

<p>Meeting Date: March 2, 2021</p>	<p>Board of Pilot Commissioners for the Bays of San Francisco, San Pablo, and Suisun 660 Davis Street, San Francisco, CA 94111</p> <p>VIRTUAL FINANCE COMMITTEE MEETING MINUTES</p>	<p>Page 1 of 5</p>
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Committee Members Present:

Captain Einar Nyborg, Acting Committee Chair
 Captain Anne McIntyre, Business Director, San Francisco Bar Pilots (SFBP)
 Mike Jacob, Vice President and General Counsel, Pacific Merchant Shipping Association (PMSA)

Committee Members Absent:

None.

Staff Present

Allen Garfinkle, Executive Director
 Roma Cristia-Plant, Assistant Director
 Alethea Wong, Administrative Assistant II

Public:

Caterina Jones and Michelle Fojas, California Highway Patrol

OPEN MEETING

1. Call to Order and Roll Call. (Acting Chair Captain Nyborg)

There was a discussion among Committee members who should chair the meeting since Commissioner Hoppes, who chaired previous Committee meetings, is no longer on the Board and the Committee. Additionally, Commissioner Nyborg’s term on the Board has also ended. However, Captain Nyborg agreed to remain on the Committee at President Hayes-White’s request. It was agreed by the Committee members that Captain Nyborg would chair the meeting.

Committee Chair Captain Nyborg called the meeting to order at 9:32 a.m. Administrative Assistant II Wong called the roll and confirmed a quorum.

2. Approval of the minutes from the Committee meeting held on December 2, 2020. (Chair)

The Committee members were presented with the draft minutes from the meeting held on December 2, 2020. There was no discussion.

MOTION: Chair Captain Nyborg moved to approve the draft minutes of the meeting held on December 2, 2020. Mr. Jacob seconded the motion.

VOTE: YES: Nyborg, Jacob, and McIntyre.

NO: None.

ABSTAIN: None.

ACTION: The motion was approved.

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3. Public comment on matters on the agenda or not on the agenda.

There were no public comments.

4. Review Board fund condition, revenue and expenditure projections and monthly data for all pilotage fees and vessel moves and their effect on Board-approved surcharges.

Assistant Director Cristia-Plant briefly reviewed the Board Fiscal Year (FY) 2020-21 financial statements as of December 31, 2020, prepared by the California Highway Patrol, the Governor’s proposed budget for FY 2021-22 that was issued in January 2021, and the Board Operations, Pilot Continuing Education, and Pilot Trainee Training Surcharge analyses for FY 2020-21 as compared to FY 2019-20 prepared by Board staff. She noted that staff’s analysis of the various surcharge projections for FY 2020-21 were based upon actual-to-date from July 1, 2020, through January 31, 2021, and surcharge revenues projected projection at 15% reduction over the same months in 2019 from February 2021 through June 2021.

a) Review Board Operations Surcharge rate (currently at 4.5% of all pilotage fees), and the revenues, expenditures and reserve balance. Recommendation to the Board to adjust the Board Operations Surcharge rate, if warranted. (Executive Director Garfinkle/Assistant Director Cristia-Plant)

Assistant Director Cristia-Plant reviewed the surcharge analysis of the Board Operations Surcharge for FY 2020-21, and noted that the surcharge rate was last increased to 4.5% of all pilotage on July 1, 2020. She commented that the Board Operations fund balance is projected to be lower than the FY 2021-22 Board Operations budget by about \$300,000 at a surcharge rate of 4.5%, and that raising the rate in the last quarter of FY 2020-21 to 5% or 5.5% is projected to provide a small increase in revenue in the remaining three months of the fiscal year. She suggested that the Committee could meet early in June, assess the fiscal activity over the next few months, and then make a decision to recommend to the Board to change the Board Operations Surcharge rate at the start of the new fiscal year, if warranted, to achieve the Committee’s goal of maintaining a fund balance equal to the annual budget.

Chair Captain Nyborg and Captain McIntyre discussed the large drop off in actual pilotage revenue in January 2021, and Captain McIntyre noted that in addition to the January pilotage revenue reduction, pilots have experienced a significant reduction in pilotage revenue since the beginning of 2020.

Mr. Jacob commented that shipping activity is chaotic right now, that the future is very uncertain, and that using a 15% reduction in revenue from the same month in 2019 to project the rest of this fiscal year is an acceptable methodology. He recommended that the Committee consider recommending to the Board to increase the Board Operations Surcharge rate to 5% effective July 1, 2021, given that FY 2021-22 Board Operations

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budget is expected to increase next fiscal year, and in consideration of the uncertainty in shipping activity for the remainder of 2021. He also commented that if the Board approves the Committee’s recommendation at the end of March, Board staff will have sufficient time to work with the Department of Finance to get their review and approval of the surcharge rate change before the rate becomes effective on July 1, 2021. Executive Director Garfinkle agreed.

Chair Captain Nyborg commented that a .5% rate increase is modest, and that the Board still has a healthy fund balance to rely on, if needed.

MOTION: Mr. Jacob moved that the Committee recommend to the Board to increase the Board Operations Surcharge rate from 4.5% to 5% of all pilotage fees, effective July 1, 2021. Captain McIntyre seconded the motion.

VOTE: YES: Nyborg, Jacob, and McIntyre.
NO: None.
ABSTAIN: None.

ACTION: The motion was approved.

b) Review Pilot Continuing Education Surcharge rate (currently at \$45/move), and the revenues, expenditures and reserve balance. Recommendation to the Board to adjust the Pilot Continuing Education Surcharge rate, if warranted. (Executive Director Garfinkle/Assistant Director Cristia-Plant)

Assistant Director Cristia-Plant reviewed the surcharge analysis of the Pilot Continuing Education Surcharge for FY 2020-21, and noted that the rate was last increased to \$45/move on January 1, 2021. She noted that it has been the Committee’s desire to charge a surcharge rate that would achieve revenues equal to the annual budget, and during a normal shipping year, a rate of \$50/move would achieve approximately a \$450,000, approximately one year’s budget amount. She noted that the Continuing Education fund balance has been greater than one year’s budget amount in the past, but even with the recent surcharge rate increases, the fund balance is slowly reducing and nearing the annual budget amount.

Mr. Jacob commented that keeping with the plan to move the Pilot Continuing Education surcharge rate towards achieving a fund balance equal to the annual budget amount, and in the spirit of the prior motion given the uncertainties of future shipping activity, he recommended that the Committee consider recommending to the Board to increase the Pilot Continuing Education Surcharge rate to \$50/move, effective July 1, 2021.

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MOTION: Mr. Jacob moved that the Committee recommend to the Board to increase the Pilot Continuing Education Surcharge rate from \$45/move to \$50/move effective July 1, 2021. Chair Captain Nyborg seconded the motion.

VOTE: YES: Nyborg, Jacob, and McIntyre.
NO: None.
ABSTAIN: None.

ACTION: The motion was approved.

c) Review Trainee Training Surcharge rate (currently at \$15/trainee/move), and the revenues, expenditures, and reserve balance. Recommendation to the Board to adjust the Trainee Training Surcharge rate, if warranted. (Executive Director Garfinkle/Assistant Director Cristia-Plant)

Assistant Director Cristia-Plant reviewed the surcharge analysis of the Trainee Training Surcharge for FY 2020-21, and noted that the rate was last increased to \$15/trainee/move on January 1, 2021. She noted that a Pilot Trainee Training Program selection exam is scheduled for next fiscal year, and that the costs of the exam and increasing the budget to pay for up to ten trainees as requested in the Board's budget change proposal is projected to increase the Trainee Training budget next fiscal year to nearly \$2 million.

Chair Captain Nyborg commented that ten trainees in the Pilot Trainee Training Program at any one time will only occur if it is necessary. Captain McIntyre commented that the revenue at \$15/trainee/move is still not bridging the revenue gap between revenues and projected expenditure for the fiscal year, although the fund balance looks healthy. Mr. Jacob commented that it appears there is no need to change this surcharge rate.

MOTION: Captain McIntyre moved that the Committee recommend to the Board to keep the Trainee Training Surcharge rate at \$15/trainee/move. Commissioner Nyborg seconded the motion.

VOTE: YES: Nyborg, Jacob, and McIntyre.
NO: None.
ABSTAIN: None.

ACTION: The motion was approved.

5. Review of the status of the Navigation Technology Surcharge collections. (Captain McIntyre, San Francisco Bar Pilots Business Manager)

Captain McIntyre reported that the SFBP has \$170 remaining to collect on billed Navigation Technology Surcharges, and that she is expecting full collection in the near future.

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6. Public comment on matters not on the agenda.

There was no public comment.

7. Schedule the next Committee meeting, and proposals for the next Committee meeting agenda.

The Committee agreed that the Committee will next meet at 9:30 a.m. on June 3, 2021.

8. Adjournment.

Chair Captain Nyborg adjourned the meeting at 10:35 a.m.

Submitted by:



Allen Garfinkle
Executive Director