STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT
DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING

ALASKA BOARD OF MARINE PILOTS

APRIL 16, 2015
WESTMARK BARANOF HOTEL
JUNEAU, ALASKA

MEETING AGENDA

TIME	TOPIC	LEAD PERSON	TAB
1300	**Call to Order – Roll Call**	Chair	1
1305	**Review Agenda** Declarations / Recusals	Chair	
1310	**Review / Approve Minutes:** 29 January 2015 & 31 March 2015	Chair	2
1320	**Public Comment**	Chair	
1330	**Business Items**		3
	a.) Board Revenue and Expense Report	Ms. Chambers	
	b.) Foreign Pleasure Craft update and approval	MPC	
	c.) Captain Herring Unlimited Marine Pilot endorsement	MPC	
	d.) Captain Gillespie training pilot endorsement	MPC	
	e.) Update on Regulation Project	MPC	
1400	**Pilot Organization Reports** a.) SEAPA b.) SWAPA c.) AMP	Chair	
1430	**Break**		
1500	Subcommittee Brief on investigative process	Mr. Rueter	4
1530	**Other Business: Next Meeting**	MPC	
1600	**Executive Session (at Chair discretion)**	Chair	
1640	**Adjournment**	Chair	

"Provide for the maintenance of efficient and competent pilotage service to assure the protection of shipping, the safety of human life and property and the protection of the marine environment." ***AS 08.62.040***

STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT
DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING

BOARD OF MARINE PILOTS

DRAFT MINUTES OF MEETING

January 29, 2015
Westmark Baranof Hotel
127 North Franklin St.
Juneau, Alaska

These draft minutes have been prepared by the staff of the Division of Corporations, Business and Professional Licensing. They have not been reviewed or approved by the Alaska Board of Marine Pilots.

By the authority of AS 08.01.070(2), AS 08.62.030, and in compliance with the provisions of AS 44.62, Article 6, a special meeting of the Alaska Board of Marine Pilots was held on January 29, 2015 at the Westmark Baranof Hotel.

January 29, 2015

Call to Order/Roll Call

The meeting was called to order at 1:03 PM by Chairman Tylan Schrock. The Marine Pilot Coordinator (MPC) conducted roll call.

Members present constituting a quorum were:

Hans Antonsen	- Pilot Member
David Arzt	- Pilot Member
Richard Erickson	- Agent Member
Tom Rueter	- Agent Member
Lawrence Blood	- Commissioner's Designee
Tylan Schrock, Chair	- Public Member

Staff present:

Crystal Dooley	Marine Pilot Coordinator (MPC)
Sara Chambers	Corporations, Business, and Professional Licensing Director

Members of the public present:

Ed Sinclair	Southeast Alaska Pilot Association (SEAPA)
Doug Strum	SEAPA
Mike Tibbles	Alaska Steamship Association

CDR James Houck	U.S. Coast Guard
Jay Boyer	Alaska Marine Pilots
Ron Ward	Southwest Alaska Pilot Association (SWAPA)
Jenni Zielinski	SWAPA

Bruce Weyhrauch from SEAPA subscribed telephonically.

The Chair welcomed Mr. Blood, the new Commissioner's designee.

Agenda Item 1 **Review and Set Agenda**

Hearing no objections to the set agenda, it was:

RESOLVED to approve the agenda.

The Chair said there was one addition to the agenda; a discussion concerning the reimbursement of travel expenses to Business Items under Item A, Board Revenue and Expense Report.

Agenda Item 2 **Review/Approve Minutes**

On review of the October 30, 2014 meeting minutes, there were no objections to the content or convey of Board minutes. The MPC was asked to fix two typing errors.

Motion: Approve October 30, 2014 meeting minutes

Moved by: Captain Arzt
Seconded by: Mr. Erickson

Board APPROVED the minutes unanimously. The Chair requested a review of the teleconference meeting minutes of December 22, 2014.

Motion: Approve December 22, 2014 teleconference meeting minutes

Moved by: Mr. Rueter
Seconded by: Captain Antonsen

The Chair asked for discussion and there was none. The Board APPROVED the minutes unanimously.

Agenda Item 3 **Public Comment**

The Chair asked if there was anyone signed up for public comment and there was none.

Agenda Item 4 **Business Items**

a.) Board Revenue and Expense Report : Ms. Chambers stated she was the director of Corporations, Business, and Professional Licensing and requested permission to address the Board to discuss the first quarter of 2015 fiscal report. She stated the last time the Board met they were on the cut-off of the fiscal year and that she summed up the first quarter as the "storm before the calm" and that it was the lowest point of revenues before the Board would start licensing renewals. She stated the number on the bottom right hand corner, the cumulative carry-over, was at -$22,000.00. She stated that the report's timeframe ended in October before revenue from renewals came in. Ms. Chambers said she did a tally prior to the meeting and that the Board had received $204,900.00 in revenue since July 1. She said it was a slow start, it was at the end of the summer when there was less foreign pleasure craft activity, the Board was over the hump of primary licensing activity and there was additional revenue forecasted from foreign pleasure craft during April through June. She showed the Board that in off-years such as FY 14, FY 12, and FY 10, most revenue was from foreign pleasure craft. She stated the Board could anticipate the $48,500.00 might be a good hypothetical beginning to add to the $204,000.00. Ms. Chambers stated she calculated 88 "hits" to the receipting system as an estimate of renewal activity from pilots and thought that since it was a similar number of licensees from last year, the revenue would be similar.

Captain Arzt asked if the $204,900.00 included licensing renewals for this period and Ms. Chambers stated yes. Captain Arzt asked if there was a breakdown between pilot renewals and agent renewals. Ms. Chambers stated that she didn't look at licensing counts but at the receipting system, but she had the grand total of dollar amounts and "hits" that the Board issues. Ms. Chambers stated that last renewal there were 90 licenses that were issued and 88 receipting "hits" and it was reasonable to state the Board had less licenses than prior, however some pilots and agents who would be looking to renew their licenses in coming months.

Ms. Chambers requested the Board to look at FY 15 expenses and to compare them to FY 14's first quarter expenses. She stated FY 14 showed lower personal services costs than what the Board normally sees when the MPC position is filled for the entire year. She stated that FY 13 was an anomaly because the MPC position wasn't filled, and that when she first put on her Board of Marine Pilots lens on, she was alarmed that it looked like personal services had jumped up. Mr. Chambers reminded the Board it was not the case. She stated that at the last meeting it was decided the MPC could spend a portion of her time working on other programs and that other programs would be charged for her help during

slower times in the Marine Pilot program. Ms. Chambers stated it was reflected in the $94,000.00, and the difference between the $94,000.00 in personal services and the $125,000.00 in personal services in other years was the MPC charging her time to different programs.

Ms. Chambers stated that, after auditing the MPC's timesheet, the MPC spent 82% of her time on the Marine Pilot program and 17% of her time on other programs. The Chair asked if it was for this year Ms. Chambers was referring to, and she said yes. Ms. Chambers said she added up the 74.77% the MPC coded to the Marine Pilot program and the 7.62% coded to the Foreign Pleasure Craft and came up with 82%.

Ms. Chambers stated that at the end of the first quarter, there wasn't anything unusual that the deficient and $90,000.00 in personal services wasn't what it seemed to the Board at first blush, and that she welcomed any questions from the Board.

The Chair asked if the Board if there was any discussion and there was none. The Chair asked if the MPC was balancing her time well and if the MPC felt the time split manageable. The MPC said that as she was spending more time on Board of Marine Pilots projects in the spring, she'd be spending less time on other projects. Ms. Chambers said that the Board came first in the MPC's job assignments and the Division was balancing out her slower times with other Boards but making sure the Board of Marine Pilots' needs were met.

b.) Board member travel reimbursement: Mr. Erickson said that the Board had discussed this topic at a previous meeting with the previous Chair, and that there have been times when the travel arrangements had exceeded the estimated amount to get to and from. He stated he understood per diem, and that the Board was self-funded through agents and pilot fees, and that he believed the Board should be compensated for their travel. Mr. Erickson stated he was not purchasing first class tickets to travel, but there have been many times where he'd travel from one meeting to another meeting, and he may choose to charge that leg of travel but not the leg back to Ketchikan. Therefore, he believed the agents and pilots agreed they should be compensated in full when attending Board meetings and the Board agreed to this about a year ago. He stated that he submitted his last reimbursement report for the previous Anchorage meeting for about $1,200.00 and was only reimbursed $600.00. Mr. Erickson stated he spoke to the MPC and the MPC said that yes, the Board agreed, but she may need something for the people who are paying the receipts that the Board agreed to be compensated in full. Mr. Erickson said his thought was a letter or vote from the Board may solve that problem.

Ms. Chambers thanked Mr. Erickson for his feedback. She said that the Division was bound by the State travel policy concerning what the Division could or could

not reimburse, there was very little wiggle-room on the Division level, and boards don't have any material input. She stated that boards' desire to have policy and statutes change have great weight with the Legislature and with the Department of Administration, and the Department of Administration can issue a waiver. Ms. Chambers apologized for very specific policy interpretations. She stated the State would pay for travel to and from someone's resident or the equivalent of that. She stated that a Board member could travel to Juneau from Anchorage for a Board meeting, and may be departing to Hawaii afterwards. Ms. Chambers stated the State would not pay for a ticket to Hawaii. Mr. Erickson said he understood. Ms. Chambers stated that other board members have expressed that concern. She stated that in other boards, members have picked a location that they spent a majority of time and used that location instead. She stated that's the amount the State – not the Department or the Division – is liable to reimburse. Mr. Erickson said he understood and he wanted reimbursement for his travel expenses. Mr. Erickson said he cannot purchase tickets two months out because he doesn't know his travel schedule and may be forced to purchase tickets two weeks before the Board meeting, and the cost will not be comparable to the State's estimated cost. Mr. Erickson asked if the Board was going to continue to operate that way or if there was a way for the Board to interject.

Captain Antonsen used an example of travel from Ketchikan to Anchorage to Ketchikan. Captain Antonsen said that the MPC doesn't plan travel at the same time the Board members are purchasing tickets but three months in advance. He stated that the Board members cannot plan that far in advance in that they are part of other boards and that he understood funding trips to Hawaii. However, Captain Antonsen said he was primarily concerned with Ketchikan to Anchorage to Ketchikan and was purchasing refundable lowest coach tickets and he said he was not getting reimbursed for that. He stated he did not see a violation in the State's travel policy requirements. Captain Antonsen asked if the issue was the lag time between the MPC making the estimate and the Board members purchasing the ticket. The Chair stated that Mr. Richmond had a situation where there was a difference between the estimated and purchased cost of the tickets. The Chair explained that it wasn't a large difference, and when the issue came before the Chair at the time it seemed like a "no-brainer" and that Mr. Richmond wasn't asking for anything unusual. The Chair stated there had been at least three cases before the Board where the actual ticket price vs. the estimated price placed in the hopper weren't close at all. The Chair stated he was more than happy to write a letter.

Mr. Rueter stated he asked the MPC why his travel estimate for a round trip was less than a one-way ticket when he tried to purchase it, and he said the MPC informed him that it was the government rate. Mr. Rueter stated that unless the government can purchase the rate for the Board members, the government should

be booking those tickets and the MPC position should be turned into a travel agent.

Ms. Chambers stated she appreciated all of the clarification and that she would take a look at the travel issue so she could completely understand all the dynamics. She requested if there was any travel from FY 13 or FY 14 that Board members didn't get full reimbursement for, she'd be happy to take another look. She stated that if she couldn't fill the travel claim, she'd like to give the citation from the Alaska Administration Manual chapter 60, statute, and regulation. She stated she was happy to review travel claims. Ms. Chambers said there had been several changes to the travel policy in the last handful of months and that she had emailed board members on September 1 unveiling different ways that the Division could accomplish travel that was created with the previous Commissioner, Commissioner Bell. Ms. Chambers stated the Division was acting as a travel agency for some board members in that some board members can't carry a balance for the time it takes to buy a ticket and be reimbursed. Ms. Chambers stated there is more flexibility in place now and encouraged the MPC to circle back with her to reevaluate the travel issues. She thanked the Board for bringing it to her attention and stated that if she didn't know about an issue, she couldn't fix it.

Captain Arzt stated that the last time in Anchorage for the Board meeting, he asked the Board of Marine Pilots if the rate that the State or the MPC estimates is based on the State's rate because board members who are not State employees cannot get the State's rate. Captain Arzt said to look at the values given for the State rate and what board members are paying and to align the numbers because the government rates are not available and Captain Arzt had found this out first-hand. Ms. Chambers concurred.

Mr. Rueter said today he asked the Baranof hotel if there was a government rate for Board members and the hotel informed him that there was not. Ms. Chambers said she understood the confusion, and that the estimate the MPC gives to the Board members is considered a working estimate of the market price if a Board member doesn't purchase through the State's process. Ms. Chambers stated that many board members preferred to book their own travel so they didn't have to depend on the Division to determine if they got an aisle or window seat. Ms. Chambers said there's lot of change in travel policy. Ms. Chambers said she'll circle back on this information, the Division was making lots of progress, she was thankful for the Board bringing this to her attention, and she wanted to make sure the Board got compensated since they do not get compensated in any other way.

The Chair said it's a volunteer effort and there was a cost to even being at the meeting. The Chair directed the Board to contact Ms. Chambers with any unpaid balance and the Board members would work with the MPC and Ms. Chambers to

get the Board members fully compensated. The Chair stated that there was a clear sense these costs needed to get resolved, not necessarily a cite of regulation, but to just make it happen, provided the information the Chair was provided was correct and the issue was on the estimation of travel costs. The Chair stated the each Board member was individually responsible to make a claim to the MPC. The Chair asked for other discussions or questions about the financial report and there was none.

c.) Follow-up Questions to PCN Count Methodology – Board of Marine Pilots: Ms. Chambers thanked the Board for their lively discussion concerning indirect costs last meeting. She stated that the Division followed up the discussion a few weeks later with a narrative explanation of what the changes were and how the Division arrived at the indirect allocation costs specifically for the Board of Marine Pilots. She stated that one of the concerns that the Board expressed was an increase in indirect costs, specifically $7,500.00 in FY 13 to$20,000.00 in FY 14. Ms. Chambers stated that it was a significant jump for a particular board. She stated the way the costs were broken down was expressed on the CBPL PCN Count Methodology page. She stated that this page was emailed to the Board and explained the Department's way to allocate indirect costs that was different than FY 13. Ms. Chambers directed the Board to report that was sent out to all board members in early November, stating that the report explained in greater detail and in greater context what had been done in the past and how the Department was tweaking the process in 2014. Ms. Chambers stated she'd like to concentrate on the wider report to give the bigger picture and then narrow down into the Board of Marine Pilots.

Ms. Chambers stated she'd be remiss if she didn't do some public relations for her agency. Ms. Chambers said that, overall, even though the Board of Marine Pilots didn't directly see a benefit, a million dollars had been shaved off across all the professional and business licensing areas. She stated the agency reduced its legal expenses by 33% over the last few years. Ms. Chambers stated that was done while, in general, professional licensing fees have been increasing, which is part of the need to press the MPC into service in other programs.

Ms. Chambers requested the Board to look at the annual budget, how the Division's budget works, and how the Board of Marine Pilots' budget falls within the annual budget. She stated that board members are interested in personal services, travel, contract, and all the things the Division spends money on behalf of the boards is part of the overall authority the Division receives. Ms. Chambers stated during FY 14, the Division spent $732,000.00 for all of the Division travel, such as Ms. Chambers' travel, investigator travel, and board member travel. Ms. Chambers said that it was important to keep costs controls on travel because it impacts other boards and it impacts investigations. She stated that it wasn't long ago where board members had to go to Legislature for money because there

wasn't enough Division authority for board members to incur the travel expenses they thought they needed. Ms. Chambers asked the Board to look at page 7, where the narrative began on indirect expenses and that on page 8 there was an example of what indirect expenses are. She said indirect expenses were everything from building rent and parking, telecom conferences, general accounting and IT support, management support through the Commissioner's office, and anything through the Administration Services Department. Ms. Chambers stated that it was all billed using indirect expense methodology because it would be impossible to narrow it down for each licensing program and each subcomponent with all the Divisions. Ms. Chambers said that in FY 13, just for comparative purposes, the Division took all the indirect costs for the Division and determined the level of effort. She said that professional licensing was 84% of the activity, including investigations and therefore corporations and business licensing was 16%. She stated that 16% of the indirect was taken off the top and paid through business licensing, and the remainder of professional licensing was divided out by licenses; regardless of the expense of the license or size of the program. Every licensee paid their licensee share, so it was equable. Ms. Chambers stated that it seemed like a fairly good way to do it. She stated that as staff was going through books and activity, great, bright minds in the Administrative Services Division, as well as Martha Hewlett, who is extremely bright and recognizes opportunities to cut costs, came up with an additional way to whittle down indirect costs even further.

Ms. Chambers said that's where the PCN methodology for the Board of Marine Pilots came into play. She said that if one thought about FY 13 the Division just took the number of licensees, and in FY 14 the Division was looking at number of licensees still, but where the Division had the opportunity to take certain indirect costs and narrow them down further, they did. She stated the Board should think of a PCN as a position, such as the MPC and the Director. She stated that an easy way to visualize was to compare PCN's to computer terminals and servers. Therefore if there is one MPC, and she has one computer and one server, it's a one-to-one ratio. However, the Board of Nursing has nine members; therefore they should have a larger share of the "server" since they are taking a larger amount of "bandwidth". Ms. Chambers said the Division also looked at how time the front desk staff spent on processing information for a program as well as how many hits to the receipting system there were for each program. She stated that the staff determined how many receipting transactions the Board of Marine Pilots had and allocated that staff's time in that way. She stated that the Board had a very small share of that, and that the Board of Nursing might have renewals, NSF checks, refunds, applications and those who've changed their mind, and massive volumes. She said in that respect, that cost was evened out more fairly.

Ms. Chambers requested the Board to examine the CBPL PCN Count Methodology page again. She stated that not only did the MPC spend time on this program, but that other PCN's charged time to the program. Almost 75% of the

time was just the MPC, she often needed the time of the Chief and other investigators, an office assistant, and a Regulations Specialist. Ms. Chambers stated that the Board could see it wasn't just the MPC but other staff members working on their behalf. Ms. Chambers stated that the other time from separate PCNs came out to 78.69% of a PCN. She stated that portion of a PCN of indirect was charged to the program, which ultimately through the magic of accounting as explained, the total PCN for each program is divided by the total of all PCN's for the entire Division, which determined the amount of indirect expenses allocated per PCN. Ms. Chambers stated that an example of the math was given as #6 on the CBPL Allocation PCN Count Methodology page, which came up to $17,302.00.

Ms. Chambers said that there were about 8 out of 43 programs that had a higher indirect cost as result of this change in allocation methodology. Ms. Chambers stated the Division thought it was a more fair and accurate way to really assess the activity going on within the Division on behalf of the boards and commissions and non-boarded licensing programs. Ms. Chambers said for programs that had a lower indirect rate, the Board got a deal. Ms. Chambers said that if that methodology had been applied in the past, indirect costs would have been higher and perhaps lower for some of the other programs that had been carrying those costs accidentally since the Division was using a less precise methodology. Ms. Chambers stopped for questions.

The Chair confirmed that the indirect costs were based on the methodology, and if the Division used a different methodology, they'd come to a different conclusion, which is the issue the Board wanted to wrestle with. Mr. Rueter said that if we had a personal expense as an indirect expenditure at $90,000.00, whose services were those? Ms. Chambers said those are anyone who can put on their time sheet they worked specifically on this program, such as those listed under #4 on the CBPL Allocation PCN Count Methodology. Ms. Chambers said it was calculated by figuring out the level of effort used on this program. Ms. Chambers said the MPC spent approximately 74.77% percent of her time on the program; however there was some investigator time, a Regulations Specialist, and an office assistant. Ms. Chambers stated that she assisted, but her time is divvied out among everyone and it's considered an indirect cost. Ms. Chambers said these are used to determine the overall Divisional effort spend this program. Mr. Rueter said he thought the direct personal expenses would be the MPC's efforts, and he asked Ms. Chambers if he was correct. Ms. Chambers said that 74% of that $9,000.00 was the MPC. Mr. Rueter asked if the Board was being double-charged again as an indirect costs allocation for the MPC? Ms. Chambers replied no, they were completed different types of expenses and that it was difficult to pin down an indirect expense since it doesn't come through the MPC and someone has to pay for the front desk.

Mr. Rueter asked if line 40 showed the MPC at 74% in indirect costs, even though the Board had already been charged for her presence in direct expenses. Mr. Rueter said he was having trouble with the math. Ms. Chambers said the Division looked at the level of effort of the folks who directly expended time on each program. She stated the Division took the other methodologies into account to look into the front desk staff and take them off the table. Ms. Chambers said it was transformed into a percentage of a PCN to come out to an estimate of what activity within the Division is being expended on behalf of this program. She stated that if you looked at the investigators and Regulation Specialist, they all have telephones, use the heat and the air and parking, and someone has to pay for those. Therefore, if these people are spending a fraction of time on this program, this program is going to pay their fraction of indirect costs to pay for those people. Ms. Chambers also used an example of an investigator working on the Board of Nursing that helps the MPC with something. If the investigator spends 40% of their time on the Board of Nursing, the Board of Nursing is going to pick up 40% of that PCN's heat, light, air, HR services, and so forth. Ms. Chambers said the Board was correct in that the Division was coding directly in a way to code indirect, but it's just a way to look at what fractions can be allocated to the Board for that person's share of indirect costs. She stated the whole Division has a share of indirect costs and part of a PCN is going to Board of the Marine Pilots. Therefore, the Board is going to pay their direct expenses but also pay for a fraction of an indirect and the other 42 licensing programs will pick up the remainder of the $3 million dollars, for this program paid $20,000.00.

The Chair stated that, when he looked at the budget for direct expenses of personal services at $94,567.00, the indirect costs were not covered. Ms. Chambers said that was correct. The Chair said the indirect expenses are a combination of the MPC's role and the direct costs of other people. The Chair said that was correct. The Chair said, essentially, Ms. Chambers was creating an FT equivalent and that this program operated on 1.5 FTE's. The Chair states that Crystal was approximately 80% of an FTE and the other people listed as indirect expenses are approximately 20% of an FTE. The Chair stated that the Board is just shy of two FTE's according to the Division's model and Ms. Chambers said that was correct. Ms. Chambers stated that she believed FTE was another way to state the PCN.

Captain Antonsen said that he understood that the Board was paying for approximately two positions in direct and indirect costs, but he didn't see the math and asked if the amount of money spent on indirect expenses is almost another staff position when the percentage of time others spend didn't add up since it was only about 3.92%, if the MPC is removed. Captain Antonsen said the Board had a full paid staff position that may be underused since the Division may choose to use the MPC for other roles of which the Board does not pay a licensing fee for, but the other costs are 21% of what the direct costs are for a full paid

MPC position of $24,000.00. Captain Antonsen said it's an additional 20% of the MPC costs come from indirect costs.

Ms. Chambers said that 0.86 is a share of a PCN that is being expended, but if the Board looked at the percentage, this program is 1.3% of the indirect share. Ms. Chambers said she was unsure if the Board had much time to mull over this information since it was emailed out. The Chair said he understood what Ms. Chambers said but he was unsure on #6.

The Chair said he understood the broad overview, but everything done seemed it should have reduced the number of indirect costs to this program. The Chair stated that somewhere between the calculations he's reading and how it's applied doesn't make sense to him. He stated that the other layer added was to look at the actual number of transactions the system pinged, but he believed that business licensing and corporations should have a much higher volume level than a small group like the Board of Marine Pilots. The Chair stated that, under the methodology, he couldn't understand the costs for those who would be under business licensing didn't go up but those on professional licensing should have gone down, but he was missing the logic behind why that didn't happen.

Ms. Chambers stated on page 11 of the report that once the general percentage of 84%/16% split between professional licensing and corporations occurred, the Division looked at the PCN level and the level of effort with receipting. Ms. Chambers stated that corporations and business licensing didn't have investigations and had a tiny staff since most transactions could be done online. She stated corporations was charged 16% and was shaved off from the next line of calculations so the Division could concentrate on the much more complicated professional licensing. She stated the MPC has an important role but her role wasn't the sum total of what happened to support the Board. She said the Board always had a question of why there is a union charge on indirect expense backup, and that's because one of the employees that assisted the MPC is part of the employee union, and because they were working on this program and helping her, this program paid the union expense. Ms. Chambers would make sense if it was all by lines of code there would be an tiny amount of indirect on this Board, but because professional licensing is very labor intensive, human and otherwise, it takes more resources. Business licensing and corporations doesn't, therefore they are separated out first and dealt with differently.

The Chair stated on page 10 on the second paragraph, "This change resulted in the business licensing and corporations programs paying a more accurate, higher percentage of the administrative staff's personal services costs due to the fact that there is a higher volume of business license and corporations transactions processed when compared to professional licensing transactions". The Chair stated he interpreted that passage as more volume and more cost to the business

licenses and the corporation than professional licenses, but he felt that Ms. Chambers was telling him the opposite. He stated that he read the professional licensing programs were charged at 49.2% in FY 14 vs 84% if the Division stayed with the other methodology. The Chair stated that it seemed backwards to him.

Ms. Chambers stated she could see how the Chair saw that. Ms. Chambers pointed out that #3 dealt with specific lines of receipting accounting transactions in the State accounting system and that #2 dealt with staff time, looking at hands-on time for Administrative Services staff time. She said that the Chair was correct, it was done as a split between business and professional licensing and the lines of transaction are another separate methodology change.

The Chair asked if the Board of Marine Pilots was under professional licensing and Ms. Chambers said that was correct. The Chair stated the second paragraph said that professional licensing should go down and corporations should go up. Ms. Chambers said that was correct, and that overall they saw a decrease in a million dollars in indirect expenses and the share of professional licensing programs was readjusted went to down since some went down overall, but some went up since it was tweaked to reflect the indirect costs.

The Chair stated that was the expense they were looking for. The Chair stated that the Board had almost two FTE's, but the changes in the methodology are the changes in the bottom of page 9 and page 10, and that's why it changed from $7,500.00 to $20,000.00. The Chair stated that the second paragraph on page 10 should mean the indirect expenses for the Board of Marine Pilots should have gone down but it doesn't say why the charges quadrupled for the Board of Marine Pilots.

Ms. Chambers said that since the Division went solely from a licensing count where this program is approximately 100 licensees out of 67,000 to a hybrid of license count and hands-on time on task, the actual indirect expenditures for this Board are higher than what was estimated over the last few years. Therefore other boards have been paying this Board's share. She said the Division was making it more accurate. The Board had gotten a break over the few years and other boards have paid the Board of Marine Pilot's share of indirect costs.

Ms. Chambers said the methodology still kept with the licensing count and that charges that couldn't be pinpointed like lines of receipting, number of telephones, and number of computers, and items that didn't make sense to be put a number of licensees .She stated it didn't make sense for the 6,000 people to pay for the MPC's indirect costs. Ms. Chambers said the costs that could be shaved off could be allocated by PCN and the reminder of ones that couldn't be pinpointed remained a per licensee share.

Mr. Rueter said that the indirect costs are the expenses of the Division in a total amount were reduced by nearly a million dollars. Mr. Rueter cited that the total indirect costs are 4.2 million dollars. Ms. Chambers said that was correct. Mr. Rueter said it was divided by the total number of licensees. Ms. Chambers stated there were graphs and other documents in this report that were helpful to look at, and drew the Board's attention to Appendix B.

The Chair asked where the equation portrayed as #6 on the CBPL Allocation PCN Count Methodology handout was within the breakdown demonstrated on page 11.

Captain Antonsen said that the explanation of the Board of Nursing had 6,000 licensees and the Board of Marine Pilots had only 100 licensees for one person, the Division believed it was fairer for the Board to carry the bulk of the indirect expenses since they had only one person didn't make sense to him. Captain Antonsen said it sounded like the Division was trying to "have their cake and eat it too" and have the lion's share of licensees and the rationale of why the Board should take more of the share when the Board has only one person per 100 and that rationales were switching. Captain Antonsen said he was also getting lost on the calculations listed on the CBPL Allocation PCN Count Methodology.

The Chair said that Captain Antonsen's observation was astute, why talking about methodology is relevant to the Board, and that the Division was responsible in creating rational methodology. He stated that it's not the only methodology based on assumptions or premises the Division has put forward and the Division may not represent or reflect what the Board would like to see. The Chair stated if Ms. Chambers could explain where the equation listed as #6 on the CBPL Allocation PCN Count Methodology page factored into indirect costs on page 11 of the packet he would be happy to move on.

Ms. Chambers said the chart on page 11 was a graphical representation and doesn't go through all of the steps listed on the CBPL Allocation PCN Count Methodology.

The Chair stated that # 6 on the CBPL Allocation PCN Count Methodology page is essentially how the Division is determining the Board's share.

Ms. Chambers said the accounting desks are pulled out of the equation in #2 and #3 in page 10 on the packet. She stated the way the Division can allocate by PCN and the level of effort that other people other than the MPC are expending takes a fraction of a PCN, and putting that into the context of this Division, the Board pays for $20,000.00 of the $4 million in indirect costs. Again, there are multiple methodologies at work and #6 listed on the CBPL Allocation PCN Count Methodology is #1 on page 9 in the packet.

The Chair asked if Figure 4 on Page 11 was the flowchart boxes that took the Board to $20,000.00 in indirect costs, and Ms. Chambers said that was correct. Ms. Chambers said that going from a purely licensee based to an actual hands-on-deck for this program and it was a different methodology that reflected more accurately the level of time and effort spent on each program.

Ms. Chambers said that she knew releasing this report with the most information the boards have ever had was going to bring more questions, because the more people knew, the more people can learn and the more people can ask questions about. Ms. Chambers said she was excited the Board was engaging with this report. Ms. Chambers stated at this level there are phrases she's started using in this report and with her team in "relentless, incremental improvement" and that being able to give the boards an explanation of how the Division breaks out indirect costs for the first time ever is pretty amazing and going to this level of mathematical equation for each program has never been done by this Division before. She stated she understood it's not the only methodology out there, and she had another board meeting in the next week that will have a robust discussion on indirect and have some of their own thoughts on how indirect costs could be allocated. Ms. Chambers said that, offline, if someone has great idea to float she would be happy to bring it to the Administrative Services Division with a more fair way to get at a continual, relentlessly improving indirect allocation method, she thinks it would meet all goals of providing a more exact level of service and asking licensees to only pay for that level of service they are receiving.

Captain Arzt said congratulations to the Division for making almost a million dollar reduction, but the Board of Marine Pilots is one board of many in the Department, there are multiple methodologies, the Board doesn't have any direct input in the methodology that was chosen, and he appreciated how deep down she was going to explain the methodology that was chosen. Captain Arzt said that he understood how the Division got there and a good portion of these numbers, thanked her for her time, but that the Board wasn't going to choose to suggest or change the methodology. He stated he had dug as deep as he could handle.

Captain Antonsen said he agreed with Captain Arzt that he was overwhelmed by all the different methodologies that he didn't fully understand it. He stated he was lost at the different methodologies and different percentages. He states that it was the new normal for the Board, and now things have changed, the Board can track "apples to apples".

The Chair said he didn't understand the logic but he understood that smaller boards were paying more. He stated he was really glad the Division had cut costs so the Board would be paying $25,000.00 instead of $20,000.00. He stated whatever is in the pool gets allocated, this is the third methodology within three

years, and that methodologies change. He stated he wasn't all "doom and gloom" because if there was another methodology with input from the Board the Division would obviously change. He asked if there was a pushing from larger boards that have been disproportionally paying, while the smaller boards may believe Division wouldn't have as much overhead without the larger boards.

Ms. Chambers stated that the Division was looking at a more precise way to determine level of effort for each board, and if there are more hands helping a smaller board, then they are going to pay a higher indirect rate. She stated if there are fewer hands helping with a smaller board, they were going to pay a lower indirect rate, regardless of how many licensees. Ms. Chambers directed the Board to look at Appendix B to see all of the licensing programs and indirect expenses from FY 2013 to FY 2014. Ms. Chambers stated the Board could dig in to see if smaller boards were paying more. Ms. Chambers stated that smaller boards don't need as many people helping from time to time and don't have as many PCN's charging to them.

The Chair stated that the people who are paying for this are in this room and he believed it was responsible for them to understand what they are paying for. He believed the only thing the Board could do was manage when someone is getting coded as a direct personal expense. He stated what the Board heard was that the MPC is shared in other places. Ms. Chambers said that the MPC's percentage to this board would be lower if she's working with other programs, however if the MPC needs to contact the Chief Investigator to talk for an hour, it will look like a different expense than four weeks of time with the Chief Investigator.

Ms. Chambers stated the Division has an administrative responsibility to keep up with the mandate of the State and the operations the Division adheres to, and the MPC is the fulcrum to which the lever turns to see if she can do it herself or does she need to outsource it to an investigator. Ms. Chambers stated from what she's seen, the MPC has needed the assistance and if she needs the assistance, she needs to call on those folks and the indirect expenses are part of the State structure. The Chair said this is a place where the Board can do some managing, Ms. Chambers said yes, the Board could advise the MPC where to seek help and the MPC can work with Ms. Chambers to keep hands off on the program, but not if the Board were compromising the program legally. Ms. Chambers stated if the Division and Board has to accomplish these goals, we'll do our best to express those activities and MPC will be the best person to give updates on what she's doing and when she engaged another staff member to give the Board a flavor of what she's working on so the Board isn't surprised at the end of the year when it sees who she engaged to conquer her goals.

The MPC said that a great example is a possible change to regulations. She stated that, as a board, the Board may choose to create a regulation and instruct the MPC

to go run with it. She stated that when the MPC runs with it, she takes it to the Regulations Specialist, and he does a lot of work that the Board doesn't see and then later it reflects back and the Board has a regulation. The MPC stated that it's not just the case of her asking questions from other people but other peoples' jobs and the Board outsources tasks.

Captain Arzt said they had always had that, but the Division had allocated direct costs which they weren't doing before, which is why the Board got a little ride in the past due to methodologies. Captain Arzt stated now the Board has a way to set the standard, it's not going to shut down what the Board did, this is what the Board has always done and the Board has a breakdown of expert witnesses and investigators. He stated that he trusted the Division was looking to be fair and that licensees are well served expeditiously and economically by this Board.

The Chair asked for more discussion and there was none. Ms. Chambers stated there was more information in the packet and said that information was on the Division website http://commerce.state.ak.us/dnn/cbpl/ProfessionalLicensing.aspx and so it was available to the public in order to be transparent and accountable for the mechanisms behind the scenes. Ms. Chambers said members could reach the MPC for more information. Ms. Chambers stated that there was other information in the annual reports, such as the amount of time investigators spent and there was quite a bit of information.

Ms. Chambers stated that the Legislature was in session, and the Division is having conversations with Legislative Budget and Audit and the Division is forecasting that there will some type of legislature introduced to improve fee setting. Ms. Chambers said that if legislation was introduced that impacted this Board, the Division would send out an email with a link to the Board. She informed the Board that Governor Walker has appointed a new director to the Division and so she will be stepping down in the following weeks as the director. She stated she was given rehire rights when she was appointed to her new job and so she would be staying with the Division, and she'd like to shine a positive light in that she'd be working with the new director to get them up to speed on indirect methodology and perhaps that person would have fresh, new ideas to bring them up to the table. The Chair thanked Ms. Chambers for her services and said she made significant improvements to the program.

d.) <u>Promotion from Deputy to Unlimited Pilot for Captain Boyer</u>: The Chair directed the Board to examine the packet assembled for Captain Boyer. The Chair asked when Captain Boyer's promotion date was and the MPC said she thought it was mid-February. Captain Antonsen asked if the Board was voting to grant or to acknowledge Captain Boyer's promotion. Captain Antonsen said that the Board could not vote up or down. The Chair called for a motion so that the Board could move to discussion.

Motion: Approve the promotion of Captain Boyer from Deputy to Unlimited pilot to occur on his anniversary date

Moved by: Captain Antonsen
Seconded by: Mr. Rueter

The Chair called for discussion. Captain Arzt stated the package was complete and that Captain Boyer should receive his license on his anniversary date but Captain Arzt had several questions on this process. He said he understood there were several questions on Alaska Statute 08.62.093. He said the application was complete as per the statute and that he didn't think issuing an Unlimited pilot's license was an action for each individual member of the Board but this was an administrative action for the MPC if the checklist for upgrade was complete. He stated he didn't see it as a vote up or down like a pleasure craft exemption, which is specifically stated in statute that the Board should approve or deny. He stated that he goes back to Sec. 08.62.093 Qualifications of a Deputy Pilot: "The Board shall issue a license for marine pilotage" and that an applicant submits a package and the MPC makes sure the packet is complete and correct. Captain Arzt said, as a Board member, he'd like to see the notification made and he was reluctant to see a vote go up and down. Captain Arzt said if the checklist is submitted and satisfied by each pilotage association, he was hesitant to have each individual Board member vote. Captain Arzt believed issuing the license was a clerical issue, and that's why the Board had an MPC.

Captain Antonsen changed his motion:

Motion: As attested by the MPC, Captain Boyer meets all requirements for licensure from Deputy pilot to Unlimited pilot; therefore the Board should issue his marine pilots license.

Moved by: Captain Antonsen
Seconded by: Mr. Rueter

The Chair said that it was reasonable and that it should said "The Board shall" issue. The Chair asked if there were any objections to the approval of the motion. There was none. The motion PASSED unanimously.

e.) <u>Correspondence – Follow-up to Interpretation of sea-time as per Sec. 08.62.093(b) Qualifications for a Deputy Pilot</u>: The Chair stated the letter the Board requested was sent to the Department of Law and there was a response from Ms. Harriet Milke dated January 8, 2015. The Chair stated that it was a very direct response and it says from a legal, determined precedent, the answer is no. The Chair asked if there was any discussion. There was none.

The Chair recessed the Board for fifteen minutes.

Board of Marine Pilots came back to Session at 1510. The Chair called for pilot organization reports.

Agenda Item 5 **Pilot Organization Reports**

a.) SEAPA : Captain Ed Sinclair, president of SEAPA said there was 29 full pilot members, one retired in 2014, and there were two Deputies and two actively training. He stated that he one taking an exam. Captain Sinclair stated he had no action needed for the Board.

b.) SWAPA: Captain Ron Ward, the president of SWAPA, stated they had 15 Unlimited VLCC pilots, one Deputy pilot, and that the Deputy was in his second year of being a Deputy, had one year of VLCC training, and would be a Deputy shortly afterwards. He stated that all pilots are residents of the State of Alaska, the organization had four trainees, and one was on the Deputy track and the other three were on the apprentice track, and that he expected the pilots to come on track with one per year and balance out the retiring pilots. Captain Ward asked the Chair if there were any questions from the Board and there was none.

c.) AMP: Captain Jay Boyer represented Alaska Marine Pilots. He stated there were nine total pilots with one Deputy, and that next month there would be nine full pilots. Captain Boyer stated there was one trainee and one apprentice, and that they are on a "slow bell" since vessel movements within the region are down. Captain Boyer asked for questions. Captain Boyer confirmed that one pilot is on the apprentice track and one is on the regular Deputy program. The Chair asked for further questions and there was none.

The Chair asked if Captain Boyer was speaking on the agreement and he said that was correct. Captain Boyer said what was put before the Board was a change to AMP's operating agreement. Captain Boyer stated that the changes were the advice of the accountant in that the taxes for AMP were incredibly complicated. He stated the accountant recommended that AMP divide all accounts and holdings into a separate LLC from AMP, which is an operating company. He stated based on that separation, the lawyer recommended changes to the operating agreement. Captain Boyer stated it was an administrative change. The Chair asked the desire of the Board if Captain Boyer should walk the Board through all the changes.

Captain Arzt said he would prefer Captain Boyer walk the Board through the changes. Captain Boyer said 1(f) stated "whether directly by the Company of

through one or more subsidiaries" because the asset company that AMP developed is a subsidiary of AMP. Captain Boyer said on page 2 "This price shall be reduced by 10% as a minority discount. If the application of the minority discount will result in a value less than $10.00 (including negative numbers) then the value shall be set presumptively at $10.00", is during the buyout process, when a pilot was departing and the organization was doing a "buyout" of the pilot based on how much the pilot had brought in as a "buy in" process, historically the pilots had a minority discount of 10% of that amount. After a review, AMP couldn't determine why it was in the Operating Agreement and AMP didn't believe it was fair for partners going forward. Captain Boyer stated that the "National Bank of Alaska" was crossed out because AMP switched and no longer uses that bank, and the section 3(c) of the Operating Agreement was deleted in entirety and just talked about the percentage equalized among all members and was redundant. Captain Boyer said that under section 4(8), a lawyer determined the passage didn't have any value. Captain Boyer stated section 4(C)(4) "each distribution to each Unit will be adjusted to reflect any sums used to equalize any Member's capital account" isn't a practice in use anymore. Captain Boyer stated "...or of an approved subsidiary" in 4(D) was added was that particular LLC company is a subsidiary of AMP and that working from "Work Rules" to "Policy Manual" was changed in two places and so the deposit into the working account to that company is now in the subsidiary instead. Captain Boyer showed the Board an addition: "The Company shall allocate the capital contribution and purchase price to such accounts (including accounts of subsidiaries) as advised by the Company accounts". Captain Boyer stated that the changes throughout the operating agreement were to specify subsidiary count since AMP had another company separate from the other company.

The Chair asked for questions. Captain Arzt asked if the changes were approved through the whole membership. Captain Boyer stated that the asset company was formed as an LLC, and there was a vote, but the document hadn't been signed since they were waiting from approval of the Board. Captain Arzt asked if AMP members agreed and Captain Boyer said they did.

Motion: Move to accept changes to AMP's Operating Agreement

Moved by: Captain Antonsen
Seconded by: Mr. Rueter

The Chair asked for further discussion. There was none. The Chair asked for objections and there were none. The motion PASSED unanimously.

Agenda Item 6 **Exemption for pilotage for M/V AURORA 2013**

The MPC stated that the AURORA was a Canadian vessel with Canadian crew and the vessel is built in China, and this was not an exemption to be voted on. The MPC stated the Captain and the crew were interested if they wouldn't need a pilotage exemption as a Canadian vessel. She directed the Board's attention to Sec. 08.62.180(a)(5) (A) "… The reciprocal agreements are granted by Canada to vessels owned by the State of Alaska and those of United States registry." The MPC stated she called her counterpart of the Canadian government in Ottawa to ask what agreements existed, and he sent her a Memorandum of Understanding (MOU) from Transport Canada to the United States. The MPC stated that Transport Canada allows American vessels with American crew with U.S. Coast Guard licenses in and they do not have to worry about pilotage exemptions except in specific areas. The MPC stated that the last Canadian vessel was in 2013, and the Board treated the vessel like any other foreign pleasure craft requesting an exemption. The MPC stated the AURORA requested how the Board would treat their packet. The MPC stated she informed the AURORA the Board could choose to treat their application like other applications from foreign countries or would start a conversation about reciprocal agreements with Canada.

The Chair asked for the discussion and reminded the Board there is no exemption to vote on. The Chair asked if the Board chooses not to take action the default would be the normal exemption process. The MPC confirmed that was correct. Mr. Erickson asked what creating a reciprocal agreement with Canada would involve.

Captain Arzt stated that the MOU was with Transport Canada and asked if American pleasure craft would be treated if they have American licenses for US waters as required, they would be welcomed in Canadian waters. The MPC said that was correct. Captain Arzt asked the MPC what requirements Canadian pleasure craft operators need in Canadian waters. The MPC said that Canadians are issued a safe boater ID card that isn't dependent on tonnage, and it may be the same safe boater ID card for a yacht like the AURORA or a bass boat. The MPC stated that Canada didn't issue licenses by tonnage. The MPC stated that the Master had communicated with the prior MPC about attending Coast Guard licensing classes even though they could not hold the license as Canadian citizens but could gain the experience. The MPC said she wasn't sure if the prior MPC had brought that idea to the Board.

The Captain Arzt asked if Transport Canada has any official licenses for tonnage for their pleasure craft and the MPC said no. The MPC stated that, in the past, other Canadian vessels had gone through the traditional route to get an exemption. The Chair stated that it would be a conversation that the Board would have during

that process. Mr. Erickson said that an issue may be the lack of radar endorsement to be in US waters. The Chair asked if Sec. 08. 62.180 (a)(5) "frequent trade" applies in this situation. Captain Arzt stated that "frequent trade" was written for tugboats specifically. The MPC stated that was correct. She stated that with radar endorsement idea, other countries don't have a separate radar qualification because it's part of a different qualification. The MPC stated that she often emails Masters to find information about their qualifications to see where the radar endorsement fits into US qualification. Captain Arzt asked if they actually had a license but the Board was just given copies of a training class. The Chair reminded the Board they weren't voting on an actual exemption but if they were willing to move outside of the normal exemption process listed in Sec. 08.62.180 and into "frequent trade". Captain Antonsen asked if the MOU stated that Canada allows US vessels in their waters if they have the appropriate US licenses. Therefore he stated the point would come down to Sec. 08.62.180 (a)(5) "frequent trade", which he didn't believe was applicable since it was a pleasure craft. MPC stated that the passage was applicable to vessels "built in Canada", and this vessel was not built in Canada so "frequent trade" would not apply. Captain Arzt said the Board should address the issue that Canada requires a boater safety course similar to getting a license for a vehicle and the radar endorsement is a separate issue. Captain Arzt said the Board should first get past Sec. 08.62.180(b)(5)(A) if the Board was interested applying a reciprocal agreement. Captain Arzt said this case doesn't fall into what is written in statute unless the Board addresses what's written in the MOU by Transport Canada. He stated they fell under a pleasure craft of foreign registry by the current regulations. The MPC said that was correct. The Chair stated that he believed that was correct, and to move this outside of the regular process listed in Sec. 08.62.180 would be very difficult. The Chair stated he wanted to ask for institutional knowledge, and the Chair stated the only question before the Board was if this should move outside of the reciprocal agreement. The Chair stated, if not, the MPC would contact them and tell them to apply through the regular exemption process. She stated in which time, radar endorsements would be part of the discussion in order to approve that particular agreement.

Mr. Blood asked where the reciprocal agreement where it was in statute. He stated if it were possible to make a statute change and he wasn't sure if he could make another exemption through a reciprocal agreement if it wasn't in statute. The Chair stated that the first question was if statute allowed this scenario to be under discussion. The Chair stated that, to his knowledge, there was no reciprocal agreement at this time, and that he didn't think it was possible under statute with this scenario. The Chair stated if no one saw a way for MPC to move it outside the normal process, it was appropriate for them to apply for an exemption within the normal process. Captain Arzt stated when he read the MOU, he read about frequent trade and compromising maritime safety, but this MOU seemed like a commercial MOU for vessels engaged with trade and did this MOU apply to

pleasure craft? The MPC stated it was written to address tugboats in the Dixon Entrance and Transport Canada applied it to pleasure craft. Mr. Rueter asked if it was not written but followed in practice and the MPC said he was correct. Captain Arzt stated that this Board historically had a robust pleasure craft committee, has this topic ever been discussed by the pleasure craft committee? The Chair said he didn't know. The Chair directed the MPC to find information documented in the past and asked the Board if there was any direction to move this outside the normal process. Captain Arzt asked when the ten day period for the Board to act on an exemption started. The MPC stated that when the application is complete, payment has gone through, and it has been sent out to the Board. Captain Arzt asked if the ten day period had started for this application and the MPC stated it had not. Mr. Erickson asked if this was a discussion about getting rid of the entire exemption process and the MPC stated it was not. The MPC stated it could be a discussion of what the Board decides is "frequent trade". Mr. Erickson asked when the last Canadian pleasure craft applied for exemption and the MPC stated it was in 2013 and she didn't know the name of the vessel. The MPC stated she gets questions every summer because Canadians understand how their process works and have questions about the American process. Mr. Erickson said if we moved forward into a different agreement they'd have to change statute or regulation. The Chair said he believed that was correct and the vessel in 2013 was the M/V NOVA SPIRIT. Captain Antonsen said that pilots often discuss if yachts are pleasure or commercial when yachts make a regular run but have different groups of passengers every two weeks going to the same ports. Captain Antonsen said the vessels would then be in frequent trade, like the tug-and-tow and the ferry season, and the FRANK T BROWN, a small ferry from Canada, if they were running passengers for hire. Mr. Erickson said he understood the reciprocal agreement was for business and that Canada was throwing pleasure craft under the same agreement. The Chair said that was correct. Mr. Erickson said that US allows Canadian vessels to transit through without pilotage but we do not allow pleasure craft, and the Chair said that was correct. Captain Antonsen said if the Board wanted to allow for a reciprocal agreement, the Board would need to take a closer look since the Canadians don't have licenses by tonnage and he would wonder what type of due diligence the Board would be giving to the public. Captain Antonsen stated he believed this issue should be decided via the normal exemption process.

Agenda Item 7 **<u>Follow-up to Division of Corporations, Business, and Professional Licensing Investigations</u>**

The Chair stated that Ms. Chambers had another meeting and could not be with the Board. The Chair stated that the Board had assigned a subcommittee to meet, but the subcommittee did not meet within the allotted time and the Chair's intention was to refer this back to the subcommittee. The MPC called the Board's

attention to two handouts and addressed The BOMP's Role in Responding to Licensing Issues. She stated she came up with this handout with assistance from the Department of Law to help the Board understand where the Board gets involved. She said she would present it to the subcommittee. The MPC stated the second handout was the Board Engagement in Enforcement Review, to address the questions the Board had in how boards interact with their investigator to see if a case goes forward. The MPC stated that same boards have two reviewing board members, some have one reviewing board member, and some programs don't have boards at all. The MPC said that the Board had discussions about a reviewing board member who would not be part of the Board; therefore a Board member didn't have to recuse themselves. Captain Arzt asked if programs designated "no board" meant they had no board or no board representative in investigations, and the MPC corrected that it meant no board at all.

The Chair asked the Board to look at the Investigation Process flowchart, which was presented to the Board by Ms. Chambers and Chief Birt at last meeting. The Chair stated the previous Board minutes recaptured the discussion about the Board having concerns about being removed from of the investigations process until it was complete and an actual agreement was presented. The Chair stated there was some precedent of being delivered an agreement without discussion from the Board and it was frustrating to the Board. The Chair asked others to read the minutes and that it would be good for the subcommittee to meet before the next meeting. The Chair asked if there were specific concerns or items from the Board to have the subcommittee wrestle with. The Chair said he understood from the Department's position that this was the process and the Board needed to take it, however the Board had always operated more independently than that. Captain Antonsen said he discovered from re-reading the minutes that both the Division and the Investigations Division is that Investigations is here to support the Board, so that this conversation really was in purview of the Board. Captain Antonsen said that the Division didn't dictate to the Board; the Board had a say. Captain Antonsen said he also wanted the subcommittee to be aware that the Board is a very unique board due to the investigations role of the MPC. He stated that it was very important to have a candidate with experience with the Coast Guard, the National Transportation Safety Board, or with pilot maritime matters so they know Rules of the Road, actions on the water, and not to get hung up on if the pilot sends in the report 73 hours instead of 72 hours. He stated it's been so far outside the way normal investigations go for administrative things and the subcommittee should keep that in mind. He stated that the "one-size-fits-all" investigations didn't fit this occupation, hence why the State created the MPC position. He said the subcommittee should focus on what makes the investigations process efficient, competent, and transparent recognizing the uniqueness of the Board and make-up.

The Chair stated to the audience that the minutes are public documents and that they capture a fair amount of detail of the discussion. The Chair stated to the subcommittee that there is no specific statute or regulation that determines the investigation process, which means to him that the Board has a role in this discussion. He stated that he thought the issue is parsing the difference between an investigations remaining clean to determine if there were wrong-doings and whether actions should be taken. The Chair stated the process that was provided and explained by Chief Birt at the last meeting. The Chair stated his concern was the juncture to where the investigator thought something had happened to the corrective action. The Chair stated the insertion of the Board should take place when it was time to decide corrective action. The Chair stated the Board should be involved when the an entire consent agreement, a corrective action, had been put together, negotiated with the individual in question, and handed to the Board for approval without the Board's prior knowledge of the investigation. The Chair said it felt like the Board was starting from scratch since they didn't know the investigative process or the event that had occurred. The Chair stated the Board was asked one time to adopt a consent agreement that the Board didn't agree with. The Chair stated that no one was debating if the action had occurred, but the Board didn't agree with the investigator about actions that should be taken. The Chair stated there was a lot of frustration from the investigator to the Board for not adopting what the investigator suggested, and the Board instructed the investigator that the Board was the Board and the Board chose to go a different direction than the investigator. The Chair said that the administrative process moved away from having the Board's input and there's something unique about the Marine Pilot Coordinator's position and he didn't think the Board should lose it in the process. The Chair stated he would personally support having a Board approved list of retired pilots to assist with the first part of the process, but that he didn't know who the right list of people would be. The Chair asked the subcommittee to bring it back, and if it could be something to be done sooner rather than later. Captain Arzt asked as clarification if using a retired pilot member would be more like an expert witness than a reviewing Board member since the retired pilot would not be on the Board. The Chair said that Captain Arzt was correct. The Chair stated that having someone to review the cases should be something the subcommittee should address and his input would be a retired member, not in the game, outside of normal operating. The Chair stated that someone to review – whether or not a Board member – is something the subcommittee could wrestle with. Captain Arzt said the Board is too small of an entity to have an expert from inside the Board and then not being able to weigh in on the final outcome. He stated using a retired pilot makes sense. The Chair said the MPC needed help determining the reviewing Board member.

Captain Antonsen asked the Chair if a subcommittee teleconference needed all of the same public noticing requirements as a regular meeting so they didn't violate the Open Meetings Act. The Chair deferred to the MPC, but said it was supposed

to be a working group that couldn't take action on behalf of the Board. Mr. Blood stated that he respectfully disagreed and that the Open Meeting Act is that any meeting of an advisory group discussing items that the Board has the ability to take action on would be considered a meeting, and that he would work with the MPC to come back with an absolute answer. He stated that the meeting would have to be open the public. Captain Antonsen asked if the foreign pleasure craft yacht committee meetings were public notice'd, and the MPC said she didn't know but they should have been. Captain Antonsen said they were not an advisory committee to the Board of Marine Pilots. Mr. Blood stated that he didn't like expressing an opinion without the statutes, but as groups went down into the advisory level for Board and Commissions, it becomes more strenuous to meet the definition. Mr. Blood said he would consider a subcommittee meeting a meeting under the Open Meetings Act, and that he wanted to go through the statute with the MPC and give that information to the Board. The Chair asked for more discussion and reminded Board members to read the last meeting minutes.

Agenda Item 8 **Possible Change to regulation 12 AAC 56.120 Pilot Stations or Pickups concerning pilot station in Nushagak Bay**

Captain Boyer addressed the Board. Captain Boyer stated that this regulation change was due to an increase in traffic in some of the more remote ports over the last few years and some of these ports do not have pilot stations designated in the regulations. Captain Boyer stated the pilot organization gets frequent phone calls from agents and masters of the location of the pilot station and where does AMP want to meet the vessel. Captain Boyer stated that one proposed regulation is a change in reference point and the other pilot stations are additions that have been used by AMP in the past with no trouble.

Captain Boyer stated the first change to regulation was a pilot station in Nushagak Bay with a geographic reference of the southern land of Etolin Point. He stated that it was the same pilot station that exists now, but previously it was referenced to an entry buoy that hasn't been there in at least 12 years. Captain Boyer stated that the pilot station didn't change, only the references changed.

Captain Boyer stated the next four reference points were new pilot stations. He stated that the suggested pilot station in Barrow was the pilot station AMP designates to vessels already with a position they have already referenced to them.

Captain Boyer stated the pilotage waters in Kotzebue Sound, and was defined by a red line describing pilotage waters on a handout and that it covered everything south and east of that line as pilotage waters.

Captain Boyer thanked Mr. Rueter for assistance with fixing an error in one suggestion and stated that Mr. Rueter had suggested Point Clarence. Captain Boyer stated that the pilot waters are halfway between the red pilotage water designations north to Point Spencer light to shore on the supplied handout.

Captain Boyer stated that the Nome reference point was off the break wall.

He stated that the final reference point for Kuskokwim Bay is right on the boundary line.

The Chair asked for questions. There were none. Captain Boyer clarified that for Kuskokwim Bay, there are two pilot stations. He stated that one was for Good News Bay and the other is for the Kuskokwim River, and that AMP hadn't taken a vessel up the Kuskokwim River in at least ten years, but there had been tanker traffic that had to stay at least three miles off. Captain Boyer stated that the pilot organization currently meets them at the proposed point and then takes the vessels to lightering points for ATV traffic that responds to the various villages within the area. He recommended that instead of establishing a third pilot station, move the Kuskokwim Bay pilot station seaward. Therefore, he stated that instead of having a Kuskokwim Bay and a Kuskokwim River pilot station, there would only be one Kuskokwim Bay pilot station.

The Chair thanked Captain Boyer and asked for a motion to move the pilot stations into a regulation change:

Motion: Accept proposed changes for the new pilot station recommendations under 12 AAC 56.120 Pilot Stations or Pickup Points.

Moved by: Captain Arzt
Seconded by: Mr. Rueter

Mr. Erickson asked when the Board established pilot stations and why there were never established pilot stations in that location previously. Mr. Rueter said at the review of the Board in the process of developing the pilot stations, there was evolution in changing or adding pilot stations based on commercial needs. He stated, not to speak for everyone, but agents have good working relationships with pilots to find temporary locations that may not be necessarily incorporated under regulations as a particular need. Mr. Erickson said he was just curious in that there has been traffic in Nome for quite a while and how come it was never recognized in 1992 or 1993. Mr. Erickson asked Captain Boyer if the suggested pilot stations were seasonal pilot stations. Captain Boyer said that some pilot stations will be frozen in so they will be seasonal, but the stations would be year-round. Captain Arzt confirmed these were permanent stations to be added to regulation. The Chair asked for discussion and if there was any objection for moving it through

the regulation process. There was none. The motion was APPROVED unanimously.

Agenda Item 9 **Board action needed to promote Deputy pilots to Unlimited pilots as per Sec. 08.62.100**

The Chair stated the question revolved around the definition of a "the Board shall" in Sec. 08.62.100, and the discussion had been when the checklist is complete, does the MPC take it for action or should there be Board involvement. The Chair stated for the purpose of the discussion, there is a different between how the Board processes a Deputy license. The Chair stated the Board receives a packet, the Deputy pilot comes to a meeting, and the Board makes a decision. He stated that the Board was now discussing a Deputy pilot moving to Unlimited. He asked the Board if this should become an administrative process or if the Board maintains a roll in this process. The Chair opened the floor for discussion.

Mr. Blood confirmed the Board was on Sec. 08.62.093. Mr. Blood stated that as he read (a), it said the Board "shall", and it should be an action of the Board and not as an administrative function of the MPC. Mr. Blood stated how the Board chose to do that was up to the Board if they wanted a letter, checklist, or whatever process the Board wanted. Mr. Rueter said that now doing a cursory review of Sec.08.62.093, it says the Board "shall", even though it says the Board "may" elect to have oral and written exams. Mr. Rueter stated that "shall" is used in both locations. Captain Antonsen stated that everyone agreed that the Board "shall" do something and there was no vehicle to vote up and down, but the question was if the Board needed to take action during a meeting or email or if the MPC could issue the license. Captain Antonsen referenced the MPC position in 08.62.050 (b)(c) "In addition to other duties that may be assigned by the Board, the marine pilot coordinator may review applications for examination and licensure to ascertain whether the applicant satisfies the applicable requirements". The Chair stated the descriptor was the word "review". Captain Antonsen said the intent of the Board was not hinder progress, and if they have met the requirements and are waiting on a date, the Board can approve it in a meeting. Captain Antonsen asked if there was anything to preclude the Board from getting notification from the MPC via email like yacht exemptions. He stated that if they make a checklist, notify the Board, and the Board "shall" issue a license, therefore the Board cannot vote no since it has to follow its own statutes. Mr. Rueter said he saw no reason for there to be any blocks, but he would agree with an email notification that a checklist has been submitted, reviewed by the MPC, and the Board is acknowledging that they shall issue the license.

Captain Arzt said to define "shall" and the authority of what the Board and the MPC had, he thought of renewal of licenses and 08.62.120(a) Renewal of Licenses: "In order to renew a marine pilot license, a person who is licensed

under AS 08.62.100 shall…". He stated that the Board was not contacted on renewing licenses, it was an act that the MPC just did but the statutes don't specify if it's the MPC or the Board. Captain Arzt said he personally wanted to see the license advancements the Board acts on, either directly or indirectly through the MPC for several reasons. He stated he wanted the Board to acknowledge when a marine pilot's license is achieved through tonnage and time. He stated he didn't know if the Board "shall" constitutes putting it out for a vote. Captain Arzt stated that the issue to the Board when they were asked to act on a pilot's upgrade and the delay didn't impact that applicant since Region I didn't have much traffic in the winter. Captain Arzt stated that he believed the applicant should have received his license after his application was made. Captain Arzt stated that Captain Boyer's application was done in advance and now he was waiting on the timeline to satisfy that one last requirement. Captain Arzt stated he was in favor of Board notification for license, upgrade, and tonnage, but wasn't sure if this was something the MPC has always done to take weight off the Board.

The Chair stated his personal opinion in dealing with someone's license when they already have their badge was different than when they come before the Board as a Deputy pilot and during renewals. He stated he believed "The Board shall" was a positive action and he didn't think it was something that could be delegated to the MPC. He stated the Board had demonstrated the timeliness to take action, even via email, in a very short manner. The Chair stated that the Board was also voting today on issue that wasn't ripe yet and the Board could use their discretion both ways. The Chair asked if anyone had a concern about letting the Board know when a meeting was coming up in a relatively short timeframe so it could be added to the agenda. The Chair stated that the Board could choose not to take action until after the designated timeframe had passed. The Chair stated it was an opportunity and it was expedient, but if someone entered the hopper two weeks from a Board meeting, the Board would take action before the next meeting.

Captain Antonsen asked the Chair if the Board could poll the associations that were gathered in the room. The Chair briefed the audience that the Board had taken action on a Deputy upgrading to Unlimited via email vote a few weeks prior. The Chair asked the pilot organizations if there were any concerns from them.

Captain Arzt asked when the last time the Board voted on a license for a Deputy pilot. The MPC stated that the last meeting an upgrade was voted on was in 2011. Captain Arzt asked if the Board voted on all upgrades from Deputy to Unlimited and the MPC stated that was correct. The Chair asked if the Board took positive action and that the answer was correct.

Mr. Erickson stated he did not want to hold licenses up and that pilots should not have to wait for meetings for approval. He stated that the Board has done it in the past. He stated that the MPC may issue an upgrade but the Board didn't acknowledge their accomplishment. He also stated if everything on the checklist was complete or if there were concerns outside of the checklist, it allows the Board to get involved. The Chair stated that the Board could recognize something that wasn't covered on the checklist but wasn't sure if the Board could take action.

Captain Antonsen said it's the onus and responsibility of the Board to issue licenses, not the MPC. He stated that if the MPC makes a mistake, the Board owns it. Therefore, he believes that the Board shall take action and should not delegate that role to the MPC. He stated that it sounded like the Board agreed to delegate the checklist to the MPC.

Captain Arzt said the checklist needed to be followed and consideration of other factors would give him a moment of pause. Mr. Erickson asked if there could be something outside of a scope of a checklist and, if there were, it would fall on the investigative process. Captain Antonsen said they would have to go back to the pilot organization or to the MPC to see documentation. Captain Antonsen was that the Board takes action and doesn't delegate.

The Chair stated he wanted to open it up to public comment.

Captain Ed Sinclair addressed the Board. He stated that his number one concern was that licenses would be issued timely and the discussion not be left until the next meeting. He stated that Captain Kennedy's license took three weeks to be issued. Captain Sinclair stated that he believed Captain Kennedy deserved recognition from the Board. The Chair thanked Captain Sinclair.

Captain Ward stated that he agreed about not holding up licenses and SWAPA trains pilot to be eager for the next step and SWAPA pilots will be putting their information together in a timely manner. He stated that in over 20 years he's been a pilot, using the example of having an August anniversary date, he would submit his packet for the April meeting. He stated that, pending the anniversary date, there would be recognition that the pilot had made it to that step. He stated that if three years had gone by and the pilot had not submitted information for a Board meeting, that's a situation where a pilot is held by up by his own inaction. He stated that he didn't know anything that precluded or allowed the Board to vote via email. Captain Ward thanked the Board for their time.

Captain Boyer stated that he concurred and that he agreed that timeliness would be the organization's concern.

Captain Antonsen stated, as a Board, he'd like to congratulate Captain Kennedy on his upgrade and licensure, effective in January 2, 2015. The Board concurred. Captain Arzt said that he believed, as a Board member, the process of doing it through email in preparation for a Board meeting made sense. Captain Arzt stated he would like to routinely and publicly discuss on record what actions have been taken against licensees punitively and that the Board should recognize what positive actions have been taken on licensees. The Chair stated he'd like it to be a standard part of the process. Captain Arzt said that nothing was being changed but the Board was getting back into a routine.

The MPC asked what the Board would prefer for tonnage upgrades. Captain Arzt stated the Board was licensing all these individuals and since pilot organizations discuss the number of trainees during Board briefs, he believed the Board should be informed about tonnage upgrades as well. The Chair asked if there was more discussion. He stated that he appreciated the conversation because it laid out how the Board would like to do things and the Board took things seriously.

Mr. Blood stated that he attended the meeting as a delegation and that he was excited about sitting on the Board and becoming a productive member. Mr. Blood stated that he was notified that he will not be moving forward as Director for the Division of Regional Affairs. He begged the Board's patience on behalf of Acting Commissioner Parady and the new commissioner as they worked through this process and that the new Commissioner would make his own delegation to the Board. He stated that he didn't think it would be him. He thanked the Board for allowing him to participate and he was disappointed he wouldn't move forward with the Board.

Agenda Item 10 **<u>Next Meeting</u>**

Captain Arzt stated that all three annual meetings have been planned in the past and requested if it was possible to tentatively plan the calendar. The Board determined that April 16 in Juneau would be the next meeting.

The Board tentatively chose October 27-29 in Anchorage for their Fall meeting, based on the availability of the Captain Cook.

The Chair stated that his term was up. He stated that he had a good conversation with the Governor's Office but he wasn't sure how the process continued past that point. Captain Arzt stated that his term will be up soon. The Chair asked if there were any more discussion and there was none.

On the motion by Mr. Rueter, seconded by Captain Arzt, and carried without dissent, the Board RESOLVED to adjourn at 4:30PM.

Respectfully submitted:

_____

Crystal Dooley

Marine Pilot Coordinator

_____

Tylan Schrock

Chairman

STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT
DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING

BOARD OF MARINE PILOTS

DRAFT MINUTES OF MEETING

March 31, 2015
Teleconference originating at the State Office Building
333 Willoughby Avenue
9th Floor Conference Room A-South
Juneau, Alaska

These draft minutes have been prepared by the staff of the Division of Corporations, Business and Professional Licensing. They have not been reviewed or approved by the Alaska Board of Marine Pilots.

By the authority of AS 08.01.070(2), AS 08.62.030, and in compliance with the provisions of AS 44.62, Article 6, a special meeting of the Alaska Board of Marine Pilots was held on April 03, 2014 in via teleconference.

March 31, 2015

Call to Order/Roll Call

The meeting was called to order at 9:05 AM by Commissioner Hladick. The Marine Pilot Coordinator (MPC) conducted roll call.

Members present constituting a quorum were:

Hans Antonsen	- Pilot Member
David Arzt	- Pilot Member
Richard Erickson	- Agent Member
Tom Rueter	- Agent Member
Shirley Marquardt	- Public Member
Chris Hladick	- Commissioner's Designee

Staff present:

Crystal Dooley Marine Pilot Coordinator (MPC)

There were no public subscribers to the teleconference.

Agenda Item 1 **Review and Set Agenda**

Hearing no objections to the set agenda, it was: RESOLVED to approve the agenda. Commissioner Hladick asked for any declarations or recusals and there were none.

Agenda Item 3 **Selection of a Chairman**

Commissioner Hladick asked for a motion.

Motion: Nominate Commissioner Hladick for Chairman of Board of Marine Pilots

Moved by: Captain Arzt
Seconded by: Mr. Rueter

Commissioner Hladick asked for discussion. There was none. The Commissioner requested a roll-call vote.

Captain Antonsen	yes
Captain Arzt	yes
Mr. Erickson	yes
Mr. Rueter	yes
Ms. Marquardt	yes
Commissioner Hladick	yes

Agenda Item 4 **Next Meeting**

The Chair asked the Board if there were any items for the April 16 meeting. Captain Antonsen stated that the investigations matrix subcommittee would be ready to report to the Board, and he asked the MPC if that was on the agenda. The Chair asked the MPC if she could go over the agenda, and the MPC stated she hadn't finished the agenda since she was waiting for input from the Chair. The Chair asked if the investigations would require a motion to adopt a policy. The MPC stated that the investigative subcommittee was learning about the process, and because the Board of Marine Pilots doesn't do investigations very often, the Board needed to go over the process. The MPC stated that the Investigations Division heard complaints from the Board and other boards and made corrections to their flow chart, and that the Board discussion would be about how the Board would like to designate a Reviewing Board Member. The Chair asked if it could be a policy, and the MPC said yes. The Chair asked if this was just a workshop item for this Board meeting and the MPC said yes. Captain Antonsen stated that the subcommittee looked at some of the matrixes, flow of information, and what counts as a violation of the statutes/regulations, and that the subcommittee would be ready to present the summary and overview of the meetings so far. He stated

the subcommittee could present to the Board something to consider and possibly vote at the meeting to adopt policies for investigations, how and what pool to appoint expert witnesses, and those procedures. He states that he thought the Board would be ready for a substantive discussion in the April meeting, either to take action or defer it.

Ms. Marquardt asked if the information the subcommittee was preparing would be available to the other Board members before the Board meeting. Captain Antonsen said that previous meetings tasked the subcommittee to present the information to the Board and that there would be a summary put together. Captain Antonsen asked Mr. Rueter and the MPC if the plan was for the subcommittee to present to the Board. The MPC stated that she had written the summary and it would be within the Board packet, and the Board packet would be mailed out before the meeting. Ms. Marquardt thanked the MPC.

The Chair asked if there was a yearly report and the MPC stated there was. The Chair requested that she send the information to the new members.

The Chair asked for further discussion and there was none. The MPC stated she would send the Board packets out approximately a week early. The Chair requested Board members email the MPC with any agenda items.

Captain Antonsen asked for clarification in procedure. Captain Antonsen asked if the motion was to nominate and vote for the nominee for Chair or if there should have been a separate vote. The MPC confirmed that the Board had voted to nominate Commissioner Hladick as Chairman.

On a motion by Mr. Rueter, seconded by Ms. Marquardt, and carried without dissent, the Board RESOLVED to adjourn at 9:15 AM.

Respectfully submitted:

_____

Crystal Dooley

Marine Pilot Coordinator

_____

Chris Hladick

Chairman

Department of Commerce Community, and Economic Development
Corporations, Business and Professional Licensing

Board of Marine Pilots
Schedule of Revenues and Expenditures

	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15 1st - 3rd Qtr
Licensing Revenue	92,661	306,992	80,455	286,500	48,500	222,200
Allowable Third Party Reimbursement*	-	-	-	-	-	-
Total Revenue	92,661	306,992	80,455	286,500	48,500	222,200
Direct Expenditures						
Personal Services	116,502	119,314	121,210	80,201	94,567	53,180
Travel	17,541	10,528	17,931	14,535	14,262	8,612
Contractual	54,165	37,102	22,548	37,492	22,691	4,052
Supplies	313	1,661	436	472	108	567
Equipment	-	-	-	-	-	-
Total Direct Expenditures	188,521	168,605	162,125	132,699	131,627	66,410
**Indirect Expenditures	4,740	4,688	6,745	7,573	20,190	15,234
Total Expenses	193,261	173,293	168,870	140,273	151,818	81,644
Annual Surplus (Deficit)	(100,600)	133,699	(88,415)	146,227	(103,318)	140,556
Beginning Cumulative Surplus (Deficit)	2,792	(97,808)	35,891	(52,524)	93,703	(9,615)
Ending Cumulative Surplus (Deficit)	(97,808)	35,891	(52,524)	93,703	(9,615)	130,942

*The allocation of the $20,000 in allowable third party reimbursements will be completed at year-end

**Current year indirect costs are based on the prior fiscal year's total budgeted amount. These costs are averaged over the current fiscal year, then adjusted after the close of the year.

Collocation Code Name	(Multiple Items)	MARINE PILOT
Acct Type	EX	FOREIGN PLEASURE CRAFT

Account Number	Account Name	Sum of Actual
71172	REGULAR PAY	29,998
71588	ELECTRONIC PROP ALLO	360
71670	HOLIDAY PAY	1,620
71685	PERSONAL LEAVE	2,792
71790	AK SUPPLEMNTL BENEFT	2,111
71795	MEDICARE TAX	484
71800	PERS DB	15
71801	PERS DCR	1,793
71815	PERS DCR HRA	924
71816	PERS DCR RMP	570
71818	PERS DB UNF'D LIAB	4,268
71820	UNEMPLYMNT INSURANCE	103
71830	GROUP HLTH INSURANCE	6,623
71835	BASIC LIFE & TRAVEL	17
71840	WORKERS' COMP INS	365
71870	LEAVE CASHIN EMPR CH	756
71871	TERMINAL LV EMPR CHG	368
71925	ASEA LEGAL TRUST	0
71970	PERSONAL SVCE TRANS	14
72111	AIRFARE	327
72112	SURFACE TRANSPORT	90
72113	LODGING	99
72114	MEALS & INCIDENTALS	120
72124	MEALS & INCIDENTALS	844
72125	TAXABLE PER DIEM	136
72126	NONTAX REIMBURSEMENT	5,202
72411	AIRFARE	917
72412	SURFACE TRANSPORT	84
72413	LODGING	473
72414	MEALS & INCIDENTALS	319
73026	TRAINING/CONFERENCES	345
73227	COURIER	41
73401	LONG DISTANCE	17
73451	ADVERTISING	356
73668	ROOM/SPACE	151
73757	HONORARIUMS/STIPEND	16
73812	I/A LEGAL	3,090
73819	I/A COMMISSION SALES	36
74229	BUSINESS SUPPLIES	26
74481	FOOD SUPPLIES	541
Grand Total		**66,410**

Grand Total Equals Direct Expenditures on Board Report

FY 2015 Foreign Pleasure-Craft

E#	Expires	Vessel Name	O. N.	LOA (ft)	Registry	area(s) to transit	Total Paid	
185	24-Jul-15	EL MIRAR II	744120	97	BVI	SEAK	$ 1,850.00	From Summer 2014
186	5-Aug-15	DESTINATION	735475	123	Cayman Islands	SEAK	$ 3,100.00	
187	11-Aug-15	KAORI	71002	110	Marshall Islands	SEAK	$ 3,250.00	
188	18-Aug-15	LATITUDE	740026	127	Cayman Islands	Nome, Dutch, Kodiak	$ 3,300.00	
189	20-Feb-16	MERIDIAN	743723	172	British	SEAK	$ 5,550.00	Summer 2015
190	25-Mar-16	CAROLINA	730306	134	Cayman Islands	SEAK/YAK	$ 3,700.00	
191	26-Mar-16	REST ASSURED	745105	75	Cayman Islands	SEAK	$ 750.00	
192	06-Apr-16	AURORA 2013	837538	105	Canada	SEAK	$ 2,200.00	
			Average LOA:	117.875		Total:	$ 23,700.00	

Subcommittee Brief to the Board of Marine Pilots
16 April, 2015

The Investigations Process Subcommittee met telephonically on February 25 and March 17 to discuss the investigative process. There were no public subscribers to either meeting. The Board believed that the License Action flowchart (Attachment 1) commonly used by the Investigations Section did not adequately represent the Board's consultation during the investigative process. A subcommittee was created to review the process.

On February 25, the subcommittee reviewed the current License Action Flowchart and recommended changes to the Marine Pilot Coordinator to brief through her chain of command. On March 17, Chief Birt addressed the Subcommittee. She presented the Investigative Process flowchart (Attachment 2), a draft document created by the Investigations Section to address feedback from this and other licensing boards. Chief Birt stated that the Investigative Process flowchart is paired with the Board/Commission's Role in License Action flowchart (Attachment 3). The Subcommittee understood that both documents are drafts; however the Subcommittee feels both documents positively capture the Division's process and the Board's avenue for involvement. The Subcommittee presents these documents for Board review with the understanding that the Board may not take action in redesigning the flowcharts and that these flowcharts may change before finalization.

The Subcommittee requests the Board address the use of a Reviewing Board Member (RBM). The Subcommittee states the Division can place retired Board of Marine Pilot licensed pilots members as designated RBM's on retainer in that the RBM's are only paid for when their services are utilized. The Subcommittee also requests the Board discuss if Board members feel comfortable acting as a RBM and would not have to recuse themselves, as done within different pilot organization and state licensing programs. In addition, the Subcommittee requests the Board discuss if dividing RBM by violation type would create a more efficient process.

Thank you,

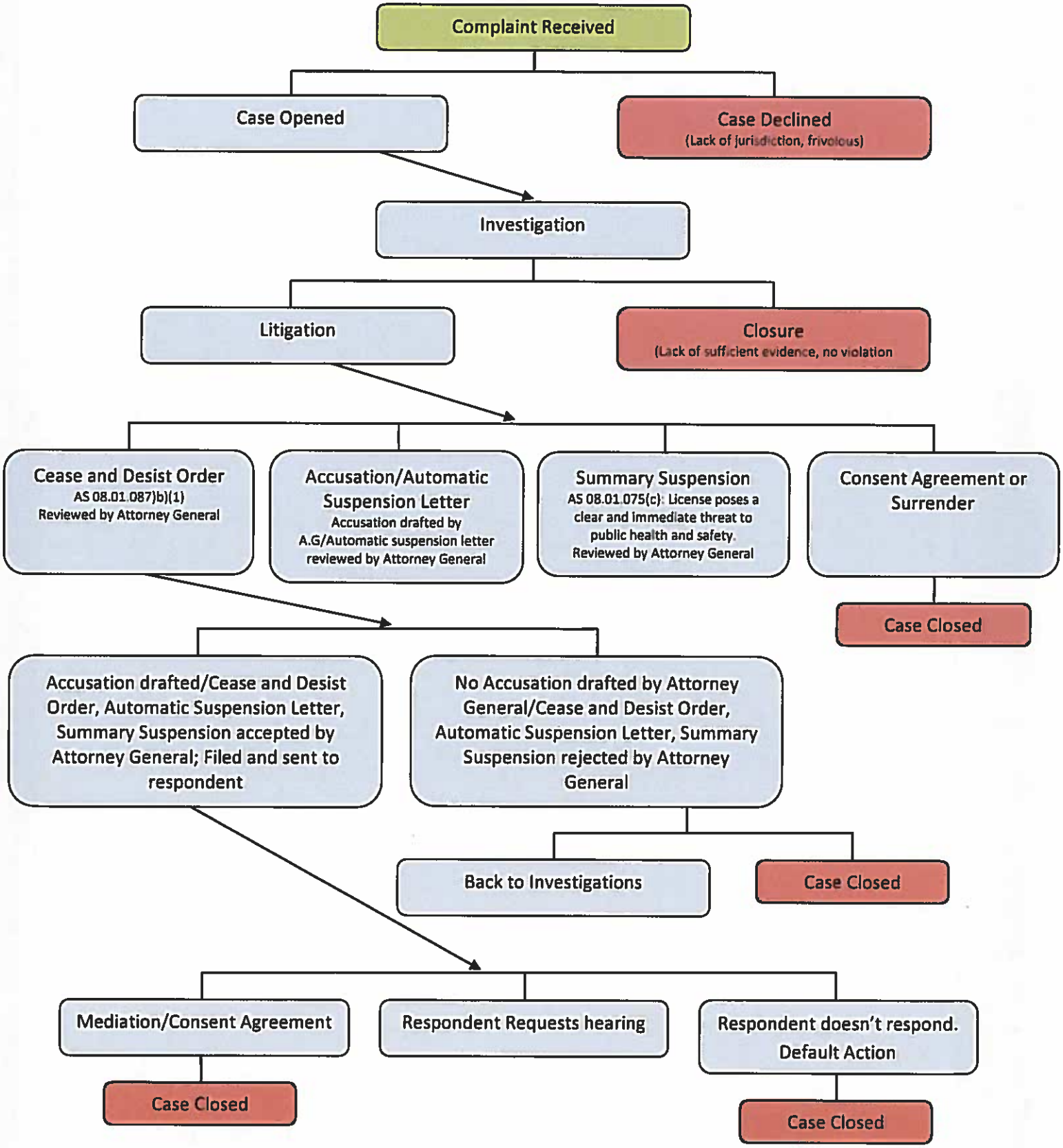
Very respectfully,

Tom Rueter
Bob Richmond
Hans Antonsen
Crystal Dooley

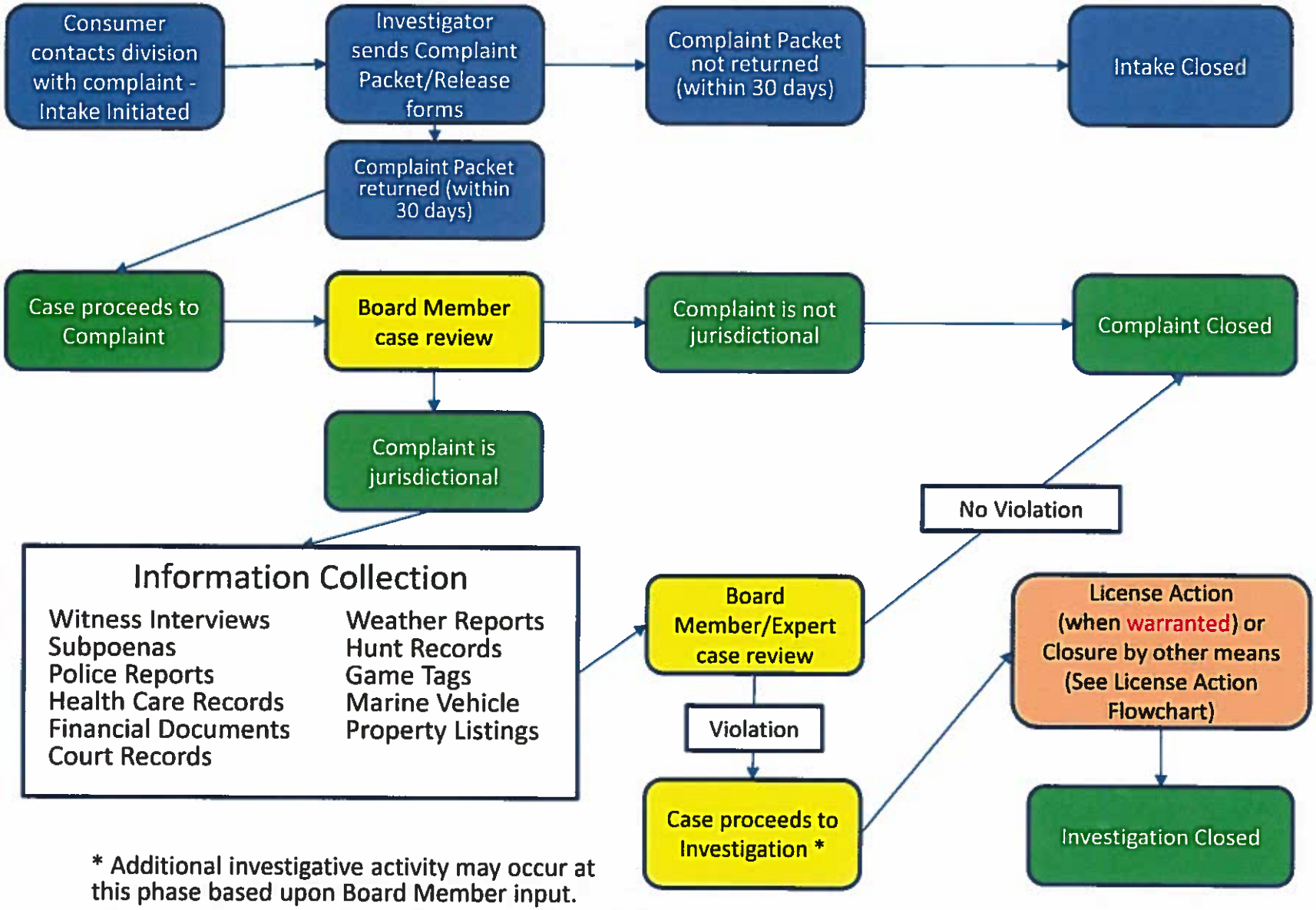
Attachments:
Attachment 1 – License Action flowchart (currently in use)
Attachment 2 – Investigative Process flowchart (draft)
Attachment 3- The Board/Commission's Role in License Action flowchart (draft)

State of Alaska
Department of Commerce, Community, and Economic Development
Division of Corporations, Business and Professional Licensing

INVESTIGATION PROCESS



Investigative Process



The Board/Commission's Role in License Action

Circumstance	Response/Options
Cease and Desist Order On notice of possible violation, the Commissioner may, if in public's interest, issue Cease and Desist Order. 08.01.087(b) The Board is polled for objection.	**Board** can object → must be majority + within 10 days
Summary Suspension Investigation shows "clear and immediate threat to public health and safety"; Division presents petition for summary suspension	**Board** issues summary suspension; Hearing to follow within 7 days **AS 08.01.075(c)** Post hearing there is a proposed decision (from a judge), requires adoption by **Board**
License Denial	**Board** issues or denies license based on **AS 08.62.093& AS 08.62.100** Possible hearing if license is denied, proposed decision, and final adoption by **Board**.
Consent Agreement Investigation Unit presents a Consent Agreement, either before an Accusation is filed or after.	Approve OR Reject → If **Board** rejects Consent Agreement, further negotiations may follow or a hearing may be held.
Accusation Investigation informed by the professional opinion of a Reviewing Board Member leads to filing an Accusation; if requested, hearing follows; decision goes to Board with proposals for action from both parties, if any.	**Board** determines whether to accept, reject, or modify proposed decision and determine which sanctions to impose. **AS 08.62.150, 08.62.155, 08.01.075**
Violation of Consent Agreement/Automatic Suspension Board is informed of violation warranting immediate suspension under terms of Consent Agreement	Division initiates suspension (per delegated authority) within Consent Agreement. Hearing possible, after which the **Board** considers proposed ALJ decision, and adopts, rejects or amends.