

Meeting Date: December 2, 2021	Board of Pilot Commissioners for the Bays of San Francisco, San Pablo, and Suisun 660 Davis Street, San Francisco, CA 94111 FINANCE COMMITTEEMEETING MINUTES	Page 1 of 7
---	---	--------------------

Committee Members Present:

Captain Einar Nyborg, 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
Brenda Pugh, Staff Services Manager I
Alethea Wong, Administrative Assistant II

Public:

Captain John Carlier, SFBP President and Port Agent.

OPEN MEETING

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

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 meetings held on August 20, 2021, and September 17, 2021. (Chair Nyborg)

Committee members were presented with the draft minutes from the August 20, 2021, meeting. Committee Chair Captain Nyborg requested for minor edits to the minutes. There was no further discussion.

MOTION: Captain McIntyre moved to approve the draft minutes as amended from the meeting held on August 20, 2021, as amended. Mr. Jacob seconded the motion.

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

ABSTAIN: None.

ACTION: The motion was approved.

Committee members were presented with the draft minutes from September 17, 2021, meeting. Committee Chair Captain Nyborg requested for minor edits to the minutes. There was no further discussion.

MOTION: Mr. Jacob moved to approve the draft minutes as amended from the

<p>Meeting Date: December 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>FINANCE COMMITTEEMEETING MINUTES</p>	<p>Page 2 of 7</p>
---	--	---------------------------

meeting held on September 17, 2021, as amended. Captain McIntyre seconded the motion.

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

ACTION: The motion was approved.

3. Public comment on matters on the agenda or not on the agenda. (Chair Nyborg)

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.

The Committee briefly reviewed the Board of Pilot Commissioners budget statements for Fiscal Year (FY) 2021-22, Fiscal Period 04 October 31, 2021, which were prepared by the California Highway Patrol (CHP).

Executive Director Garfinkle briefly reviewed the Forecasting Assumptions, noting the Budget Act of 2021 beginning budget balance of \$3,084,000 was augmented to include \$400,000 for the training exam, resulting in a tentative Governor's Budget of \$3,513,000 for FY 2021-22. Executive Director Garfinkle continued by highlighting revenue projections were reduced by 15% across the board. Department of Justice (DOJ) costs are projected at \$80,000.

Executive Director Garfinkle briefly reviewed the Fund Condition Statement. He noted the beginning fund balance as of 7/1/2021 is \$3.3 million, almost \$3.4 million, and the projected ending fund balance is \$3.5 million. The budget authority is \$3.5M. There is a projected savings of \$562,808.

Executive Director Garfinkle briefly reviewed the Comparison of Budget Authority with Forecasted Expenditures report (by category) and noted there is a projected savings of \$562,808 for the entire budget.

Executive Director Garfinkle briefly reviewed the revenue projections. For FY 2021-22, there are four months of actuals and eight months of projections. The total revenue projection for the year is \$3.3 million of a \$3.5 million budget.

Executive Director Garfinkle briefly reviewed the Contracts & Encumbrances List. Some of the larger contracts include, Artelia, CMA, CHP and noted the full amount for Artelia may not be expended.

Executive Director Garfinkle briefly reviewed the Trainee Stipends and noted the trainees were down to eight due to the recent resignation.

<p>Meeting Date: December 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>FINANCE COMMITTEEMEETING MINUTES</p>	<p>Page 3 of 7</p>
--	--	---------------------------

- a) **Review Board Operations Surcharge rate (currently at 5% of all pilotage fees, effective July 1, 2021), and the revenues, expenditures and reserve balance. Recommendation to the Board to adjust the Board Operations Surcharge rate, if warranted. (Executive Director Garfinkle)**

Executive Director Garfinkle explained the FY 2021-22 July through October reflects actuals and the remaining months are projections. The projected surcharge revenues for Board Operations is \$1.7 million, \$1.8 million with interest. Projected expenditures are \$1.7 million, the projected ending fund balance is \$1.2 million and there is a total budget authority of \$1.7 million. Executive Director Garfinkle recommended keeping the surcharge rate at 5.00% for the next quarter and then opened it up to the Committee for further discussion.

Mr. Jacob noted a difference between the Fund Condition Statement and the Board Operations Surcharge Data statement. Based on the Fund Condition Statement, the total revenue (actual and projection) is \$1,825,000, while the projected total revenues on the Board Operations Surcharge Data statement is \$1,800,000. Mr. Jacob identified the difference as the Surplus Money Investment Fund (SMIF) Interest of \$25,000.

Captain McIntyre compared bar crossing volumes for FY 2021-22 (July through October) to the last normal year (2019) noting the crossings were down 26%. When comparing crossings for FY 2021-22 (July through October) to FY 2020-21, the volumes are down 33%. Captain McIntyre stated billed pilotage fees for FY 2021-22 (July through October) to FY 2020-21 were down 15% versus 2019 normalized year, they were down 28%. Port of Oakland came out with October numbers, down 40%, but she didn't expect to see another month like October and anticipates November will be a better month. Captain McIntyre is comfortable with the 5% rate.

Mr. Jacob referenced the revenue projections from the 2021-2022 Board Operations Surcharge Data and noted the projections seemed high and had concerns the Board may not meet its fiscal yearend balance goal. Mr. Jacob recommended raising the surcharge rate.

Captain McIntyre inquired about any potential inflation cost impacts. Executive Director Garfinkle didn't expect inflation impacts on Board operation costs but expects salary savings from the Assistant Director vacancy to end soon. Additionally, he expects the UCSF contract to increase approximately 10% and expects rent increases.

Captain McIntyre clarified the Board Operations surcharge maxes out at 7.5%. Mr. Jacob is alarmed by the low actual revenue amounts and recommended increasing the surcharge rate to 5.5%. Captain Nyborg agreed with the .5% increase. Executive Director Garfinkle

<p>Meeting Date: December 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>FINANCE COMMITTEEMEETING MINUTES</p>	<p>Page 4 of 7</p>
---	--	---------------------------

explained an increase to the surcharge requires Board and Department of Finance (DOF) approval and would need to act quickly to get the change in by January.

MOTION: Mr. Jacob moved to increase the Board Operations surcharge to 5.5% effective January 1, 2022. Captain McIntyre seconded the motion.

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

ACTION: The motion was approved.

Executive Director Garfinkle said once the Board approves the recommendation, he will submit the necessary paperwork to DOF and will give DOF a heads up in the meantime.

- b) **Review Pilot Continuing Education Surcharge rate (currently at \$50/move, effective July 1, 2021), and the revenues, expenditures and reserve balance. Recommendation to the Board to adjust the Pilot Continuing Education Surcharge rate, if warranted. (Executive Director Garfinkle)**

Executive Director Garfinkle provided a brief overview of the 2021-2022 Continuing Education Surcharge Data. He stated projected revenue for FY 2021-2022 is \$373,755, projected expenditures is \$524,99 and the ending fund balance is \$648,576. Executive Director Garfinkle explained he doesn't think the expenditures will be that high due to the decreased spending for the manned model training.

Captain Nyborg inquired about planned manned model training for the coming year. Executive Director Garfinkle stated there is a planned training in June 2022. Captain Carlier noted that he is showing two manned model trainings on the calendar, one in May and one in June. Executive Director stated the funds have already been encumbered and included in the projected budget. Captain Nyborg inquired about the status of the new contract. Executive Director informed the Committee the paperwork has been submitted and the process is underway.

Since there is an excess in fund balance and the rate was recently raised to \$50/move in July, Executive Director Garfinkle suggested not making any rate changes. Mr. Jacob stated the revenue is based on moves not tonnage and the projections already include a reduction therefore he is comfortable with the Executive Director's recommendation.

MOTION: Mr. Jacob moved to keep the Continuing Education Surcharge rate at \$50/move. Captain McIntyre seconded the motion.

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

ACTION: The motion was approved.

<p>Meeting Date: December 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>FINANCE COMMITTEEMEETING MINUTES</p>	<p>Page 5 of 7</p>
---	--	---------------------------

- c) **Review Trainee Training Surcharge rate (currently at \$15/trainee/move, effective January 1, 2021), and the revenues, expenditures and reserve balance. Recommendation to the Board to adjust the Trainee Training Surcharge rate, if warranted. (Executive Director Garfinkle)**

Executive Director Garfinkle provided a brief overview of the 2021-2022 Trainee Training Surcharge Data. He explained the surcharge rate is at \$15/move; it was raised to \$15/move in January 2021. It was projected at ten trainees, but it is now doubtful if we are going to have ten, so the projection is high. We have eight trainees now and expect seven trainees after the next Board meeting.

Executive Director Garfinkle explained the projected expenditures of \$992,878 is less than projected revenue of \$1,057,950. The projected overall savings is \$307,723 and the ending fund balance is high at \$1.3 million. Our budget authority is \$900,601 and we received a budget augmentation of \$400,000 for the upcoming exam.

Captain McIntyre inquired about increasing the stipend. One hurdle Captain Bunch had was being able to afford having her family here while she was in the training program. Captain McIntyre stated to qualify for low income Housing and Urban Development (HUD) housing the income threshold is \$80,000 for an individual and \$113,000 for a family. After paying rent there is not much left over to support a family. Executive Director Garfinkle stated it is a worthy discussion but not one for this meeting.

Mr. Jacob inquired about the number of trainees. Executive Director Garfinkle explained it is expected the number of trainees will drop to seven after the next Board meeting. We will be at fifty-two pilots at the beginning of 2022, and there are three candidates remaining on the list, not including candidates who requested to be moved to the bottom of the list as they are training elsewhere. There is discussion not to pick up additional trainees since a new exam is coming up. He believes seven and below is where we are going to be.

Mr. Jacob stated the projected ending fund balance is where we want to be at the end of the year, but if the trainees will be at seven rather than ten, we will not meet the projected ending fund balance. To ensure the ending fund balance goal is met, Mr. Jacob recommended increasing the surcharge rate to \$20.

MOTION: Mr. Jacob moved to increase the Trainee Training surcharge rate from \$15 to \$20/trainee/move. Captain McIntyre seconded the motion.

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

ACTION: The motion was approved.

Meeting Date: December 2, 2021	Board of Pilot Commissioners for the Bays of San Francisco, San Pablo, and Suisun 660 Davis Street, San Francisco, CA 94111 FINANCE COMMITTEEMEETING MINUTES	Page 6 of 7
---	---	--------------------

- d) **Review Pilot Dispatch Program Surcharge rate (currently at \$35/move, effective October 1, 2021) and revenues. Recommend to the Board to adjust the Pilot Dispatch Program Surcharge rate, if warranted. (Executive Director Garfinkle)**

Agenda item d) and e) were combined and discussed together, minutes for both items are included under item e).

- e) **Review Pilot Boat Maintenance Surcharge rate (currently at \$90.00/move, effective October 1, 2021), expenditures and reserve balance. Recommendation to the Board to adjust the Pilot Boat Maintenance Surcharge rate, if warranted. (Executive Director Garfinkle)**

Executive Director Garfinkle informed the Committee, CHP hasn't provided any reports on the two new surcharges (Pilot Dispatch and Pilot Boat Maintenance). Captain McIntyre explained the surcharges recently went into effect in October 2021. She was anticipating \$75,000/month in revenue and in October SFBP billed \$72,000. The Committee agreed it is still too early to determine any necessary rate changes for both surcharges.

MOTION: Mr. Jacob moved to keep the Pilot Dispatch Program and the Pilot Boat Maintenance surcharge rates the same. Captain McIntyre seconded the motion.

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

ACTION: The motion was approved.

5. Public comment on matters not on the agenda. (Chair Nyborg)

Captain Carlier mentioned there are a couple 1200' vessels coming into anchor in the next few days. Passenger ships are increasing and anticipating 20 by the end of December.

6. Schedule the next Committee meeting, and proposals for the next Committee meeting agenda. (Chair Nyborg)

The next Committee meeting was scheduled for Monday, March 7, 2022, at 1:30 p.m.

<p>Meeting Date: December 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>FINANCE COMMITTEEMEETING MINUTES</p>	<p>Page 7 of 7</p>
---	--	---------------------------

7. Adjournment.

Captain Nyborg adjourned the meeting at 10:26 am.

Submitted by:



Allen Garfinkle
Executive Director

DRAFT