



August 5, 2016

Hon. Jerry Brown
Governor
State Capitol
Sacramento, CA 95814

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

Dear Governor Brown:

On behalf of the Pacific Merchant Shipping Association (PMSA), I write in support of AB 1432 (Bonta), which would create a new Navigation Technology surcharge imposed on pilotage in the San Francisco Bay.

As amended, this bill will authorize the Board of Pilot Commissioners to impose a fee on vessels to recover costs incurred for the “purchase, lease, or maintenance of navigation software, hardware, and ancillary equipment” only after a public approval process of such navigation technology has been undertaken by the Board. The “navigation technology surcharge” authorized by this bill would sunset on January 1, 2021 and is capped, so the total costs to industry over the life of the program cannot exceed \$1.2 million.

It is important to the maritime industry to ensure that the vessels sailing in and out of the San Francisco Bay, and the state-licensees who pilot those vessels, are utilizing updated navigation technology. This technology is a tool which can enhance safety in the state’s pilotage grounds and reduce the risk of an accident or navigational incident.

There are no other rate increases in this legislation. Last year, when AB 1432 was first introduced, it would have imposed controversial increases in pilot rates on vessels in the San Francisco Bay. PMSA and other stakeholders opposed these broad pilot rate increases which were arbitrary, unnecessary and unsupportable, but industry offered to try and reach consensus with more targeted increases to be reached through a negotiation process. However, no consensus was reached the bill last year and it was held on the Senate floor.

The one rate change which could be reached by consensus of the industry and pilots as a result of discussions this year is a new Navigation Technology. Industry agrees with this increase in pilotage costs so long as the purchase is certified as necessary and appropriate in a public process, the surcharge sunsets after a reasonable payback period, and the total amount of the surcharge is capped.

As amended, AB 1432 is simply a safety improvement bill. While we support an ongoing discussion regarding rate-setting reforms, we support moving forward with a limited pilot rate surcharge which is guaranteed to be spent on improvements to navigational safety on the Bay in the meantime.

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 legislators and the SF Bar Pilots to further discuss structural changes and future reforms to the rate setting process. These reform discussions should include those proposed in SB 1312 (Wieckowski) introduced earlier this year.

Pilot rate changes which are a product of the current system will not be politically viable without meaningful reform of the process, and we remain optimistic about continued efforts to discuss rate-setting reforms amongst the parties. We look forward to working with all of the stakeholders further on future pilot rate consensus.

Sincerely,



Michael Jacob

cc: Asm. Rob Bonta
Sec. Brian Kelly, California State Transportation Agency
Shaw/Yoder/Antwih, Inc.