

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

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**FINANCE COMMITTEE MINUTES
September 17, 2014
9:30 A.M.**

Committee members present

John Schneider, Chairman
Mike Jacob
John Cinderey
Capt. Steve Roberts

Staff present

Allen Garfinkle, Executive Director
Roma Cristia-Plant, Assistant Director
Kelly Dolcini, Staff Services Analyst
Sigrid Hjelle, Office Technician

Public present

Ray Paetzold, San Francisco Bar Pilots' General Counsel

Open Meeting

1. Call to Order and Roll Call.

Chairman Schneider called the meeting to order at 9:40 a.m.

2. Approval of minutes of Committee meeting of June 3, 2014.

MOTION: Mr. Jacob moved to approve the minutes from the June 3, 2014, meeting with clerical, non-substantive changes. Capt. Roberts seconded the motion.

ACTION: The Committee unanimously approved the minutes on a voice vote.

3. **Determine the number of licensed bar pilots anticipated on October 1, 2014 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, 2014 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.] Possible recommendation for Board action to specify bar crossing mill rate to be charged by licensees during the calendar quarter beginning October 1, 2014 pursuant to Harbors and Navigation Code section 1191 (a)(1)(A).**

Mr. Cinderey noted that as of September, 2014 there are 59 licensed Bar Pilots. He added that there is one trainee in the evaluation stage, who is expected to become a pilot at the September 23rd Board meeting. Executive Director Garfinkle apprised the Board that based on the SFBP audited annual income for 2013, it is projected that the fourth quarter pilotage mill rate should remain 0.09181 if the trainee does not become a licensed pilot in September. Otherwise, he indicated that if the trainee does become a licensed pilot at the September Board meeting, the Committee should recommend that the Board increase the mill rate to .09243 (the rate for 60 pilots). After discussion, it was determined that the Finance Committee should make a fourth quarter pilotage rate recommendation to the Board at its September meeting setting forth a pilotage rate for both 59 and 60 pilots, and the Board could then approve the applicable rate based upon the actual number of licensed pilots as of October 1, 2014.

MOTION: Commissioner Roberts moved that the Finance Committee authorize its Chair to recommend to the Board at the next Board meeting that the fourth quarter pilotage mill rate effective on October 1, 2014, be 0.09181 if there are 59 pilots, or .09243 if there are 60 pilots. Mr. Jacob seconded the motion.

ACTION: The Committee unanimously approved the motion on a voice vote.

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

Ms. Cristia-Plant presented the Committee with a report on the status of the Board's fund condition of the Board's three funds for the 2013-2014 fiscal year, as prepared by the California Highway Patrol's (CHP) accounting staff. She explained that the funds are enterprise funds, and that the State uses modified accrual accounting to determine the fund balance. She stated that funds are encumbered under contracts, and encumbered funds are reflected as if spent.

- a) **Board Operations Surcharge (currently 1.0%) – develop possible recommendation to Board to adjust rates if necessary.**

The Committee reviewed and discussed the Board Operations Surcharge and fund condition, and determined that no change to this surcharge was necessary at this time.

- b) **Pilot Continuing Education Surcharge (currently \$50/move) – develop possible recommendation to Board to adjust rates if warranted.**

The Committee reviewed and discussed the Continuing Education Surcharge and fund condition and discussed lowering the rate to \$25/move due to a large fund balance.

- c) **Trainee Training Surcharge (currently \$35/trainee/move) – develop possible recommendation to board to adjust rate if warranted.**

The Committee reviewed and discussed the Trainee Training Surcharge and fund condition and discussed not changing the surcharge amount.

The Finance Committee made the following motion and action related to the three surcharges:

MOTION: Commissioner Roberts moved that the Committee recommend to the Board that the Board make no changes to the Board Operations Surcharge (currently 1%) and Trainee Training Surcharge (currently \$35/trainee/move) at this time, and to decrease the Pilot Continuing Education Surcharge from \$50/move to \$25/move. Mr. Jacob seconded the motion.

ACTION: The Committee unanimously approved the motion on a voice vote.

5. **Review current Pilot Vessel Surcharge rate (currently at 3.27 mills -- \$.00327) revenue, expenditures and reserve balance. Develop possible recommendation to the Board for Pilot Vessel Surcharge rate adjustment, if warranted.**

Mr. Cinderey reported the P/V PITTSBURGH is in its annual dry-dock period and is receiving a service life extension, and that the upgrade is going well and all invoices should be received by mid-October. He stated that net vessel life extension repair costs are estimated to be approximately \$100,000 after the Carl Moyer Grant monies are applied. He also apprised the committee that the Pilot Vessel Surcharge Committee should meet in November to discuss final expenditure authorization and for that committee to develop a recommendation to the Board at that time.

Ms. Cristia-Plant informed the Committee that there are sufficient Pilot Vessel Surcharge funds to cover \$120,000 of repair costs, if needed.

The committee members discussed the Pilot Vessel Surcharge fund balance, and concluded that it is not necessary to adjust the Pilot Vessel Surcharge at this time.

MOTION: Mr. Jacob moved that the Committee inform the Board that it has reviewed the Pilot Vessel Surcharge fund balance and rate, that up to \$120,000 in surcharge funds exists to cover costs related to the service life extension of the P/V PITTSBURG, and recommend that there be no change to the Pilot Vessel Surcharge rate. Mr. Cinderey seconded the motion.

ACTION: The Committee unanimously approved the motion on a voice vote.

6. Review staff Proposal to increase trainee stipend amount from \$5,000 per month to \$6,000 per month based on increases in Consumer Price Index for the San Francisco Bay Area. Possible recommendation to Board to increase trainee stipend from \$5,000 to \$6,000 per month.

Mr. Garfinkle discussed staff's analysis and recommendation to increase the trainee monthly stipend from \$5,000 per month to \$6,000 per month effective January 1, 2015. He indicated that in developing the new stipend amount staff considered, among other things, the historical increase in the cost of living in the Bay Area. The committee discussed the fiscal impacts of commencing the stipend increase earlier than the beginning of the next year, and concluded that there was sufficient funds and budget authority in the trainee training budget to increase the stipend at a date earlier than the staff recommendation.

MOTION: Mr. Cinderey moved that the Committee recommend to the Board that it raise the monthly stipend paid to trainees from \$5,000 to \$6,000 effective November 1, 2014. Mr. Jacob seconded the motion.

ACTION: The Committee unanimously approved the motion on a voice vote.

7. Public comment on matters not on the agenda.

There were no comments.

8. Proposals for additions to next meeting agenda.

The committee decided to meet next on December 4, 2014, at 9:30 a.m.

9. Adjournment.

The Committee Adjourned at 11:05.

Respectfully submitted,

Kelly Dolcini,
Staff Services Analyst