

# Marine Gas Hazards Control Program

MCA Seminars

2017

# HISTORY

## PROGRAM IN QUESTION

GOVERNMENT  
SHIPYARDS  
INDUSTRY(?)

## MGHCP

FORMED 1978  
CONTROL FINANCES  
API, AWO, SCA, INSURANCE, CLASS

## CSSP

CONCEIVED IN LATE 1980s

# ADMINISTRATIVE

## FINANCIAL FLOW

- \* CERTIFICATES ISSUED
- \* SURCHARGE PAYMENTS TO LOCK BOX
- \* BANK ADVISES PROGRAM OF TRANSFER OF FUNDS
- \* FUNDS DEPOSITED IN CHECKING ACCOUNT
- \* PROGRAM MANAGER RECONCILES AMOUNTS WITH CERTIFICATES ISSUED PER NFPA ADVICE
- \* PROGRAM MANAGER CONTROLS HARD COPY CHECKS
- \* PM WRITES CHECKS WHEN INSTRUCTED BY MGHCP PRESIDENT WHO SIGN CHECKS

# EXPENSES

|                            | NFPA             | MCA              | CSSP         | MGHCP<br>TRAVEL | ACCOUNTING &<br>ADMIN | ELEC<br>CERT | TOTAL<br>(THOUSANDS) |
|----------------------------|------------------|------------------|--------------|-----------------|-----------------------|--------------|----------------------|
| <b>2008</b>                | <b>345,225</b>   | <b>122,000</b>   | <b>32.0</b>  | <b>20.0</b>     | <b>34.0</b>           | <b>18.0</b>  | <b>571.2</b>         |
| <b>2009</b>                | 343,557          | 161,761          | 39.3         | 12.7            | 34.0                  | 68.0         | 659.3                |
| <b>2010</b>                | 331,187          | 143,533          | 10.2         | 16.5            | 34.0                  | 36.0         | 571.4                |
| <b>2011</b>                | 361,255          | 141,158          | 13.8         | 23.3            | 34.0                  | 61.1         | 634.6                |
| <b>2012</b>                | 328,222          | 148,127          | 20.1         | 27.2            | 23.2                  | 85.3         | 632.1                |
| <b>2013</b>                | 413,426          | 188,000          | 24.9         | 33.4            | 23.8                  | 2.7          | 686.3                |
| <b>2014</b>                | 397,588          | 170,573          | 46.0         | 14.7            | 55.0                  | 2.7          | 686.6                |
| <b>2015</b>                | 418,433          | 159,100          | 29.2         | 34.7            | 35.0                  | 0.0          | 676.4                |
| <b>2016</b>                | 393,017          | 174,000          | 21.7         | 31.4            | 47.0                  | 25.3         | 661.0                |
| <b>2017</b>                | <b>447,891</b>   | <b>171,000</b>   | <b>0</b>     | <b>25.0</b>     | <b>47.0</b>           | <b>28.3</b>  | <b>719.2</b>         |
| <b>TOTAL('08<br/>-'16)</b> | <b>3,331,910</b> | <b>1,408,252</b> | <b>215.9</b> | <b>233.1</b>    | <b>299.0</b>          | <b>299.1</b> |                      |

# INCOME

| YEAR                        | SURCHARGE<br>PAYMENTS | CERTS<br>ISSUED<br>(THOUSANDS) | CSSP<br>PAYMENTS | TRAINEE<br>FEES/<br>INTEREST | EXCESS/<br>DEFICIT<br>(THOUSANDS) | ASSETS<br>(THOUSANDS) |
|-----------------------------|-----------------------|--------------------------------|------------------|------------------------------|-----------------------------------|-----------------------|
| 2008                        | 534,810               | 37.4                           | 174,440          | 8.0                          | 133.8                             | 737.4                 |
| 2009                        | 583,935               | 35.3                           | 128,055          | 24.0                         | 43.0                              | 780.4                 |
| 2010                        | 529,060               | 37.9                           | 46,120           | 24.6                         | 22.9                              | 803.3                 |
| 2011                        | 585,696               | 37.2                           | 94,065           | 25.4                         | 62.4                              | 865.8                 |
| 2012                        | 539,700               | 36.3                           | 82,360           | 24.9                         | 2.3                               | 868.0                 |
| 2013                        | 559,795               | 35.5                           | 54,335           | 11.0                         | (64.5)                            | 803.6                 |
| 2014                        | 552,824               | 36.8                           | 159,964          | 20.0                         | 21.4                              | 754.7                 |
| 2015                        | 522,477               | 34.8                           | 102,305          | 24.2                         | (36.6)                            | 740.4                 |
| 2016                        | 480,790               | 32.0                           | 15,150           | 14.1                         | (161.3)                           | 627.0                 |
| <b>2017<br/>(PROJECTED)</b> | <b>480,000</b>        | <b>32.0</b>                    | <b>0</b>         | <b>8.0</b>                   | <b>(231.2)</b>                    | <b>395.9</b>          |

# CSSP

## INCOME/EXPENSES/EXCESS/DEFICIT/

| YEAR | CSSP<br>INCOME | CSSP<br>EXPENSE | CSSP<br>EXCESS/DEFICIT | PROGRAM<br>EXCESS/DEFICIT | ASSETS<br>(THOUSANDS) |
|------|----------------|-----------------|------------------------|---------------------------|-----------------------|
| 2008 | 174.4          | 32.0            | 142.4                  | 133.8                     | 737.4                 |
| 2009 | 128.0          | 39.3            | 88.7                   | 43.0                      | 780.4                 |
| 2010 | 46.1           | 10.2            | 35.9                   | 22.9                      | 803,3                 |
| 2011 | 94.1           | 13.8            | 80.3                   | 62.4                      | 865.8                 |
| 2012 | 82.4           | 20.1            | 62.3                   | 2.3                       | 868.0                 |
| 2013 | 54.3           | 24.9            | 29.4                   | (64.5)                    | 803.6                 |
| 2014 | 159.9          | 46.0            | 113.9                  | 21.4                      | 754.7                 |
| 2015 | 102.3          | 29.2            | 73.1                   | (36.6)                    | 740.4                 |
| 2016 | 15.1           | 21.7            | (6.6)                  | (161.3)                   | 627.0                 |
| 2017 | 0              | 0               | 0                      | (231.2)                   | 395.8                 |

# Certificate Surcharge

- \* Certificate surcharge has not been increased in over thirty years
- \* Historically generated \$546,000 (average)
- \* 2016 income is expected to be significantly lower (\$480,000) – less certificates being issued
- \* Certificate surcharges must be increased
  - \* a \$5 increase will generate \$160,000 yearly  
Would not cover the yearly deficit
  - \* a \$7.50 increase will generate \$240,000 yearly  
Will cover deficit but no inflationary considerations or funding of reserves
  - \* A \$10 increase will generate \$320,000 yearly  
Would cover the program for next three to four years

# MGHCP Summary

- \* Total projected expenses 2017 - \$720,000
- \* Total projected Income 2017 – \$488,000
- \* Projected deficit in 2017 - \$231,000
- \* Asset reserves are at risk
- \* A surcharge increase of is necessary to protect the Program
- \* MGHCP, after review, decided on a \$10 increase