



December 20, 2021

BOPC RECEIVED
12-21-2021

Captain Allen Garfinkle
Executive Director
Board of Pilot Commissioners for the Bays
San Francisco, CA 94111

Dear Captain Garfinkle:

Finance has received your letter dated December 9, 2021 requesting approval to increase the current Board Operations Surcharge from 5 percent to 5.5 percent, effective January 1, 2022.

Section 1159.2 of the Harbors and Navigation Code requires the Board of Pilot Commissioners to review its ongoing and anticipated expenditures on a quarterly basis and to adjust the Operations Surcharge accordingly. In addition, this section requires approval of the Department of Finance for any surcharge amount that is less than 7.5 percent of all pilotage fees charged by pilots.

Finance understands the Board voted to approve an increase to the Board Operations Surcharge from the current 5 percent to 5.5 percent, effective January 1, 2022. The increase in the surcharge will align the fund balance with the goal of maintaining a Board Operations fund balance reserve of approximately one year of expenditures. The anticipated Board Operations Surcharge fund balance at the end of fiscal year 2020-21 is \$1.3 million.

Expenditures in fiscal years 2021-22 and 2022-23 are anticipated to be \$1.6 million for the Board Operations Surcharge, and revenues will be \$1.6 million in 2021-22, with the surcharge amount set at 5.5 percent starting January 1, 2022. With the surcharge set at 5.5 percent, the Board estimates 2022-23 revenue will be \$2.4 million and the fund balance at the end of 2022-23 will be \$2.1 million, which is consistent with the Board's goal of maintaining a prudent fund reserve. Finance understands that shipping revenues have been affected by foreign trade issues and the COVID-19 Pandemic, leading to the need for this surcharge change.

Based on the information provided above, the Department of Finance approves the Board's request to increase its Board Operations Surcharge to 5.5 percent, effective January 1, 2022.

If you have any questions or need additional information, please contact Damien Mimnaugh, Principal Program Budget Analyst, at (916) 322-2263.

Sincerely,

TERESA CALVERT
Program Budget Manager

cc: Allen Garfinkle, BOPC Director
David Kim, Secretary, Transportation Agency
Carlos Quant, Deputy Secretary for Budgets and Administration, Transportation Agency
Michelle Fojas, Budget Officer, California Highway Patrol

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