

May 16, 2016

Hon. Rob Bonta
California State Assembly
State Capitol
Sacramento, CA 95814

SUPPORT– AB 1432 (Bonta) , As Amended 5/11/16 - Navigation Technology Surcharge

Dear Assemblyman Bonta:

I write to you today on behalf of the Pacific Merchant Shipping Association (PMSA) in support of AB 1432 (Bonta), as amended May 11, 2016. This bill would now only allow the Board of Pilot Commissioners to impose a fee on vessels entering the San Francisco Bay to recover costs incurred for the “purchase, lease, or maintenance of navigation software, hardware, and ancillary equipment” after a public approval process of such navigation technology by the Board. The “navigation technology surcharge” authorized by this bill would sunset on January 1, 2021 and would not cumulatively total more than \$1.2 million. There are no other rate increases or changes in this legislation.

It is extremely important to ensure that the vessels sailing in and out of the San Francisco Bay, and the state-licensees who pilot those vessels, are provided state-of-the-art navigation technology. This technology can significantly enhance safety in the state’s pilotage grounds and reduce the risk of an accident or environmental catastrophe.

Last year, when AB 1432 was proposed to impose controversial increases in pilot rates on vessels in the San Francisco Bay, PMSA and other industry representatives agreed to participate in a process facilitated by you and your office in order to foster negotiations between all the parties. PMSA’s specific position was that it believed that while the broad pilot rate increases were arbitrary, unnecessary and unsupportable that targeted increases could be reached by consensus. No consensus was reached at that time and the Senate did not move the bill.

As amended last week, AB 1432 now represents a rate surcharge reached by consensus: the industry and pilots agree that additional investment in new Navigation Technology is in both of their interests, industry agrees to pay up to an additional \$1.2 million for the equipment so long as the Board prospectively authorizes the purchase of the equipment as necessary and appropriate in a public process, and the surcharge sunsets after a reasonable payback period.

There is still hard work to be done to reform the rate-setting process, and in the coming months, PMSA hopes to continue to engage with you, Senator Wieckowski, and the SF Bar Pilots to further discuss structural changes and future reforms to the rate setting process as was explored by SB 1312. As none of the parties expect that general pilot rate increases will be politically viable without meaningful reform of the process, we believe additional consensus can be reached on rate-setting reforms amongst the parties.

Since AB 1432 was amended down to only the navigation technology surcharge, this consensus safety improvement will now become effective on January 1, 2017, completely independently of the ongoing discussion regarding rate-setting reforms. We can all support moving forward with a limited pilot rate increase which is guaranteed to be spent on improvements to navigational safety on the Bay, whether or not the parties are able to reach consensus on the other non-safety-related issues underlying all future rate reform negotiations and discussions.

We appreciate leadership of you, Senator Wieckowski, and staff on this matter and look forward to working with all of the stakeholders further on a future consensus.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael Jacob', written in a cursive style.

Michael Jacob

cc: Sen. Bob Wieckowski
Sen. Isadore Hall, Chair, Senate Governmental Organization Committee
San Francisco Bar Pilots Association
Shaw/Yoder/Antwih, Inc.



PORT OF OAKLAND

June 13, 2016

The Honorable Jim Frazier, Chairman
California State Assembly
State Capitol
Sacramento, CA 95814

SUPPORT-- AB 1432 (Bonta), As Amended 5/11/16 - Navigation Technology Surcharge

Dear Chairman Frazier:

On behalf of the Port of Oakland, I am pleased to offer our support for AB 1432 (Bonta), as amended May 11, 2016. This bill would authorize the Board of Pilot Commissioners, beginning January 1, 2017, to impose a movement fee on vessels entering the San Francisco Bay to recover a pilot's costs of acquiring advanced electronic navigation systems that all state licensed maritime pilots are required to carry, as well as specialized portable navigation equipment to assist pilots as they maneuver ultra large container vessels and other vessels with special requirements.

The surcharge only applies to equipment that the Commission has found reasonable and necessary following a public approval process. The surcharge authorized by this bill would sunset on January 1, 2021 and would not cumulatively total more than \$1.2 million over that 4-year period. There are no other rate increases or changes in this legislation, and the surcharge funds can only be used to defray the pilots' costs relative to navigation technology.

As one of the nation's busiest container ports, it is extremely important to ensure that the state-licensed pilots who guide the vessels sailing in and out of the San Francisco Bay are provided with state-of-the-art navigation technology. This surcharge is one in which there has been consistent agreement among industry, the pilots and regulators and was one of the recommendation of the Board of Pilot Commissioners following its rate hearing in 2015. We support this consensus among all parties in order to ensure that the pilots can be equipped with the most advanced technology to meet their operational and safety needs.

We therefore respectfully ask for your support when AB 1432 comes before you in committee and on the Assembly floor. Thank you in advance for your consideration.

Sincerely,

John Driscoll
Director of Maritime

cc: Members, Assembly Transportation Committee
Assemblymember Rob Bonta



Stephen König
Director, CA Government Affairs
1215 K St, Suite 1570
Sacramento, CA 95601

June 3, 2016

Honorable Jim Frazier
California State Assembly
State Capitol
Sacramento, CA 95814

Bill Number: AB 1432 (Bonta), As Amended 5/11/16
Subject: Pilotage rates: technology surcharge.
Position: Support

Dear Assemblymember Frazier:

I write to you today on behalf of Tesoro Refining and Marketing (Tesoro) in support of AB 1432 (Bonta), as amended May 11, 2016. This bill would authorize the Board of Pilot Commissioners, beginning January 1, 2017, to impose a movement fee on vessels entering the San Francisco Bay to recover a pilot's costs of acquiring advanced electronic navigation systems that all state licensed maritime pilots are required to carry, as well as specialized portable navigation equipment to assist pilots as they maneuver ultra large container vessels and other vessels with special requirements.

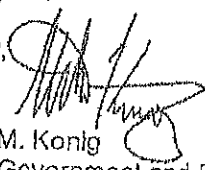
The surcharge only applies to equipment that the Commission has found reasonable and necessary following a public approval process. The surcharge authorized by this bill would sunset on January 1, 2021 and would not cumulatively total more than \$1.2 million over that 4-year period. There are no other rate increases or changes in this legislation, and the surcharge funds can only be used to defray the pilots' costs relative to navigation technology.

It is extremely important to ensure that the state-licensed pilots who guide the vessels sailing in and out of the San Francisco Bay are provided state-of-the-art navigation technology. In recent years, this technology has proven to significantly enhance safety in the state's pilotage grounds and reduce the risk of an accident or environmental catastrophe.

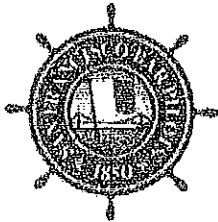
This surcharge is one on which there has been consistent agreement among industry, the pilots and regulators and was one of the recommendation of the Board of Pilot Commissioners following its rate hearing in 2016. A similar provision had been in effect from November 2008 until its sunset in January 2011, thus the procedures and safeguards are familiar to all concerned. Vessels calling on the San Francisco Bay Area ports have increased dramatically in size since the sunset of that earlier provision, navigation technology has become more sophisticated and light weight, and the need for pilots to be equipped with the most advanced technology has never been greater.

We therefore respectfully ask for a yes vote when AB 1432 comes before you in committee and on the Assembly floor.

Sincerely,


Stephen M. König
Director, Government and Public Affairs

cc: Assemblymember Eric Linder; Vice Chair, Assembly Transportation Committee
Assemblymember Lorena Gonzalez; Chair, Assembly Appropriations Committee
Carrie Cornwell, Chief of Staff; Assembly Speaker Anthony Rendon



SAN FRANCISCO BAR PILOTS ASSOCIATION

Pier 9 East End
San Francisco, CA 94111
415-362-5436 Fax 415-362-0861

June 8, 2016

The Honorable Jim Frazier
California State Assembly
State Capitol
Sacramento, CA 95814

SUPPORT-- AB 1432 (Bonta), As Amended 5/11/16 - Navigation Technology Surcharge

Dear Assemblymember Frazier:

On behalf of the San Francisco Bar Pilots we request your support for AB 1432 (Bonta), as amended May 11, 2016. This bill would authorize the Board of Pilot Commissioners, beginning January 1, 2017, to impose a movement fee on vessels entering the San Francisco Bay to recover a pilot's costs of acquiring advanced electronic navigation systems that all state licensed maritime pilots are required to carry, as well as specialized portable navigation equipment to assist pilots as they maneuver ultra large container vessels and other vessels with special requirements.

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We therefore respectfully ask for your support when AB 1432 comes before you in committee and on the Assembly floor.

Sincerely,


Captain Peter McIsaac
President, San Francisco Bar Pilots

cc: Members of the Assembly Transportation Committee
Carrie Cornwell, Chief of Staff for Assembly Speaker Anthony Rendon