

Date of Hearing: March 21, 2022

ASSEMBLY COMMITTEE ON TRANSPORTATION

Laura Friedman, Chair

AB 2056 (Grayson) – As Amended March 11, 2022

SUBJECT: Bar pilots: pilotage rates: pilot boat surcharge

SUMMARY: Defines cost of obtaining new pilot boats to include the cost of repowering existing pilot boats or acquisition of new pilot boats to meet emission regulations on harbor craft set by the California Air Resources Board (CARB).

EXISTING LAW:

- 1) Establishes the Board of Pilot Commissioners (BOPC) for the Bays of San Francisco, San Pablo, and Suisun for the purpose of regulating bar pilotage.
- 2) Makes findings and declarations that it is the policy of the state to ensure the safety of persons, vessels, and property using Monterey Bay and the Bays of San Francisco, San Pablo, and Suisun, and its tributaries, and to avoid damage to those waters and surrounding ecosystems as a result of vessel collision or damage, by providing competent, efficient, and regulated pilotage for vessels that require pilotage services.
- 3) Requires inward or outbound vessels to pay bar pilotage fees based on the vessel's deepest draft (distance between the waterline and the bottom of the hull) and high gross registered tonnage (essentially volume of the enclosed spaces on the vessel).
- 4) Institutes an additional fee on harbor craft to recover the Bar Pilots' costs of obtaining new pilot boats for the purposes of extending the service life of existing pilot boats, excluding costs for repair or maintenance.
- 5) Institutes a temporary, until January 1, 2023, movement fee to recover the pilot's cost for a new pilot dispatch system.
- 6) Institutes a temporary, until January 1, 2024, movement fee to recover a pilot's costs for the maintenance, both deferred and current, of pilot boats.

FISCAL EFFECT: Unknown

COMMENTS: Prior to the American Revolution, pilotage was regulated by colonial legislatures which generally provided for the commissioning of pilots, apprenticeship requirements, and establishing fees. When the United States Constitution was adopted, it recognized that pilotage fell within the domain of the federal government because it involved foreign commerce. One of the first acts of the newly formed Congress in 1789 was to recognize state laws regulating pilotage and to delegate that authority to the states. In California, the San Francisco bar pilots have been guiding ships into the San Francisco Bay since at least 1835, and one of the first legislative enactments by the newly formed California Legislature in 1850 was to address the regulation of San Francisco bar pilots.

San Francisco Bar Pilots steer large commercial vessels through the Golden Gate of San Francisco Bay and adjoining navigable waters, which include San Pablo Bay, Suisun Bay, the

Sacramento River, and associated tributaries. When a vessel arrives at a point eleven miles west of the Golden Gate Bridge, a Bar Pilot boards the vessel, takes navigational control, and guides the vessel to its berth. The same process occurs in reverse as vessels depart from the San Francisco Bay. The San Francisco Bar Pilot's primary function is to ensure that large commercial vessels are navigated safely through the San Francisco Bay's confined waters. They provide service for all types of commercial vessels, from 100-foot tugs to 1000-foot supertankers. The San Francisco Bar Pilots intermittently operate five pilot vessels: three offshore station vessels and two high speed harbor vessels. Corporations and ship owners who use the Bar Pilots' services pay for 100% of the Bar Pilots' operating costs, including the costs of obtaining new pilot boats.

CARB adopted the Airborne Toxic Control Measure for Diesel Engines on Commercial Harbor Craft in 2008 to reduce emissions of diesel particulate matter, oxides of nitrogen, and reactive organic gases from diesel engines used on commercial harbor craft operated in regulated California waters. CARB amended the original regulation in 2010 to include additional vessel categories, including crew and supply, barge, and dredge vessels. The current regulation will be fully implemented by the end of 2022. At the end of 2021, CARB proposed to amend the current regulation to further reduce emissions from harbor craft in impacted communities.

The proposed regulations accelerate the Bar Pilots' new build program to a schedule that requires the construction of three vessels by year-end 2024, one by year-end 2025 and one by year end 2028. Compliant equipment adds additional \$10.5 million in construction costs resulting in a \$45 million build program.

Current law provides for cost recovery of acquisition or life-extension modifications to pilot boats through the imposition of a pilot boat surcharge. The pilot boat surcharge was established to be recovered upon completion of delivery of the new boats. Delivery is required prior to setting an actual amount to be recovered or a timeframe for recovery. This process is administered by the BOPC per a regulatory process that includes industry participation and oversight, and has been used for the past two decades with little controversy and pilot-industry collaboration. As this bill moves, the involved parties may need to come to agreement on language enabling the collection of fees in advance of boat delivery, knowing that CARB compliance deadlines approach.

According to the author, "this bill authorizes the Board of Pilot Commissioners to adjust the pilot boat surcharge to include the costs associated with the acquisition of new pilot boats or repowering existing boats in order to meet CARB emissions requirements. By authorizing these surcharges, this will ensure that pilot vessels are able to meet the proposed commercial harbor craft amendments, whilst contributing to the state's overall emission reduction goals."

Previous legislation: AB 807 (Grayson), Chapter 172, Statutes of 2021 increases the bar pilotage rate, as specified, adds new temporary movement fees for cost recovery related to maintenance and capital improvement costs, and makes various changes to the BOPC catastrophic cost recovery process.

REGISTERED SUPPORT / OPPOSITION:

Support

Cruise Lines International Association (co-sponsor)

Pacific Merchant Shipping Association (co-sponsor)

San Francisco Bar Pilots (co-sponsor)

Opposition

None on file

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