

FINANCE COMMITTEE MEETING

Minutes

The Board of Pilot Commissioners Finance Committee meeting met Thursday August 21, 2008 at 8:30 a.m. at the Board of Pilot Commissioners office, Pier 9, Suite 102, San Francisco, CA. Commissioner Osen presiding. Committee members Commissioner Wainwright and SFBP Business Director Ken Levin and Board Counsel Paetzold, Executive Director Moloney and Secretary Alice Evans were in attendance.

Agenda:

1. Review/approve **minutes** of the June 18, 2008 meeting. The minutes were unanimously approved.
2. Review **SFBP Income and Expense** Report. Mr. Levin distributed copies of the SFBP Income and Expense report and noted that travel and fuel expenses are up 30%, on a daily average gross is down 3% and expenses are up 3%. SFBP are close to year-to-date budget; income 48% of budget; expenses 47.7% of annual budget; net 48.2% of annual budget.
3. Review possible need for **Budget Change Proposal** (BCP) to seek expenditure authority as necessary to fund:
 - (1) the Board's anticipated legal defense costs in the COSCO BUSAN litigation;
 - (2) projected increases in training expenses due to increased travel expenses, expansion of training in advanced electronic navigation technology, and changes in the exchange rate with the Euro; and
 - (3) other potential increases in the Board's expenses to be identified by the Committee.

If warranted, develop possible recommendation to the Board to authorize Board staff and/or Board President to initiate a BCP.

Commissioner Miller who was in the audience gave an overview of various reasons for the need to request an augmentation for FY 08/09 and a Budget Change Proposal for FYs 09/10 and 10/11. This is due to additional legal expenses for the COSCO BUSAN, SB 1627 and changes in how the Board will do business in the future. He noted that the requests need to be submitted to Department of Finance no later than September 12, 2008.

The Committee agreed to make the following recommendation to the Board:

Recommend to the Board to authorize Board staff and president to prepare and submit to the Department of Finance an augmentation request for FY 08/09 and for FY 09/10 and 10/11 a **Budget Change Proposal** (BCP) to seek expenditure authority as necessary to fund: (1) the Board's anticipated legal defense costs in the COSCO BUSAN litigation; (2) projected increases in training expenses due to increased travel expenses, expansion of training in advanced electronic navigation technology, and changes in the exchange rate with the Euro; and (3) other potential increases in the Board's expenses identified by the Committee. Commissioner Osen asked for comments from the public and discussion. It was noted that the augmentation and budget change proposal would be submitted by September 12, 2008 and that adjustments can be made as necessary after that date. There were no further comments or discussion. The motion passed unanimously.

4. Review current **Pilot Vessel Surcharge** rate (currently 7.03 mils effective July 1, 2008 (previous 6.05 mils effective January 1, 2008)), revenue, expenditures and reserve balance; develop possible recommendation to the Board for further Pilot Vessel Surcharge rate adjustment if warranted.

Mr. Levin reported that the surcharge was increased July 1, 2008 and that there is \$32,900 in surplus and it will continue to grow.

The Life Extension Modifications to P/V GOLDEN GATE *modifications* have been completed. Final costs will be forwarded to the Committee.

5. Review **BOPC Fund Condition**, revenue and expenditure projections; including (a) **Board Operations Surcharge** (currently 2.4%); (b) **Pilot Training Surcharge** (currently \$45/move), and (c) **Trainee Training Surcharge** (currently \$9/trainee/move) -- develop possible recommendations to Board to adjust rates if warranted.

The Fund Condition was reviewed and no unusual items noted or recommendations determined. This item will remain on the agenda for review after FY 08/09 and BCP are approved by the Department of Finance. Surcharges will be adjusted accordingly.

6. Comment on matters not on the agenda. There were none.

Respectfully submitted,

Alice A. Evans
Secretary