

**Board of Pilot Commissioners for the Bays
of San Francisco, San Pablo, and Suisun**

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September 13, 2011

**FINANCE COMMITTEE
MINUTES
SEPTEMBER 12, 2011
9:30 A.M.**

The Board of Pilot Commissioners Finance Committee met on September 12, 2011 at 9:30 a.m. at the Board of Pilot Commissioners office, 660 Davis Street, San Francisco. Chairman John Cronin presided with Commissioner David Wainwright, Pacific Merchant Shipping Association Vice President Mike Jacob and San Francisco Bar Pilots (SFBP) Business Director John Cinderey also present. California Highway Patrol (CHP) Assistant Chief Terri Anderson was also seated at the Committee table. Members of staff present were Executive Director Allen Garfinkle, Staff Services Analyst Brian Vu and Office Technician Kelly Dolcini. Members of the public present in the audience included SFBP Pilot, Captain Rick Hurt.

Open Meeting**1. Call to Order and Roll Call**

Chairman Cronin called the meeting to order at 9:35 a.m. Commissioner Wainwright, Pacific Merchant Shipping Association Vice President Mike Jacob and San Francisco Bar Pilots Business Director John Cinderey were also present, constituting a quorum.

2. Approval of minutes of Committee meeting of June 15, 2011

Commissioner Cronin requested approval of the minutes of the June 15, 2011 meeting of the Committee with authority for Board staff to make clerical non-substantive changes. Mr. Jacob made a motion to approve the minutes with changes and Mr. Cinderey seconded the motion which passed unanimously on a voice vote.

3. Review monthly financial receipts on all surcharge collections from the San Francisco Bar Pilots (SFBP) since the last meeting.

The Summary Cash Report for the month of August showed that the SFBP received \$4,783,130.44. Total Gross Pilotage was 3,533,897.31. The Pilot Commission Charge totaled \$118,063.37. Trainee Training surcharges totaled \$43,967.00. Pilot Training (Continuing Education) surcharges totaled \$82,950.00. Mr. Cinderey will recommend to Julie Yasuda, SFBP Controller, to change "pilot training" to "continuing education".

4. Review BOPC fund condition, revenue and expenditure projections and monthly data for all pilotage fees and vessel moves and their effect on:

a) Board operations surcharge (currently 3.0%) – develop possible recommendation to Board to adjust rates if necessary.

Executive Director Garfinkle reported that the Board Operation fund was still overfunded. The Committee previously broached lowering the surcharge further to 2.4%, however, Department of Finance had just acted on the 3%. Because of this surplus, the Boards runs the unlikely risk of the state borrowing into this fund. Executive Director Garfinkle commented that 3% may be fine in the future, however, currently, it is still slightly high. However, he did not see the benefit in “see-sawing” rates, and recommended the Committee keep it as is. He added that the Committee should want a number that will reduce the surplus, yet once done, should not necessitate the need to raise the rate again.

Commissioner Wainwright inquired about when the 3% rate becomes effective.

Executive Director Garfinkle stated that the new rate of 3% became effective July 1, 2011.

b) Pilot Continuing Education Surcharge (currently \$105/move) – develop possible recommendation to Board to adjust rates if warranted.

There was a discussion of changing the “Pilot Training Surcharge” to “Continuing Education Surcharge” on all reports to the BOPC. Mr. Cinderey informed the committee that he would advise Julie Yasuda to make the clerical changes. Currently the fund has a \$47,000 surplus.

c) Trainee Training Surcharge (currently \$11/trainee/move) – develop possible recommendation to board to adjust rate if warranted.

Executive Director Garfinkle recommended leaving the surcharge as is. The number of trainees will increase to six by Oct 1, 2011. Mr. Jacob moved to make no change to the Trainee Training Surcharge and Commissioner Wainwright seconded the motion, which passed unanimously.

5. Review current Pilot Vessel Surcharge rate (currently at 9.45 mills -- \$.00945) revenue, expenditures and reserve balance. Develop possible recommendation to the Board for Pilot Vessel Surcharge rate adjustment, if warranted.

Mr. Cinderey reported that the Caterpillar (CAT) finance for Pilot Vessel CALIFORNIA and Pilot Vessel SAN FRANCISCO has been paid off. It has been SFBP practice to keep two months mortgage as a surplus, however, this time, SFBP will only need \$184,000. SFBP will have a \$776,445 surplus at the end of September and could prepay on the P/V DRAKE loan as there is no prepayment penalty. As a result, Mr. Cinderey recommended lowering the Pilot Vessel Surcharge from \$.00945 to \$.00327 effective 10/1/2011. Commissioner Wainwright moved to lower the Pilot Vessel Surcharge from \$.00945 to \$.00327 effective 10/1/2011. Mr. Jacob seconded the motion, which passed on a unanimous voice vote.

6. **Determine the number of licensed bar pilots anticipated on October 1, 2011 and prepare a report to the Board and possible recommendation for adjustment to pilotage rates for the calendar quarter beginning on that date as specified in Harbors and Navigation Code section 1190 (a)(1). [Note that while retirements prior to October 1, 2011 are known, the number of new pilots who might be licensed on or prior to that date is not known. The recommendation to the Board may need to reflect several different possibilities, allowing the Board to authorize that which reflects the anticipated number of licensees as of the date of possible Board action]**

Executive Director Garfinkle reported that there are currently 56 licensed pilots with no anticipated retirements and no new pilots anticipated. He recommends no change to the current pilotage rate. Mr. Jacob moved to make no changes to rates. Commissioner Wainwright seconded and the recommendation Passed unanimously by voice vote.

7. **Review of Pilot Evaluation Committee proposal to require fees for application for exam for the pilot training program applicant list. Develop possible recommendation to Board to have Rules and Regulations Committee commence the regulation process to institute these charges.**

The Pilot Evaluation Committee recommends charging applicants to the Pilot Trainee Program \$1,000 for testing. In discussion with Business, Transportation, and Housing (BTH) Deputy General Counsel Morocz, he advised that AB 1025 must become statute before proceeding. Once effective, Business, BTH will need to know the exact costs and verify that the monies charged do not exceed actual exam costs.

8. **Public comment on matters not on the agenda**

There were no comments on matters not on the agenda.

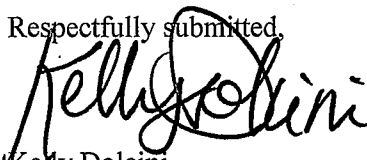
9. **Proposals for additions to next month's agenda**

There were no additions.

10. **Adjournment**

A motion to adjourn was made and seconded, ending the meeting at 10:33 a.m.
The next meeting is scheduled for November 4, 2011 at 09:30 a.m.

Respectfully submitted,


Kelly Dolcini,
Office Technician

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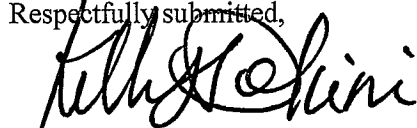
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