

BEFORE THE
OFFICE OF ADMINISTRATIVE HEARINGS
STATE OF CALIFORNIA

In the Matter of the Petition to the)	OAH NO. N 9404191
Board of Pilot Commissioners for the)	
Bays of San Francisco, San Pablo, and)	
Suisin by:)	
)	
SAN FRANCISCO BAR PILOTS,)	
)	
Petitioners.)	
-----)	
PACIFIC MERCHANT SHIPPING ASSOCIATION,)	
)	
Respondent.)	
_____)	

DECISION

On May 9 through 13, 1994, at San Francisco, California, Jerry Mitchell, Administrative Law Judge of the Office of Administrative Hearings, State of California, conducted a hearing into the issues raised in the above-captioned petition, pursuant to Section 1201.6 of the Harbors and Navigation Code.

Petitioners, San Francisco Bar Pilots, were represented by James S. Reed, Attorney at Law.

Respondent, Pacific Merchant Shipping Association, was represented by Sam S. Delich, Attorney at Law.

FINDINGS OF FACT

1. Section 1200 of the Harbors and Navigation Code (all further references to Sections are to sections of that code) provides in pertinent part that the Board of Pilot Commissioners for the Bays of San Francisco, San Pablo, and Suisun (hereafter "the Board") shall make recommendations to the Legislature on the rates for pilotage which should be established pursuant to Section 1190.

2. Section 1190 provides that the rate for bar pilotage through the Golden Gate and into or out of the Bays of San Francisco, San Pablo, and Suisun shall be \$7.35 per draft foot of the vessel's deepest draft and fractions of a foot pro rata, and an additional charge (hereafter "mill rate") of 60.70 mills per high gross registered ton.

3. Petitioners are the 60 pilots licensed by the board to provide the bar pilotage described in Section 1190.

4. In a petition to the board dated April 8, 1994, petitioners requested that the board recommend to the Legislature that the mill rate be increased to 71.00 mills per high gross registered ton for 1995.

5. Respondent, Pacific Merchant Shipping Association, is an association of ocean carriers, many of whom will be affected by an increase in the mill rate.

6. Section 1203 provides in pertinent part that in preparing its recommendations to the Legislature, the board shall give consideration to relevant factors, including, but not limited to the following: the costs to the pilots, individually or jointly, of providing pilot service as required; a net return to the pilot sufficient to attract and hold persons capable of performing this service with safety to the public and protection to the property of persons using the service and the relationship of that income to any changes in cost-of-living indices; pilotage rates charged for comparable services rendered in other ports and harbors in the United States; the methods of determining pilotage rates in other ports and harbors in the United States; economic factors affecting the local shipping industry, including prospective increases or decreases in income and labor costs; and additional factors affecting income to pilots such as the volume of shipping traffic using pilotage, numbers of pilots available to perform services, income paid for comparable services, and other factors of related nature; and changes in, or additions to, navigational and safety equipment necessary to insure protection of persons, ships, and waterways.

7. The net annual return to each pilot is projected to be \$155,255.00 for the year 1994.

8. During the hearing, petitioners and respondent stipulated that for the year 1995:

- (a) The mill rate shall be increased sufficiently to provide a projected net annual return of \$162,241.00 to each pilot.
- (b) The gross registered tonnage subject to the mill rate is projected to be 211,778,340 tons.
- (c) The pilots' revenue, jointly, from draft footage and sources other than the mill rate is projected to be \$2,459,146.00.
- (d) The total costs to the pilots, jointly, of providing pilot service as required is projected to be \$6,465,536.00, including \$84,420.00 for dues; \$259,000.00 for legal; \$145,714.00 for professional services; \$10,560.00 for public relations; \$331,089.00 for insurance; \$134,418.00 for "general - other"; and \$5,502,335.00 for "all other."

- (e) The projected costs to the pilots include \$200,000.00 for the extraordinary maintenance and repair of two pilot boats, including the maintenance and repair required to maintain the warranty on one of them. In the event the actual cost of such extraordinary maintenance and repair is less than \$200,000.00, the petitioners and respondent stipulated that the board shall temporarily reduce the mill rate to reflect the savings.
- (f) In order to provide a projected net annual return of \$162,241.00 to each of the 60 pilots, the mill rate shall be increased to 64.88 mills per high gross registered ton.

9. Giving due consideration to the factors set forth in Section 1203 and to evidence adduced at the hearing, the above stipulations are accepted.

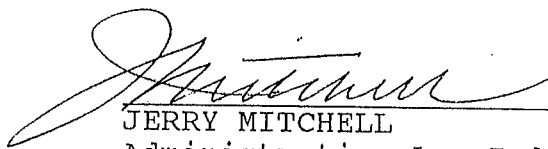
CONCLUSION

An increase to 64.88 mills in the mill rate for pilotage set forth in Section 1190 is justified for the year 1995 by reason of Findings 8 and 9.

PROPOSAL

Pursuant to stipulation, it is recommended that the mill rate for pilotage set forth in Section 1190 be increased to 64.88 mills per high gross registered ton for 1995, and in the event that the actual cost to the pilots for extraordinary maintenance and repair of two pilot boats is less than \$200,000.00 in 1995, the board shall temporarily reduce the mill rate to reflect the savings.

DATED: MAY 18, 1994



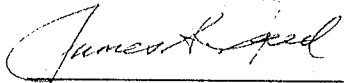
JERRY MITCHELL
Administrative Law Judge
Office of Administrative Hearings

STIPULATION

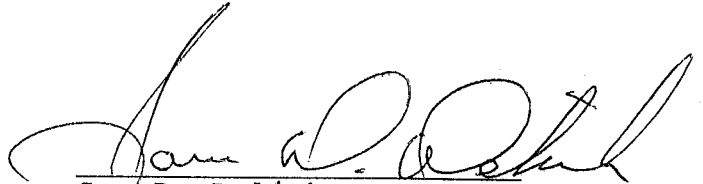
It is stipulated that the mill rate of 60.70 set forth in Section 1190 of the Harbors and Navigation Code shall be changed to 64.88 for 1995.

There is in the Petition a line item under Pilot Boat Expenses of \$472,710.00 for maintenance and repair. Said amount includes \$200,000.00 for the projected cost of extraordinary maintenance and repair on two pilot boats, including the maintenance and repair required to maintain the warranty on one of said boats. In the event that the actual cost of such extraordinary repair and maintenance is less than \$200,000.00, the Board of Pilot Commissioners shall temporarily reduce the mill rate to reflect the savings.

Dated: May 13, 1994



James S. Reed
Attorney for San Francisco
Bar Pilots



Sam D. Delich
Attorney for Pacific
Maritime Shipping
Association

