

FROM: PUBLIC MEMBER K. TYNAN

TO: AD HOC COMMITTEE TO REVIEW THE PILOTAGE RATE SETTING PROCESS

DATE: FEBRUARY 9, 2022

RE: SUGGESTION OF DECREASED PILOT COMMISSION ROLE IN RATE SETTING /
INDUSTRY POSITION FOR NO COMMISSION FUNCTION IN PROCESS

As a member of the above referenced committee, I have fully listened and digested the suggestion by industry that the SFBOPC have no role or function in the rate setting processing being considered. That proposal has been made in the form of suggestions and comments that the Board has a history of bias towards the Pilots and that the Board has no authority to be involved in rate setting.

As a threshold issue, we look to the California Harbors and Navigation Code (HNC), Division 5, Chapter 1, Sections 1100 et seq. The legislative policy and findings are quite clear that the Board functions to ensure competent, efficient, and regulated pilotage. Functions and duties in the rate setting process are undoubtedly part of the Board work. I find no part of any HNC that provides any contrary instruction or structure for the Board's work.

In looking to guidance from the executive branch and legislature, I know of no authority or directives requiring the Commission or Board members to refrain from work related to rate setting. In fact, in my year on the Board, I cannot help but conclude that the pilotage rates, revenue, and financial framework of rates are an integral part of the Board's governance and work. For example, training and licensing of pilots is directly related to pilot candidates. Candidates apply for the training program with knowledge and understanding of their future income that are balanced with their time in the training program and sacrifices to begin a new career after time on vessels. Rates directly drive the SFBP revenue and therefore, the pilot income. To forfeit any interest in proper rate setting would be to forgo any part in assuring well qualified and well-incentivized trainees are entering the trainee program. There are other additional examples that are well reasoned and easily discussed during our meeting if required such as management of fatigue, continuing education, other pilotage fees, and surcharges.

Lastly, the HNC does not specifically limit the Board's abilities or rights in Chapter 5, Pilotage Rates. In fact, throughout the code, the Board is given directions, authority, and the ability to manage and be accountable for a broad range of issues related to rates. I find no reason to self-limit the Board's role within the rate setting process.

The Ad Hoc Committee has repeatedly heard and evaluated the above referenced suggestion and has wisely chosen not to agree with the proposal. I do not find that we are well served using the limited Board resources to continue to discuss this proposition.