

STAFF REPORT SAN FRANCISCO PILOT PENSION PLAN

SUMMARY

Pursuant to Harbors and Navigation Code §1137, every three years, or more frequently in times of high cost of living, the Board reviews the benefits received by San Francisco Pilot Pension Plan (Pilot Pension Plan) participants, and determines if an increase in monthly pension target payments is warranted. The Board's last review was in February 2020. Since the Consumer Price Index has not exceeded 12% in the past three years, it is time for the Board to review the Pilot Pension Plan benefits, and make a determination if an increase is warranted.

RELEVANT HARBORS AND NAVIGATION CODE STATUTES

§1167

- (a) The board shall review the benefits received by retired or disabled pilots and inland pilots and their surviving spouses every three years or when the cumulative percentage increase in the Consumer Price Index (San Francisco Bay Area) has exceeded 12 percent, whichever occurs first.
- (b) The board may increase the monthly pensions specified in Section 1163. Those increases shall take into consideration the maritime industry practice in the United States as brought to the attention of the board by the pilots, inland pilots, or the industry. The increase shall not exceed 50 percent of the cumulative increase in the Consumer Price Index (San Francisco Bay Area). Monthly pensions for retired pilots, inland pilots, or their surviving spouses who have been retired less than the full three-year interval between adjustments shall increase on a pro rata basis according to the number of months that those persons have been retired prior to that adjustment.

(Amended by Stats. 1993, Ch. 1192, Sec. 5. Effective January 1, 1994.)

DISCUSSION

Last Pilot Pension Plan Benefits Review. The Board last reviewed the Pilot Pension Plan benefits at its meeting on February 25, 2020, at which it also approved an increase to monthly target pension amounts for Pilot Pension Plan participants (Plan Participants) that became effective April 1, 2020. The cumulative percentage increase in the Consumer Price Index (CPI) has not exceeded 12% since March 2020. Approximately three years have passed since the last Pilot Pension Plan benefits review.

Historical Pilot Pension Plan Data. Selected historical Pilot Pension Plan data is shown on the charts below.

4th Quarter Pilot Pension Plan Statistics				
	4th Quarter 2013	4th Quarter 2016	4th Quarter 2019	4th Quarter 2022
Number of Plan Participants	68	69	75	85
Total Monthly Target Rate Payments ⁽¹⁾	\$604,509	\$715,715	\$916,094	\$1,155,135
Highest Individual Monthly Target Rate Payment ^{(1) (2)}	\$22,273	\$23,156	\$24,276	\$25,516
Lowest Individual Monthly Target Rate Payment ^{(1) (2)}	\$344	\$358	\$1,070	\$1,124
Average Monthly Target Rate Payment⁽¹⁾	\$8,890	\$10,373	\$12,215	\$13,752

⁽¹⁾ Rounded.

⁽²⁾ Amount is a portion of a target rate payment due to a marital dissolution.

Annual Plan Data ⁽¹⁾⁽²⁾					
	Total Target Payments	Payments Paid or Owed to Plan Participants	Over or Under Target	Plan Expenses	Total Plan Payments
2014	\$7,413,838	\$7,571,021	\$157,183	\$38,428	\$7,609,449
2015	\$7,721,841	\$7,614,224	(\$107,617)	\$50,413	\$7,664,637
2016	\$8,598,482	\$9,446,002	\$847,520	\$26,088	\$9,472,090
2017	\$9,088,534	\$9,260,975	\$172,441	\$19,479	\$9,280,454
2018	\$10,058,710	\$10,335,959	\$277,249	\$25,480	\$10,361,439
2019	\$10,955,344	\$10,746,112	(\$209,232)	\$41,561	\$10,787,673
2020	\$11,912,429	\$10,342,118	(\$1,570,311)	\$53,696	\$10,395,814
2021 ⁽³⁾	\$12,693,362	\$10,241,688	(\$2,451,674)	\$37,575	\$10,279,263

(1) Data source: State Controller's Office (SCO) surcharge audits.
 (2) Rounded and based on cash disbursements during the year.
 (3) Reported by the San Francisco Bar Pilots. Unaudited by the SCO.

Board Approved Increases	
Effective Date	%
4/1/1996	2.40%
4/1/1999	5.03%
4/1/2002	6.93%
4/1/2005	2.35%
4/1/2008	4.76%
4/1/2011	2.10%
4/1/2014	3.97%
4/1/2017	4.84%
4/1/2020	5.11%

CPI Data. Historical Consumer Price Index (San Francisco Bay Area) (CPI)¹ data is obtained from the Bureau of Labor Statistics' (BLS) website at <https://data.bls.gov/PDQWeb/cu>.

The chart below shows the monthly and annual CPI data from 2012-2022²:

Data extracted on: February 6, 2023 (9:45:14 PM)

CPI for All Urban Consumers (CPI-U)

Series Id: CUURS49BSA0,CUUSS49BSA0

Not Seasonally Adjusted

Series Title: All items in San Francisco-Oakland-Hayward, CA, all urban consumers, not seasonally adjusted

Area: San Francisco-Oakland-Hayward, CA

Item: All items

Base Period: 1982-84=100

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2012		236.880		238.985		239.806		241.170		242.834		239.533	239.650	238.099	241.201
2013		242.677		244.675		245.935		246.072		246.617		245.711	245.023	243.894	246.152
2014		248.615		251.495		253.317		253.354		254.503		252.273	251.985	250.507	253.463
2015		254.910		257.622		259.117		259.917		261.019		260.289	258.572	256.723	260.421
2016		262.600		264.565		266.041		267.853		270.306		269.483	266.344	263.911	268.777
2017		271.626		274.589		275.304		275.893		277.570		277.414	274.924	273.306	276.542
2018		281.308		283.422		286.062		287.664		289.673		289.896	285.550	282.666	288.435
2019		291.227		294.801		295.259		295.490		298.443		297.007	295.004	293.150	296.859
2020		299.690		298.074		300.032		300.182		301.736		302.948	300.084	299.109	301.059
2021		304.387		309.419		309.497		311.167		313.265		315.805	309.721	306.724	312.718
2022		320.195		324.878		330.539		328.871		332.062		331.222	327.060	323.408	330.711

¹ CPI is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. The CPI frequently is called a cost-of-living index, but it differs in important ways from a complete cost-of-living measure.

² CPI data is not available for only the San Francisco Bay Area as called for in the Harbors and Navigation Code. The Chief Economist for the Department of Finance has confirmed that consumer price index data from the San Francisco-Oakland-San Jose, CA area is the appropriate data to use for the CPI calculation.

The data in the table above is not seasonally adjusted. The BLS website contains an explanation of seasonal adjustment and recommends using unadjusted figures for price increase purposes.

CPI Calculation. While the Chief Economist for the Department of Finance has recommended the Board utilize annual averages for its CPI calculations since annual CPI is less volatile than using monthly CPI data, the Board has historically used a point-to-point (December-to-December) calculation methodology, and has elected in the past to not change this methodology. It is thought that the Board elected the point-to-point calculation methodology since in years past annual CPI data was not available early in the year for a prior year, and the Board typically reviewed CPI data every three years in early spring with historical pension increases effective April 1. Annual CPI data is now available in mid-to late January.

The cumulative increase in CPI from December 2019 to December 2022 for the point-to-point analysis is as follows:

$$((331.222/297.007) - 1) * 100 = 11.52\%$$

Maximum Pension Increase Percentage. HNC §1167(b) states that the Board may increase monthly pension target payments not to exceed 50% of the cumulative increase in the CPI. As such, the percentage increase the Board could consider is between zero and the amount calculated as follows:

$$50\% \text{ of } 11.52\% = 5.76\%$$

HNC §1167(b) also requires that the percentage increase shall be prorated for Plan Participants who have been in the plan less than three years. The maximum percentage increase for short-term Plan Participants under using a 5.76% increase is as shown in the chart below:

Pilot Retirement Start Date	Months Prior to Adjustment Date of 4/1/2023	Percentage of 3-year Interval	Pro-rata CPI Increase of 5.76%
7/1/2020	33	92%	5.28%
10/1/2020	30	83%	4.80%
1/1/2021	27	75%	4.32%
4/1/2021	24	67%	3.84%
7/1/2021	21	58%	3.36%
10/1/2021	18	50%	2.88%
1/1/2022	15	42%	2.40%
4/1/2022	12	33%	1.92%
7/1/2022	9	25%	1.44%
10/1/2022	6	17%	0.96%
1/1/2023	3	8%	0.48%

Attachment 1
January 2023 Pension Allocation Report

Board of Pilot Commissioners for Bays of							
San Francisco, San Pablo, Suisun							
January 2023 Pension Allocation Report							
Benefit Payment Date: February 8, 2023							
		1st Quarter Mill Rate Effective January 1, 2023			0.05819		
		Gross Billed Tonnage Reported to the BOPC			20,296,600.00		
		Adjustment due to Distressed Vessels Reported to the BOPC			-		
		Adjusted Gross Tonnage			20,296,600.00		
		Calculated Expected Billings			\$ 1,181,059.15		
		Actual Billings Reported to the BOPC			\$ 1,181,059.25		
		Actual Billings Compared to Calculated Expected Billings			\$ 0.10		
		Less Actual Monthly Administrative Costs			\$ 2,193.10		
		Total Payout to Participants			\$ 1,178,866.15		
		Effective					
		1/1/2023		A		B	A - B
		BOARD					
		DIRECTED SECT					
		1167					
		PAYOUT					
		%					
		ACTUAL BILLINGS					
		VARIANCE					
		ADMIN COST					
		ALLOCATION					
		PAYOUT TO					
		PARTICIPANTS					
		PENSION PLAN BENEFICIARY					
1		\$ 22,461.46	1.93%	\$ 22,736.87	\$ 275.41	\$ 42.22	\$ 22,694.65
2		\$ 3,076.21	0.26%	\$ 3,113.93	\$ 37.72	\$ 5.78	\$ 3,108.15
3		\$ 14,776.25	1.27%	\$ 14,957.43	\$ 181.18	\$ 27.77	\$ 14,929.66
4		\$ 19,865.91	1.70%	\$ 20,109.49	\$ 243.58	\$ 37.34	\$ 20,072.15
5		\$ 10,924.73	0.94%	\$ 11,058.68	\$ 133.95	\$ 20.53	\$ 11,038.15
6		\$ 20,137.86	1.73%	\$ 20,384.78	\$ 246.92	\$ 37.85	\$ 20,346.93
7		\$ 9,736.59	0.83%	\$ 9,855.97	\$ 119.38	\$ 18.30	\$ 9,837.67
8		\$ 20,411.38	1.75%	\$ 20,661.65	\$ 250.27	\$ 38.37	\$ 20,623.28
9		\$ 7,955.63	0.68%	\$ 8,053.18	\$ 97.55	\$ 14.95	\$ 8,038.23
10		\$ 24,777.73	2.12%	\$ 25,081.54	\$ 303.81	\$ 46.57	\$ 25,034.97
11		\$ 9,983.25	0.86%	\$ 10,105.66	\$ 122.41	\$ 18.77	\$ 10,086.89
12		\$ 13,893.61	1.19%	\$ 14,063.96	\$ 170.35	\$ 26.12	\$ 14,037.84
13		\$ 4,175.61	0.36%	\$ 4,226.81	\$ 51.20	\$ 7.85	\$ 4,218.96
14		\$ 8,517.34	0.73%	\$ 8,621.77	\$ 104.43	\$ 16.01	\$ 8,605.76
15		\$ 22,461.46	1.93%	\$ 22,736.87	\$ 275.41	\$ 42.22	\$ 22,694.65
16		\$ 10,924.73	0.94%	\$ 11,058.68	\$ 133.95	\$ 20.53	\$ 11,038.15
17		\$ 14,974.87	1.28%	\$ 15,158.48	\$ 183.61	\$ 28.15	\$ 15,130.33
18		\$ 13,998.14	1.20%	\$ 14,169.78	\$ 171.64	\$ 26.31	\$ 14,143.47
19		\$ 18,824.06	1.61%	\$ 19,054.87	\$ 230.81	\$ 35.38	\$ 19,019.49
20		\$ 14,098.00	1.21%	\$ 14,270.86	\$ 172.86	\$ 26.50	\$ 14,244.36
21		\$ 15,357.54	1.32%	\$ 15,545.84	\$ 188.30	\$ 28.87	\$ 15,516.97
22		\$ 16,523.89	1.42%	\$ 16,726.49	\$ 202.60	\$ 31.06	\$ 16,695.43
23		\$ 15,590.70	1.34%	\$ 15,781.86	\$ 191.16	\$ 29.31	\$ 15,752.55
24		\$ 1,897.47	0.16%	\$ 1,920.74	\$ 23.27	\$ 3.57	\$ 1,917.17
25		\$ 10,367.22	0.89%	\$ 10,494.34	\$ 127.12	\$ 19.49	\$ 10,474.85
26		\$ 3,578.67	0.31%	\$ 3,622.55	\$ 43.88	\$ 6.73	\$ 3,615.82
27		\$ 19,745.41	1.69%	\$ 19,987.51	\$ 242.10	\$ 37.11	\$ 19,950.40
28		\$ 18,588.80	1.59%	\$ 18,816.72	\$ 227.92	\$ 34.94	\$ 18,781.78
29		\$ 13,019.59	1.12%	\$ 13,179.23	\$ 159.64	\$ 24.47	\$ 13,154.76
30		\$ 19,421.76	1.66%	\$ 19,659.90	\$ 238.14	\$ 36.51	\$ 19,623.39
31		\$ 18,221.95	1.56%	\$ 18,445.37	\$ 223.42	\$ 34.25	\$ 18,411.12
32		\$ 4,681.28	0.40%	\$ 4,738.68	\$ 57.40	\$ 8.80	\$ 4,729.88
33		\$ 4,538.66	0.39%	\$ 4,594.31	\$ 55.65	\$ 8.53	\$ 4,585.78
34		\$ 24,010.53	2.06%	\$ 24,117.67	\$ 107.14	\$ 16.12	\$ 24,099.55
35		\$ -	-	\$ 9,187.26	\$ 9,187.26	\$ 17.06	\$ 9,170.20
36		\$ 6,949.22	0.60%	\$ 7,034.43	\$ 85.21	\$ 13.06	\$ 7,021.37
37		\$ 12,546.30	1.08%	\$ 12,700.13	\$ 153.83	\$ 23.58	\$ 12,676.55
38		\$ 2,626.82	0.23%	\$ 2,659.03	\$ 32.21	\$ 4.94	\$ 2,654.09
39		\$ 3,273.61	0.28%	\$ 3,313.75	\$ 40.14	\$ 6.15	\$ 3,307.60
40		\$ 16,005.23	1.37%	\$ 16,201.47	\$ 196.24	\$ 30.08	\$ 16,171.39
41		\$ 15,247.52	1.31%	\$ 15,434.47	\$ 186.95	\$ 28.66	\$ 15,405.81
		\$ 19,529.40	1.67%	\$ 19,768.86	\$ 239.46	\$ 36.71	\$ 19,732.15

Pilot Pension Committee Meeting
 February 13, 2023, Agenda Item 4
 Attachment 1

42		\$ 10,843.46	0.93%	\$ 10,976.42	\$ 132.96	\$ 20.38	\$ 10,956.04
43		\$ 10,843.46	0.93%	\$ 10,976.42	\$ 132.96	\$ 20.38	\$ 10,956.04
44		\$ 19,655.41	1.68%	\$ 19,896.41	\$ 241.00	\$ 36.95	\$ 19,859.46
45		\$ 10,068.93	0.86%	\$ 10,192.39	\$ 123.46	\$ 18.93	\$ 10,173.46
46		\$ 25,225.47	2.16%	\$ 25,534.77	\$ 309.30	\$ 47.42	\$ 25,487.35
47		\$ 21,208.04	1.82%	\$ 21,468.08	\$ 260.04	\$ 39.86	\$ 21,428.22
48		\$ 8,519.86	0.73%	\$ 8,624.32	\$ 104.46	\$ 16.01	\$ 8,608.31
49		\$ 18,713.85	1.60%	\$ 18,943.31	\$ 229.46	\$ 35.18	\$ 18,908.13
50		\$ 18,824.06	1.61%	\$ 19,054.87	\$ 230.81	\$ 35.38	\$ 19,019.49
51		\$ 22,871.28	1.96%	\$ 23,151.71	\$ 280.43	\$ 42.99	\$ 23,108.72
52		\$ 9,294.19	0.80%	\$ 9,408.15	\$ 113.96	\$ 17.47	\$ 9,390.68
53		\$ 16,265.40	1.39%	\$ 16,464.84	\$ 199.44	\$ 30.57	\$ 16,434.27
54		\$ 1,668.89	0.14%	\$ 1,689.35	\$ 20.46	\$ 3.14	\$ 1,686.21
55	o-	\$ 1,668.89	0.14%	\$ 1,689.35	\$ 20.46	\$ 3.14	\$ 1,686.21 ³
56		\$ 14,036.75	1.20%	\$ 14,208.86	\$ 172.11	\$ 26.38	\$ 14,182.48
57		\$ 21,298.56	1.83%	\$ 21,559.71	\$ 261.15	\$ 40.03	\$ 21,519.68
58		\$ 11,618.00	1.00%	\$ 11,760.45	\$ 142.45	\$ 21.84	\$ 11,738.61
59		\$ 1,124.20	0.10%	\$ 1,137.98	\$ 13.78	\$ 2.11	\$ 1,135.87
60		\$ 10,926.12	0.94%	\$ 11,060.09	\$ 133.97	\$ 20.54	\$ 11,039.55
61		\$ 8,728.33	0.75%	\$ 8,835.35	\$ 107.02	\$ 16.41	\$ 8,818.94
62		\$ 14,171.14	1.21%	\$ 14,344.90	\$ 173.76	\$ 26.64	\$ 14,318.26
63		\$ 6,993.27	0.60%	\$ 7,079.02	\$ 85.75	\$ 13.14	\$ 7,065.88
64		\$ 18,430.61	1.58%	\$ 18,656.59	\$ 225.98	\$ 34.64	\$ 18,621.95
65		\$ 20,667.79	1.77%	\$ 20,921.20	\$ 253.41	\$ 38.85	\$ 20,882.35
66		\$ 11,618.00	1.00%	\$ 11,760.45	\$ 142.45	\$ 21.84	\$ 11,738.61
67		\$ 4,793.19	0.41%	\$ 4,851.96	\$ 58.77	\$ 9.01	\$ 4,842.95
68		\$ 14,526.98	1.25%	\$ 14,705.10	\$ 178.12	\$ 27.31	\$ 14,677.79
69		\$ 25,516.30	2.19%	\$ 25,829.15	\$ 312.85	\$ 47.97	\$ 25,781.18
70		\$ 21,258.24	1.82%	\$ 21,518.89	\$ 260.65	\$ 39.96	\$ 21,478.93
71		\$ 21,357.44	1.83%	\$ 21,619.31	\$ 261.87	\$ 40.14	\$ 21,579.17
72		\$ 18,970.57	1.63%	\$ 19,203.17	\$ 232.60	\$ 35.66	\$ 19,167.51
73		\$ 16,472.20	1.41%	\$ 16,674.17	\$ 201.97	\$ 30.96	\$ 16,643.21
74		\$ 8,519.86	0.73%	\$ 8,624.32	\$ 104.46	\$ 16.01	\$ 8,608.31
75		\$ 20,479.36	1.76%	\$ 20,730.46	\$ 251.10	\$ 38.49	\$ 20,691.97
76		\$ 18,499.61	1.59%	\$ 18,726.44	\$ 226.83	\$ 34.77	\$ 18,691.67
77		\$ 18,282.78	1.57%	\$ 18,506.95	\$ 224.17	\$ 34.37	\$ 18,472.58
78		\$ 4,464.10	0.38%	\$ 4,518.84	\$ 54.74	\$ 8.39	\$ 4,510.45
79		\$ 9,862.42	0.85%	\$ 9,983.35	\$ 120.93	\$ 18.54	\$ 9,964.81
80		\$ 21,970.57	1.88%	\$ 22,239.96	\$ 269.39	\$ 41.30	\$ 22,198.66
81		\$ 16,943.98	1.45%	\$ 17,151.74	\$ 207.76	\$ 31.85	\$ 17,119.89
82		\$ 18,145.77	1.56%	\$ 18,368.26	\$ 222.49	\$ 34.11	\$ 18,334.15
83		\$ 8,176.24	0.70%	\$ 8,276.49	\$ 100.25	\$ 15.37	\$ 8,261.12
84		\$ 8,176.24	0.70%	\$ 8,276.49	\$ 100.25	\$ 15.37	\$ 8,261.12
85		\$ 7,357.13	0.63%	\$ 7,447.34	\$ 90.21	\$ 13.83	\$ 7,433.51
TOTALS		\$ 1,166,753.33	100.00%	\$ 1,181,059.25	\$ 14,305.93	\$ 2,193.10	\$ 1,178,866.15
	Check	1,166,753.33					\$ 1,178,866.15
BENEFICIARY WITHHELD OR DISBURSEMENT OF WITHHELD AMOUNTS							
				Prior Cumulative Amount Withheld	This Month's Amount Withheld	Total Cumulative Amount Withheld	Amount (Withheld) or Disbursed This Month
PENSION PLAN PARTICIPANT(S)							
				\$ -	\$ -	\$ -	\$ -
TOTAL AUTHORIZED DISBURSEMENT THIS MONTH							\$ 1,178,866.15
¹ See Monthly Billing Data worksheet for documentation due to a distressed vessel or requiring care per HNC 1192.							
² Primary Fiduciary will provide monthly administrative costs.							
³ See Footnote 4 on Target Rate worksheet.							