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Contact: Mike Jacob
(415) 352-0710

San Francisco Bar Pilots Seek Rate Increase of 22.8%, Pay Could Eclipse an Unprecedented \$600,000 per Pilot

*Maritime Industry Objects to the Efforts of the Pilot Monopoly,
Seeks to Revise Rates to Reflect Growth Since 2002*

SAN FRANCISCO – The harbor pilots who guide cargo ships in and out of the San Francisco Bay submitted a petition yesterday seeking an increase in rates which, when compounded by historical growth, could increase the average annual income for a harbor pilot from nearly \$400,000 a year at present to over \$600,000 in four short years.

The petition documents were submitted by the San Francisco Bar Pilots Association (SFBP) to the State Board of Pilot Commissioners, a state agency which makes recommendations on how much vessels must pay for the pilots that they are required by law to utilize. Both the SFBP and the Pacific Merchant Shipping Association (PMSA) have submitted petitions in advance of a rate hearing on April 6, 2011.

The SFBP request is for a cumulative increase in the rates paid by vessels coming to ports in the San Francisco Bay and river system by 22.8 percent over four years (2012-2015). If granted, this request for annual increases of up to 6 percent would mean the 60 pilots who work in the Bay every other week could begin to make over \$600,000 by 2015.

“In 2002, pilots in San Francisco were making over \$250,000 a year but it wasn’t enough,” said John McLaurin, PMSA President, “and the state raised rates. Now, they’re reaping windfalls of nearly \$400,000 a year – a raise of 60% over 8 years – and it still isn’t enough.”

PMSA, which represents the ratepayers who are required to pay the state-set rate for bar pilotage, has requested a modest reduction in rates to off-set years of already high increases in pilot income based on the work of Dr. Jon Haveman, economist and principal of Compass Economics. Current trends with PMSA’s adjustments would yield an average pilot income of about \$425,000 a year in 2016. If rates are not reduced, Dr. Haveman’s estimates that average pilot incomes would reach \$505,000 in 2015. Applying the SFBP’s cumulative 22.8% increase to this projection based on historic trends would place pilot income in excess of \$620,000.

“We recognize and appreciate the work done by harbor pilots everywhere – their job is critical to the safety of the people and the environment of the San Francisco Bay, but we

are stunned by their claims that they are under compensated. To dramatically increase their wages now, when our state and global economy is lagging and we are fighting to help California maintain its role as an international trade leader, would be a horrendous mistake,” said McLaurin.

Among the many arguments made in the SFBP petition to justify their rate increase are: the desire to play catch up with the top salaries of spinal surgeons and professional basketball, football and baseball players, the uncertainty of how the America’s Cup races might change their work schedules in 2013, and that the now infamous incident on the *Cosco Busan* has exposed pilots in San Francisco to “political risk” that must be compensated.

“At a time when the economy is hitting everyone – with the state facing a \$25 billion deficit, with teachers getting pink slips, with sheriff’s deputies losing their jobs, with increases in college tuition, and massive cuts in social services – we think paying nearly \$400,000 per pilot for six months of work is still more than generous,” McLaurin said.

The State Board of Pilot Commissioners, which makes recommendations on the rates charged by the state-licensed bar pilot monopoly, has received rate change petitions from the SFBP and the Pacific Merchant Shipping Association (PMSA) in advance of a rate hearing on April 6, 2011. This will be the first rate hearing since 2002. For a copy of the hearing notice, please go to: http://www.bopc.ca.gov/res/docs/notices/Rate_Hearing_4-6-11.pdf

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Pacific Merchant Shipping Association

PMSA is an independent trade association representing marine terminal operators and ocean carriers operating U.S. and foreign-flagged cargo and passenger vessels engaged in trade at U.S. West Coast ports. The association maintains offices in Long Beach, San Francisco and Seattle.