

Minutes
September 28, 2006

The Board of Pilot Commissioners for the Bays of San Francisco, San Pablo and Suisun regular meeting was held in the Board of Pilot Commissioners office, Pier 9, Suite 102, San Francisco, CA. commencing at 9:30 a.m. on Thursday, September 28, 2006, Commissioner Falaschi presiding. A quorum was present, including Commissioners Miller, Wagner and Wainwright. Also present were SFBP Port Agent Captain Greig, Board Counsel Paetzold, Executive Director Moloney and Secretary Alice Evans.

Commissioner Falaschi welcomed and introduced Mr. Anthony Lum, DCA Budget Analyst, who attended the Finance Committee meeting and today's Board meeting.

Request approval of Minutes of the July 27, 2006 regular Board meeting. The minutes were unanimously approved as corrected: Remove *Acting* from page 1, para 1, line 5 and correct title for Ms. Moss, *DCA SB/DVBE Advocate and Liaison*.

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

1. The Board received an e-mail from former Commissioner Sitts advising of his resignation from the Commission.
2. The Board received a letter dated August 11, 2006 from SFBP Captain Ronald Rioux -- notification that he intends to retire effective January 1, 2007.
3. The Board received a letter dated September 19, 2006 from SFBP Captain Asmund Gjevik -- notification that he intends to retire effective January 1, 2007.

Other Pilot Matters -- Executive Director Moloney

1. There were no license renewals during the month of August.
2. The Board received manpower reports and statements for Pilotage fees and surcharges collected from SFBP and Inland Pilot Slough through July 2006.

Port Agent's Report -- SFBP Captain Bill Greig

1. NFFD: Captain Plant is NFFD from a non-piloting related illness.
2. JULY: There were 39 total exceptions in July with rest periods ranging from 6.6. hours to 11.9 hours. 15 of these were during training.
3. AUGUST: There were 32 total exceptions in August with rest periods ranging from 7.9 hours to 11.7 hours. 5 of these were during training, 18 occurred on one particularly busy day with 2 people off sick but no one else off the board.

4. A full report will be made on September data at the next meeting but so far this month we have had 52 exceptions, all of which happened during training.
5. We have identified the major causes of exceptions to the minimum rest period to be: pilots off the board for training; pilots carried away to other ports; pilots off the board for the training selection process; record number of cruise ships calling at San Francisco; and an overall increase in the number of ship calls.

The first four of these causes should cease to exist until at least April 2007 so we have a little breathing room now. We will present pilot power data to the pilot power committee later in the year for possible discussion of licensing more pilots.

Commissioner Falaschi inquired about the pilots carried away item. Captain Greig clarified that the problem with M/V PHOENIX has been resolved and should not effect MRPs in the future.

6. STATISTICS: YTD through August compared to three-year average for the same time:

Bar Crossings: +14%
 Bay Moves: +33%
 River Moves: + 10%
 Total Moves: +17%
 GRT: + 24%

7. PILOT BOATS:

P/V SAN FRANCISCO: Out of service 7/18 - 8/6 - standard annual maintenance and dry dock.

P/V CALIFORNIA: Out of service 8/21 - 9/11 - standard annual maintenance and dry docking.

P/V DRAKE: Out of service 9/11 - 9/20 - standard annual maintenance and dry dock.

P/V PITTSBURG: Out of service 9/19 - 9/20 - standard haul out. Renewed head gasket on stbd engine - serviced both lower units.

P/V GOLDEN GATE: Out of service 9/25. Expected return date 10/6 - standard annual maintenance and dry dock.

Unfinished Business

1. Open Incidents -- Executive Director Moloney reported that there are two new open incidents listed under "G. New Business" on the agenda and both are currently under investigation.
2. Pilot Ladder reportable incidents -- Executive Director Moloney reported there are no new pilot ladder reportable incidents.

3. Rules and Regulations Committee -- Commissioner Wainwright --report on results of August 15, 2006 Committee meeting, status of rulemaking workshops -- Commissioner Wainwright reported that the Committee will continue discussion on Pilot Vessel Surcharge Procedures. PMSA and SFBP agreed to meet and draft proposals for review at the next Committee meeting; the Committee discussed Procedures to Determine Number of Pilots (Section 237) the Committee will wait for input from the Pilot Power Committee before proceeding with proposed amendments; the Committee discussed Rate Setting Process (Section 236), PMSA Counsel and Board Counsel were to discuss the proposed changes to address which were mandatory and which discretionary and report at the next Committee meeting. The Rules and Regulations Committee meeting scheduled today immediately follow this meeting is cancelled do to lack of a quorum.
4. Finance Committee -- Commissioner Wainwright -- possible recommendations to adjust Pilot Vessel Surcharge (currently 4.5 mils), Pilot Training Surcharge (currently \$20/move) and Trainee Training Surcharge (currently \$6/move/trainee); -- **possible Board action re same**

Commissioner Wainwright reported that the Committee met today and thanked Mr. Anthony Lum, DCA Budget Analyst for attending today's meeting. The Committee reviewed SFBP Income Statement Report; BOPC Fund Condition will be reviewed at the October meeting; Pilot Vessel Surcharge - no change recommended at this time; Pilot Training Surcharge - this will be reviewed at the next Finance Committee meeting -

The Trainee Training Surcharge was discussed and the need to increase the surcharge to \$7.00 per trainee per move (assuming Board approval of the recommendation from the Pilot Evaluation Committee to increase the Stipend to \$5,000 per month) and to fund the premiums for the Trainee Training Program Workman's Compensation Insurance. The Committee recommends that the Board increase the surcharge to \$7.00 per trainee per move effective October 1, 2006.

It was moved and seconded to accept the Finance Committee's recommendation (conditioned on the Board's approval of the proposed increase in the stipend) to increase the Pilot Trainee Training Surcharge to \$7.00 per trainee per move effective October 1, 2006. Commissioner Falaschi asked for comments from the public and discussion.

Mr. Lum who was in attendance had brought to the Committee's attention and restated to the Board that costs associated with the increase in the Stipend and the number of Trainees would likely exceed the BOPC's current expenditure authority and that a Budget Change Proposal (BCP) is needed to increase the Board's spending authority. He further explained that the BCP process takes approximately 18 months and that the time frame to submit a BCP for FY 06/07 has passed. He recommended lowering the number of new Trainees to a total of four and submit a Spring Finance Letter to request an increase in the Board's expenditure authority.

The Board thanked Mr. Lum for his report, noted the urgent safety issues raised by having an insufficient number of trainees to fill anticipated vacancies in the number of pilots and requested that he meet with Board staff to begin the Spring Finance Letter as soon as possible.

Executive Director Moloney reported that Board staff and Mr. Lum would work together to explore the Board's options to allow for additional trainees to enter the program.

Mr. Jacob, PMSA representative who was in the audience, said that PMSA supports the Finance Committee's recommendation to increase the Pilot Trainee Training Surcharge to \$7.00 per trainee per move effective October 1, 2006.

The Board noted that the proposed increase in the surcharge was on a "per trainee" basis. There being no further discussion, the motion passed unanimously.

5. Pilot Training Curriculum Committee -- Commissioner Wagner said there is no report.
6. Pilot Evaluation Committee -- Capt. Roberts -- Report on August 23 and September 20, 2006 Committee meetings -- report on trainees' progress; recommendation re increasing Trainee Stipend (from \$4,200/mo to \$5,000/mo); possible recommendation to issue Certificate of Completion and license to one or more Trainees if warranted; **possible Board action re same**

SFBP Captain Roberts reported: "The Pilot Evaluation Committee met on Aug. 23 and, Sept. 20. All five trainees were interviewed individually, their trip cards examined, and their progress with all elements of the program monitored.

The trainees range in time in the program from 10 months to 1 year 9 months. All continue their progress satisfactorily, and at their own speed. Two trainees are in their final stages of training. The PEC expects to have a recommendation to the Board in the near future.

As reported during the last several meetings, we have been meeting with Industry representatives to develop a recommendation relative to the Pilot Trainee Stipend that will have Industry support and continue to encourage the application by a broad spectrum of qualified applicants to the training program. On behalf of the Pilot Evaluation Committee, I am pleased to report that we have now reached a consensus on this issue and can recommend to the Board that the Trainee Stipend be increased from the current level of \$4,200 per month to \$5,000 per month effective October 1, 2006, or as soon thereafter as the increase can be put into effect.

According to Mike Jacob, Vice President of PMSA, the amount and timing of this increase has industry support with the understanding that there would be no further increases prior to July 1, 2009.

Combined with the cost of the recent Board approval of obtaining workers compensation insurance to provide coverage for a pilot trainee injured during training, the pilot trainee training surcharge to cover this increase in the stipend is expected to be about one dollar per

vessel movement per trainee (from the current rate of \$6 per vessel movement per trainee to \$7.)

The current stipend of \$4,200 per month has been in effect since March 28, 2002. The previous stipend amount was \$3500, which was set in 1994.

You will find before you a brief summary of some of our research. (Copies of which are available at the Board office.)

The PEC recommends that the Trainee Stipend be increased to \$5,000 per month effective October 1, 2006 or as soon thereafter as the increase can be put into effect.”

It was moved and seconded that the Board President and/or Executive Director be authorized to take all necessary steps to amend the contracts for all current pilot trainees to increase their Stipend to \$5,000 per month effective October 1, 2006 or as soon thereafter as the increase can be put into effect, and that contracts for new trainees provide for a Stipend of \$5,000 per month. Commissioner Falaschi asked for comments from the public and discussion.

Mr. Jacob, PMSA representative who was in the audience said that PMSA supports the Pilot Evaluation Committee’s recommendation to increase the Trainee Stipend to \$5,000 per month.

There being no further discussion the motion passed unanimously.

7. Pilot Power Committee -- Commissioner Wagner – Report on September 12, 2006 Committee meeting; possible recommendation re contracting with 7 additional pilot trainees for entry into training program; **possible Board action re same**

Commissioner Wagner reported that the ad hoc Pilot Power Committee met on September 12, 2006. It was noted that this meeting had been postponed several times and that Industry members were not able to attend on the 12th. Therefore, the review of HNC 237(d) data will remain on the agenda when PMSA is in attendance.

The issue of recommending additional Pilot Trainees is an urgent one and is presented today at the Board meeting. The retirement survey of June 2006 indicates four pilots anticipate retirement by the end of June 2007 and 10 more by June 2008. The Committee discussed the timetable of requirements to train and license a trainee and the procedure required for pilot retirement. Executive Director Moloney advised that past retirement surveys have been reasonably accurate indicators, with actual retirements slightly lower.

The Committee discussed the current and past trainee training programs. The Pilot Evaluation Committee currently recommends a maximum of 10 trainees in the program at any one time. There have been as many as 13 in the program in years past. The Committee discussed the following: Contracting procedure for new trainees (takes up to 90 calendar days); minimum one year in the training program to become licensed; average has been two years; drop-out rate has been 10%; safety issues that would arise if there were not enough

trained trainees to fill pilot vacancies; and the potential for 14 pilots to retire by June 2008 (less than two years from now).

There are currently five trainees in the program. As of today, two pilots have submitted their letters to retire effective January 1, 2007. When two trainees are licensed to replace these pilots, only three trainees will remain in the training program. The Committee unanimously recommends to contract with seven candidates for the training program to begin January 1, 2007.

It was moved and seconded to authorize the Board President and/or Executive Director to take all steps necessary to contract with seven candidates on the current Pilot Trainee Training Program Standby List to begin training on January 1, 2007, or as soon thereafter as the contracting process can be completed.

Commissioner Falaschi asked for comments from the public and discussion. The report from Mr. Lum was discussed further regarding the ability of the Board's current expenditure authority to support a maximum of seven trainees through FY06/07 and that the Board expenditure authority must be increased through a Budget Change Proposal.

The motion was amended as follows: *Authorize the Board President and/or Executive Director to take all steps necessary to contract with seven (7) candidates on the current Pilot Trainee Program standby list, or such lesser number as may be authorized by the Board's expenditure authority, to begin training on January 1, 2007, or as soon thereafter as the contracting process can be completed.*

Mr. Jacob, PMSA representative who was in the audience said that PMSA supports the Pilot Power Committee's recommendation to contract with seven additional trainees and that Industry would work with the Board to increase the Board's expenditure authority as necessary.

There being no further comments or discussion the motion passed unanimously as amended.

8. Pension Committee -- Commissioner Miller -- Report on August 10, 2006 Committee meeting; including possible recommendations regarding options for selecting/contracting with new fiduciary and for actuarial study -- **possible Board action re same**

Commissioner Miller reported that the Committee met August 10, 2006 and that the Committee continues to review HNC Sections 1160-1168; PMSA and SFBP are preparing respective letters regarding the Actuarial Study for review at the next Pension Committee meeting;

The Committee reports that the Fiduciary position is mandated under Code and at present time a decision has not been reached to contract with a Fiduciary. In the interim, the Committee recommends the appointment of Captain Moloney, Executive Director as interim Fiduciary.

The Committee will continue to pursue contracting with an independent Fiduciary. The Board continued discussion of the Board's expenditure authority for a Fiduciary contract; this will be an on-going discussion.

It was moved and seconded that the Executive Director be appointed as interim Fiduciary. Board President Falaschi asked for comments from the Board and the public. Commissioner Wagner asked whether Executive Director Moloney was willing to undertake the duties of Fiduciary as part of his normal responsibilities. Executive Director Moloney said that he was. There being no further discussion or comments the motion passed unanimously.

9. Vessel Interactions -- Executive Director Moloney reported that there were no vessel interactions to report.
10. Pilot Security -- Commissioner Falaschi reported this remains as a placeholder.
11. Ad hoc Committee for Pilot Fitness -- Commissioner Falaschi reported this remains as a placeholder.
12. Pilot Identification Cards -- Executive Director Moloney -- status of federal proposal for Transportation Worker Identification Credential (TWIC). Executive Director said there is no report.
13. Ad Hoc Committee on Pilot Safety -- Commissioner Falaschi

New Business

1. M/V PACIFIC SUCCESS, allision, with Berth Pier 4 Port Chicago, September 10, 2006
2. M/V IOANISS THEO, allision with Rich Berth 5A, September 14, 2006
Item 1. and 2. were reported under Open Incident above.
3. Public Comment on matters not on the agenda -- there were none.
4. Proposals for additions to next month's agenda -- there were none.

Schedule next regular meeting -- the next meeting is tentative scheduled for October 19, 2006 at 9:30 a.m. in the Board office. The Finance Committee meeting will be scheduled for the same day at 8:30 a.m.

Adjournment -- the meeting was adjourned at 10:30 a.m.

Respectfully submitted,

Alice A. Evans
Secretary