ho, to 30 years in prison for homicide for not assisting two injured fellow crew members. The remaining 13 surviving crew members were found guilty and given terms of between five and 20 years on various charges including criminal negligence and accidental homicide.

A prosecutor involved in the case said his team would appeal against the decision on all 15 crew members, calling the rulings “disappointing,” particularly the not guilty verdict against three senior officers including the captain on homicide charges.

The captain and his fellow defendants, bound and handcuffed, were brought to the courthouse four hours before the hearing on November 11. Lee, wearing glasses and a green prison uniform, was seen under security escort climbing a set of stairs, his close-cropped head bowed.

Relatives of the victims voiced their disgust in the courtroom when the sentence was read out. One reportedly invited the judge, Lim Joung-youb, to free Lee and his crew so the families could “punish them ourselves.”

The *Sewol* sinking—South Korea's worst maritime disaster in decades—stunned the entire country and raised fraught questions about what it had sacrificed in its rush to development.

Lee and his crew became the targets of widespread public vilification, prompting legal experts to raise doubts over whether they would receive a fair trial, with emotions running high over the loss of so many young lives.

At the same time South Koreans were forced to confront the uncomfortable possibility that their country, having risen from the ashes of war, had ignored public safety as it rose to become Asia's fourth-largest economy.

Local media coverage of their arrest and arraignment was often colored by a presumption



of guilt. Before the trial even began President Park Geun-hye publicly stated that the crew's actions had been “tantamount to murder.”

When the trial ended in October, Lee said he had committed a crime for which “I deserve to die,” but strenuously denied that his decision to abandon the ship with passengers still on board had amounted to murder. He had panicked and failed to take “appropriate measures” that could have saved lives, Lee admitted. “But I swear from my heart that there was never any intention to murder,” he said.

In the end the court said it

could not accept prosecutors' demands for a murder verdict and the death penalty. It is not clear that Lee would ever have been executed—there are 60 people on death row in South Korea but no such sentence has been carried out since 1997. Lee's age, however, means he is likely to die in prison if he serves his full term.

“We find it hard to conclude that the defendants ... were aware that all of the victims would die because of their actions and they had an intention to kill them,” the court said. “Therefore the murder charges are not accepted.”

continued on page 6



SUP Quarterly Finance Committee Report

SUP QUARTERLY FINANCE COMMITTEE REPORT FOR THE QUARTER ENDED SEPTEMBER 30, 2014

The Quarterly Finance Committee, duly authorized to act by the regular meeting at Headquarters on October 14, 2014, hereby submits the following report:

SUMMARY OF CASH AND INVESTMENTS

General Fund	\$1,524,357.23
Political Fund	\$4,288.33
Strike Fund	<u>\$1,293,730.99</u>
Total Cash and Investments 3rd Qtr. 2012	<u>\$2,822,376.55</u>

GENERAL FUND

Income:	
Dues, Initiation, Assessments	\$91,123.15
Interest	13,400.31
Donations - <i>West Coast Sailors</i>	1,690.00
Tanker & Joint Committee, Hiring Hall.....	118,954.33
Advertising & Promotion	120.00
Miscellaneous Income, Reimbursements, Fines	124.49
Reimbursed Administrative Expenses.....	15,257.82
Contributions - General Fund	103,519.24
Reimbursed Field Expense	<u>1,042.90</u>
Total Income:.....	<u>\$345,232.24</u>

Expense:	
Auto & Travel	\$345.00
Rent.....	14,356.24
Postage, Printing & Office	9,248.28
Telephone & Telegraph.....	5,167.58
<i>West Coast Sailors</i> Publishing Expense	14,846.12
Contributions.....	1,925.00
Accounting	3,000.00
Per Capita	12,702.50
Salaries & Payroll Taxes.....	182,990.36
Office Workers Pension.....	8,309.60
Insurance	51,438.92
Field Expense	1,528.55
Committee & Neg., Conference & Conv.....	6,619.43
Investment Expense	1,457.64
Officials Pension	2,018.07
Miscellaneous Expense	125.47

Subscriptions	84.85
Advertising & Promotion	<u>3,208.12</u>
Total Expense:	<u>\$319,371.73</u>

BUILDING CORPORATION

Income:	
Rents	\$160,765.53
Bldg. Util. & Service Reim.	1,600.00
Total Income:	<u>\$162,365.53</u>

Expense:	
Building Services & Utilities.....	\$29,916.63
Repairs & Maintenance	25,333.39
Insurance	18,057.58
Salaries & Payroll Taxes.....	20,390.32
Pension	740.43
Auto	117.01
Office.....	1,964.11
Accounting	3,000.00
General Tax.....	167.66
Building Improvements	17,662.00
Building Improvements - Legal	<u>970.00</u>
Total Expense:	<u>\$118,364.13</u>

POLITICAL FUND

Income:	
Contributions.....	<u>\$3,020.00</u>
Total Income	<u>\$3,020.00</u>

Expense:	
Contributions.....	<u>\$13,500.00</u>
Total Expense:	<u>\$13,500.00</u>

Net Income 3rd Qtr.....	<u>\$59,381.91</u>
Net Income YTD:	<u>\$415,199.26</u>

/s/ Romaine Dudley	/s/ Noel Itsumaru
/s/ John A. Perez	/s/ Frank Portanier
/s/ Arthur Thanash	/s/ Mike Worth

ACTION BY THE MEMBERSHIP November 10, 2014. M/S/C—That we concur in the report of the SUP Quarterly Finance Committee and, as per past practice, publish in the West Coast Sailors. Carried unanimously.

Sailor killed, another injured in foreign-flag cruise ship rescue boat accident

One crewmember has died and another injured in an accident involving a rescue boat onboard Princess Cruises’ *Coral Princess*. The accident occurred October 24, in Colon, Panama.

According to a statement from Princess Cruises obtained by *Cruise Law News*, the two sailors were inside one of the *Coral Princess*’ two rescue boats performing maintenance work on the hull of ship. When the boat was being raised back onboard the ship with the two sailors still inside, one of the wires that raises and lowers the boat parted, causing it to drop back into the water.

Both of the crewmembers were taken to a local hospital where one of them died from injuries sustained. The second sailor is reported to be in stable condition.

MarAd testing alternative power for vessels

The Maritime Administration (MarAd) is testing state-of-the-art, environmentally efficient technology onboard the Training Ship *Kennedy* (ex-*Velma Lykes*, ex-*Cape Bon*). The National Defense Reserve Fleet vessel was provided to the Massachusetts Maritime Academy by MarAd for cadet training.

This one-year undertaking is part of a MarAd initiative to test fuel cells as a source of power for shipboard electrical systems. Researchers will evaluate the performance of the fuel cell technology and how low sulfur marine diesel fuel can be used to efficiently power a fuel cell to produce auxiliary power. Unlike using low sulfur fuel in diesel engine generators to provide electrical power, the system produces no harmful air emissions.

Government form available for inspection

Annual information return (IRS Form 990) for the Sailors’ Union of the Pacific and the SUP Building Corporation are available for public inspection.

Interested parties should contact the office of Jihan Johnson, Controller, 450 Harrison Street, San Francisco CA 94105 or call (415) 777-3400 during normal office hours.

Final Departures

Lloyd Rust, Book No. 3146. Born in Texas in 1928. Joined SUP in 1944. Died in Henderson, Nevada, October 9, 2014. (Pensioner)

Preben “Freddy” Jensen, Book No. 4247. Born in Denmark in 1928. Joined SUP in 1946. Died in Santa Rosa, California, October 26, 2014. (Pensioner)

Billy Megrue, Book No. 5593. Born in Nebraska in 1925. Joined SUP in 1944. Died in Lincoln, Nebraska, October 19, 2014. (Pensioner)

John Furrie, Book No. 2230. Born in Wisconsin in 1945. Joined SUP in 1968. Died in Honolulu, Hawai’i, November 5, 2014. (Pensioner)

Last body found in hulk of Costa Concordia

The last missing person from the wreck of the foreign-flag cruise ship *Costa Concordia* was finally accounted for on November 3, when workers dismantling the hulk found the remains of Russel Rebello, a waiter on the ship.

The hulk of the vessel is being scrapped in Genoa, Italy, where it was towed after being freed from the rocks it struck in January 2012, off the Italian island of Giglio.

Workers found Rebello’s body on the eighth deck “in an advanced state of decomposition,” and Italian military police official said. Identification documents belonging to Rebello were found on the body, the official said. It was not clear why the body was not found in previous searches of the ship.

More than 4,200 passengers and crew made their way ashore from the partly capsized *Concordia* after the accident, but 32 were killed, including Rebello.

The vessel’s captain, Francesco Schettino, is being tried for manslaughter, causing a shipwreck and abandoning the ship.

SUP Meetings

These are the dates for the regularly scheduled SUP meetings in 2014/2015:

	<i>Hdq.s.</i>	<i>Branch</i>
December	8	15
January	12	Tues. 20
February	9	Tues. 17
March	9	16
April	13	20
May	11	18
June	8	15
July	13	20
August	10	17
September	14	21
October	Tues. 13	19
November	9	16
December	14	21

West Coast Sailors

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ILA’s Daggett: Waterfront Commission is ‘evil empire’

International Longshoremen’s Association (ILA) President Harold Daggett called the Waterfront Commission of New York Harbor an “evil empire,” and said the bistate crime watchdog agency should be abolished.

“We have this blood-sucking group, draining profits from companies, chasing businesses away from this port and absolutely failing to root out corruption,” Daggett said in a speech last month at the 100th annual dinner of the Foreign Commerce Club of New York. “Hell, the ILA has done more for reform in the last 10 years than the Waterfront Commission ever did over 60 years,” Daggett said, citing the Union’s code of ethics and independent ethical-practices monitor.

It wasn’t the first time Daggett has urged abolition of the commission. Unique to New York-New Jersey, the agency conducts criminal investigations, licenses dockworkers, and regulates the size of the port’s ILA workforce. The commission’s \$12 million annual budget comes from a 2% assessment on port companies’ payrolls.

The ILA and its employers have accused the commission of overstepping its authority to interfering with hiring rules set out in collective bargaining agreements. The commission says it is merely fulfilling its responsibility to ensure fair and nondiscriminatory hiring.

A federal judge in August dismissed a Union-employer lawsuit challenging the commission’s actions on hiring. The ILA, the New York Shipping Association and the Metropolitan Marine Maintenance Contractors Association have appealed.

A bill moving through the New Jersey

Legislature would withdraw the state from its 1953 compact with New York that created the commission. Waterfront Commission officials say New Jersey lacks authority to unilaterally dissolve a congressionally approved bistate compact. New Jersey passed legislation in 2007 to revoke the commission’s authority to regulate the size of the port’s longshore workforce. That bill, however, was contingent on New York’s passage of identical legislation, which has gone nowhere.

During the last year, labor and industry officials and the commission have blamed each other for slowing the hiring of several hundred ILA workers that all parties agree are needed to alleviate labor shortages and handle growth in cargo volume. In recent months, hiring has proceeded under close scrutiny from the commission. New workers are being added under a formula in the ILA-New York Shipping Association (NYSA) local contract that earmarks 51% of new jobs for military veterans, 25% for ILA referrals, and 24% for referrals through NYSA. Previously, virtually all job applicants were referred by the Union.

Daggett urged Foreign Commerce Club members, who represent an industry cross-section including shippers, carriers and intermediaries, to “join our fight against this costly and unnecessary Waterfront Commission. Anyone trying to run a company here in the Port of New York and New Jersey has to worry about ILA members (being) subjected to Nazi-type abuse by the Waterfront Commission,” he said. “The situation is reaching a boiling point, my members are not going to stand for it much longer.”

Military Sealift Command to consolidate in Norfolk, VA

The Navy’s Military Sealift Command is consolidating its headquarters in Norfolk, and bringing with it about 500 jobs from Washington, D.C. The command, which falls under the Navy’s U.S. Fleet Forces Command and joint services U.S. Transportation Command, has been split between Naval Station Norfolk and the Washington Navy Yard since 2012. It supplies ocean transportation for the Navy and other services, much like the Air Force’s Air Mobility Command supplies transport by air, said Nathan Potter, command spokesman. “It makes sense for the command to be closer to Fleet Forces, and the fleet we support,” Potter said. “This will help us streamline our processes and cut cost. We can better support the fleet and save money at the same time.”

The consolidation could affect 455 civilian positions and 52 active duty sailors, according to a statement from the command. But a small group may remain in the D.C. area. Civil service employees will have the option to relocate to Norfolk, Potter said, with moving costs paid by the command.

Official approval came October 30, for the move, which will take five years and cost \$31 million, according to the statement.

Norfolk is one of five regional commands. Others are in San Diego, California, Bahrain, Singapore and Italy. The command’s nearly 110 ships, most of them crewed by civilians, supply “gas, guns and groceries” to ships at sea, Potter said.

Matson reports higher revenue and profit in third quarter

Matson Navigation Company said it had a profit in the third quarter of \$21.5 million compared, with \$17.2 million in the same 2013 period. Revenue was \$441.8 million, compared to \$415 million in the third quarter of 2013. Compared to the third quarter of last year, Hawai’i container volumes were 3.8% higher, while automobile volumes were 20.8% lower. China container volumes were 7.4% lower when compared to the same period a last year.

“The Hawai’i economy is showing increased vibrancy, and we are earning our share of this growth,” said Matt Cox, Matson’s President and Chief Executive Officer. “We had a strong third quarter this year – the result of a rebound in container carriage in our core Hawai’i market, timing of fuel surcharge recoveries, higher freight yields in our major trade lanes,” as well as improved lift volumes at its joint terminal venture with SSA, and continuing improvements in its logistics unit. He noted the comparison with last year was positive, in part, because “we incurred several unfavorable items in the third quarter of last year, which affected year-over-year comparisons.”

He said the company expects that in the fourth quarter of this year, ocean transportation operating income will increase and operating income from its logistics business will be slightly higher than comparable 2013 levels.

Maersk fined \$8.7 million to settle fraud complaint

Maersk Line, Ltd., the U.S.-flag shipping arm of Denmark’s Maersk Line, has paid the federal government a civil settlement of \$8.7 million over government allegations that Maersk failed to fully comply with certain terms of a contract with the U.S. Transportation Command (USTRANSCOM) for moving cargo to Afghanistan.

Under Maersk’s contract with USTRANSCOM, the Department of Defense used Maersk to ship cargo from the United States to military outposts in Afghanistan. Maersk moved cargo by sea and then by trucks, often traveling in remote areas where enemy combatants and criminal entities were active in delivering shipments.

The government said USTRANSCOM discovered that some claims submitted by Maersk contained suspicious signatures. Further investigation revealed that signatures purporting to verify receipt of shipments in Afghanistan were forged. USTRANSCOM’s review uncovered 277 instances in which such claims were falsely made.

James Philbin, Vice President and General Counsel for Maersk in the U.S., said the \$8.7 million is the value of the lost freight and transportation. Some of the cargo was shipped through the port of Karachi and then trucked to Afghanistan, some moved by air, and some was transported from Latvia to Northern Afghanistan by rail and truck, when the Pakistan border was closed. He said none of the containers contained munitions, but were mostly commissary items.

Philbin said in the case of cargo that moved through Pakistan, cargo would be given to drivers who went as far as the Afghan border, and they then had to transfer the cargo to Afghan drivers; Maersk drivers were not permitted to cross the border. While the whereabouts of the missing cargo is not certain, he said it appears that instead of being driven to military bases, the cargo was stolen and thieves forged the signatures of military personnel who were supposed to receive the shipments.

“I would note that to its credit, Maersk was cooperative in the investigation. Aside from these containers, Maersk has successfully delivered thousands of shipments during the war effort. Maersk’s overall conduct reflects a stronger performance and greater diligence than the relatively small amount of non-compliant warzone shipments would suggest, but, as I have noted, even a small amount of overall fraud becomes a huge waste of tax dollars, and I will not tolerate any such waste,” said Stephen Wigginton, U.S. Attorney for the Southern District of Illinois.

“One can clearly see that in contracts of this magnitude, even a small percentage of fraud amounts to significant loss of funds. By this and other ongoing investigations, I am putting these world-wide contractors on notice that my office will not tolerate any fraudulent, false or unwarranted billings to the United States and its client agencies,” Wigginton added.

Maersk confirmed the settlement and noted that the 277 instances of missing containers and forged proof of delivery documents in Afghanistan amounted to far less than 1% of the total amount of transported containers for the military in Afghanistan.

Maersk said it had shipped 115,000 containers for the U.S. military to Afghanistan since the war began in 2001.

The company said, “We have not acted fraudulently, nor is the settlement in any way an admission of any fraudulent behavior on our part.”

Maritime Administration extends VISA program to 2019

The Maritime Administration (MarAd) announced this month that it is extending the Voluntary Intermodal Sealift Agreement (VISA) program until October 1, 2019. The VISA program created a partnership between the United States government and the maritime industry to provide commercial sealift and intermodal shipping services and systems necessary to meet military mobilization requirements.

Through the VISA program, transportation solutions are developed in peacetime to anticipate Department of Defense requirements. The VISA program enables a seamless, time-phased transition from peacetime to wartime operations.

More than 90% of the U.S.-flag fleet vessels that the military can use to carry supplies are committed to the VISA program. SUP-contracted APL and Matson participate in VISA.

White House expresses confidence in West Coast port bargaining process

The White House made a brief comment on November 18, about the ongoing labor talks between the International Longshore and Warehouse Union and the Pacific Maritime Association, stating it is monitoring the negotiations and expressed confidence the two sides will reach a contract agreement.

Referring to the contract reached between employers and Union dockworkers on the East and Gulf coasts last year, Assistant White House Press Secretary Frank Benenati remarked, “just last year, there was a long negotiation at the East and Gulf coast ports. And just as the two sides in that case were able to resolve their differences through the time-tested process of collective bargaining, we’re confident that management and labor at the West Coast ports can do the same thing. “They’re at the table trying to work it out, and we’re confident that there’s a way forward. We continue to monitor the situation,” he added.

ILWU spokesman Craig Merrilees said it “seems to me the White House is doing a good job of monitoring the situation and expects the parties to negotiate a settlement through the collective bargaining process.”

Meanwhile, it appears some container shipping lines are responding to the pushback from shippers and the U.S. Federal Maritime Commission over their plan to implement hefty \$1,000 per 40-foot container congestion surcharges on boxes entering or exiting West Coast ports by abruptly announcing they will postpone implementing those surcharges. For example, OOCL released a customer notice announcing a congestion surcharge on November 18, only to withdraw it the same day, “until further notice.”

SUP Honor Roll

Voluntary contributions from the membership to the following funds:

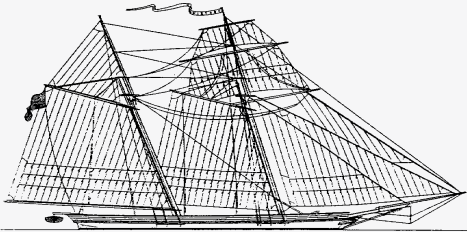
Organization/
General Fund

Political Fund

Jose Angeles.....20.00
Joseph Carson.....50.00
Jesus Hermosillo.....50.00
Jordon Polon.....10.00
Charles Rafael.....115.00
Harold Uriarte.....400.00

Dues-Paying Pensioners

Gordon Abbott	Book #3785
William Berger	Book #4642
Robert Copeland	Book #4763
Donald Cushing	Book #4777
Romaine Dudley	Book #2593
Diane Ferrari	Book #2251
Knud Jensen	Book #3940
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Bill Berry..... 100.00
Brendan Bohannon..... 100.00
Dave Garcia..... 30.00
Haz Idris 40.00
Bruce LePale 30.00
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Gunnar Lundeborg..... 50.00
Javier Marcelo..... 30.00
John Perez 50.00
Raymond Pinochi 25.00
Jordon Polon10.00
Robert Reed..... 78.40
Richard Schofied..... 50.00
Dennis Solijon10.00
Dick Stinson.....10.00
Mike Thomsen..... 100.00
Julian Torre.....10.00
Carl Turner 20.00

West Coast Sailors

Apolinario Aguirre..... 50.00
Archie Aki..... 50.00
Brendan Bohannon..... 50.00
Lee Cherry..... 25.00
Bertha Chung 50.00
George Cooney 25.00
Douglas Crute 25.00
Mamoru Fukano..... 25.00
Kerry Gibbs..... 75.00
John Hamann 25.00
John Perez 50.00
Charles Rafael..... 25.00
Pat Tite.....10.00
Joseph Valverde..... 25.00

Fire safety concerns sink Google’s barges

A year ago, mysterious “Google barges” near San Francisco and Portland, Maine, captured media and public attention. Then, as curiosity peaked, the barges sailed away. Now, documents obtained under the Freedom of Information Act reveal that Google Inc.’s contractor halted the projects, which Google said would be technology showrooms, after the Coast Guard repeatedly raised fire-safety concerns.

“These vessels will have over 5,000 gallons of fuel on the main deck and a substantial amount of combustible material on board,” warned Robert Gauvin, the Coast Guard’s



Google barge being towed to Stockton, California.

acting chief of commercial vessel compliance, in a March 27, 2013 email to the contractor, Foss Maritime Company.

Buzz around the barges mounted in part because of the secrecy Google imposed on the project, including requiring some Coast Guard officials to sign nondisclosure agreements.

“We are concerned about FOIA and confidentiality,” a Google government affairs manager wrote to the National Park Service in March 2013. The park service was involved because the San Francisco barge would have operated inside the Golden Gate National Recreation Area.

Construction of the barges began in 2011, and Google at one point considered using them as floating retail stores, documents show. By late 2012, it began gearing up to win approval from the Coast Guard, National Park Service and a California agency for the barges’ construction, mooring and safety.

In early 2013, the Coast Guard and private fire-safety companies detailed the steps Foss would need to take to make the ships safe in case of fire, including a 20-page document laying out fire-safety requirements and a spreadsheet with escape requirements.

Google estimated that 1,200 people a day would visit the San Francisco barge. Foss told the Coast Guard that no more than 150 would be on board at any time, but Coast Guard officials weren’t reassured.

Google wooed government officials, including organizing field trips. “The good folks at Google want to give us a tour of the barge that is currently under construction (it’s almost done) at Treasure Island,” wrote Rich Hillis, Executive Director of the nonprofit Fort Mason Center to National Park Service managers on August 19, 2013. “They can pick us up in a special Google speed boat.”

But the fire-safety issue remained unresolved. “The vessel’s design doesn’t incorporate certain fire-safety features typically required,” the Coast Guard wrote to Foss on August 22, adding “we cannot determine if evacuation of disabled persons has been considered.” In early September of that year, as reviews dragged on, the project was halted. A September 12, Coast Guard email said, “The Foss project has been suspended until further notice.”

The West Coast barge was on hold, but no one told the Coast Guard in Maine, where emails swirled about preparations for a “confidential project.”

On October 10, a month after safety concerns halted the West Coast project, Paul Rudick, a Coast Guard officer in Maine, wrote to other officers that “the public doesn’t know what the superstructure is or why it’s being built.”

The media was asking similar questions in San Francisco. Tech news site CNET on October 25, disclosed the “big and mysterious” objects made of shipping containers and rising from barges anchored next to Treasure Island in San Francisco Bay. Within days, photos of the barges ricocheted across national and international news sites, with people speculating they could house a showroom, a data center, or something else.

On November 6, Google issued a statement saying the barges were “an interactive space where people can learn about technology.” In a statement, Google said, “it’s still early days” for the barge project, though the company had suspended it nearly two months earlier.

This March, the San Francisco Bay Conservation and Development Commission, a state agency, found the barge didn’t have permits to stay in the Bay. Google moved it to Stockton, roughly 80 miles east of San Francisco on the Sacramento-San Joaquin River Delta, where it sits, a 250-foot conversation piece. The Maine Google barge was dismantled in August, the containers sold for scrap.

Korea yard completes world’s largest containership

Hyundai Heavy Industries (HHI) held a naming ceremony for the world’s largest containership, on November 17. The vessel is the first of five 19,000 TEU containerships ordered from China Shipping Container Lines (CSCL) in May 2013.

The containership was named *CSCL Globe* by He Li Jun, wife of Xu Li Rong, the Chairman of China Shipping Group. The world’s largest containership, measuring 1,312 feet in length and 193 feet wide, is as large as four soccer fields, and will be deployed on the Asia-Europe trades after being handed over to the owner within this month.

The *CSCL Globe* will feature a 77,200 bhp electronically controlled main engine to enhance fuel efficiency by automatically controlling fuel consumption according to the ship’s speed and sea conditions. With the installation of the high efficiency engine, the containership will burn 20% less fuel per TEU in comparison with 10,000 TEU containerships.

Profitability splits among Japan’s Big Three

Japan’s Big Three shipping companies –Mitsui OSK Lines (MOL), Nippon Yusen Kaisha (NYK Line) and Kawasaki Kisen Kaisha (K Line)– had diverse earnings results for the first six months of fiscal year (FY) 2014.

K Line saw profits increasing dramatically year on year. For first half of FY 2014, the company earned \$194.2 million, up 43.7% year-ON-year and 92.6% higher than what it initially predicted. K Line’s higher income came from the upward trend in container ship business freight rates for Europe-bound routes, helping offset the impact from a flat dry bulk freight market.

“We increased income by working for cost cutting and improvement of vessel navigation efficiency. Also in the container ship business, we had better income upon a further restoration of freight rates principally in the Japan-North America routes and the depreciation of the (Japanese) yen against the U.S. dollar in and after the middle of the second quarter,” said the company.

On the other hand, MOL saw its net income decreasing 45.5% year-ON-year to \$98 million. Unlike K Line, MOL did not see an improvement in its container ship business, blaming oversupply of vessels, vessel congestion in various ports in Asia, and the freight rates of certain trades.

“Cargo volumes to China and other Asian countries showed weak growth, and as a result the Asia-bound market was weak. On the North-South routes, the freight market experienced a substantial downswing due to a slump in cargo volume, particularly in cargo bound for the South American east coast,” the company said.

NYK Line’s net income for the first half of FY2014 was almost unchanged from the same period in FY 2013, at \$208 million. The company said it maintained its profits by reducing its fleet and operational expenses by rationalizing assignments.

TRUE THEN – TRUE NOW

“The condition of the American merchant marine is such as to call for immediate remedial action by the Congress. It is discreditable to us as a Nation that our merchant marine should be utterly insignificant in comparison to that of other nations which we overtop in other forms of business. We should not longer submit to conditions under which only a trifling portion of our great commerce is carried in our own ships. To remedy this state of things would not merely serve to build up our shipping interests, but it would also result in benefit to all who are interested in the permanent establishment of a wide market for American products, and would provide an auxiliary force for the Navy.”

President Theodore Roosevelt
Annual Message to Congress, 1901

VW to allow labor groups to represent workers at Chattanooga Plant

Volkswagen announced a new policy this month that was likely to allow several labor groups, including the United Automobile Workers (UAW), to represent employees at the company's Chattanooga, Tennessee plant.

The UAW applauded the move because it would mean partial recognition of the Union and regular discussions between management and the UAW, and perhaps other labor groups as well. For years, the Union has been straining to get a foothold in any of the foreign-owned auto plants in the South.

But VW's new policy stops short of the UAW's ultimate goal of being the exclusive Union and bargaining agent for the plant's workers.

Volkswagen has been under intense pressure from its powerful labor Union in Germany, IG Metall, to grant recognition to the UAW in Chattanooga. The Union's push for recognition was hurt when the plant's workers voted 712-626 in February against UAW representation.

Under VW's new policy, employee groups will be able to use company space for meetings, post information and announcements, and have regular meetings with representatives of Volkswagen's management. Groups that have the support of more than 15% of members can meet monthly with VW's human resource officials, while those with more than 45% support can meet once every two weeks with Volkswagen Chattanooga's executive committee.

"We recognize and accept that many of our employees are interested in external representation, and we are putting this policy in place so that a constructive dialogue is possible and available for everyone," said Sebastian Patta, Executive Vice President for Human Resources at Volkswagen Chattanooga. "Volkswagen has a long tradition of positive employee engagement at our plants around the world, and we welcome this in our company."

A group of employees that opposes UAW representation, the American Council of Employees, has also said that it hopes to represent VW workers in

Chattanooga.

Gary Casteel, the UAW's secretary-treasurer, said in a statement that the Union appreciated VW's new policy and that a majority of the plant's workers had signed up as members of the UAW. He said he expected VW to make good on what he said was a commitment to recognize the UAW as the representative of its members.

He stopped short of saying the UAW would seek to be the exclusive bargaining agent for all the plant's employees.

Saying that the Chattanooga plant is VW's only facility worldwide without a works council—a group of managers and workers who formulate policy—Casteel said, "Volkswagen's employees in Tennessee now can join their fellow team members from around the world in securing a voice in the workplace."

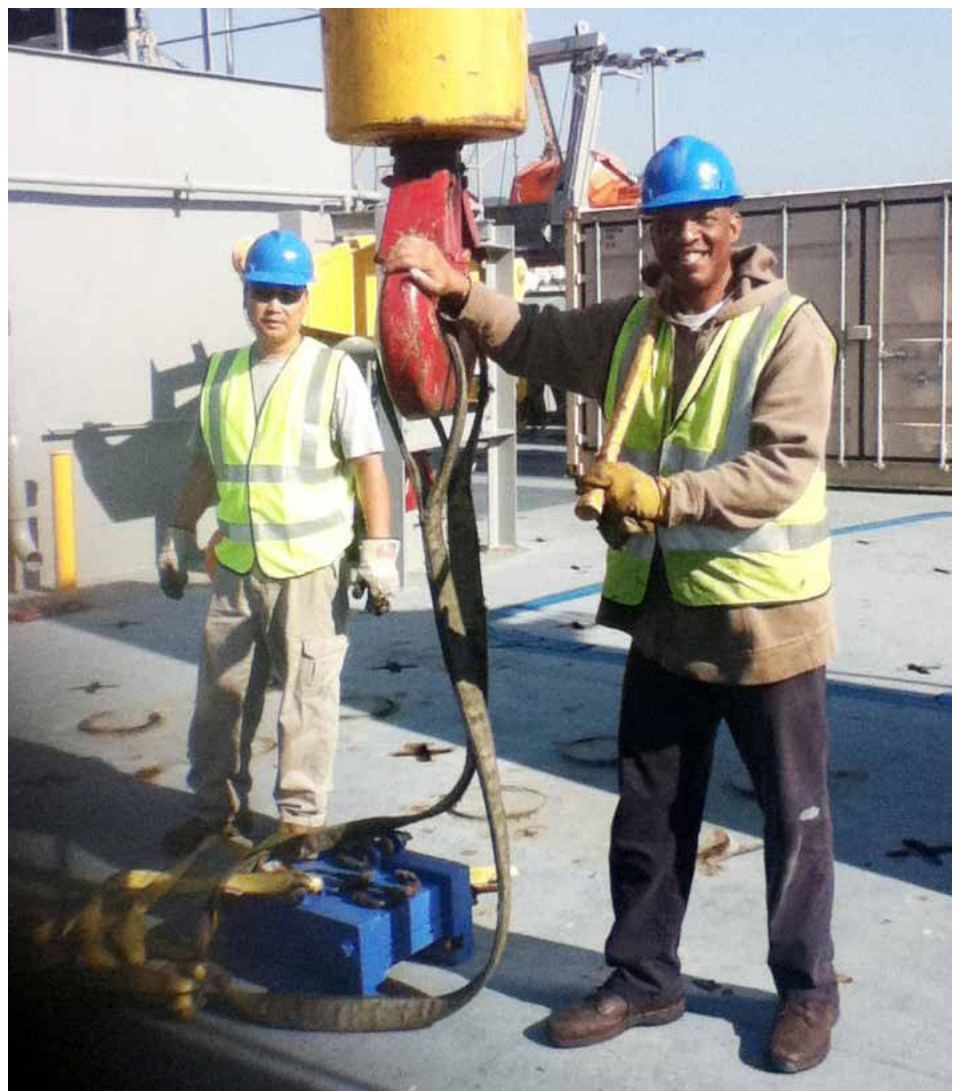
Maury Nicely, a lawyer who represents the American Council of Employees that is opposed to the UAW, called VW's new policy a positive development.

"It's VW saying we want to talk to all groups," he said.

Daniel Cornfield, a labor expert at Vanderbilt University, called VW's policy innovative, saying that granting Unions more frequent meetings with management as they hit the 15%, 30% and 45% thresholds would create a competition in which various labor groups pushed to mobilize and attract members.

Volkswagen's new policy says it may not be used "by any group or organization to claim or request recognition as the exclusive representative of any group of employees for the purposes of collective bargaining." The policy adds that any group requesting to be exclusive bargaining agent must comply with the requirements of federal labor law.

Ryan Rose, VW's general manager for human resource operations, said, "Of course, any employee can approach Volkswagen at any time with an idea or a concern. But we wanted to extend these additional opportunities to groups of employees who want to talk with Volkswagen about issues of common interest."



AB's Noel Romero and Reginald Clark on the main deck of USNS Red Cloud in Busan, Korea, doing sailor work, last month.

Congressional appropriators urged to deliver on port funding

U.S. shippers, transportation groups and members of Congress are intensifying pressure on Congressional appropriators to produce legislation that would send more money collected via the harbor maintenance tax back to ports as envisioned in landmark legislation signed earlier this year.

That legislation was intended to use the Harbor Maintenance Tax (HMT) funds for port upgrades rather than being held back by Congress to improve the deficit as much of it was for years, denying needed funding for seaports.

Fifty-eight U.S. House members urged the chairman and ranking members of their chamber's appropriations committee and subcommittee on energy and water to ensure their approved funding levels make the final budget bill, not lower Senate levels. The House has already passed legislation that would meet the port funding target for fiscal 2015 of nearly \$1.2 billion, but the Senate bill is \$91 million short.

"We write to request that when you enter into negotiations with your Senate counterparts to complete annual appropriations legislation (for fiscal 2015, beginning October 1, 2014) you hold the line at a final FY15 harbor maintenance funding level that meets the Water Resources Reform Development Act (WRRDA) 2014 target for that year, which has strong support in the House," the representatives wrote key appropriators.

The letter was sent to House Appropriations Committee Chairman Harold Rogers, (R-Kentucky), and the House Committee Ranking Member, Nita Lowey (D-New York), and House Chairman of the Subcommittee on Energy and Water Mike Simpson (R-Idaho), and the Committee's Ranking Member, Marcy Kaptur (D-Ohio).

Major water resources legislation, signed by President Barack Obama into law on June 10, set a schedule where U.S. ports would receive more HMT funding each year and receive all annually collected taxes by fiscal 2020. But it's up to con-

gressional appropriators to make sure that the plan set by WRRDA is implemented.

Roughly 400 shipper and transportation groups last month urged Senate Appropriations Committee Chairman Barbara Mikulski (D-Maryland), and the committee's Vice Chairman, Richard Shelby (R-Alabama), to increase harbor maintenance funding when they meet with their House counterparts. The letter noted that the House approved an amendment that set funding levels at WRRDA targets by a 281-137 vote. The U.S. Chamber of Commerce, the ports of Los Angeles and Long Beach, and the World Shipping Council were among the signers.

"With these letters, we're reminding House and Senate members of the overwhelming support of organizations and individuals across the nation to adequately fund the harbor maintenance levels and provisions they approved in WRRDA last May," American Association of Port Authorities President and CEO Kurt Nagle said in a statement.

Before passage of the bill earlier this year, appropriators annually siphoned roughly half of the \$1.8 billion collected annually through the HMT, a 0.125% tax on the value of U.S. oceanborne import cargo, to plug federal budget holes, denying needed funding to ports. The result was that many ports' maintenance dredging and jetty work were left underfunded. Because only about half of the nation's shipping channels are dredged to their federally authorized depths and widths, according to U.S. Army Corps of Engineers reports, ships sometimes can't enter or leave port fully loaded, raising costs.

The landmark WRRDA bill was intended to change that, under a formula where ports will receive 67%, or \$1.166 billion, of annually collected HMT dollars in fiscal 2015. The share rises to 69% in fiscal 2016, 71% in fiscal 2017, 74% in fiscal 2018, 77% in fiscal 2019, 80% in fiscal 2020, 83% in fiscal 2021, 87% in fiscal 2022, 91% in fiscal 2023, and 95% in fiscal 2024.

Italians ask for \$275 million in Costa Concordia related damages

Officials for Italy's Tuscany region and the island of Giglio announced this month, they would seek a total of 220 million euros (\$274 million) in damages from Costa Cruises, a unit of Carnival Corp, for the 2012 *Concordia* cruise liner disaster. The *Costa Concordia* was carrying more than 4,000 passengers and crew when it struck rocks off the Tuscan island of Giglio and capsized, killing 32 people. The ship remained partially submerged near the port of the holiday island for more than two years before being raised and towed away this year in one of the largest and most complex maritime salvages ever completed.

"We will ask Costa for 30 million euros in damages to Tuscany's image," the region's president, Enrico Rossi, told a court in the Tuscan city of Grosseto, according to a statement. Rossi said the region had suffered a decline in tourism, losing around 45,000 visitors due to the disaster. A consultant to Giglio's local government, Carlo Scarpa, asked the same court for 190 million euros in damages, the majority of which for tarnishing the island's image, according to a source present during the proceedings.

The two officials spoke during an ongoing trial against *Concordia* Captain Francesco Schettino, who is being tried for multiple charges including manslaughter, causing a shipwreck and abandoning ship.

"To reconstruct the image of Tuscany as a top tourist destination will require years of work, substantial investments and costly national and international advertising campaigns," Rossi said.

Costa Cruises last year avoided a criminal trial by agreeing to pay a fine of 1,000,000 euros to the Italian state, but victims and local administrations have pursued damages separately.

Shortly after the January 2012 shipwreck, Costa Cruises also agreed to pay about \$13,805 to each of the more than 3,000 passengers for items lost and any psychological damages to passengers who suffered no physical injuries.

Right to stay safe on the seas

Many Americans don't know that when they step aboard a cruise ship, they're leaving behind many of the legal rights and regulations of the mainland. A U.S. appeals court has just indicated that this situation may be about to change.

For decades, the cruise industry has operated in a legal gray zone. Alleged crimes that occur on international waters are the jurisdiction of the Federal Bureau of Investigation.

But the authority of the FBI to investigate crimes and enforce U.S. law depends on a long list of factors, including the location of the ship, the nationality of the parties involved, the location of port embarkation and even the country flag under which the ship is flying.

Ships that fly the flags of foreign nations can avoid U.S. federal taxes, labor laws and safety regulations.

Needless to say, the result of this muddle has big impacts on passenger safety. The cruise industry has routinely come under fire for everything from its security measures to its lack of crime reporting.

This month, the 11th Circuit Court of Appeals in Atlanta issued a ruling that may eliminate one of the cruise industry's broad legal immunities.

Patricia Franza brought a suit against Royal Caribbean Cruises following the death of her father, Pasquale Vaglio. Vaglio was on a ship, *Explorer of the Seas*, that was in port in Bermuda in 2011, when he hit his head in an accident. He was seen by the ship's nurse, but received minimal treatment for hours. The following day, he was airlifted to a hospital in New York –and after a week, he died.

Franza sued for medical negligence. Royal Caribbean sought to have the suit dismissed, citing a 1988 ruling that grants cruise lines immunity from the negligent care of their employees.

This time, though, the court decided that the suit can go forward, and that the company can't cite the 1988 immunity case.

The practical effect of this ruling is to wipe out the industry's medical negligence exemption.

It's a big and rightful win for passengers. And it shouldn't be the last one, either.

The cruise industry has grown substantially over the past several decades. According to the federal Government Accountability Office, the industry has had an average annual passenger growth rate of 7.6% since 1980, and in 2011 it served more than 16 million passengers worldwide.

The sector is expected to expand even more as the U.S. population ages over the coming decades, and it's expecting tremendous growth in foreign countries, too, as those populations expand their middle classes. This is no fledgling sector in need of special legal privileges that come at the expense of the personal safety of passengers.

In fact, the entire cruise industry should be subject to strict federal oversight, much the way that the U.S. commercial aviation industry is. The Federal Aviation Administration has the right to ground a fleet of aircraft –a potentially devastating economic possibility that encourages that industry to comply with strict regulations.

There's no reason why those who fly the friendly skies should have better protections than those who choose to sail the seas. The court's decision is a great first step toward empowering cruise passengers, but as the sad case of Vaglio shows, it shouldn't be the last.

San Francisco Chronicle Editorial, November 17

Los Angeles Labor Federation picks replacement for Maria Elena Durazo

Leaders of hundreds of labor Union locals voted on November 17, to name Rusty Hicks to replace Maria Elena Durazo as the leader of the powerful Los Angeles County Federation of Labor.

The unanimous vote by delegates elevates Hicks from his post as the organization's top political organizer to the office of executive secretary treasurer of the umbrella entity that represents 600,000 workers.

Durazo announced last month that she was stepping down to take a national Union job with UNITE HERE promoting civil rights and campaigning for immigration reform. Political Director Hicks had been rumored to be

Offshore islands won't buffer land from tsunamis

A long-held belief that offshore islands protect the mainland from tsunamis turns out to be the exact opposite of the truth, according to a new study. Common wisdom from Southern California to the South Pacific for coastal residents and scientists alike has long been that offshore islands would create a buffer that blocked the power of a tsunami. In fact, computer modeling of tsunamis striking a wide variety of different offshore island geometries yielded no situation in which the mainland behind them fared better. Instead, islands focused the energy of the tsunami, increasing flooding on the mainland by up to 70%.

"This is where many fishing villages are located, behind offshore islands, in the belief that they will be protected from wind waves. Even Southern California residents believe that the Channel Islands and Catalina will protect them," said Costas Synolakis of the University of Southern California (USC) Viterbi School of Engineering, a member of the multinational team that conducted the research. The research was inspired by a field survey of the impact of the 2010 tsunami on the Mentawai Islands off of Sumatra. The survey data showed that villages located in the shadow of small offshore islets suffered some of the strongest tsunami impacts, worse than villages located along open coasts.

Subsequent computer modeling by Jose Borrero, adjunct assistant research professor at USC Viterbi Tsunami Research Center, showed that the offshore islands had actually contributed to not diminished the tsunami's impact.

Synolakis then teamed up with researchers Emile Conant and Nicolas Vayatis of Ecoles Normales de Cachan in Paris; and Themistoklis Stefanakis and Frederic Dias, who both have joint appointments at Ecoles Normales de Cachan and University College Dublin to determine whether that was a one-of-a-kind situation, or the norm. The team designed a computer model that took into consideration various island slopes, beach slopes, water depths, distance between the island and the beach, and wavelength of the incoming tsunami.

"Even a casual analysis of these factors would have required hundreds of thousands of computations, each of which could take up to half a day," Synolakis said. "So instead, we used machine learning."

Machine learning is a mathematical process that makes it easier to identify the maximum values of interdependent processes with multiple parameters by allowing the computer to "learn" from previous results.

The computer starts to understand how various tweaks to the parameters affect the overall outcome and finds the best answer quicker. As such, results that traditionally could have taken hundreds of thousands of models to uncover were found with 200 models.

"This work is applicable to some of our tsunami study sites in New Zealand," said Borrero, who is producing tsunami hazard maps for regions of the New Zealand coast. "The northeast coast of New Zealand has many small islands offshore, similar to those in Indonesia, and our modeling suggests that this results in areas of enhanced tsunami heights."

"Substantial public education efforts are needed to help better explain to coastal residents tsunami hazards and whenever they need to be extra cautious and responsive with evacuations during actual emergencies," Synolakis added.



From the left: Philip Romei, Scott Stokes, Chris Bunheiro and Cezar Paeste (in front) in the Moku Pahu, in Oakland on November 4. Photo: Roy Tufono.

Sewol/ continued from page 1

The public rage directed at Lee intensified after the release of images showing him clambering aboard a coastguard lifeboat while his young passengers remained trapped in their cabins and other parts of the sinking ferry.

It emerged that before leaving his ship Lee had instructed the remaining passengers to stay put, even as the vessel began to list dramatically. Prosecutors argued that decision alone contributed to the heavy loss of life.

Hours before the court ruling was expected, the maritime minister, Lee Ju-young, announced the end of the near seven-month search of the sunken vessel for missing bodies.

"The situation within the ship has become too difficult to continue," Lee said, citing the collapsing interior and worsening sea conditions with the onset of winter.

Two divers died in May during search efforts in an area known for rapid currents and poor underwater visibility.

With nine victims still unaccounted for, and warnings that they may have been washed out to sea, Lee said he "deeply regretted" that some families would be left with no body to mourn. The minister did not elaborate on when or whether the government planned to pull the ship out of water, saying the decision would be made after discussions with experts.

The relatives of the missing issued a statement supporting the decision and thanking the "heroes" on the recovery teams for their efforts. "We have endured these painful times with the hope that we will, someday, be able to hold in our arms and cry over the bodies of our loved ones," said a tearful family member, reading out the statement. "But what's most important is the safety of divers ... and we want the search operation to stop," she said, adding that the decision had been a "heartbreaking" one to make.

The disaster, among the worst in South Korea's modern history, exposed serious safety lapses in what quickly came to be seen as an entirely man-made disaster. The 6,825-ton *Sewol* had undergone an illegal redesign and was carrying twice as much cargo as it was designed to accommodate –flaws that did not come to light until it was too late. Observers blamed this on collusive ties between ferry operators and regulators that had also enabled the *Sewol's* owner to skimp on safety features to save money.

Despite the heroics of many rescue personnel the coast guard was criticized for the slow pace of efforts to save trapped passengers. This month South Korean MPs approved plans to disband the coast guard and transfer its responsibilities to other government agencies.

Three relatives of the ship's billionaire owner were sentenced to up to three years in prison, about four months after he was found dead while trying to evade the authorities.

ESU Office Assignments

For the month of December, Leo DeCastro will be in the Seabrook office.



NOVEMBER 2014

Official Publication of the Exxon Seamen's Union

ExxonMobil Seminar dates for 2015

Kodiak finished with engines

(Late career pre-retirement planning course)

If you are eligible, or soon to be eligible to retire from the Company, you should consider attending a pre-retirement planning seminar that is offered by ExxonMobil. Eligibility normally means within three years of the minimum age to retire for the unlicensed group (50) with a minimum 15 years of service at the time you elect to retire. The classes tend to fill up quickly; some may be filled up by the time we go to print. If you are interested in attending and know the session you wish to attend, you should then notify Helen Wright at 832-624-7759 for enrollment. Limited space is available per each class so plan ahead. Below is the dates for the first six months for 2015.

Dates	Location
March 2-3	Clinton, NJ
March 4-5	Houston, TX (Greenspoint)
March 11-12	Baton Rouge, LA (Marriot Hotel)
March 11-12	Fairfax, VA
March 11-12	Houston, TX (UTTC)
March 17-18	Joliet, IL
March 18-19	Fairfax, VA
March 18-19	Houston, TX (Greenspoint)
March 23-24	Beaumont, TX
March 25-26	Fairfax, VA
March 25-26	Baton Rouge, LA
April 15-16	Baytown, TX
April 15-16	Fairfax, VA
April 22-23	Houston, TX (Greenspoint)
April 29-30	Baton Rouge, LA
May 6-7	Houston, TX (Brookhollow)
May 13-14	Houston, TX (Greenspoint)
May 13-14	Beaumont, TX
May 13-14	Clinton, NJ
May 26-27	Baton Rouge, LA
May 26-27	Fairfax, VA
May 27-28	Houston, TX (UTTC)
June 3-4	Baytown, TX
June 9-10	Irving, TX
June 10-11	Beaumont, TX
June 10-11	Houston, TX (Brookhollow)
June 17-18	Torrance, CA
June 17-18	Houston, TX (Greenspoint)
June 24-25	Baton Rouge, LA



Kodiak alongside Valero in Benicia, CA. This was the final discharge with SeaRiver mariners aboard. The vessel after discharge sailed to Port Angeles, WA where it was turned over to the new owners. Photo by John Straley

In last month's edition of the ESU NEWS it was reported that the Kodiak had returned to service for another trip to Valdez to load ANS crude. On short notice the vessel was crewed and reactivated without a hitch in early October. After completing cargo discharge in Benicia, CA the vessel sailed for Port Angeles, Washington, where it was sold and turned over to its new owner SEACOR.

The Kodiak (formerly Tonsina) was acquired in June, 2005 from Access Leasing Corporation and GATX by SeaRiver Inc. to replace tonnage that was phased out due to OPA 90 regulations.

When SeaRiver Maritime Inc. first took possession of the vessel in 2005, the vessel went into the Singapore shipyard for an extensive and unprecedented 60-70 day renewal and upgrade project. All critical systems and structures were, renewed, rebuilt, replaced and tested to ensure the vessel met and exceeded all SeaRiver and regulatory expectations and requirements. Later in September of 2005 the first ESU mariners started to man the ship and sailed it to Valdez to enter the ANS trade with SeaRiver.

The vessel provided an effective bridging step for SeaRiver to develop and built two new double hull tankers (Liberty Bay and Eagle Bay). During its nine-year tenure with SeaRiver, the Kodiak, through excellent operational care of fleet mariners, performed well to ensure the job was completed in a safe and effective manner.

After logging its final Finished with Engines (FWE) engine order for SeaRiver, the Kodiak and its crew can look back on a job well done. May she and those who serve aboard always experience fair winds and following seas.

Contract Corner "Notice for Assignments"

Recently the ESU office has received several questions and complaints from members pertaining to not receiving their call in notice when leaving the vessel for Paid Leave. Additionally, in conjunction with this issue questions have resurfaced concerning the number of times an individual is required to call Fleet Manning for their vessel assignment. Below is the contract language from Article VII, Section 3 Paragraphs A and B on page 23 of the CBA that addresses this issue and the notice for assignment. The ESU has addressed this with management and we were told that this will be corrected. Before leaving the vessel you should receive from the Captain a notice with your call in date from Fleet Manning. When you call in for your next assignment if no one answers, the ESU suggests leaving a message with the time and date clearly on the answering system to eliminate any questions about when you called. Unlicensed personnel are only required to call once. If you have any questions in regards to this issue, please feel free to call the ESU office:

3. NOTICE FOR ASSIGNMENT

A. Prior to the end of a sea tour, the Company shall provide the employee with a written advance date of next assignment call in. The Company will also mail, e-mail or talk directly with the employee via telephone to remind such employee of the date, time and place to telephone the Company to receive such assignment. Any unlicensed employee may be required to report for active duty up to four (4) days before completion of the employee's earned paid leave.

B. Insofar as is practical and taking into consideration holidays and weekends, employees shall not be required to telephone for assignment earlier than eight (8) days prior to the scheduled end of paid leave. Any unused paid leave will carry over to the next scheduled paid leave period; and the employee shall be required to phone the office only one (1) time prior to the end of a paid leave period.

Ship reports

S/R American Progress

The vessel was visited by ESU Board officer Leo DeCastro on November 3 and 18. The vessel has been doing trips between ExxonMobil Beaumont Refinery, Texas, with the multiple discharges at Tampa and Ft. Lauderdale. Regular Ship Representative Mike Harrison is back aboard and reports all is well.

Eagle Bay

The vessel is still under construction and making progress but of course there is still plenty of work ahead before delivery and crew is assigned. Still too early for a date on delivery.

Kodiak

The vessel was turned over to its new owners on November 7, in Port Angeles, Washington. Most of the ESU crew was transferred to other vessels assignments. Regular Ship Representative Joe Butler was aboard for the FWE order.

Liberty Bay

The vessel continues the trade between Valdez, Alaska, Southern California and the Puget Sound with multiple discharges to Tesoro 121 and 86 followed by Shell in Anacortes, Washington. The work aboard continues to get betterments and quality of life issues up to par. Ein Cooley filling in as Ship Representative and staying in touch with ESU office.

Sierra

The Sierra continues in the ANS trade between Valdez and West Coast Ports. Board officer Leo DeCastro visited the ship while at anchor in Long Beach, California, on November 6, where the vessel actually got a couple days at anchor awaiting the berth. Regular Ship representative Thor Floreen back aboard and reports everything going well.

EXXON SEAMEN'S UNION

Founded March 28, 1941

Affiliated with the Sailors' Union of the Pacific

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Welfare Notes-November 2014

SUMMARY ANNUAL REPORT FOR SUP MONEY PURCHASE PENSION PLAN

This is a summary of the annual report for SUP Money Purchase Pension Plan EIN 94-3134523, Plan Number 001, for the year ended December 31, 2013. The annual report has been filed with the Department of Labor, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

Basic Financial Statement

Benefits under the plan are provided by a trust fund. Plan expenses were \$1,678,104. These expenses included \$185,483 in administrative expenses and \$1,492,621 in benefits paid to participants and beneficiaries. A total of 858 persons were participants in or beneficiaries of the plan at the end of the plan year, although not all of these persons had yet earned the right to receive benefits.

The value of plan assets, after subtracting liabilities of the plan, was \$29,587,845 as of December 31, 2013, compared to \$26,599,515 as of January 1, 2013. During the plan year, the plan experienced an increase in its net assets of \$2,988,330. This increase includes unrealized appreciation or depreciation in the value of plan assets; that is, the difference between the value of the Plan's assets at the end of the year and the value of the assets at the beginning of the year or the cost of assets acquired during the year. The plan had total income of \$4,666,434, including employer contributions of \$1,530,994, earnings from investments of \$3,046,566 and other income of \$88,874.

Minimum Funding Standards

Enough money was contributed to the plan to keep it funded in accordance with the minimum funding standards of ERISA.

Your Rights to Additional Information

You have the right to receive a copy of the full annual report, or any part thereof, on request. The items listed below are included in that report:

1. An accountant's report; 2. Financial information and information on payments to service providers; 3. Assets held for investment; and 4. Information regarding any common or collective trusts in which the plan participates.

To obtain a copy of the full annual report, or any part thereof, write or call the office of SUP Welfare Plan Inc, who is the plan administrator, 730 Harrison Street, Suite 415, San Francisco, CA 94107, telephone (415)778-5490. The charge to cover copying costs will be \$3.25 for the full annual report, or \$0.25 per page for any part thereof.

You also have the right to receive from the plan administrator, on request and at no charge, a statement of the assets and liabilities of the plan and accompanying notes, or a statement of income and expenses of the plan and accompanying notes, or both. If you request a copy of the full annual report from the plan administrator, these two statements and accompanying notes will be included as part of that report. The charge to cover copying costs given above does not include a charge for the copying of these portions of the report because these portions are furnished without charge.

You also have the legally protected right to examine the annual report at the main office of the plan at 730 Harrison Street, Suite 415, San Francisco, CA 94107, and at the U.S. Department of Labor in Washington, D.C., or to obtain a copy from the U.S. Department of Labor upon payment of copying costs. Requests to the Department should be addressed to: Public Disclosure Room, Room N-1513, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210.

SUMMARY ANNUAL REPORT FOR SUP 401(k) PLAN

This is a summary of the annual report for SUP 401(k) Plan, EIN 94-3134523, Plan Number 002, for the year ended December 31, 2013. The annual report has been filed with the Department of Labor, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

Basic Financial Statement

Benefits under the plan are provided by a trust (benefits are provided in whole from trust funds). Plan expenses were \$304,051. These expenses included \$78,999 in administrative expenses and \$225,052 in benefits paid to participants and beneficiaries. A total of 575 persons were participants in or beneficiaries of the plan at the end of the plan year, although not all of these persons had yet earned the right to receive benefits.

The value of plan assets, after subtracting liabilities of the plan, was \$7,409,325 at December 31, 2013, compared to \$6,132,651 as of January 1, 2013. During the plan year, the plan experienced an increase in its net assets of \$1,276,674. This increase includes unrealized appreciation or depreciation in the value of plan assets; that is, the difference between the value of the plan's assets at the end of the year and the value of the assets at the beginning of the year or the cost of assets acquired during the year. The plan had total income of \$1,580,725, including employer contributions of \$68,072, participant contributions of \$500,319, earnings from investments of \$994,499 and other income of \$17,835.

Your Rights to Additional Information

You have the right to receive a copy of the full annual report, or any part thereof, on request. The items listed below are included in that report:

1. An accountant's report; 2. Assets held for investment; 3. Delinquent participant contributions; 4. Financial information and information on payments to service providers; and 5. Information regarding any common or collective trusts, pooled separate accounts, master trusts or 103-12 investment entities in which the plan participates.

To obtain a copy of the full annual report, or any part thereof, write or call the office of SUP 401(k) Plan, Inc., at 730 Harrison Street, Suite 415, San Francisco, California 94107, telephone 415.778.5490. The charge to cover copying costs will be \$3.25 for the full annual report, or \$0.25 per page for any part thereof. You also have the legally protected right to examine the annual report at the main office of the plan at 730 Harrison Street, Suite 415, San Francisco, California 94107, and the U.S Department of Labor in Washington, D.C., or to obtain a copy from the U.S. Department of Labor upon payment of copying costs. Requests to the Department should be addressed to: Public Disclosure Room, N-1513, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210.

SUP Welfare Plan Contact Info

Michelle Chang, Administrator mcsupsiupd@sbcglobal.net
Patty Martin MPP & 401(k) Plans, Death Benefits martinpatty59@sbcglobal.net
Virginia Briggs Claims vbriggs80@sbcglobal.net
Michael Jacyna Eligibility mjacyna67@sbcglobal.net
Training Representative Berit Eriksson 206-551-1870 berittrainrep@sbcglobal.net
Phone Numbers: 415-778-5490 or 1-800-796-8003 Fax: 415-778-5495
SIU-PD Pension 415-764-4987 & SIU-PD Supplemental Benefits 415-764-4991
Seafarers Medical Center 415-392-3611

NOTICE TO INTERESTED PARTIES SIU PACIFIC DISTRICT PENSION PLAN

1. Notice To: All employees who are covered by written agreements which require pension contributions on their behalf to the SIU Pacific District Pension Plan.

An application is to be made to the Internal Revenue Service for an advance determination on the qualification of the following employee pension benefit plan:

2. Name of Plan: SIU Pacific District Pension Plan
3. Plan Number: 001
4. Name and Address of Applicant: Board of Trustees, SIU Pacific District Pension Fund, 730 Harrison Street, Suite 400, San Francisco CA, 94107-1260
5. Applicant EIN: 94-6061923
6. Name and Address of Plan Administrator: Board of Trustees, SIU Pacific District Pension Fund, 730 Harrison Street, Suite 400, San Francisco CA, 94107-1260
7. Filing Date and Location: The application will be filed on January 5, 2015 for an advance determination as to whether the Plan meets the qualification requirements of section 401 or 403(a) of the Internal Revenue Code of 1986, as amended (the "Code") with respect to the Plan's amendment and restatement.

The application will be filed with: Internal Revenue Service, EP Determinations, P.O. Box 12192, Covington, KY 41012-0192

8. Employees Eligible to Participate under the Plan: All employees who are covered by written agreements accepted by the Trustees that require contributions on their behalf to the Plan are eligible to participate in the Plan.

9. Previously Issued Determination Letter: The Internal Revenue Service (the "Service") has previously issued a determination letter with respect to the qualification of this Plan.

RIGHTS OF INTERESTED PARTIES

10. You have the right to submit to EP Determinations, either individually or jointly with other interested parties, your comments as to whether this Plan meets the qualification requirements of the Code. Your comments to EP Determinations may be submitted to: Internal Revenue Service, EP Determinations, Attn: Customer Service Manager , P.O. Box 2508, Cincinnati, OH 45202

You may instead, individually or jointly with other interested parties, request the Department of Labor (the "Department") to submit, on your behalf, comments to EP Determinations regarding qualification of the plan. If the Department declines to comment on all or some of the matters you raise, you may, individually, or jointly if your request was made to the Department jointly, submit your comments on these matters directly to EP Determinations at the Cincinnati address above.

REQUESTS FOR COMMENTS BY THE DEPARTMENT OF LABOR

11. The Department may not comment on behalf of interested parties unless requested to do so by the lesser of 10 employees or 10 percent of the employees who qualify as interested parties. The number of persons needed for the Department to comment with respect to this Plan is 10. If you request the Department to comment, your request must be in writing and must specify the matters upon which comments are requested, and must also include:

- (1) the information contained in items 2 through 5 of this Notice; and
- (2) the number of persons needed for the Department to comment.

A request to the Department to comment should be addressed as follows: Deputy Assistant Secretary, Employee Benefits Security Administration, ATTN: 3001 Comment Request, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210

COMMENTS TO THE INTERNAL REVENUE SERVICE

12. Comments submitted by you to EP Determinations must be in writing and received by it by February 19, 2015. However, if there are matters that you request the Department to comment upon on your behalf, and the Department declines, you may submit comments on these matters to EP Determinations to be received by it within 15 days from the time the Department notifies you that it will not comment on a particular matter, or by February 19, 2015, whichever is later, but not after March 6, 2015. A request to the Department to comment on your behalf must be received by it by January 20, 2015 if you wish to preserve your right to comment on a matter upon which the Department declines to comment, or by January 30, 2015 if you wish to waive that right.

ADDITIONAL INFORMATION

13. Detailed instructions regarding the requirements for notification of interested parties may be found in sections 17 and 18 of Revenue Procedure 2014-6. Additional information concerning this application (including, where applicable, an updated copy of the Plan and related trust; the application for determination; any additional documents dealing with the application that have been submitted to the Service; and copies of section 17 of Revenue Procedure 2014-6 are available at SIU Pacific District Pension Fund, 730 Harrison Street, Suite 400, San Francisco CA 94107-1260 during regular business hours for inspection and copying. (There may be a nominal charge for copying and/or mailing.)

SIU PACIFIC DISTRICT PENSION PLAN

730 Harrison Street, Suite 400, San Francisco, CA 94107 ▪ Tel. #415 764-4990 ▪ Fax #415 495-6110

2013 ANNUAL FUNDING NOTICE
For SIU Pacific District Pension Plan

Introduction

This notice, which federal law requires all pension plans to furnish on an annual basis, includes important information about the funding status of your pension plan (“the Plan”) and general information about the benefit payments guaranteed by the Pension Benefit Guaranty Corporation (“PBGC”), a federal insurance agency. All traditional pension plans (called “defined benefit pension plans”) must provide this notice every year regardless of their funding status. This notice does not mean that the Plan is terminating. It is provided for informational purposes and you are not required to respond in any way. This notice is for the plan year beginning August 1, 2013 and ending July 31, 2014 (“Plan Year”).

How Well Funded Is Your Plan

Under federal law, the plan must report how well it is funded by using a measure called the “funded percentage.” This percentage is obtained by dividing the Plan’s assets by its liabilities on the Valuation Date for the plan year. In general, the higher the percentage, the better funded the plan. Your Plan’s funded percentage for the Plan Year and each of the two preceding plan years is set forth in the chart below, along with a statement of the value of the Plan’s assets and liabilities for the same period.

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Valuation Date	August 1, 2013	August 1, 2012	August 1, 2011
Funded Percentage	Over 100%	Over 100%	Over 100%
Value of Assets	\$106,718,842	\$110,679,929	\$114,837,515
Value of Liabilities	\$ 90,126,169	\$ 90,249,292	\$ 93,787,206

Year-End Fair Market Value of Assets

The asset values in the chart above are measured as of the Valuation Date for the plan year and are actuarial values. Because market values can fluctuate daily based on factors in the marketplace, such as changes in the stock market, pension law allows plans to use actuarial values that are designed to smooth out those fluctuations for funding purposes. The asset values below are market values and are measured as of the last day of the plan year, rather than as of the Valuation Date. Substituting the market value of assets for the actuarial value used in the above chart would show a clearer picture of a plan’s funded status as of the Valuation Date. The fair market value of the Plan’s assets as of the last day of the Plan Year and each of the two preceding plan years is shown in the following table. The value of the Plan assets shown as of July 31, 2014 is an estimate based on the most accurate unaudited financial information available at the time this notice was prepared. The final audited information on the Plan’s assets will be reported on the Plan’s 2013 annual report filed with the Department of Labor in May, 2015.

	<u>July 31, 2014</u>	<u>July 31, 2013</u>	<u>July 31, 2012</u>
Fair Market Value of Assets	\$110,309,133	\$110,282,261	\$109,212,800

Critical or Endangered Status

Under federal pension law a plan generally will be considered to be in “endangered” status if, at the beginning of the plan year, the funded percentage of the plan is less than 80 percent or in “critical” status if the percentage is less than 65 percent (other factors may also apply). If a pension plan enters endangered status, the trustees of the plan are required to adopt a funding improvement plan. Similarly, if a pension plan enters critical status, the trustees of the plan are required to adopt a rehabilitation plan. Rehabilitation and funding improvement plans establish steps and benchmarks for pension plans to improve their funding status over a specified period of time.

The Plan was not in endangered or critical status in the Plan Year.

Participant Information

The total number of participants in the Plan as of the Plan’s valuation date was 2,615. Of this number, 673 were active participants, 1,350 were retired or separated from service and receiving benefits, and 592 were retired or separated from service and entitled to future benefits.

Funding & Investment Policies

Every pension plan must have a procedure for establishing a funding policy to carry out plan objectives. A funding policy relates to the level of assets needed to pay for benefits promised under the plan currently and over the years. Plan benefits are funded by employer contributions and investment returns on those contributions. The shipping companies have not been required to make contributions to the Plan since August 1, 1993, and may resume making contributions in the future through collective bargaining or if necessary to satisfy the minimum funding standards of the Employee Retirement Income Security Act of 1974 (ERISA) and the Internal Revenue Code. Since August 1, 1993, Plan benefits have been funded by the Plan’s investment income. The Plan’s funding policy is to continue to fund Plan benefits in this manner and satisfy the minimum funding standards of ERISA and the Internal Revenue Code.

Once money is contributed to the Plan, the money is invested by plan officials called fiduciaries, who make specific investments in accordance with the Plan’s investment policy. Generally speaking, an investment policy is a written statement that provides the fiduciaries who are responsible for plan investments with guidelines or general instructions concerning investment management decisions. The investment policy of the Plan is to maintain a portfolio of investments which is conservative in nature. The Trustees, working with experienced investment consultants, monitor and make appropriate changes to the Plan’s investments, seeking to achieve positive investment results over the long term.

Under the Plan’s investment policy, the Plan’s assets were allocated among the following categories of investments, as of the end of the Plan Year. These allocations are percentages of total assets:

<u>Asset Allocations</u>	<u>Percentage</u>
1. Cash (Interest bearing and non-interest bearing)	7.83%
2. U.S. Government securities	20.57%
3. Corporate debt instruments	28.22%
4. Corporate stocks (other than employer securities)	42.90%
5. Other	0.48%

Right to Request a Copy of the Annual Report

A pension plan is required to file with the U.S. Department of Labor an annual report called the Form 5500 that contains financial and other information about the plan. The Plan’s 2011 and 2012 annual reports are available now. The Plan’s 2013 annual report will be available after it is filed with the U.S. Department of Labor in May 2015. Copies of the annual report are available from the U.S. Department of Labor, Employee Benefits Security Administration’s Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, D.C. 20210, or by calling 202.693.8673. For 2009 and subsequent plan years, you may obtain an electronic copy of the plan’s annual report by going to www.efast.dol.gov and using the Form 5500 search function. Or you may obtain a copy of the Plan’s annual report by making a written request to Ms. Michelle Chang, Administrator, SIU Pacific District Pension Plan, at 730 Harrison Street, Suite 400, San Francisco, CA 94107. Individual information, such as the amount of your accrued benefit under the plan, is not contained in the annual report. If you are seeking information regarding your benefits under the plan, contact the plan administrator.

Summary of Rules Governing Plans in Reorganization and Insolvent Plans

Federal law has a number of special rules that apply to financially troubled multiemployer plans. The plan administrator is required by law to include a summary of these rules in the annual funding notice. Under so-called “plan reorganization rules,” a plan with adverse financial experience may need to increase required contributions and may, under certain circumstances, reduce benefits that are not eligible for the PBGC’s guarantee (generally, benefits that have been in effect for less than 60 months). If a plan is in reorganization status, it must provide notification that the plan is in reorganization status and that, if contributions are not increased, accrued benefits under the plan may be reduced or an excise tax may be imposed (or both). The plan is required to furnish this notification to each contributing employer and the labor organization.

Despite these special plan reorganization rules, a plan in reorganization could become insolvent. A plan is insolvent for a plan year if its available financial resources are not sufficient to pay benefits when due for that plan year. An insolvent plan must reduce benefit payments to the highest level that can be paid from the plan’s available resources. If such resources are not enough to pay benefits at the level specified by law (see Benefit Payments Guaranteed by the PBGC, below), the plan must apply to the PBGC for financial assistance. The PBGC will loan the plan the amount necessary to pay benefits at the guaranteed level. Reduced benefits may be restored if the plan’s financial condition improves.

A plan that becomes insolvent must provide prompt notice of its status to participants and beneficiaries, contributing employers, labor unions representing participants, and the PBGC. In addition, participants and beneficiaries also must receive information regarding whether, and how, their benefits will be reduced or affected, including loss of a lump sum option. This information will be provided for each year the plan is insolvent.

This Plan is not insolvent and not in reorganization, and is over 100% funded.

Benefit Payments Guaranteed by the PBGC

The maximum benefit that the PBGC guarantees is set by law. Only benefits that you have earned a right to receive and that cannot be forfeited (called vested benefits) are guaranteed. Specifically, the PBGC guarantees a monthly benefit payment equal to 100 percent of the first \$11 of the Plan’s monthly benefit accrual rate, plus 75 percent of the next \$33 of the accrual rate, times each year of credited service. The PBGC’s maximum guarantee, therefore, is \$35.75 per month times a participant’s years of credited service.

Example 1: If a participant with 10 years of credited service has an accrued monthly benefit of \$500, the accrual rate for purposes of determining the PBGC guarantee would be determined by dividing the monthly benefit by the participant’s years of service (\$500/10), which equals \$50. The guaranteed amount for a \$50 monthly accrual rate is equal to the sum of \$11 plus \$24.75 (.75 x \$33), or \$35.75. Thus, the participant’s guaranteed monthly benefit is \$357.50 (\$35.75 x 10).

Example 2: If the participant in Example 1 has an accrued monthly benefit of \$200, the accrual rate for purposes of determining the guarantee would be \$20 (or \$200/10). The guaranteed amount for a \$20 monthly accrual rate is equal to the sum of \$11 plus \$6.75 (.75 x \$9), or \$17.75. Thus, the participant’s guaranteed monthly benefit would be \$177.50 (\$17.75 x 10).

The PBGC guarantees pension benefits payable at normal retirement age and some early retirement benefits. In calculating a person’s monthly payment, the PBGC will disregard any benefit increases that were made under the plan within 60 months before the earlier of the plan’s termination or insolvency (or benefits that were in effect for less than 60 months at the time of termination or insolvency). Similarly, the PBGC does not guarantee pre-retirement death benefits to a spouse or beneficiary (e.g., a qualified pre-retirement survivor annuity) if the participant dies after the plan terminates, benefits above the normal retirement benefit, disability benefits not in pay status, or non-pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay.

Where to Get More Information

For more information about this notice, you may contact Ms. Michelle Chang, Administrator, SIU Pacific District Pension Plan, at 730 Harrison Street, Suite 400, San Francisco, CA 94107, 415.764.4993. For identification purposes, the official plan number is 001 and the plan sponsor’s name and employer identification number or “EIN” is the Board of Trustees of SIU Pacific District Pension Plan and 94-6061923. For more information about the PBGC, go to PBGC’s website, www.pbgc.gov.



SUP President's Report

November 10, 2014

APL MARINE SERVICES

As reported in September, the Union was informed by APL that the company will begin drydocking its C-11 Class vessel (*APL China*, *APL Korea*, *APL Philippines*, *APL Singapore* and *APL Thailand*) in November.

On October 30, the Union was notified that APL plans to begin the drydocking by the end of the month, beginning with the *Singapore*, and ending with the last ship by May of next year. The Union was also informed that the *APL Holland* would be reflagged from Singapore to U.S. registry to pick up the slack.

Accordingly, signed a Memorandum of Understanding on October 31, subject to membership approval, to crew the *Holland* under the same terms and conditions as the other non-Maritime Security Program vessel, *APL Belgium*.

However, on November 7, John Dragone, APL's Director of Labor Relations informed the Union that "the reflag of the *APL Holland* has been canceled due to market conditions including costs associated with the reflag."

In a word – disappointing.

In other news from APL, the Union was notified today that the voyages of the vessels on the company's Suez Express Service will be extended from 71 to 77 days in order to improve schedule reliability. The affected vessels are the *APL Agate*, *APL Belgium*, *APL Coral*, *APL Cyprine* and *APL Pearl*.

READY RESERVE FORCE

In August, the Maritime Administration (MarAd) issued a pre-solicitation for ship management services for vessels in the Ready Reserve Force (RRF) and the National Defense Reserve Fleet (NDRF). The solicitation may cover up to 48 vessels berthed at various ports in the continental United States. The vessels are maintained by MarAd in a state of five or 10-day readiness as established by the Department of Defense to meet sealift requirements of the armed services.

Although bids for the vessels were originally scheduled to be submitted by November 11, MarAd has added delay and confusion to the process by not –as of today's meeting– issued manning scales for the vessels.

Patriot Contract Services, which currently manages the RRF vessels *Admiral Callaghan*, *Cape Henry* and *Cape Orlando*, plans to bid for vessels in the new MarAd solicitation as is Matson Navigation Company.

The SUP intends to work with the MFOW, SIU-Marine Cooks, Matson and Patriot to formulate bids for the vessels.

PATRIOT CONTRACT SERVICES

Last month, SUP members in the Large Medium-Speed, Roll-On/Roll-Off (LMSR) vessel *USNS Dahl* joined U.S. Navy sailors and U.S. Marines from the 1st Marine Expeditionary Brigade and Expeditionary Strike Group 3 stationed at Camp Pendleton, California, for a disaster training exercise. The annual training, call Exercise Pacific Horizon, ran from October 21, through October 28.

During the drill, Marines, Navy personnel and the SUP gang plus the other civilian mariners aboard the *Dahl* responded to the fictitious country of "Arcadia", home to 200,000 "residents". The exercise scenario was that Arcadia was hit by a serious of storms and that the "nation" asked the United States for support. In response, Marines and Navy personnel transported vehicles and equipment from two propositioned ships, the *Dahl* and *USNS Montford Point*, located 16 nautical miles offshore and delivered the supplies to the beaches of the imaginary nation.

Troops moved vehicles and supplies onto three amphibious vehicles, called Landing Craft Air Cushions (LCAC). Within a few days of the commencement of the exercise, the Marines had unloaded tons of emergency

supplies and constructed a compound of modular buildings for housing and humanitarian assistance.

All reports indicated that the SUP gang –comprised of Bosun John Lapollo, ABs Zephaniah Cearley, Christopher Cupan, Teofilo Sison, Kris Wouri and Neal Zaptos plus Ordinary Seamen Rocky Casazza, Matthew Dulay and Rogelio Timoteo, carried out their duties with distinction.

MILITARY SEALIFT COMMAND

On October 16, at the invitation of Rear Admiral Thomas K. Shannon, Commander of the Military Sealift Command (MSC), participated in the semi-annual MSC Maritime Labor Executive Session at the Headquarters of the SIU-Atlantic, Gulf & Inland Waters District in Camp Springs, Maryland. Other participants included MFOW President Anthony Poplawski, MM&P President Don Marcus, MEBA President Marshall Ainley and SIU-AGLIWD President Mike Sacco.

Rear Admiral Shannon and his staff briefed the Unions on surge sealift readiness, mariner recruitment and retention, and cybersecurity.

During the discussion of cybersecurity, a Navy cybersecurity specialist stated the Navy was going to limit access to the internet aboard ships to those who possess a Common Access Card (CAC). This form of identification is the standard for active duty uniformed personnel, Department of Defense civilian employees and eligible contractor employees. The card is difficult to obtain for those employed in contract vessels (i.e. the Watson-Class LMSRs). Rear Admiral Shannon, after listening to the protests by the Unions, decided that pending further investigation use of the onboard internet would remain status quo for those who don't have a CAC.

HOLIDAY BENEFIT

For the 25th year, the SUP and MFOW will cosponsor a holiday lunch for participants of the respective Union Welfare Plans and invited guests.

As approved by the Union and employer Trustees of both Plans, the cost of catering the lunch is prorated by the number of participants in each Plan. The following are the dates and times of the benefit:

Seattle: Saturday, December 6, from 11:00 A.M. to 2:00 P.M. at the Leif Erikson Hall in Ballard (2245 57th Street, N.W.)

Honolulu: Saturday, December 13, from 12:00 A.M. to 3:00 P.M. at the Union hall.

Wilmington: Saturday, December 13, from 11:30 A.M. to 3:00 P.M. at the Union hall.

San Francisco: Friday, December 19, from 11:30 A.M. to 2:30 P.M. at MFOW Headquarters, 240 Second Street.

HOLIDAYS

Thanksgiving Day

All SUP halls will be closed on Thursday, November 27, in observance of Thanksgiving.

Christmas

SUP halls in Seattle, San Francisco and Wilmington, will be closed on Christmas Eve, Wednesday, December 24. Christmas Eve is an ILWU holiday on the West Coast and therefore, a recognized holiday under the SUP agreements with APL and Matson. The holiday is for vessels in Pacific Coast ports on that day and for those working under the shoreside maintenance agreements.

Christmas Eve is not an ILWU holiday in Hawai'i, however, the Honolulu Branch will close at noon.

Christmas Eve is also an ILA holiday and therefore applies to APL vessels in East Coast ports.

All SUP halls will be closed on Christmas Day, Thursday, December 25.

New Year's

All SUP halls in Seattle, San Francisco and Wilmington, will be closed on New Year's Eve, Wednesday, December 31, an ILWU and ILA holiday. New Year's Eve is not an ILWU holiday in Hawai'i, however, the Honolulu Branch will close at noon.

All SUP halls will be closed on New Year's Day, Thursday, January 1, 2015.

ACTION TAKEN

M/S to accept the President's report in its entirety. Carried unanimously.

Gunnar Lundeberg

Social Security to increase in January 2015

Millions of older Americans who rely on federal benefits will get a 1.7% increase in their monthly payments next year, the government announced last month.

It's the third year in a row the increase will be less than 2%.

The annual cost-of-living adjustment, or COLA, affects payments to more than 70 million Social Security recipients, disabled veterans and federal retirees. That's more than a fifth of the country.

The increase amounts to about \$20 a month for the typical Social Security recipient.

"The COLA helps beneficiaries of all ages maintain their standard of living, keeping many from falling into poverty by providing partial protection against inflation," said Jo Ann Jenkins, who heads AARP.

The government announced the benefit increase on October 22, when it released the latest measure of consumer prices. By law, the increase is based on inflation, which is well below historical averages so far this year.

Congress enacted automatic increases for Social Security beneficiaries in 1975, when inflation was high and there was a lot of pressure to regularly raise benefits.

For the first 35 years, the COLA was less than 2% only three times. Next year, the COLA will be less than 2% for the fifth time in six years. This year's increase was 1.5%, the year before it was 1.7%.

Social Security is financed by a 12.4% payroll tax on the first \$117,000 of a worker's wages –half is paid by the worker and half is paid by the employer. Next year, the wage cap will increase to \$118,500, the Social Security Administration said.

About 59 million retirees, disabled workers, spouses and children get Social Security benefits. The average monthly payment is \$1,192.

The COLA also affects benefits for about 4 million

disabled veterans, 2.5 million federal retirees and their survivors, and more than 8 million people who get Supplemental Security Income, the disability program for the poor.

By law, the cost-of-living adjustment is based on the Consumer Price Index for Urban Wage Earners and Clerical Workers, or CPI-W, a broad measure of consumer prices generated by the Bureau of Labor Statistics. It measures price changes for food, housing, clothing, transportation, energy, medical care, recreation and education.

The COLA is calculated by comparing consumer prices in July, August and September each year with prices in the same three months from the previous year. If prices go up over the course of the year, benefits go up, starting with payments delivered in January.

"In the last several years we have had extremely low inflation," said economist Polina Vlasenko, a research fellow at the American Institute for Economic Research. "Basically because inflation is low, the cost-of-living adjustment is going to be low, too. It's supposed to just compensate you for inflation."

Advocates for seniors say the government's measure of inflation doesn't accurately reflect price increases faced by older Americans because they tend to spend more of their income on health care. The rise in medical costs has slowed in recent years, but people hit with serious illnesses can still see their individual costs soar.

People on Medicare, the government health insurance program for older Americans, usually have their Part B premiums deducted from Social Security payments. The premiums, which cover outpatient care, are scheduled to stay the same next year –\$104.90 a month. SUP pensioners are reimbursed for this premium on their monthly benefit checks.

Seven big U.S. corporations paid more to their CEOs than to the IRS

Seven of the 30 largest U.S. corporations paid more money to their chief executive officers last year than they paid in U.S. federal income taxes, according to a study released this month that was disputed by at least one of the companies.

Amid talk in Washington about corporate tax reform, the study said the seven companies, which in 2013 reported more than \$74 billion in combined U.S. pre-tax profits, came out ahead on their taxes, gaining \$1.9 billion more than they owed.

At the same time, the CEOs at each of the seven companies last year was paid an average of \$17.3 million, said the study, compiled by two Washington think tanks.

The seven companies cited were Boeing Company, Ford Motor Company, Chevron Corporation, Citigroup Inc, Verizon Communications Inc, JPMorgan Chase & Company and General Motors Company.

The Institute for Policy Studies and the Center for Effective Government, the study's co-authors, said its findings reflected "deep flaws in our corporate tax system."

In reply, Verizon said it paid \$422 million in income taxes in 2013. "We do not provide a breakdown between federal

vs. state in that total; however, I am confirming for you that the federal portion of that number is well more than Verizon's CEO's compensation," a spokesman said in an email.

Boeing said its 2013 global tax bill was \$1.6 billion, though all but \$5 million was deferred due to development and production investments. A spokesman said current tax expense and cash taxes were likely to rise as 787 jet deliveries ramp up.

Like the other companies, Citigroup said it abides by all tax laws. "In 2013, Citi paid more than \$3 billion in payroll taxes and more than \$95 million in use tax, personal property and real property taxes in the U.S.," a spokesman said.

Both automakers Ford and General Motors said their current U.S. tax bills are reduced by tax loss carry forwards stemming from severe losses suffered a few years ago.

Energy group Chevron said its 2013 current U.S. federal income tax expense of \$15 million "was much lower than normal" due to several factors. Echoing other companies, Chevron stressed it pays taxes worldwide.

JPMorgan Chase declined to comment.

What is the current recommendation on eating eggs and heart health?

Eggs were once considered off limits for many adults.

In the 1970s, groups like the American Heart Association discouraged people from eating eggs because it was thought that their cholesterol-rich yolks would increase the risk of heart disease. Now egg-white omelets are the norm for many people, but the advice on egg yolks has changed.

Clinical studies show that dietary cholesterol from eggs, shrimp and other animal foods has only a modest effect on blood cholesterol. In fact, public health authorities place more emphasis nowadays on the influence that dietary fat has on cholesterol levels.

The American Heart Association no longer condemns eggs in its guidelines. But it does recommend that people limit themselves to 300 milligrams of cholesterol daily (a single egg has about 200 milligrams of cholesterol, as well as a mix of saturated and unsaturated fats, including the monounsaturated kind found in olive oil). The federal government, in its Dietary Guidelines for Americans, notes that eating an egg yolk per day "does not result in increased blood cholesterol levels, nor does it increase the risk of cardiovascular disease in healthy people."

That is in line with what studies have shown. In one large study published in the Journal of the American Medical Association in 1999, researchers found that consuming five to six eggs weekly did not raise the risk of heart disease or stroke in healthy adults. (There was not enough data to assess the impact of eating more eggs weekly.) Another large study published last year in the BMJ (British Medical Journal) also found that for most people, an egg a day was not bad for the heart.

Dr. Frank Hu, a professor of nutrition and epidemiology at the Harvard School of Public Health and an author of both studies, said that large amounts of dietary cholesterol might lead to "small increases" in blood cholesterol. "However, beneficial nutrients such as protein, vitamin B12, riboflavin, folate and vitamin D that are contained in egg yolks may counter the effects of cholesterol."

Dr. Hu said that eggs are a particularly good replacement for less healthful fare, like processed meats and refined carbohydrates. In fact, studies suggest that for most people, starting your day with a breakfast of scrambled eggs will have a better impact on your overall cholesterol profile than a bagel or a bowl of sugary cereal.

Membership and Ratings Committee

Met on November 6, 2014, and found the following members eligible for advancement in seniority and rating stamps in the various departments:

Name and Membership Number	Seatime	Rating	Seniority
Devionnce Griffin B-19367	1 Year	O.S.	B
Robyn Mundell B-19368	1 Year	A.B.	B
Mark LaCroix C-2458	30 Days	A.B.	C
Artemus Ervin C-2459	30 Days	A.B.	C
Mark Accord C-2460	30 Days	A.B.	C
Jonathan Robinson C-2461	30 Days	O.S.	C
Jerry Aquino C-2462	30 Days	A.B.	C

Rating Stamps - None

Membership and Ratings Committee's Report: M/S (O'Boyle-several) to concur in the Committee's report. Carried unanimously. Membership and Ratings Committee: Arthur Thanash #3249, David Larsen #19678 and Brett Lange #19277.

Vice President's Report

November 2014

In addition to the routine duties of the front office, assisted all agents in dispatching Watson-Class relief wave, met with Chevron and Patriot management, and checked the following ships:

APL Agate: Mark Relajo, delegate. Clarification on penalty meal hours. Section 41(d) and (f) lay out the rules but there are two conditional qualifiers in Section 11 (g) and (h).

APL Singapore: Freeman Stamp, delegate. Headed to a Chinese shipyard. Bosun and an AB to remain on board. Plans to fill in with *APL Holland* scrapped due to cost of re-flag.

APL Coral: John McNeill, delegate. Blaming sailors for budgetary woes is poor seamanship.

Oregon Voyager: John McAuliffe, delegate. Business Agent Roy Tufono made this ship at RLW. No beefs.

California Voyager: Matt Frazier, delegate. Investigated food beef claims with management in San Ramon. New food management program was shown to be more complex than we first understood and the implementation of its goals will take some time. Frank discussion of general morale problem was a first step toward improvements. Omnibus watchstanding grievance filed to cover all new and ongoing one-man watch violations.

USNS Watkins: Gabe Moreno, delegate. Activating from ROS to FOS in Newport News, VA. Deployment overseas expected.

USNS Dahl: Kris Wuori, delegate. Mark Hurley made this ship in San Diego. Food beef raised with management. Transiting Panama Canal for an East Coast shipyard.

USNS Waters: Tim Jones, delegate. Mike Dirksen made the ship in Pearl Harbor and discovered some challenging conditions. Shore leave impeded by security watchstanding; alternative schedules being explored with management. Linen supplement and pillow replacement demands lodged. Reliefs in San Diego in December.

Dave Connolly

Bunker prices drop to a four-year low

Low-sulfur bunker fuel prices continued a 24-week downward trend this month, sinking to lows that haven't been seen since in nearly four years.

The price of low-sulfur fuel in Rotterdam, a global indicator, dropped to \$475.10 per metric ton this month, the lowest it's been since it was \$473.50 in November 2010. Fuel prices have consistently tanked since June, declining about 27%, or \$172.50 per metric ton, in 24 weeks, according to *Bunkervision*.

Average prices for low-sulfur fuel have dropped for five months in a row, the longest slump since 2010. Container lines reporting earnings through September didn't cite the dropping prices as having impact, but given the steep decline it will show up with a positive impact on profits in the fourth quarter.

Because of the weakening prices, fuel surcharges posted by major carriers have dropped as well. In the TransAtlantic westbound market, the dropped from \$551 in August to \$534 in November, a drop of just over 3%.



The Executive-Secretary Treasurer of the Alameda Labor Council Josie Camacho with SUP pensioner and labor activist Diane Ferrari in Oakland before a get-out-the-vote precinct walk on November 1. Photo Dave Connolly

SUP Branch Reports

Seattle

October 20, 2014

Shipped during the period: 2 Boat-swains shipped and filled with 1 B to a steady Navy berth and 1 B to a Matson relief; 7 Able Seaman jobs shipped and filled with 3 A-cards, 3 B and 1 D Registrant; 4 were to Navy bottoms; 2 OS filled with D registrants and 15 standbys to 1 A-card and 14 B cards.

Registered: 3 A cards for a total of 12; 10 B cards for a total of 14; and 9 C cards for a total of 12.

Ships Checked

Matson vessels *MV Manoa* and *SS Maui* called twice in Seattle with little or no problems. The *APL Cyprine* in New Jersey and called for SUP/MFU crew replacements. Robert Jones is the serang and the crew reports good money. Patriot Contract Services vessels *USNS Pomeroy*, *USNS Soderman*, *SNLC Pax*, and *USNS Watson* called for SUP/MFU crew replacements.

I represented the SUP at the following meetings: the King County Labor Council meeting; the Puget Sound Harbor Safety Committee meeting; and the Washington Maritime Federation meeting. I met with Seattle Port Commissioner Bill Bryant on the consolidation of marine operations for the Port of Seattle and Port of Tacoma. Commissioner Bryant assured me that he would continue his efforts to increase industrial lands in and around the port areas.

The MFU/SUP Holiday Party will be held on Saturday, December 6, from 1100 hours to 1400 hours at the Leif Erikson Hall, 2245 N.W. 57th Street, Ballard, Seattle, Washington 98107. All members' family and friends are welcome.

The Seattle membership wishes our members aboard our ships, those of us ashore, and our women and men in uniform serving in harms way, a most joyous Holiday Season!

Vince O'Halloran
Branch Agent

ATTEND YOUR
MONTHLY
BRANCH
MEETINGS!



In the *Mahimahi* in Oakland, on November 12, from left: Bosun Noel Isumaru, OS Marcelo Javier, AB Steve Swinton, AB Haz Idris and AB Hussein Ali. Missing from the photo is AB Doug Ensmerger. Photo: Roy Tufono

Wilmington

October 20, 2014

Shipping: Bosun: 4, AB: 14, AB Maint: 7, STOS: 1, OS: 1 and standby: 52. Total jobs shipped: 79.

Registrations: A: 29 B: 21 C: 9 D: 22

Ships Checked

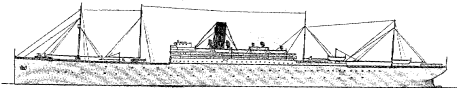
APL Philippines (still waiting for restricted to ship checks), *Mahimahi*, *Maunawili*, *APL Singapore* (delayed two days because of wharf fire at berths 177 -179), *Mokihana*, *Maunalei* (several crew members getting off this ship with kidney stones. Recommended Brita pitchers – a lot cheaper than a flight from China.), *Mahimahi*, *APL Korea*, *R.J. Pfeiffer*, *Mokihana*, *Manukai*, *APL Thailand*, *Manulani*.

On September 15, attended the LA County Federation of Labor delegates meeting with MFOW&W retiree Bob Bugarin. On October 7, attended American Merchant Marine Veteran's Memorial Committee meeting. Gregory Williams, Executive Director, from the *Lane Victory* attended and said he is committed to working with us for our common good. The *Lane Victory* is wonderful, floating, historical museum that we need to keep funded.

On October 8, attended Debbie Burns' retirement party at Matson/SSA Terminal. Debbie did her dispatching job with charm and grace for many years. Congratulations on your retirement Debbie.

On October 9, attended the Maritime Trades Department meeting.

Mark Hurley
Branch Agent



Local 333 members vote to merge with MM&P

The members of International Longshoremen's Association (ILA) Local 333 have voted by an overwhelming margin to merge with Masters, Mates & Pilots (MM&P). The vote was 423 in favor and 182 opposed, with six ballots judged invalid. A parallel vote by MM&P members on proposed constitutional changes related to the merger will be tallied on Dec. 4.

"We are grateful for the confidence that the membership of Local 333 has placed in our Union," said MM&P President Don Marcus. "Now that the ballots have been

Honolulu

October 20, 2014

Shipped the following jobs in the month of October: 1 Bosun steady, 1 Bosun return, 3 AB Day relief, 4 AB Watch steady, 1 AB Watch relief, and 3 AB Maint. The shipping jobs were filled by 6 A cards, and 7 B cards. Shipped 30 standby jobs filled by 4 A cards, 4 B cards, 15 C cards, and 7 D cards.

Registered in October: 6 A cards, 8 B cards, 2 C cards, 1 D cards. To date total registered: 12 A cards, 13 B cards, 10 C cards, and 3 D cards.

Ships Checked

I visited the *Manukai*, *Maunalei*, *Manulani*, *R.J. Pfeiffer*, *Maunawili*, *Manoa*, *Maui*, *Mokihana*, *Mahimahi*, *USNS Waters*, and the Paint and Rigging gang. All are running with few or no beefs, except for the *USNS Waters* which wasn't a very happy ship. No days off, 150 day contract before the company will fly you home, no clean linen or new pillows for new crew members, just to name a few of the beefs on this ship. I will be following up on these beefs and I'm sure we will be able to take care of the contractual matters, and maybe even some of the other beefs as well.

I represented the SUP at the Hawai'i Ports Maritime Council meeting, and the AFL-CIO Executive Board meeting. Hawai'i was one of the few states that keep or put all labor friendly (pro-Jones Act) candidates into office.

The annual SUP/MFOW holiday luncheon will be on Saturday, December 13, at the Union hall. We will start at 11:00 A.M. with lunch being served around noon and continue until 3:00 P.M. All members, retirees, and their families are invited.

Mahalo and Happy Thanksgiving,
Michael Dirksen, Branch Agent

Business Agent's Report

November 10, 2014

Manoa - In and out. The Bosun had a family emergency and had to get off. When I received the information, the ship was sailing in three hours. Shipped a pierhead jump and was able to prevent the ship from sailing shorthanded.

Moku Pahu - Philip Romei, delegate; Chris Bunheirao, bosun: In at Oakland for about 10 days waiting for a berth in Crockett, and then shifting to Stockton to back load coal for the islands.

Mokihana - Daniel Tin Tun, delegate; Jay Loe, bosun; back from a trip off. In twice, running smoothly.

Mahimahi - Noel Isumaru, bosun: Short stay, in and out. In good hands.

APL Singapore - Will be the first C-11 to go in the shipyard. **Pier 9:** Running smoothly with Leo Moore as bosun.

Also dispatched and worked in the front office.

Roy Tufono

SUPPORT THE SUP POLITICAL FUND

SUP members join pension ranks

The following SUP members joined the rank of pensioner, bringing the total number of SUP members to 240:

Pio Aujero, 75, Book No. 18280, joined SUP in 1995, 12 years seetime.

John Kerlin, 80, Book No. 3144, joined SUP in 1960, 33 years seetime.

Karoly Kovacs, 73, Book No. 3865, joined SUP in 1968, 25 years seetime.

William Remoto, 65, Book No. 3196, joined SUP in 1993, 14 years seetime.

Stephen Zombro, 65, Book No. 278, joined SUP in 1991, 13 years seetime.

Dispatcher's Report

Headquarters—Oct. 2014

Deck	
Bosun.....	5
Carpenter.....	0
MM.....	3
AB	10
OS	5
Standby	22
Total Deck Jobs Shipped	45
Total Deck B, C, D Shipped.....	17
Engine/Steward	
QMED	0
Pumpman.....	0
Oiler.....	0
Wiper.....	0
Steward	0
Cook	0
Messman	0
Total E&S Jobs Shipped.....	0
Total E&S B, C, D Shipped	0
Total Jobs Shipped - All Depts.	45
Total B, C, D Shipped-All Depts.	17
Total Registered "A"	27
Total Registered "B"	21
Total Registered "C"	12
Total Registered "D"	30