

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

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November 4, 2011

**FINANCE COMMITTEE
MINUTES
NOVEMBER 4, 2011
9:30 A.M.**

The Board of Pilot Commissioners Finance Committee met on November 4, 2011 at 9:30 a.m. at the Board office, 660 Davis Street, San Francisco. Chairman John Cronin presided and Commissioner David Wainwright, Pacific Merchant Shipping Association (PMSA) Vice President Mike Jacob and San Francisco Bar Pilots (SFBP) Business Director John Cinderey were 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 9:34 a.m. Commissioner Wainwright, PMSA Vice President Mr. Mike Jacob and SFBP Business Director Mr. John Cinderey were present, constituting a quorum.

2. Approval of minutes of Committee meeting of September 12, 2011

Chairman Cronin requested approval of the minutes of the September 12, 2011 meeting with authority for Board staff to make clerical non-substantive changes. Mr. Jacob made a motion to approve the minutes 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 September showed that the SFBP received \$4,718,211.15. Total Gross Pilotage was 3,491,275.89. The Pilot Commission Charge totaled: \$105,114.76. Trainee Training charges totaled \$39,259.00. Pilot Training (Continuing Education) surcharges totaled \$79,275.00 (The Committee had previously

requested that SFBP change the line item on the Summary Cash Report to "Continuing Education" as opposed to the current heading "pilot training". It turns out to be more difficult than initially thought and will necessitate the skills of a programmer to make the change.)

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 Operations fund is still overfunded. The Committee previously broached the proposal of lowering the surcharge further to 2.4% as some time had passed since the three percent was proposed and the fund continued to accumulate surplus. The Dept. of Finance was reluctant to approve a lower rate due to open litigation. However, after considerable delay, the Department of Finance finally approved a reduction to three percent.

Because of this surplus, the Board runs the risk of the state borrowing from this fund. The consensus of the Committee was that three percent may be fine in the future as a sufficient amount to fund Board operations, however, this number is still slightly high and at this level it will take several years to reduce the surplus. The Committee members agreed to re-visit this again at the next meeting and consider a more expedient approach to lowering the surplus.

Therefore, it was recommended that the rate remain unchanged at this time.

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

The Committee reviewed this item and chose to make no change.

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

The number of trainees was increased to six on October 1, 2011. Mr. Garfinkle suggested that the rate should remain unchanged as it provides adequate funding for the program at this time. The Committee agreed and no action was taken.

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 finance for Pilot Vessel California and Pilot Vessel San Francisco has been paid off and that there is about \$650,000 left on the First Republic loan for the P/V Drake. Mr. Jacob inquired as to whether the interest on the loan was substantial enough to make it worth further paying down of the loan (as there is no pre-payment penalty). Mr. Cinderey replied that he would have to do a more detailed tax analysis to say if it was worthwhile or not. He will do so and report back to the Committee at the next meeting. Mr. Jacob moved to leave the pilot vessel charge as-is. Commissioner Wainwright seconded the motion, which passed unanimously.

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 and the Committee members agreed.

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. After discussion with Business, Transportation, and Housing (BTH) Deputy General Counsel Morocz, he advised that AB 1025 must become statute before proceeding. Once effective, BTH will need to know the exact costs of presenting the exam and verify that the monies charged do not exceed exam costs.

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

There were no public comments on matters not on the agenda.

9. Proposals for additions to next month's agenda

Chairman Cronin suggested a review of ticket policies for Port Revel and the Committee agreed to evaluate the possibility of lowering the Board Operations surcharge from 3% to 2%. There was no date selected for the next meeting to be held during the first quarter of 2012.

10. Adjournment

A motion was made and seconded to adjourn the meeting, which was unanimously approved.

Respectfully submitted,

Kelly Dolcini,
Office Technician