
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anthony Portantino, Chair
2021 - 2022 Regular Session

AB 2056 (Grayson) - Bar pilots: pilotage rates

Version: August 2, 2022

Urgency: Yes

Hearing Date: August 8, 2022

Policy Vote: G.O. 11 - 2

Mandate: No

Consultant: Janelle Miyashiro

Bill Summary: AB 2056 revises and recasts current pilot boat surcharge provisions; establishes new and increases existing bar pilotage rates; establishes new temporary transit fees; establishes a process for the Board of Pilot Commissioners to adopt a pilotage tariff, as specified; and makes other various updating and conforming changes.

Fiscal Impact: Unknown, potentially significant fiscal impact to the Board of Pilot Commissioners (BOPC) (BOPC's Special Fund). This includes:

- One-time cost in the hundreds of thousands of dollars for activities related to rulemaking for the adoption of the new tariff. This would include staff time and resources to hold public meetings and review and collect stakeholder feedback.
- One-time cost to convene the committee and create and submit the required rate setting report.
- Ongoing, but not annual costs in the mid-tens of thousands of dollars to facilitate rate setting hearings with an Administrative Law Judge. These costs will materialize only in the event that rates will need to be adjusted.
- Ongoing administrative costs in the tens of thousands of dollars annually related to auditing and accounting activities.

BOPC's administrative costs and expenses are covered by an existing indirect surcharge of five percent on all moneys collected on various fees paid by harbor crafts and the BOPC does not receive any state or General Fund moneys. To the extent that the above workload related to new activities required in the bill is not absorbable within BOPC's existing resources, additional staff or resources may be required. For context the 2022-23 Budget includes 4.0 PYs for the BOPC with a total budget of approximately \$3.1 million.

Unknown, ongoing increased revenue in the millions of dollars from increased pilotage fees and surcharges, to be deposited into the newly created Pilot Boat Surcharge Account and BOPC's Special Fund.

Background: The Board is the oversight body that licenses and regulates approximately 60 maritime pilots who make up the San Francisco Bar Pilots. The Board was established in California's first Legislative Session and has been in continuous existence since 1850. The Board is a "tax neutral" agency as all of its expenses are paid for by the shipping industry through surcharges on pilotage fees and not by state or local taxes.

Specifically, San Francisco bar pilots are responsible for steering 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 San Francisco bar pilot boards the ship, takes navigational control, and guides the ship to its berth. The same process occurs in reverse as ships 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.

Proposed Law:

- Establishes the Pilot Boat Surcharge Account in the BOPC's Special Fund and requires moneys charged and collected each month from the pilot boat surcharge be continuously appropriated to: fund the pilot boat costs of obtaining new pilot boats and of funding design and engineering modifications for the purposes of extending the service life of existing pilot boats, excluding costs for repair or maintenance; and cover the administrative costs of the BOPC, as specified.
 - Establishes maximum expenditure levels at specified monetary amounts for the Account based on a set schedule.
- Increases the rates of bar pilotage through the Golden Gate and into or out of the Bays of San Francisco, San Pablo, and Suisun, as specified.
- Beginning January 1, 2023 and except as otherwise specified, increases pilotage rates providing fair and reasonable return to pilots engaged in movements other than bar pilotage by 15 percent.
 - Deletes the requirement that the BOPC recommend a schedule of those pilotage rates to the Legislature.
- Establishes additional pilotage rates for other ship movements not considered bar pilotage, as specified.
- Revises and recasts the current pilot boat surcharge provisions, including specifying that the costs of obtaining new pilot boats includes preliminary design and engineering and the costs of repowering existing pilot boats or the acquisition of new pilot boats in order to meet the requirements of any rule governing the emissions of commercial harbor craft adopted by the California Air Resources Board.
 - Imposes related requirements on the BOPC, including, among others, auditing or causing to be audited all pilot boat surcharges.
 - Authorizes the pilot boat surcharge to be collected prospectively before the imposition of certain costs, as prescribed.
 - Authorizes the BOPC to adjust the amount of the surcharge as necessary to efficiently administer the pilot boat surcharge.
 - Requires the moneys charged and collected each month from the pilot boat surcharge to be paid to the BOPC Special Fund and used only to: fund the

pilot boat costs of obtaining new pilot boats and of funding design and engineering modifications for the purposes of extending the service life of existing pilot boats, excluding the costs of repair or maintenance; and cover the administrative costs of the BOPC, as specified.

- In addition to other charges for pilotage, establishes specified temporary transit charges for all vessels moved across the bar and for all bay and river moves, except as otherwise specified.
 - Sunsets the temporary transit charges on the date when BOPC publishes the first pilotage tariff.
- Establishes a process for BOPC to adopt a pilotage tariff that establishes fair, just, reasonable, and sufficient rates for the provision of safe, competent, reliable, and efficient pilotage services, as specified.
 - Establishes procedures to request a change in the established pilotage rates through a petition or intervention, as specified.
 - Establishes prepetition procedures and deadlines.
 - Authorizes the adopted pilotage tariff to include the reasonable costs for the setting of tariff rates, and requires those moneys paid into the BOPC's Special Fund be continuously appropriated to BOPC for allocation to the Office of Administrative Hearings.
- After the adoption of the first pilotage tariff, requires BOPC to convene a committee to review the effectiveness of the revised rate setting process and gather stakeholder feedback to develop a report for BOPC's consideration. Repeals this requirement January 1, 2032.
- Revises and recasts provisions related to catastrophic event memorandum accounts and the process for pilots to recover costs associated with a catastrophic event.
- Modifies the amount a pilot is entitled to receive in the event a pilot is carried to sea against the pilot's will or unnecessarily detained on board a vessel, as specified.
- States the measure is an urgency statute necessary for the immediate facilitation of the safe movement of vessels and expedite maritime commerce on the navigational channels of Monterey Bay and the Bays of San Francisco, San Pablo, and Suisun and the Sacramento-San Joaquin River systems, and to respond in part to the adoption of the commercial harbor craft regulation that includes accelerated and aggressive targets for the reduction of diesel particulate matter emissions that have been identified by the state to be an air toxic contaminant and to the COVID-19 pandemic's induced supply chain crisis and its related impacts on the pilotage system.
- Makes various updating, conforming, and clarifying changes.