

STATE OF CALIFORNIA  
**Budget Change Proposal - Cover Sheet**  
 DF-46 (REV 02/20)

<b>Fiscal Year</b> 2021-22	<b>Business Unit</b> 2670	<b>Department</b> Board of Pilot Commissioners	<b>Priority No.</b> 1
<b>Budget Request Name</b> 2670-001-BCP-2021-GB		<b>Program</b> 2030 -Board of Pilot Commissioners	<b>Subprogram</b> 2030019 - Training

**Budget Request Description**  
 Funding for Increased Training Costs

**Budget Request Summary**

The Board of Pilot Commissioners for the Bays of San Francisco, San Pablo, and Suisun requests a permanent augmentation of \$200,000 from the Board of Pilot Commissioners' Special Fund to cover increased Training costs.

<b>Requires Legislation</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<b>Code Section(s) to be Added/Amended/Repealed</b> N/A	
<b>Does this BCP contain information technology (IT) components?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<b>Department CIO</b>	<b>Date</b>

For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), and the approval date.

**Project No.** \_\_\_\_\_                      **Project Approval Document:** \_\_\_\_\_  
**Approval Date:** \_\_\_\_\_

If proposal affects another department, does other department concur with proposal?     Yes     No

<b>Prepared By</b> <i>R. Cristia-Plant</i> Roma Cristia-Plant	<b>Date</b> 8/13/2020	<b>Reviewed By</b> N/A	<b>Date</b>
<b>Department Director</b> Allen Garfinkle <i>AG</i>	<b>Date</b> 8/13/2020	<b>Agency Secretary</b> David S. Kim <i>Elissa K. Konove</i> for	<b>Date</b> 8/20/20

**Department of Finance Use Only**

**Additional Review:**     Capital Outlay     ITCU     FSCU     OSAE     CALSTARS     Dept. of Technology

<b>PPBA</b>	<b>Date submitted to the Legislature</b>
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## **A. Budget Request Summary**

The Board of Pilot Commissioners (BOPC) for the Bays of San Francisco, San Pablo, and Suisun requests a permanent augmentation of \$200,000 from the Board of Pilot Commissioners' Special Fund to cover increased Training costs.

## **B. Background/History**

The BOPC, a special funded state entity, was established in 1850 to license qualified mariners to exclusively pilot vessels into and out of the San Francisco Bays and its tributaries, including the Ports of Stockton and Sacramento, as well as Monterey Bay (BOPC pilotage grounds).

The responsibilities of the BOPC are as follows: to issue and renew pilot licenses; investigate ship accidents and incidents; investigate alleged misconduct by pilots; take actions against pilot licensees if causes arises; operate a Pilot Continuing Education Program and a Pilot Trainee Training Program; oversee the administration of the San Francisco Bar Pilot Pension Plan; approve the purchase of pilot vessels and life extension capital improvements thereto; conduct pilotage rate hearings for pilotage rates that are set by the Legislature and make recommendations to the Legislature for pilotage rate increases; and, set and charge various revenue-producing pilotage surcharges to fund the above-mentioned functions.

## **C. State Level Consideration**

The activities of the BOPC promote and provide for safe navigation in the BOPC pilotage grounds. The BOPC's activities also aid public safety, support California's comprehensive oil spill prevention and response regime, protect both the environment and California's maritime economy, and sustain the economy of the Bay Area and the state.

## **D. Justification**

The BOPC is requesting an increase to the Training budget by \$200,000 to cover increased Pilot Trainee Training Program cost. The current appropriation of \$1,225,000 that provides training to both BOPC-licensees through the Pilot Continuing Education Program and to pilot trainees in the Pilot Trainee Training Program will not cover the training costs of both pilots and pilot trainees in Fiscal Year (FY) 2021-22 if the Board increases the maximum number of pilot trainees from 8 to 10.

### Increased Pilot Trainee Stipends - \$168,000

The BOPC has set the maximum number of licensed pilots at 60, which was determined to be the necessary number of pilots necessary to ensure a well-rested pilot who could provide on demand, safe pilotage services. Currently, there are 54 licensed pilots. Due to retirements and the unpredictability of a pilot trainee's graduation date, the BOPC was only able to reach 60 licensed pilots for one quarter within the last 3 years.

Towards ensuring a sufficient number of BOPC-licensed pilots, the BOPC has kept the Pilot Trainee Training Program full at 8 trainees for several years. Trainees are in the pilot training program for no less than one year and no more than 3 years. Trainees are paid a stipend of \$7,000 per month while in the program.

According to an anonymous pilot retirement survey conducted in July 2020, nearly 30% of the BOPC-licensed pilots are eligible to retire in the next two and a half years (15 out of 54), and 11 pilots anticipate retiring in that time. The number of licensed pilots can change due to the pilot electing to retire for personal reasons, due to on-the-job injuries or other health issues, or due to the death of a pilot.

To ensure that there are a sufficient number of trainees in the pipeline to achieve the goal of attaining 60 licensed pilots at all times, and based upon the pilot retirement survey and the current number of BOPC-licensed pilots, the BOPC voted at its July 23, 2020, meeting to increase the maximum number of trainees in the pilot training program from 8 to 10, subject to sufficient budgetary authority. The BOPC has the authority to raise revenue as the need arises through surcharges that it sets.

#### Increased Other Trainee Costs - \$32,000

BOPC-licensees, through their organization, the San Francisco Bar Pilots (SFBP), provide support to pilot trainees in the way of administrative support, dispatch services to vessels, meal service, and arrangements/transportation to BOPC-directed training. The FY 2021-22 trainee costs in the current contract with the SFBP totals approximately \$46,000 for six trainees (the contract was initially entered into when there was a maximum of 6 trainees in the Pilot Trainee Training Program). BOPC's contract with the SFBP will need to be increased to support 10 trainees at a cost per trainee of approximately \$8,000, for an additional \$32,000 for four more trainees.

### **E. Outcomes and Accountability**

The requested Training budget increase is to ensure the BOPC has the ability to increase the maximum number of trainees in the Pilot Trainee Training Program when it determines that there is a need to do so to ensure a sufficient number of well-trained, rested pilots to provide on-demand 24/7 pilotage services to vessels entering, moving within or leaving the BOPC's pilotage grounds. If there is not an adequate pipeline of pilot trainees leading, there will be an insufficient number of BOPC-licensees. The concomitant impacts would be: 1) the remaining BOPC-licensed pilots could end up working fatigued, which could lead to increased maritime incidents and jeopardize public safety and the environment due to a fuel or oil spill, or 2) there could be impacts to the on-demand, 24/7 pilotage service currently provided by BOPC-licensees, which will cause problems with ship scheduling, ships waiting at sea for a pilot, or logistical issues of ships ready to move from/to a dock to/from anchorage, and no available rested pilot to move the vessels causing back-ups, work delays, extraordinary shipping costs for ship movement delays, and potential job losses on land side.

### **F. Analysis of All Feasible Alternatives**

1. Approve the permanent augmentation of \$200,000 to the BOPC's Training budget for the BOPC to cover increased pilot trainee training costs.

Pros: This option would authorize adequate funding for the BOPC to fully train up to 10 trainees, and maintain a prudent reserve for uncertainties.

Cons: This option would obligate funds from the Board of Pilot Commissioners' Special Fund.

2. Approve the permanent augmentation of \$100,000 to the BOPC's training budget for the BOPC to cover increased pilot trainee training costs to add one more trainee to the maximum number of trainees.

Pros: This option would authorize adequate funding for the BOPC to fully train up to 9 trainees at one time, and maintain a prudent reserve for uncertainties.

Cons: This option would obligate funds from the Board of Pilot Commissioners' Special Fund, and may not be sufficient to meet the full need for trained BOPC-licensed pilots.

3. Authorize no additional funding for increased training costs.

Pros: This option would not obligate funds from the Board of Pilot Commissioners' Special Fund.

Cons: This option would jeopardize public safety and pose a risk that there are an insufficient number of BOPC-licensed pilots to safely move vessels in and out of the BOPC's pilotage grounds, prevent the BOPC from maintaining a prudent reserve and limit the Board's ability to attract qualified mariners to the training.

#### **G. Implementation Plan**

This budget augmentation would be available July 1, 2021, or upon enactment of the FY 2021 Budget Act.

#### **H. Supplemental Information**

The funds to support the extra cost are paid by the shipping industry, and the shipping industry has a vested interest to ensure a sufficient number of trained and rested BOPC-licensed pilots to provide pilotage services in the BOPC's pilotage grounds.

#### **I. Recommendation**

The BOPC recommends approval of Alternative #1.

# BCP Fiscal Detail Sheet

BCP Title: Funding for Increased Training Costs

BR Name: 2670-001-BCP-2021-GB

Budget Request Summary

## Operating Expenses and Equipment

Operating Expenses and Equipment	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
5340 - Consulting and Professional Services - External	0	32	32	32	32	32
54XX - Special Items of Expense	0	168	168	168	168	168
<b>Total Operating Expenses and Equipment</b>	<b>\$0</b>	<b>\$200</b>	<b>\$200</b>	<b>\$200</b>	<b>\$200</b>	<b>\$200</b>

## Total Budget Request

Total Budget Request	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
<b>Total Budget Request</b>	<b>\$0</b>	<b>\$200</b>	<b>\$200</b>	<b>\$200</b>	<b>\$200</b>	<b>\$200</b>

## Fund Summary

### Fund Source

Fund Source	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
State Operations - 0290 - Board of Pilot Commissioners Special Fund	0	200	200	200	200	200
<b>Total State Operations Expenditures</b>	<b>\$0</b>	<b>\$200</b>	<b>\$200</b>	<b>\$200</b>	<b>\$200</b>	<b>\$200</b>
<b>Total All Funds</b>	<b>\$0</b>	<b>\$200</b>	<b>\$200</b>	<b>\$200</b>	<b>\$200</b>	<b>\$200</b>

## Program Summary

### Program Funding

Program Funding	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
2030019 - Training	0	200	200	200	200	200
<b>Total All Programs</b>	<b>\$0</b>	<b>\$200</b>	<b>\$200</b>	<b>\$200</b>	<b>\$200</b>	<b>\$200</b>