

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

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**FINANCE COMMITTEE
MINUTES
November 13, 2012
8:30 a.m.**

The Board of Pilot Commissioners Finance Committee met on November 13, 2012 at 8:30 a.m. at the Board office, 660 Davis Street, San Francisco. Chairman John Cronin presided with Pacific Merchant Shipping Association (PMSA) Vice President Mike Jacob, San Francisco Bar Pilots (SFBP) Business Director John Cinderey, and Commissioner Capt. David Wainwright present. Members of staff present were Executive Director Allen Garfinkle and Office Technician Sigrid Hjelle. Also present on behalf of California Highway Patrol Business Services was Assistant Chief Terri Anderson.

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

Chairman Cronin called the meeting to order at 8:37 a.m. PMSA Vice President Mike Jacob, Commissioner Capt. David Wainwright and SFBP Business Director John Cinderey were present, constituting a quorum.

2. Approval of minutes of Committee meeting of September 12, 2012

There was a correction noted to the minutes of the September 12, 2012, consisting of a change of the word currently to current when referring to trainees on line two of page 2. Mike Jacob moved to approve as amended. Commissioner Wainwright seconded the motion and it was unanimously approved on a voice vote.

3. Determine the number of licensed bar pilots anticipated on January 1, 2013 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 January 1, 2013 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 January 1, 2013 pursuant to Harbors and Navigation Code section 1191(a)(1)(A).

The Committee reviewed the number of pilots currently licensed by the state (currently 57), any expected retirements among those currently licensed, the number of pilot trainees in the training program, and the likelihood of one or more of the current trainees becoming licensed prior to January 1, 2013. There was discussion about what would take place if one or more trainees were to be awarded a Certificate of Completion after this meeting but prior to January 1, 2013. John Cinderey noted that the mill rate would have to change, as directed by statute. After discussing these factors, the Committee reached a consensus that if there was a change in the number of licensed pilots following the December Board meeting to greater than 58 pilots, the mill rate should go up by one half a share of the annual audited income on January 1, 2013.

On that basis, John Cinderey moved that there be no adjustment to the mill rate for the first quarter beginning January 1, 2013 at this time. Mike Jacob seconded the motion which passed unanimously 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:

- a) Board Operations Surcharge (currently 1.5%) – **develop possible recommendation to Board to adjust rates if warranted.**

Assistant Chief Anderson reported that it appears that the recent reduction to the Board operations surcharge will bring the fund balance down approximately \$300,000.00 per year. After some discussion of the surplus in the fund Mike Jacob suggested reducing the surcharge to 1%. The effects of this change were discussed and following the discussion, Mike Jacob moved that the Committee recommend to the full Board that the Board operations surcharge be reduced to 1%. The motion was seconded by John Cinderey and passed unanimously on a voice vote. Following Board approval, Board staff will seek permission to reduce the surcharge from the Department of Finance.

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

Assistant Chief Anderson reported that there is a discrepancy with the fund balances and she will request that her staff review the way the income is being posted. The Committee then reviewed the Continuing Education fund balance, current income over the last quarter and projected expenditures. Mike Jacob moved that there be no change to the Pilot Continuing Education surcharge at this time. John Cinderey seconded the motion and it passed unanimously on a voice vote.

- c) Trainee Training Surcharge (currently \$11/trainee/move) - **develop possible recommendation to Board to adjust rates if warranted.**

Executive Director Garfinkle noted that the Board is planning a pilot trainee applicant exam for the spring of 2014 and that the funding is drawn from the Trainee Training fund. It was noted from the numbers provided that the income is currently about \$30,000. a month. Executive Director Garfinkle suggested that this be increased to cover the expected cost of hosting the exam. John Cinderey moved that the surcharge be increased from \$11 per trainee/move to \$15 per trainee/move. Mike Jacob seconded the motion which passed unanimously on a voice vote.

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

The Committee reviewed the outstanding mortgage on the pilot boat, which is currently about \$92,000.00 per month, expenditures, and the reserve balance. The Committee decided on no change in the surcharge rate at this time. Mike Jacob moved that there be no change to the pilot boat surcharge at this time. John Cinderey seconded the motion which passed unanimously on a voice vote.

6. Public comment on matters not on the agenda.

There was discussion initiated by Mike Jacob concerning financing the fatigue study mandated by Senate Bill 1408. He noted that spring finance letters should be submitted by mid February of 2013 and that there most likely will be a need to increase the operations budget to finance the study. Executive Director Garfinkle acknowledged the potential need to increase the authority to include the fatigue study and would begin the process.

7. Proposals for additions to next month's agenda.

There was a consensus among the members that the next meeting would be scheduled for late in February, 2013.

8. Adjournment

There being no further business before the Committee, it was adjourned at 9:52 a.m.

Respectfully submitted,



Allen Garfinkle
Executive Director