

June 3, 2002

Senator Don Perata  
State Capitol  
P.O. Box 92848  
Sacramento CA 94248-0001

Re: Industry and Pilot Support of SB 1353

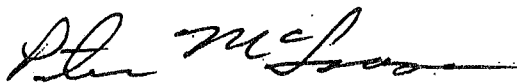
Dear Senator Perata:

The San Francisco Bar Pilots, Pacific Merchant Shipping Association and Captain Wally Slough, inland pilot, jointly support SB 1353 and the findings and recommendations of the Board of Pilot Commissioners regarding pilotage rate changes. The San Francisco Bar Pilots are the sponsors of SB 1353. The Pacific Merchant Shipping Association represents the maritime industry serving, among other locations, the Bays of San Francisco and Monterey as well as the inland ports associated with these waters. Captain Slough is an independent inland pilot that provides piloting services in these same waters.

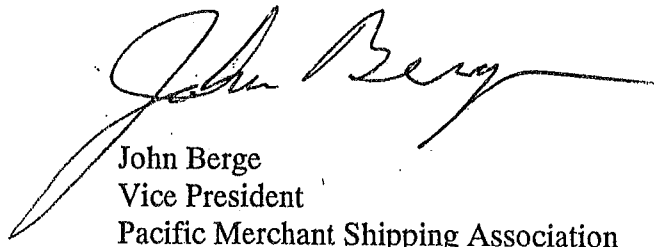
In particular, we jointly support the following recommendations and findings of the Board of Pilot Commissioners on May 23, 2002 at the conclusion of the hearing to change the pilot rates:

- Effective January 1, 2003 and then yearly thereafter increase the overall pilot rates by 6%, 6%, 4% and 4%.
- Distribute these rate increases between the bar rates and inland rates by a ratio of 1 to 10, i.e. 1% of rate revenue is equal to 10% of inland revenue.
- Increase the inland rates to bring these rates closer to parity with the bar rates by distributing the overall rate increase over this period by 4%, 4%, 3% and 3% on the bar rate and by 26%, 26%, 14% and 14% on the inland rate. We support this distribution as equitable and fair.

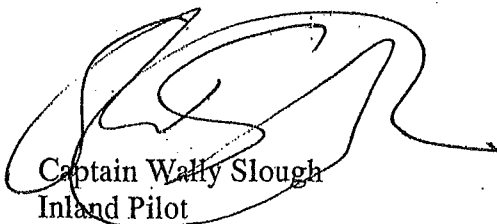
Very truly yours,



Captain Peter McIsaac  
Port Agent and President  
San Francisco Bar Pilots



John Berge  
Vice President  
Pacific Merchant Shipping Association



Captain Wally Slough  
Inland Pilot

**Board of Pilot Commissioners for the Bays  
of San Francisco, San Pablo and Suisun**

Pier 23, San Francisco, CA 94111-1136  
Phone: (415) 397-2253 Fax: (415) 397-9463  
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June 27, 2002

Greg Schmidt  
Secretary of the Senate  
STATE OF CALIFORNIA  
3044 State Capitol  
Sacramento, Ca 94148-0001

E. Dotson Wilson  
Chief Clerk of the Assembly  
STATE OF CALIFORNIA  
3196 State Capitol  
Sacramento, Ca 94148-0001

RE: Pilotage Rate Recommendations  
Harbors and Navigation Code Sections 1200 et seq.

Dear Sirs:

Pursuant to California Harbors and Navigation Code (HNC) Section 1201, the Board of Pilot Commissioners for the Bays of San Francisco, San Pablo and Suisun held public hearings in April and May 2002 and received and evaluated evidence submitted in support of and in opposition to the petitions of the San Francisco Bar Pilots and Inland Pilot Captain S. Wallace Slough seeking changes in pilotage rates established pursuant to Sections 1190 and 1191. A further public hearing was held on June 27, 2002, regarding a proposed amendment to Section 1190 (a)(1)(A) pursuant to a stipulated agreement between the San Francisco Bar Pilots and the Pacific Merchant Shipping Association. The Board has now concluded its hearings and makes the following recommendations:

(1) Change to the bar rates (§1190(a)(1))

The Board recommends that the pilotage rates imposed pursuant to paragraph (1) of subdivision (a) of Section 1190 that are in effect on December 31, 2002, be increased by four (4) percent on January 1, 2003; that those in effect on December 31, 2003, be increased by four (4) percent on January 1, 2004; that those in effect on December 31, 2004, be increased by three (3) percent on January 1, 2005; and that those in effect on December 31, 2005, be increased by three (3) percent on January 1, 2006.

June 27, 2002

Page 2

The Board further recommends that Section 1190(a)(1)(A) be amended so as not to take effect until January 1, 2007. (This subsection provides a mechanism to adjust the mill rate set forth in subsection 1190(a)(1) in the event of specified changes in the number of pilots licensed by the Board.)

(2) Changes to inland rates (§1191)

The Board recommends that the pilotage rates for ship movements and internal operations established by Section 1191 that are in effect on December 31, 2002, be increased by twenty-six (26) percent on January 1, 2003; that those in effect on December 31, 2003, be increased by twenty-six (26) percent on January 1, 2004; that those in effect on December 31, 2004 be increased by fourteen (14) percent on January 1, 2005; and that those in effect on December 31, 2005, be increased by fourteen (14) percent on January 1, 2006.

Proposed language to amend Sections 1190 and 1191 to implement the above recommendations is enclosed. These provisions should be introduced so as to become law effective January 1, 2003.

Pursuant to Section 1201, the transcripts of the proceedings of the Board held on April 30, May 14 and May 23, 2002, are enclosed. The transcript of the proceeding held on June 27, 2002, (relative to the amendment to Section 1190(a)(1)(A)) will be forwarded upon receipt.

Respectfully submitted,



Captain P. A. Moloney  
Executive Director

encl

cc: w/encl  
SFBP  
PMSA  
Captain Slough

**HARBORS AND NAVIGATION CODE  
PROPOSED AMENDMENTS**

**SECTION 1190(a)(1)(A)**

1190. (a) Every vessel spoken inward or outward bound shall pay the following rate of bar pilotage through the Golden Gate and into or out of the Bays of San Francisco, San Pablo, and Suisun:

(1) Eight dollars and eleven cents (\$8.11) per draft foot of the vessel's deepest draft and fractions of a foot pro rata, and an additional charge of 73.01 mills per high gross registered ton as changed pursuant to law in effect on December 31, 1999. The mill rates established by this paragraph may be changed as follows:

(A) Effective January 1, 2007, ~~Once~~ the number of pilots licensed by the board is reduced to 60 pilots, for any subsequent decrease in the number of pilots, the mill rate then in effect shall be decreased by an incremental amount that is proportionate to one-half of the last audited annual average net income per pilot for each pilot licensed by the board below 60 pilots.

Once the number of pilots licensed by the board falls below 60, for any subsequent increase in the number of pilots, the mill rate then in effect shall be increased by an incremental amount that is proportionate to one-half of the last audited annual average net income per pilot for each new pilot that results in an increase in the number of pilots then licensed by the board.

The incremental mill rate adjustment authorized by this subparagraph shall be calculated using the data reported to the board for the number of gross registered tons handled by pilots licensed under this division during the same 12-month period as the audited annual average net income per pilot. The incremental mill rate adjustment shall become effective at the beginning of the quarter (January 1, April 1, June 1, or October 1) as directed by the board.

**SECTION 1190(e)**

(e) Consistent with the board's ~~January 1999~~ May 2002 adoption of rate recommendations, the rates imposed pursuant to paragraph (1) of subdivision (a) that are in effect on December 31, ~~1999~~ 2002 shall be increased by 4 percent on January 1, ~~2000~~ 2003; those in effect on December 31, ~~2000~~ 2003 shall be increased by ~~3~~ 4 percent on January 1, ~~2001~~ 2004; and those in effect on December 31, ~~2001~~ 2004, shall be increased by 3 percent on January 1, ~~2002~~ 2005; and those in effect on December 31, 2005, shall be increased by 3 percent on January 1, 2006.

**SECTION 1191(c) and (d)**

(c) The minimum rates charged by pilots or inland pilots for ship movements and internal operations shall be the schedule of ship pilot fees recommended for adoption by the board in ~~January 1999~~ May 2002, and published by the San Francisco Bar Pilots.

(d) Consistent with the board's ~~January 1999~~ May 2002 adoption of rate recommendations, the rates imposed pursuant to this section that are in effect on December 31, ~~1999~~, 2002, shall be increased by ~~22~~ 26 percent on January 1, ~~2000~~, 2003; those in effect on December 31, ~~2000~~ 2003, shall be increased by ~~15~~ 26 percent on January 1, ~~2001~~ 2004; and those in effect on December 31, 2004, shall be increased by ~~10~~ 14 percent on January 1, ~~2002~~ 2005; and those in effect on December 31, 2005, shall be increased by 14 percent on January 1, 2006.