

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

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March 19, 2012

**FINANCE COMMITTEE
MINUTES
March 19, 2012
9:30 A.M.**

The Board of Pilot Commissioners Finance Committee met on March 19, 2012 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.

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

Chairman Cronin called the meeting to order at 9:30 a.m. Commissioner Dave Wainwright, PMSA Vice President Mike Jacob and SFBP Business Director 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 November 4, 2011 meeting with authority for Board staff to make clerical non-substantive changes. Mike Jacob made a motion to approve the minutes and Commissioner Wainwright 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 \$3,439,732.91. Total Gross Pilotage was 2,683,751.15. The Pilot Commission Charge totaled: \$80,575.81. Trainee Training charges totaled \$38,313.00. Pilot Training (Continuing Education) surcharges totaled \$61,110.00.

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 Dept. 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. Mike Jacob moved to recommend to the Board that the surcharge be reduced to 1.5%. Commissioner Wainwright seconded the motion, which passed unanimously on a voice vote.

- 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 Committee reviewed this item 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.

John Cinderey reported that the First Republic loan for the P/V Drake is being paid at a rate of \$92,010 per month and that there is \$168,702 in reserve as the SFBP is in its low season. The high season usually sees extra income and John Cinderey suggests keeping the Pilot Vessel Surcharge rate the same for the time being. The committee agreed to revisit this item at the next meeting.

6. **Determine the number of licensed bar pilots anticipated on April 1, 2012 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 April 1, 2012 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 57 licensed pilots with no anticipated retirements and no new pilots anticipated. Based on the SFBP audited annual income for 2011, it is recommended that the new adjusted mill rate be .09107. Mike Jacob moved that the committee recommend to the Board that the mill rate be set at .09107 mills starting April 1, 2012. John Cinderey seconded the motion, which passed unanimously on a 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 order to discourage applicants who may be taking the exam for practice. After discussion, Commissioner Wainwright moved to recommend that that Board impose a \$1,000 application fee for the trainee program exam. John Cinderey seconded the motion, which passed unanimously on a voice vote.

8. **Review of San Francisco Bar Pilots and San Francisco Bar Pilots Benevolent and Protective Association Consolidating Financial Statements for the Year Ended December 31, 2011 (with Comparative Consolidated Accounts for 2010).**

The committee reviewed the report and John Cinderey Pointed out that two pilot boats had been eliminated from the expenses bringing them from \$1.6m in 2011 to \$711,000 (being paid at \$92,000 per month). Total revenue is up seven percent and total operations are up five percent. Fuel cost has nearly doubled since 2010, which is why a fuel surcharge was suggested at the rate hearing of 2011. John Cinderey suggested revisiting the finances in late May.

9. **Review of surcharge audit reports for the year ended December 31, 2011 prepared by Shea LaBaugh Dobberstein under contract with the Board.**

The report was not available and will be reviewed at the next meeting.

10. Public comment on matters not on the agenda

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

11. Proposals for additions to next month's agenda

Committee members would like to revisit the issue of the surcharge audit and the SFBP interim financial results.

10. Adjournment

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

Respectfully submitted,

Kelly Dolcini,
Staff Services Analyst