

<p>Meeting Date:</p> <p>June 1, 2023</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>Joint Pilot Boat Advisory Committee & Finance Committee Meeting Minutes</p>	<p>Page 1 of 5</p>
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Committee Members Present

Captain Robert Carr, Committee Chair and Commissioner
 Captain Einar Nyborg, Commissioner
 Captain Anne McIntyre, San Francisco Bar Pilots (SFBP) Business Director
 Mike Jacob, Vice President & General Counsel, Pacific Merchant Shipping Association (PMSA)
 Martin Robbins, Engineering Professional, Water Emergency Transportation Authority (WETA)

Committee Members Absent

None.

Board Staff Present

Allen Garfinkle, Executive Director
 Roma Cristia-Plant, Acting Assistant Director
 Alethea Wong, Licensing and Training Programs Manager
 Charles Louie, Administrative Assistant II

Identified Public Present

Captain John Carlier, SFBP President and Port Agent.

OPEN MEETING AGENDA

1. Call to order and roll call. (Chair Commissioner Carr)

Chair Carr called the meeting to order at 9:32 a.m. Administrative Assistant Louie called the roll and confirmed a quorum.

2. Review and approval of Committee meeting minutes. (Chair Commissioner Carr)
Committee action to approve the meeting minutes from April 11, 2023.
Committee action to approve the meeting minutes from May 9, 2023.

Chair Carr stated that he had no edits to either meeting minutes. There was no further discussion of the minutes.

There was a discussion about a motion for the Board to require a pilot boat survey conducted by a surveyor approved by the Board prior to a new boat being placed in service that was voted on by the Committee meeting on the May 9, 2023. It was agreed that this action item could be presented to the Board at the meeting on June 22, 2023.

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MOTION: Mr. Jacob moved to approve the draft minutes of the meetings held on April 11, 2023 and May 9, 2023. Captain McIntyre seconded the motion.

VOTE: YES: Carr, Jacob, McIntyre, Nyborg, and Robbins.

NO: None.

ABSTAIN: None.

ACTION: The motion was approved.

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

There were no public comments.

4. Progress report on the shipyard building of the P/V GOLDEN GATE replacement. (San Francisco Bar Pilot (SFBP) Captain McCloy)

Captain McIntyre gave a report on the progress of the P/V GOLDEN GATE. She stated that boat construction is in its final stages, final sign off on the engines is just about to occur, minor fendering issues are being resolved, and a boat survey is expected to be conducted by the end of the following week. She stated she is working with legal staff and the bank on documentation to transfer ownership of the new boat. She stated that JPMorgan Chase recently purchased First Republic Bank, and that JP Morgan Chase has agreed to provide the long-term financing for the new boat.

5. Pilot Boat Program projected timeline and costs for the planning, construction and acquisition of new pilot boats, and projected surcharge disbursement schedule. (SFBP Business Director McIntyre)

Captain McIntyre gave a report on the progress for the planning, construction, and acquisition of new pilot boats. She stated that evaluation of preliminary engineering and design is still in progress. She also commented the pilots are waiting on the public comment period on U.S. Environmental Protection Agency (EPA) emission regulations to conclude to determine what emission requirements harbor craft engines will need to meet, and whether or not the EPA will issue California a waiver of the federal regulations. Mr. Jacob stated that the issue is whether the EPA will allow California to adopt its own air emission standards that will include harbor crafts, and that the viability of technology will be a factor the EPA will consider in granting a waiver.

Mr. Jacob clarified for Executive Director Garfinkle that if the EPA grants California a waiver, other states would be able to choose to opt in to the California's standards. He stated that there are various outcomes regarding harbor craft air emission regulations and that EPA currently doesn't have any such regulations. He stated the EPA could adopt its own

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regulations, could allow California to adopt its own regulations separate from its regulations, or California's regulations could be the de facto standard for the nation. He stated that several states could also jointly go to the EPA and propose standards for EPA to adopt. He commented that there is a technology issue in that the proposed regulations in California are driving the engine technology, not the other way around.

6. Discussion of implementation of the Pilot Boat Program in Harbors and Navigation Code Sections 1159.1 and 1194, including, but not limited to, identifying issues related to commercial financing for pre-construction and construction costs, description of allowable costs, surcharge disbursement conditions, documentation of allowable costs, record keeping and auditing requirements, that may be suitable for rulemaking actions. Review of rulemaking suggestions presented by committee members. Possible recommendation to the Board on Pilot Boat Program policies and rulemaking.

Acting Assistant Director Cristia-Plant presented a consolidated list of prior Committee regulation amendments to section 236.1 of Title 7, California Code of Regulations along with the new stakeholder amendments and a few additional amendments recommended by staff. Chair Carr stated the goal of the meeting today would be to finalize the proposed edits to the pilot boat regulations to present to the Board at its next meeting.

Mr. Jacob and Captain McIntyre stated that it was important to have the Board affirmatively identify and approve costs in its final authorization, and that repair and maintenance costs are separate and different from service life modification repairs.

Mr. Jacob stated that at the final authorization stage, there should be no debate about new costs, except for instance, a cost overrun. Captain McIntyre stated that there is still an issue of spare parts, such as a swing engine, being included in the total boat delivery costs, and that potentially this issue can be considered by the Board on a case-by-case basis. Mr. Jacob indicated that it would be difficult at this time for stakeholders to agree on an itemized list of eligible and ineligible costs in regulations, and that the preference in stakeholders discussions was to allow the Board flexibility to determine eligible costs. Captain McIntyre stated that eligible costs should be discussed at the Board on the during a preliminary authorization rather than in the final authorization.

Captain McIntyre addressed a concern expressed by Captain Nyborg regarding a catastrophic event that rendered a pilot boat unusable, such as a hull breach, and how to differentiate between boat modifications and repairs to make the vessel usable from a standard repair and maintenance cost. Both she and Mr. Jacob stated that is why there is a need for flexibility in the regulations for the Board to address unique situations.

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Committee members and staff discussed the need to ensure consistency in the regulatory language of the Board’s review and approval of a necessity determination, preliminary authorization and final authorization. Captain McIntyre and Mr. Jacob agreed to delete the two references to operational savings from service life modifications to boats, since any such operational savings will be incorporated and evaluated in conjunction with a future pilotage rate adjustment.

Captain McIntyre addressed the issue of a cost to dispose of a pilot boat instead of net proceeds from the sale of a boat. Mr. Jacob stated that boat disposition costs may be analogous to operational savings from life extending capital improvements to boats in that it is an operating cost of the pilots. Acting Assistant Director Cristia-Plant stated that the Board could consider adding any cost related to a boat that is being disposed of to the total boat acquisition costs of its replacement boat, but if not, she agreed with Mr. Jacob that a boat disposition cost would be included in the total business operating costs of the pilots, and ultimately included in the calculation of future pilotage rates. Both Captain McIntyre and Mr. Jacob further discussed the fact that a disposition cost is not a construction cost, and that may be why a disposition cost should be considered on the operational side instead of the capital side. Captain McIntyre and Mr. Jacob both agreed that the current and proposed regulations would allow the pilots to ask for disposition cost in a preliminary request, and it would be up to the Board to determine if those costs are eligible. Captain McIntyre and Mr. Jacob referenced Harbors and Navigation Code section 1194(c) regarding net sale proceeds, and both agreed that likely the issue of boat disposition costs would need to be codified in the future.

MOTION: Mr. Jacob moved that the Committee recommend to the Board to adopt the Committee’s proposed edits to the pilot boat regulations. Captain McIntyre seconded the motion.

VOTE: Yes: Carr, Jacob, McIntyre, Nyborg, and Robbins.
No: None.
Abstain: None.

ACTION: The motion was approved.

7. Public comment on matters not on the agenda. (Chair Commissioner Carr)

There were no public comments.

8. Schedule next Committee meeting, and proposals for items on the next meeting agenda, if necessary. (Chair Commissioner Carr)

No future Committee meeting was scheduled.

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9. Adjournment.

Chair Carr adjourned the meeting at 11:00 a.m.

Submitted by:



Allen Garfinkle
Executive Director

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