THE STATE of ALASKA
GOVERNOR BILL WALKER

Department of Commerce, Community, and Economic Development
BOARD OF MARINE PILOTS

P.O. Box 110806
Juneau, AK 99811-0806
Main: 907.465.2548
Fax: 907.465.2974

MEETING MINUTES
April 20, 2017

STATE OFFICE BUILDING
333 W. WILLOUGHBY AVE., 9TH FLOOR, CONFERENCE ROOM 'A'
JUNEAU

By authority of AS 08.01.070(2), AS 08.62.030 and in compliance with the provisions of AS 44.62, Article 6, a scheduled meeting of the Board of Marine Pilots was held.

Item 1. Roll call/Call to order

Board members present: Commissioner Chris Hladick (chair), Capt. Ronald Ward, Mr. Richard Erickson and Mr. Tom Rueter. Commissioner Andrew Mack arrived at 0921. Capt. David Arzt attended telephonically.

A quorum was present.

Marine Pilot Coordinator Charles Ward was in attendance and recorded minutes. Deputy Director Sara Chambers from the Division of Corporations, Business and Professional Licensing attended a portion of the meeting.

Frank Didier, Kathleen Flury, Paul Merrill and Scott Jones from Southeast Alaska Pilots' Association (SEAPA); Bill Gillespie from Alaska Marine Pilots (AMP); Mike Tibbles from the Alaska Steamship Association (ASA) and Jeff Logan from Jeff Logan and Associates attended the meeting. Jenni Zielinski from Southwest Alaska Pilots' Association (SWAPA) attended telephonically.

Hladick called the meeting to order at 0901.

Item 2. State Office Building Orientation

Charles Ward provided a safety briefing and building orientation.

Item 3. Review Agenda

There were no additions or deletions from the agenda.

There were no recusals or declarations.

Item 4. Review and approve minutes

Motion by Rueter to approve the minutes of the 26 January 2017 meeting as drafted. Seconded by Ronald Ward. There was no discussion. **Motion passed unanimously.**

Item 5. Investigative report

Charles Ward presented the investigative report. One case remained open, and Ward said he would like to brief the Board on the case, but, due to its confidential nature, wanted to do so in an executive session.

Item 6. 2017 Yacht Navigation Packet

Charles Ward presented the draft 2017 packet. Said he'd had discussions with Paul Axelson and Richard Preston of the yacht subcommittee, who had recommended moving the Alaska Boater Safety Guide to the back of the packet, instead of the front, and providing the updated version of the *Southeast Alaska Waterways Guide*. Said he had added some supplementary materials related to navigating certain waterways in Alaska.

Rueter said he believed the packet was to be put together and provided by the agent, and asked if this packet had been put together in that manner.

Charles Ward said the packet had been put together in consultation with the yacht committee, and that he had not received anything from an agent.

Rueter asked Charles Ward to cite the regulation that states the yacht committee is the body that puts together the packet.

Charles Ward said he could not, because that regulation did not exist. Said the statute merely required the Board to approve the packet.

Rueter said he did not want to discuss the matter further, but said his recollection was the packet was prepared by the agent, not the Board, and asked the chair for clarification.

Hladick said his recollection was the Board approved the packet at the Spring 2016 meeting.

Rueter said he understood the Board was to approve the packet. Said his question was related as to who was to compile the packet.

Erickson asked Scott Jones if SEAPA had any input into the packet.

Jones said he did not think it had.

Erickson said the packet was not the same packet that had been presented to the Board in January.

Charles Ward said the packet had not been presented to the Board in January. Said the first time the packet had been presented was when the Board packet for the April meeting had been sent out to the Board members.

Hladick asked how many changes had been made to the packet.

Charles Ward said the biggest changes had been in the relocation of certain materials within the packet.

Ronald Ward moved to approve the packet. Arzt seconded.

Charles Ward said the actual draft yacht packet was about 260 pages, and the Board packet for the April meeting was large because the 2016 packet was included for comparison purposes.

Ronald Ward said it seemed the yacht committee had vetted the packet.

Motion approved unanimously.

Task to Charles Ward: Research history of creation and approval of yacht navigation packet.

Item 7. Public Comment

None.

Item 8. Business Items

Correspondence from AAG Harriet Milks

Charles Ward presented correspondence from AAG Harriet Milks, himself and Rueter regarding Milks' written advice to the Board regarding the question posed her at the January meeting. Milks' advice to the Board was that a yacht could apply for an exemption while in Alaska waters, provided it took on a pilot for all times that it was underway and otherwise subject to the mandatory pilotage requirement, until such time that the exemption is granted.

Rueter said his question to Milks was regarding legislative intent, and said the advice from Milks was counterintuitive in that regard. Said vessel must request an exemption 30 days in advance, so pilots have sufficient time to schedule their services. Said pilots were relieved of their responsibility to schedule services if the exemption was approved.

Ronald Ward said he agreed with some of what Rueter said. Said the AAG was working to determine the Legislature's intent 15 years ago, which was difficult. Said there is an issue based on the scheduling needs of pilots, because recreational vessels that need pilots don't usually take one on for just a couple of days, but for a month or more. Said that vessels that get an exemption wouldn't create that issue.

Rueter said the intent of an exemption was to relieve the need for a pilot for qualifying vessels. Said the issue might need to be addressed again.

Correspondence regarding Shirley Marquardt's resignation from the Board

Charles Ward presented a letter from Marquardt, stating she was resigning from the Board effective 1700 on 3 March 2017 to take a position as head of the Alaska Office of Boards and Commissions. Said a replacement had not yet been nominated.

Correspondence regarding Ronald Ward's appointment to the Board

Charles Ward presented letters from the Governor's Office appointing Capt. Ronald Ward to the Board and thanking Capt. Hans Antonsen for his service to the Board.

Hladick welcomed Ronald Ward to the Board.

Mack joined the meeting at 0921.

Review of Board actions from 26 January through 6 April 2017

Date	Motion	Voting Tabulation	Action
2/1/17	Approve exemption application for M/V PLAYPEN	Hladick (Y), Erickson (Y), Arzt (Y), Antonsen (Y), Rueter (Y), Mack (Y).	Approved 6-0.
3/7/17	Approve request to remove condition from Matthew Michalski's license	Hladick (Y), Rueter (Y), Ward (Y), Erickson (Y), Arzt (Y).	Approved 5-0.
3/20/17	Approve exemption application for ARROWHEAD	Arzt (Y), Rueter (Y), Ward (Y), Hladick, Erickson (Y).	Approved 5-0.
3/17/17	Approve exemption application for ILLEAGLE	Rueter (Y), Arzt (Y), Ward (Y), Hladick (Y).	Approved 4-0.
3/21/17	Approve exemption application for M/Y RENT SPENT	Ward (Y), Hladick (Y), Arzt (Y), Rueter (Y).	Approved 4-0.
4/3/17	Approve exemption application for ESPIRITU SANTO	Ward (Y), Hladick (Y), Rueter (Y), Erickson (Y), Arzt (Y).	Approved 5-0.

Item 9. Regulations projects

Bieli Rocks

Charles Ward presented a frequently asked questions (FAQ) worksheet for use in presenting the proposed regulation to the public for comment.

Charles Ward said the Board had already draft regulation language, and the questions it needed to decide today would be to accept the FAQ and to decide whether or not to accept oral comment on the draft regulations.

Rueter moved to adopt the frequently asked question worksheet. Erickson seconded.

Charles Ward said the Board could, at its discretion, accept oral comment on the proposed regulation, but did not have to accept it. Said it did have to accept written comment. Said if the Board did not accept oral comment, it could not accept oral comment from anyone, and would need to shut off public comment if it was offered without invitation from the Board. Said boards often choose not to accept oral comment, unless the proposed regulation is believed to be controversial, or the board had a sense there will be a lot of stakeholders wanting to weigh in.

Erickson said he believed the Board had approved the regulation at the January meeting. Said he understood the regulation was to go out for comment at that time. Said the hope was to have the project approved for the 2017 pilotage season.

Charles Ward apologized if that was the understanding. Said he'd received a task from the Board at the January meeting to create the FAQ and present it to the Board for approval. Said the process would be for the Board to consider the FAQ and, if approved, provide it to the Regulations Specialist to be sent out for public comment.

Erickson asked if the Board accepted only written comments, would that expedite the process so the Board could consider the regulation for final approval at the July meeting.

Charles Ward said that was very possible. Said there was a 30-day period to accept written comment, and after that period, he would compile the written comments for the Board to consider in advance of the July meeting.

Erickson said he didn't know if it was critical to speed the process, because there was a temporary agreement to use the station. Said it didn't matter to him whether or not the Board accepted oral comment at the October meeting.

Rueter asked if the Board could decide to accept oral comment at a later time.

Charles Ward said the Board would need to provide public notice it was going to accept oral comment on the proposed regulations, were it to choose to do so.

Erickson said the station was already established as a temporary station, and that it didn't matter when it was formalized in the regulations.

Hladick said the question was whether or not to accept oral comment.

Charles Ward said there were actually two questions: whether to accept the FAQ, and whether to accept oral comment on the regulations.

Erickson asked if the next meeting was a teleconference.

Charles Ward said that was up to the Board, but that was the usual practice for the summer meeting.

Hladick asked if the Board should accept only written comments. There was no opposition.

Hladick asked if the Board should accept the FAQ. There was no opposition.

<u>Kiska Harbor</u>

Ronald Ward moved to accept the FAQ. Arzt seconded.

Hladick asked if the Board should accept only written comments. There was no opposition.

Hladick asked if the Board should approve the FAQ. There was no opposition.

<u>Region 2 ice dockings</u>

Ronald Ward said SWAPA had asked the Board to consider a regulation change due to a lack of ice in the region for several seasons. Said SWAPA had to keep asking for exemptions. Said use of the simulator might streamline the process. Said in 2016, Region 2 had significant ice, allowing all deputies and trainees to complete the required ice dockings. Said that since the Board was this far along in the process, and other low-ice years could occur in the future, SWAPA did not want to withdraw its request.

Rueter moved approval of the FAQ worksheet. Ronald Ward seconded.

Mack said there was a request to withdraw the regulation contained in the Board packet.

Ronald Ward said there was, but he did not want to pursue that request at this time.

Mack moved to amend the motion to allow only written comment. Erickson seconded.

Motion to amend approved unanimously.

Rueter asked if there was any question about the benefit of the simulator, given the email sent by Ronald Ward. Asked if the SWAPA training committee believed the simulated dockings were equivalent to two actual ice dockings for training purposes.

Ronald Ward said simulations have value, but not the same value as an actual ice docking. Said that was why the proposal was to replace only two of the ice dockings with simulated dockings. Said that, in practice, trainees would not be doing two simulated dockings, but 10-20. Said simulation could become valuable by adding environmental variables. Said the reason for the request was because SWAPA was uncomfortable in asking for exemptions every year. Said SWAPA's training committee would still retain control, but the regulation would alleviate the need for SWAPA to ask for an exemption.

Hladick asked what the most difficult Region 2 dock was under ice conditions.

Ronald Ward said Drift River.

Hladick asked if Drift River was on the simulator.

Ronald Ward said it was.

Hladick said he would like to see the simulator.

Ronald Ward said there was a Board meeting at AVTEC in Seward many years ago.

Hladick said the Board should hold a meeting in Seward.

Ronald Ward said such a meeting could be arranged.

Rueter said the Board had a responsibility to be sure the pilots it licensed are properly trained. Said Ronald Ward's answers assured him the pilots who performed simulated dockings would be properly trained.

Hladick asked if SWAPA had discussed requiring both simulated and practical dockings.

Ronald Ward said trainees and applicants used the simulator a lot. Said the simulator was always available. Said the trainees would go to Seward a lot during the summer. Said SWAPA did not propose adding simulator training as a requirement, merely an option.

Motion to approve FAQ approved unanimously.

Item 10. Rate filing objections

Charles Ward said the Board had received a few letters in the days immediately preceding the meeting. Said the letters from ASA withdrew its objection to SEAPA's 2017 rate filing, and the letter from SEAPA withdrew its 2017 rate filing for liquid cargo vessels. Said the withdrawls had the same effect as if the objection and rate filing had not been filed in the first place.

Item 11. Tonnage levels for deputy marine pilots

Charles Ward said he had received a request from Merrill to place this on the agenda.

Erickson said he and had been discussing a possible increase in tonnage limits for deputy marine pilots with stakeholders in the industry and amongst themselves. Said he anticipated bringing a proposal to the Board at its July meeting.

Hladick asked what had prompted the discussions.

Erickson said the discussions were to determine if there was interest in allowing newly licensed deputy marine pilots to pilot ships with a greater gross tonnage than 25,000. Said there was such interest. Said there were few ships, except cargo ships, under 25,000 gross tons. Said a change could allow new deputy marine pilots to get work on larger ships. Said industry was in favor of an increase. Said there was a meeting planned for May, and there was a SEAPA Board meeting scheduled for May, to discuss fair tonnage rates.

Ronald Ward said SWAPA had no objections to raising the limits. Said in Region 2, there were several ships under 25,000 gross tons, so there was not a problem there. Said SWAPA understood the needs of other regions. Said he believed AMP did not have an objection to raising the tonnage limits.

Hladick asked what training changes would be needed.

Erickson said he didn't believe there would be any needed changes. Said the Board ultimately had control of the pilot training programs. Said a lot of the training was done on larger ships currently. Said the larger ships would not be foreign to the deputy pilots.

Ronald Ward said the higher limits would keep the deputy pilots at a pace with current industry. Said there was a frustration among trainees that they are currently training on vessels that are double the size of the vessels they can pilot when first licensed.

Item 12. Pilot organization reports

SEAPA

Merrill said SEAPA had 45 full pilots and one deputy pilot. Said SEAPA had one retiree, Capt. Mike Spence. Said SEAPA had six trainees, one who would be ready to pursue a deputy pilot's license in mid-June. Asked if the Board could consider an earlier summer teleconference, to allow the trainee to test and be licensed, so he could be put to work. Said deputy pilots could often only initially work on yachts, due to size restrictions, and the rising deputy licensee could be put to work on yachts if he was licensed. Said SEAPA held an exam in March with 12 testers passing the exam. Said SEAPA had invited four of those testers to start the training program. Said SEAPA was working to keep up with retirements and the industry workload. Said SEAPA was preparing for the summer season.

SWAPA

Zielinski said SWAPA had 15 full pilots, all of whom were VLCC qualified. Said SWAPA had three deputy pilots, one authorized up to 90,000 gross tons and two at 65,000 gross tons. Said the two pilots at 65,000 gross tons should be ready to upgrade to 90,000 gross tons by the end of the year. Said SWAPA currently had two trainees and one apprentice.

AMP

Gillespie said AMP had no big changes in its training requirements. Said AMP had a trainee who was preparing to test for licensure at about the same time SEAPA's trainee was.

Item 13. Foreign Pleasure Craft exemption application

Charles Ward said the Board would have discretion to enter into executive session to discuss the application.

Rueter asked what the primary concerns with the application were.

Charles Ward said a concern had been raised about the vessel's length overall

Ronald Ward asked if the Board could consider the matter in the same executive session it was to consider the investigative report.

Charles Ward said the applicant could request an open session.

Erickson said he did not believe the Board should go into executive session, to give the vessel's agent, Yacht Services of Alaska, an opportunity to answer questions in an open session.

Rueter agreed with Erickson. Said length overall had been discussed ad nauseam. Said he did not see the benefit of a closed discussion.

Mack said the discussion should be public unless a reason to go into executive session presented itself.

Hladick said the intent of the Board appeared to be for an open discussion.

Charles Ward said he had received concerns from two members of the Board that the length overall of the ICE BEAR was greater than 175 feet, which would make it ineligible for an exemption. Said the application of the ICE BEAR contained a sworn statement its length overall was 171 feet, which would make it eligible for an exemption.

Rueter said the yacht exemption had been in place for a number of years. Said the ICE BEAR had been one of the proponents for that exemption and its legislative and regulatory development. Said the Board had approved an application process. Asked when the Board would require something in excess of the requirements of the application of any yacht. Asked for a Board member to make a case that would require a different measurement.

Arzt said the ICE BEAR has not been denied an exemption, nor had it been approved. Said the new process had eliminated a document from the application. Said he was fine with receiving an attestation from the yacht or its agent. Said the Board was in the same processing operation.

Charles Ward said there had been a request to table the ballot, which had brought it to the Board for discussion.

Erickson asked if the request had been to table the ballot for discussion.

Charles Ward said it was.

Erickson said the Board had approved the ICE BEAR for an exemption in several previous years. Said he understood the Board had a new definition of length overall. Said the registry was 43.31 meters, which is well under both 175 feet and 171 feet. Said the 171-foot measurement likely included swim steps.

Rueter said the application required a sworn statement. Said there was no further need to discuss it.

Rueter moved to approve the application of the ICE BEAR. Erickson seconded.

Arzt said the Board should not be influenced by the 43-meter length on the boat's registry. Said prior visits do not have any relation to the present discussion.

Ronald Ward said he was not party to previous length overall discussions. Said the length overall definition had changed. Said the ICE BEAR was right on the edge. Said the Board had set the length at 175 feet, perhaps because of the ICE BEAR. Said the ICE BEAR might have been unaware of the new definition when completing its application. Said the measurement was close enough that it was reasonable to ask about it. Asked if the vessel was aware of the new definition.

Charles Ward said the new definition was clearly marked on the form and the website, and he had asked vessel agents on a couple of occasions to verify a vessel's length overall in writing, when the exemption application had come in on an old form.

Ronald Ward asked if Charles Ward had a tape measure.

Charles Ward said he did not, but that he could probably get one.

Rueter said unless the Board were to change the application process and the regulations to require additional proof, he did not see a way to single out an application because it was close to the 175-foot limit. Said requiring the Marine Pilot Coordinator to measure vessels that were close to the limit would make it difficult for the vessels to plan, and would incur significant expense.

Erickson said the vessel captain had certified a length of 171 feet.

Mack said the Board should not punt on its obligation to check on the accuracy of claims on an exemption application. Said the Board will face a day when an application comes in with a length overall of 174.5 feet. Said there was a good reason for the requirements. Said he had no reason to doubt what was on the ICE BEAR's application. Said the application was filed under threat of potential criminal penalty. Said he didn't know what the experience would be going forward. Said it may only happen 1-2 times a year, and it may not be an issue. Said the Board may need to reevaluate if there is a rash of applications just under the limit.

Erickson said the owner or master should understand the law and the definition of length overall. Said this application had been signed, attesting the vessel met the requirements.

Motion approved unanimously.

Item 14. Other business items

Next Board meeting

Erickson suggested a mid-June teleconference to help accommodate SEAPA's trainee who will be eligible to test for his deputy pilot's license at about that time.

Charles Ward said the SEAPA trainee would first be eligible to test on 12 June, and the trainee was available on that day and the next day, but then would be sailing with the Alaska Marine Highway system until the end of the month.

Ronald Ward said AMP would have a deputy trainee eligible for his local knowledge exam and interview at around that time, and that it would be nice to be able to coordinate the exams of both candidates. Said June was preferable to July, as all pilots and agents are extremely busy during that month. Asked if AMP's trainee had submitted an application for the local knowledge examination.

Charles Ward said he had not.

Ronald Ward said the applicant would need to wait 60 days. Said there could be some latitude.

Charles Ward said latitude would need to come from the Board. Said there was a statute or regulation in place that required a 60-day period between submission of an application and the testing date. Said the rule was in place to allow the Division time to review the application. Said most applications do not require 60 days to review, but the rule existed for the "one-off" application that needs additional review.

Ronald Ward said he believed there was precedent to shorten the amount of time required between application and examination.

Charles Ward said he would want direction from the Board if there was to be an exception to the rule.

Ronald Ward asked Gillespie if his candidate would be ready for a June examination.

Gillespie said his candidate could be ready in June, the question was whether the application would be submitted on time.

Ronald Ward asked Merrill if a late-June meeting date would work for his candidate.

Merrill said his candidate would be available June 12-13, and then unavailable for two weeks.

Ronald Ward said the last week of June might work best for all involved.

Hladick asked for a date

Rueter suggested 27 June or 28 June

There was a consensus for 28 June.

Arzt asked what the public notice requirement was.

Charles Ward said five days for a teleconference.

Rueter said the applicant could take the written exam on 12 June, then meet with the Board two weeks later.

Charles Ward said he did not know why that would not work.

Arzt said the applicant should meet the Board's schedule.

October Board meeting

Arzt said the Board had set a tentative date at its last meeting.

Ronald Ward said he had a conflict with the tentative date of 26 October 2017 set at the January Board meeting. Asked if the Board could wait until the teleconference. Said that would give him time to coordinate a possible meeting in Seward with AVTEC.

Charles Ward said given the current budget situation, he would need additional time to begin the process of approving the meeting location. Said locations outside of Juneau and Anchorage were increasingly more difficult to get approved.

Rueter asked if Ronald Ward could coordinate with AVTEC and the marine pilot coordinator to find possible dates at AVTEC and begin the approval process.

Ronald Ward said that shouldn't be a problem. Said he believed the meeting could be accomplished in a day. Said past meetings had been a two-day meeting.

Hladick said he would check with the Governor's chief of staff to coordinate travel. Said he would need to rely on someone else to coordinate with AVTEC and to report on how long a review of the simulator would take.

Arzt suggested a two-day meeting in Seward, which would allow for time to conduct a Board meeting and to review the simulator.

Ronald Ward said he agreed with Arzt's proposal for a two-day meeting.

Rueter asked Board members to report to the marine pilot coordinator on their available dates in October to establish a target date.

Ronald Ward said 9-20 October would work best for him.

Hladick suggested 9-20 October as a working range for the October meeting.

Task: Ronald Ward to discuss possible October meeting with AVTEC staff and coordinate with the Marine Pilot Coordinator to present options for such a meeting to the Board.

Break at 1025

Back at 1101

Item 15. Financial report

Chambers presented a financial report to the Board. Said a draft of the Fiscal Year 2017 third quarter report has been prepared, and would be finalized shortly. Said Board revenue through the second quarter of FY 2017 was $142,600. Said that was up against FY 2016 revenues through that point, because pilots renewed in FY 2017. Said direct expenditures through two quarters in FY 2017 were $12,483. Said that was low, because of the vacancy in the marine pilot coordinator position. Said travel was tracking with FY 2016 levels. Said contractual expenses were lower in FY 2017 than in FY 2016 through the same time frame, and included $3,000 in expert witness fees in FY 2017. Said supply expenses were tracking with FY 2016 levels.

Chambers broke down the Board's direct expenses.

Rueter asked if the breakdown presented showed the Board's financial status for the first and second quarters of FY 2012 through FY 2016.

Chambers said it did not. Said the presented numbers for those years were for full fiscal years.

Rueter asked if a breakdown showing a quarter-by-quarter fiscal comparison for FY 2016 and FY 2017 could be given to the Board.

Chambers said reports that had been given to the Board previously could create that comparison, and those reports could be represented to the Board.

Hladick asked if such a report could be created graphically.

Chambers said it could be done. Said the Division might not have the resources to devote to such a project.

Chambers said the Board's indirect expenditures are estimated during the fiscal year, then made true at the end of the fiscal year.

Chambers said the Board's FY 2017 surplus stood at $113,038. Said the Board carried $101,650 forward from FY 2016, making the Board's total surplus $214,688. Said the Board was in a good place financially, but needed to know FY 2017 was only half complete, and FY 2018 was a non-renewal year.

Hladick said the Board was climbing out of a cumulative deficit.

Erickson said better comparisons would be made in renewal years vs. non-renewal years. Said the Board understood revenues would be down in non-renewal years, and it would need to rely on the surplus to carry through.

Rueter asked about the proposed reallocation of investigative expenses across all licensing programs with House Bill 90. Said the Board of Marine Pilots had endeavored to create and maintain a surplus, and other boards had not. Said the Board of Marine Pilots had higher licensure fees than most programs, and higher paying boards would be supporting boards that had not met their budgetary needs.

Hladick said the investigative expense issue was something the Division had been dealing with for some time. Said some boards did not have the size to financially support an investigation, though they had a statutory duty to do so. Said the proposed legislation was the Division's proposed solution to the problem. Said Rueter's assertion that some boards would be subsidizing others was accurate.

Rueter said he did not want an in-depth discussion of the issue. Said he just wanted to make a point, so there was awareness of the issue.

Hladick said he appreciated Rueter's request.

Chambers said there were programs struggling with their statutory responsibilities to conduct investigations. Said the proposed subsidy was like an insurance policy, where every professional licensee would pay a flat fee. Said this would allow small business people to estimate what their license fee would be. Said many boards paid their own way. Said there was a concern fees in some programs could put people out of business because of a sharp increase due to an expensive investigation or litigation.

Chambers said the Division estimated licensees would pay a $55 investigative surcharge under HB 90. Said licensee fees for the Board of Marine Pilots would likely go down, because of the removal of investigative costs from the fee structure. Said the Division estimated a decrease of $106 in license fees if HB 90 passed. Said the Division's current investigative costs were $161 per licensee every two years.

Rueter asked if the estimated $55 investigative fee was across all boards equally.

Chambers said it was.

Arzt asked the current status of HB 90.

Chambers said HB 90 had passed the House Finance Committee and was headed to the House floor.

Arzt asked if there was a Board process to comment on the bill.

Chambers said the Board could vote to support or not support the bill. Said some boards had written letters of support. Said no boards opposed HB 90, though many had not taken a position on the bill. Said Board members could testify as individuals or, if the Board took a stance, could select a spokesperson to testify. Said the bill's status could be tracked through akleg.gov, with email and by text message.

Hladick said the bill would create a pool of investigative money, and that could actually save the Board money.

Chambers said the investigative costs were still coming from investigative licensing fees. Said this was creating an insurance fund.

Hladick said an investigation would not result in raised fees, if HB 90 passed.

Chambers agreed.

Arzt said HB 90 was cost averaging all investigative expenses.

Chambers agreed. Said such cost averaging was fair because, at some point, all programs would have a high investigative cost. Said all programs would benefit from not having to spike fees.

Chambers explained how indirect costs were allocated to boards in FY 16. Said the Division had ramped up efforts since FY 2014 to get information out to boards about indirect expenditures and the Division had worked since that time to make allocation of indirect expenditures more precise. Said a new board training manual was being prepared that would explain the new methodology.

Chambers provided a breakdown of items that are allocated indirectly.

Ronald Ward asked what intraagency management and consulting was the largest indirect cost. Asked what that entailed.

Chambers said intraagency management and consulting covered the Division's expenses to the Division of Administrative Services. Said these included human resources, accounting, information technology. procurement, budget and fiscal management, travel, and the Commissioner's Office.

Task to Division staff: Provide a comparison of fiscal year expenses in a method that will allow the Board to review those expenses on a quarterly basis.

Item 15. Investigative report

Ronald Ward moved the Board go into executive session for the purposes of discussing Case No. 2016-001451. Requested Charles Ward remain. **Rueter** seconded.

Approved unanimously.

Entered executive session at 1130

Back on record at 1205

Rueter moved the Board exit executive session. Ronald Ward seconded.

Approved unanimously.

Mack moved the Marine Pilot Coordinator refer Case No. 2016-001451 to the Department of Law with a strong recommendation for criminal prosecution. Rueter seconded.

Ronald Ward said he believed strongly notice of the referral be made to concerned parties. Approved unanimously.

Mack moved the Marine Pilot Coordinator coordinate with the Attorney General's Office and request the parties be notified as soon as possible of Case No. 2016-001451's posture, but only if the Attorney General's Office consented. Ronald Ward seconded.

Mack said the notification should be pursued so that all parties were aware the Board took violations of law very seriously.

Approved unanimously.

Task to MPC: Refer Case No. 2016-001451 to the Department of Law for review and work with Department of Law to notify the affected parties if possible.

There being no further business, **Hladick adjourned the meeting at 1208.**

Respectfully submitted:

Charles Ward
Marine Pilot Coordinator

Date: 6/13/17

Chris Hladick
Chair

Date: June 13, 2017