

BOARD OF PILOT COMMISSIONERS
Minutes February 28, 2002

The Board of Pilot Commissioners for the Bays of San Francisco, San Pablo and Suisun regular meeting was held in the Port of San Francisco, Bayside Room #1, Pier One, San Francisco, CA, commencing at 9:30 a.m. on Thursday February 28, 2002, Commissioner Falaschi presiding. A quorum was present, including Commissioners Lundeberg, Rosequist, Wagner, Welch and Winn. Also in attendance were Port Agent Captain McIsaac, Board Counsel Ray Paetzold (participated by conference call), BOPC Executive Director Patrick Moloney, and Secretary Alice Evans and various members of the public.

The Minutes of the January 24, 2002, meeting were unanimously approved as amended (page 6 line 8 delete ~~and the committee~~. The February 1 Continuation of Hearing to Determine Number of Licensed Pilots were unanimously approved as amended (page 1, 4th line from the bottom after 57 insert "64 and 71 respectively for the year 2001 data" and page 2 delete ~~The Board voted on the following motions~~ and insert "Commissioner Winn moved that the number of pilots to be licensed remain at 56. Commissioner Bayer seconded. After discussion on the motion, Commissioner Bayer withdrew his second. The Board then voted on the following motions."

Correspondence and Activities since the January meeting -- Executive Director Moloney

1. The Board received a letter dated February 7, 2002, from Department of Finance, Samuel E. Hull, regarding the BOPC inquiry into the services provided by the DOF, Office of State Audits and Evaluations (OSAE).
2. On February 15, 2002, Board staff forwarded information on individuals who have been involved with the pilot trainee program since it was started in 1986 to SFBP Port Agent Captain McIsaac.
3. The Board received a letter dated February 14, 2002, from Mr. Milt Merrit AmNav regarding M/V JULIA OLDENDORFF, the tug *Sarah* indicating that there was no apparent damage to the tug's propellers and no claim being made.
4. The Board received a letter dated February 27, 2002, from the Senate Rules Committee confirming the appointments of Commissioners Bayer, Rosequist, Wagner and Welch.
5. On February 25, 2002, Board staff forwarded the Rules and Regulations Committee's notice to all interested parties regarding the upcoming Committee meeting and rulemaking workshop in Santa Cruz March 7, re Monterey Bay Pilotage.

Other Pilot Matters -- Executive Director Moloney

1. The Board issued license renewals to SFBP Captains Atthowe, Bowler, Cota, Greig, Hartshorn, Hughes, Lobo, O'Laughlin, Roberts, Vilas, and Wagner during the month of February.
2. The Board has received the manpower reports and statements for pilotage fees and surcharges collected from SFBP through November 2001 and Inland Pilot Slough through December 2001. Copies are available in the Board office.

Port Agent's Report -- Port Agent Captain McIsaac

1. Captain Rosen will be off the board until May 15, 2002, recovering from a back injury. Captain Wells is still recovering from a shoulder injury and anticipates to be fit-for-duty by April 15.
2. There have been no 12-hour MRP violations since the last Board meeting.
3. The P/V GOLDEN GATE has been down since Monday February 25, for the rebuilding of the Vulcan Couplings. The main engines were found to be out of alignment, which will extend the down time through at least Wednesday March 6.
4. The SFBP is ready to enter into an agreement with Air France for a 30% discount on business class travel to France. The best deal from United was only 3 1/2% in the form of a rebate after travel. It is SFBP policy that all pilots who have not already purchased tickets use Air France in order for SFBP to meet the performance requirements of the contract and receive the discount. Meridian Travel will handle travel arrangements and bill SFBP directly. SFBP will forward copies of fare receipts to the BOPC for reimbursement by the state.
5. Through January 2002
Bar Crossings -7.81%
Bay Moves -14.88%
River Moves +29.41%
Total Moves -7.75%
Compared to same time last year.

Unfinished Business

1. Open Incidents -- Executive Director Moloney reported that the investigation reports on the incidents listed under a. and c. below are not completed at this time.
 - a. M/V ORIENTAL HOPE, allision at Parr 5B, Richmond, August 27, 2001.
 - b. M/V JULIA OLDENDORFF, Tug grounding Islais Creek Pier 80, October 15, 2001, Pilot Captain W. Lemke -- Executive Director reported that in the process of docking the M/V JULIA OLDENDORFF, the tug *Sarah* experienced an engine casualty. There was potential for this to have been caused by grounding so Capt Lemke reported it. A letter was received from the boat's owner (AmNav) indicating that there was no apparent damage to the tug's propellers and no claim being made. This was the key piece of information that the IRC had been waiting for and allowed a decision to designate this a non-incident.
 - c. M/V CEFALONIA, grounding San Joaquin River, light 56, January 8, 2002.
2. Pilot Ladder reportable incidents -- Executive Director Moloney reported that there are no new reportable incidents.
3. Rules and Regulations Committee -- Commissioner Welch said there was no report.

4. Finance Committee -- Commissioner Winn -- report on results of February 20 Committee meeting -- possible recommendation of revised scope/focus of independent audit of SFBP and B&P financial statements for 1998 – 2000 by CPA selected by the Board -- **possible Board action re same**

Commissioner Winn reported that the Committee met February 20. The SFBP reported that the gross revenue is up 5% and expenses are up 14.35%. It is anticipated that the SFBP annual audit will be completed the first week of March. The Committee reviewed the two proposals submitted by the Office of Audits. Commissioner Winn reported that the Committee does not believe that it presently has sufficient information to recommend that the Board proceed with a separate audit at this time, and that following the availability and review of the audited financial statements of the SFBP and B&P for the year 2001, the Committee would come back to the Board with further information and a possible recommendation. At the Committee's February 20 meeting, John Berge repeated PMSA's position that the Board should proceed with a separate full audit, that it might be more cost effective to use an accounting firm in the Bay Area rather than the DOF Office of Audits, and that, even if the process to select and contract with such a firm would result in a delay in accomplishing the audit until after a rate hearing, PMSA believed that doing so might help resolve lingering questions in the minds of some of its members regarding the pilots' bookkeeping practices and would be money well spent. At the same meeting, SFBP's Ken Levin repeated the pilots' position that its books are open and that it would respond to any questions PMSA might have. The Committee recommended that PMSA take the opportunity offered by SFBP to review the audited financial statements once they were made available, and to address any concerns or questions PMSA might have to SFBP directly, and that the Committee would keep this item on the agenda for further discussion following the availability and review of those financial statements.

The Committee also noted that SFBP has been providing information to Market Value Planners as requested by Inland Pilot Captain Slough to update the February 1996 report on Cost Allocations and Rates.

Commissioner Winn reported that the Committee reviewed the Pilot Vessel Surcharge. SFBP reported that the surplus in this account is currently \$692,000. With an average shortfall of about \$36,000 per month, it will take about 19 months to use up the surplus. Mr. Levin recommended that the Pilot Vessel Surcharge remain at the mil rate of 5.13 and that the Committee continue to review it monthly. The Committee concurred.

The Committee reviewed the BOPC monthly expenditures and noted no unusual expense items. Board staff will prepare a projection of the BOPC budget and reserve through 2003.

The Committee reviewed the status of pilotage expense items. Commissioner Winn reported that the next SFBP/Industry conference is scheduled for March 5. A Finance Committee meeting is scheduled for March 12 to report on status of negotiations on rates and pilotage expense items and on the role of the Finance committee in the event a rate petition is filed.

Commissioner Winn noted that the Committee would need to address the funding of expenses related to the reopening of the pilot trainee training program. This item will be added to the regular Finance Committee meeting scheduled for March 27.

5. Pilot Training Curriculum Committee -- Commissioner Wagner -- report on results of Marine seminar and Oakland security forum -- Commissioner Lundeberg -- possible recommendation for pilot training in advanced security measures in light of potential threats from terrorists -- **possible Board action re same**

Commissioner Wagner reported that the Committee would meet in March to discuss information provided by Commissioner Lundeberg and Commissioner Welch from their recent attendance of security and casualty conferences. Possibly, the Committee will make a recommendation to the Board in regard to pilot training in advanced security measures in light of potential threats from terrorists. Commissioner Wagner requested that this item remain on the agenda.

6. Ad Hoc Pilot Power Committee -- Commissioner Wagner -- recommendation to update the 1986 San Francisco Pilots Manpower Model -- **possible Board action re same**

Commissioner Wagner reported that the Committee met January 15. The Committee discussed PSE's recommendation to update the 1986 Manalytics model and the need to do so. After thorough discussion the Board requested the Committee to again research PSE's recommendation, review cost estimates and the relevancy of the information.

7. Pilot Evaluation Committee -- SFBP Captain Melvin -- status report re simulator examination portion of Trainee Selection Process

Commissioner Wagner reported for Captain Melvin --The PEC and OER have experienced some difficulties in scheduling and in confirming Dr. Hertz' availability to assist in completing the simulator test. Continuation meetings are now scheduled for March 11 and 22, at 10:00 a.m., at California Maritime Academy. Captain Melvin expressed that the PEC is trying to work with everyone and be cooperative, however, he is concerned because we are close on time. There is not much work left to do, but we need to get to work. He is concerned about getting down to the wire.

8. Trainee Selection Process -- Executive Director Moloney -- status report; **possible Board action re number of trainees to be selected; amount of stipend**

Executive Director Moloney reported that 112 applications have been received and that on first screening, 55 meet the minimum requirements. He is in the process of notifying the candidates that did not qualify. For those just needing additional documentation, letters of documented time will be accepted until mid-April. Testing will begin the week of April 22 at California Maritime Academy. He gave an overview of the testing procedures and OER's participation.

Commissioner Falaschi appointed Commissioners Bayer, Welch and Rosequist to the Selection Appeal Committee, with Commissioner Rosequist as Chair.

The Board then discussed the number of trainees to be selected and the amount of the stipend. Executive Director Moloney gave an overview of the situation four years ago with the last group of trainees when there were no openings by the time they completed their training. The Board discussed and agreed that it did not want to repeat the same scenario. It was discussed that the number of trainees could be limited and a number placed on a standby list. The stipend history was discussed and it was noted that it would be reasonable to review a cost of living increase. Commissioner Falaschi asked that these item be addressed by the Pilot Evaluation Committee and recommendations presented at the next Board meeting.

9. Authorize Board President/Executive Director to sign FY 02/03 contracts as follows: equipment repair; rental; communication; legal (Paetzold, White & Brodsky up to \$300,000) and back-up counsel (to be selected at a later date up to \$12,500)

It was moved and seconded to authorize Board President/Executive Director to sign FY 02/03 contracts as follows: equipment repair; rental; communication; legal (Paetzold, White & Brodsky up to \$300,000) and back-up counsel (to be selected at a later date up to \$12,500). Commissioner Falaschi asked for discussion. Executive Director Moloney noted that these are routine contracts. The motion then passed unanimously.

New Business

1. Rate Hearing-- discuss scheduling – various dates were discussed. The Board agreed to schedule the Rate Hearing for April 30, 2002, at 8:00 a.m., at the Port of San Francisco, Bayside Room #1, San Francisco. The Board encouraged SFBP and Industry to continue their negotiations.
2. Public Comment on matters not on the agenda – USCG Capt. Hereth, reported that there are no new UPRR Bridge incidents. He noted that the Sea Marshal program is running smoothly and that the USCG is very pleased with the performance of the SFBP. This program is now being recognized internationally as a guideline.

Capt. Hereth continued with an announcement that there have been several reports of “Rule 9” violations and that these are being investigated. He gave an overview of Rule 9 and the need to get the word out to the boating community to stay out of the way of large vessels which are constricted by their draft to remain within the shipping channel. Commissioner Falaschi suggested that the BOPC would be willing to do a press release with the USCG to emphasize the importance of compliance with Rule 9.

3. Proposals for additions to next month's agenda -- Capt. Hereth noted that the IMO STCW requirements are not being implemented on foreign flagged vessels. It was discussed that this may compromise safety and security. This item will be placed on the Board's agenda for further discussion.

Schedule next regular meeting – the next regular meetings were scheduled for March 28, 2002, and April 18, 2002, at the Port of San Francisco, Bayside Room #1, San Francisco, CA, at 9:30 a.m.

Adjournment – The meeting was adjourned at 11:05 a.m.

Respectfully submitted,



Alice A. Evans
Secretary