ATTENDANCE

Committee Members Present via Webex:
Mike Jacob, President, Pacific Merchant Shipping Association (PMSA)
Captain Anne McIntyre, Business Director, San Francisco Bar Pilots (SFBP)
Sam Rodriguez, Committee Chair

Committee Members Absent:
None.

Staff Present via Webex:
Allen Garfinkle, Executive Director
Matthew Millspaugh, Assistant Director
Alethea Wong, Licensing and Training Programs Manager
Greg Shepherd, Records Management and Program Support Coordinator

Public Via Webex:
Captain John Carlier, SFBP President and Port Agent
Kevin Baldwin, SFBP General Counsel
Captain William Benedict, Commissioner
Jennifer Cohen, PMSA

OPEN MEETING

1. **Call to Order and Roll Call. (Chair Rodriguez)**

   Assistant Director Millspaugh reported that there was confusion regarding the Committee meeting time. The agenda listed 9:30 a.m., but Board staff's calendars and the Webex calendar notifications to Committee members listed 10:00 a.m. At 9:30 a.m. Board staff logged on and informed Ms. Cohen and Committee Member Jacob, the only individuals that logged into the call at 9:30 a.m., that the meeting start time had been extended to 10:00 a.m., Board staff remained on the Webex meeting to ensure that if other public or committee members joined before 10:100 a.m. they could be updated on the start time, no other public or committee joined the call until 10:00 a.m.

   Chair Rodriguez called the meeting to order at 10:03 a.m. Licensing and Training Programs Manager Wong called the roll and confirmed a quorum.

2. **Public comments on matters on the agenda or not on the agenda.**

   None.

3. **Review and approval of Finance Committee meeting minutes. (Chair Rodriguez)**

   Possible Committee action to approve the minutes from the Finance Committee meeting held on May 19, 2026.

   MOTION: Committee Member Jacob moved to approve the draft minutes from the May 19, 2026 meeting. Committee Member McIntyre seconded the motion.
   VOTE: YES: Jacob, McIntyre, and Rodriguez.
   NO: None.
   ABSTAIN: None.
   ACTION: The motion was approved.

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4. Update on status of shipping activity and discussion of shipping trends and possible impacts for the remainder of the Fiscal Year (FY)/calendar year. (Committee Member Jacob, Committee Member McIntyre, and Assistant Director Millspaugh)

Committee Member McIntyre stated that shipping revenue has been similar to 2025. When comparing 2026 to 2025, year-to-date: Revenue from pilotage fees through July 2026 are down 2.9 percent and ship moves are down through July 2026 by 100.

Chair Rodriguez stated he took part as chair of the San Francisco Workforce Development Board in a meeting with staff members of the San Francisco Office of Economic and Workforce Development (OEWD) where they discussed the following:

- Possible initiatives to support ship building in the Port of San Francisco, related to Governor Newsom's announcement of a $2.1 billion finance package in support of increasing ship building capacity in the Bay Area.
- Chair Rodriguez suggested he may work with the OEWD to reach out to Committee Members McIntyre and Jacob for their perspective on related discussions or actions taking place in other organizations in the Bay Area.

5. Update and discussion on key Board projects for FY 27/28: IT Modernization Project, BOPC Facilities, Legal Matters, and the Board Operations funds in support of the projects. (Assistant Director Millspaugh)

ITMP:

Assistant Director Millspaugh stated that:

- All Information Technology Modernization Project (ITMP) IT Solution [Request for Proposal (RFP)] were received and evaluated.
- Board staff are close to finalizing negotiations with a potential contractor. Board staff anticipate accepting a "best and final offer" by the end of August 2026.
- In September 2026, Board staff will provide an update to the Board on whether the Board can enter an agreement with the current entity being considered or if they need to move onto negotiations with a second entity.
- The figures included in the projected fund balance for the year are based off the Board using all the authority allocated for the ITMP, but the goal is to negotiate a lower project cost.
- All mandatory and desirable system features and functionality were included in quotes received.

In response to Commissioner Rodriguez's question regarding Board staff identifying the RFP review team for IT Solution and what the scope of the spending authority is, Assistant Director Millspaugh stated that:

- The RFP review team had been set in place by Board staff earlier in the year, all submitted proposals were scored and Board staff have entered negotiations toward an executed agreement.

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- The project budget authority for the IT Solution purchase and ongoing maintenance costs is approximately $2.4 million.

FACILITIES:

Assistant Director Millspaugh stated that:

- The current Board office lease will expire in August 2027.
- Although Board staff do not anticipate doing so, the current "soft" portion of the lease allows the tenant to end the lease early, if desired.
- The Board is authorized to open an Architectural Revolving Fund (ARF) and up to $500,000 may be deposited to the ARF. This ARF acts as an escrow account for tenant improvements.
- The Department of Finance (DOF) has approved the project.
- The annual rent for the Board's current office is approximately $300,000.
- Assistant Director Millspaugh asked the Department of General Services (DGS) to look at other entities, such as the Port San Francisco and the Metropolitan Transit Agency, to review properties which may provide a lower-than-market cost.

- Board staff will meet with DGS on September 1, 2026, to tour potential properties. In response to Committee Member Rodriguez's question regarding whether there is a property broker, Assistant Director Millspaugh stated that DGS works with the Coldwell Banker Richard Ellis Group, Inc. (CBRE), to identify properties. DGS then takes an active role in the lease negotiation.

LEGAL:

Assistant Director Millspaugh stated that a Funds budgeted in FY 26/27 for Legal expenses are included in the current budget as a matter of fiscal prudence and planning. The inclusion of Legal expenses does not imply that these funds in support of legal actions the Board is involved with will be expended, that a resolution(s) is anticipated, or that the matter(s) will be concluded in a particular manner.

In response to Committee Member Rodriguez's question regarding whether there were any increases in the baseline legal expenses, Assistant Director Millspaugh stated that there were increases in costs for the California Department of Technology (CDT) and the Department of Justice (DOJ) because both departments raised their rates. A budget letter will be needed for an authority adjustment for DOF.

6. Review FY 2025-26 and year-to-date FY 2026-27 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 Millspaugh)

Assistant Director Millspaugh stated that the main reference information related to his report is included in slides 3-6 in the Committee documents, additional slides include supporting information. An overview was provided including the following:

- Board Operations are projected at a little under $4 million. The main reason for the larger than normal board budget is due to the expenditure related to ITMP.

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- Trainee Training is projected at a little under $1.2 million. This is due to a lower number of trainees in the program.
- Continuing Education is projected at a little over $851,000. This is close to the norm for Continuing Education expenditures.
- $6 million total for Fund 0290 (the above funds).
- Pilot Boat Program fund balance is projected at a little over $20 million. This is close to the anticipated expenditures for the new pilot station boat under construction.

Committee Member Jacob stated that, excluding the Pilot Boat Program, the total is still twice the Board's baseline year expenses. Historically, Board Operations annual fund value was around $3-$3.5 million. The current budget is $12.7 million including the Pilot Boat Program. A large portion of the current [Board Operations] budget is ITMP. Although PMSA does not oppose the technology investment for ITMP and admits that it may be needed to upgrade the Board's systems, it merits mentioning that the significant investment will not be recovered through cost savings or efficiencies.

In response to Committee Member Jacob's comments, Assistant Director Millspaugh:

- All [Board Operations] expenses are increasing year-over-year.
- Stated that he agreed that the investment wouldn't recover dollar for dollar, but ITMP has value for all the information put in writing (policies and procedures), creating additional infrastructure to support the Board's information retention and the capability to keep operations going despite potential turnover.
- Stated that ITMP will also eliminate cumbersome processes, increasing efficiency.

Assistant Director Millspaugh provided an overview of the content included in the meeting document slides, including current revenues and expenditures.

A) Review Board Operations Surcharge rate (currently at 6.5% of all pilotage fees, effective July 1, 2025). Possible recommendation to the Board to adjust the Board Operations Surcharge rate, if warranted.

MOTION: Committee Member McIntyre moved to recommend to the Board that the Board Operations Surcharge rate remain unchanged, currently at 6.5% of all pilotage revenue. Committee Member Jacob seconded the motion.
VOTE: YES: Jacob, McIntyre, and Rodriguez.
NO: None.
ABSTAIN: None.
ACTION: The motion was approved.

B) Review Trainee Training Surcharge rate (currently at $30/trainee/move, effective July 1, 2026), and the revenues, expenditures, and reserve balance. Possible recommendation to the Board to adjust the Trainee Training Surcharge rate, if warranted.

Committee Member McIntyre stated that only one trainee remains in the training program and a new list will soon be generated from the 2026 Board exam. The committee discussed

possible changes regarding trainee liability, Director Garfinkle reiterated the Board can offer training spots before the liability issue is resolved, and the number of eligible trainees on the list to be considered by Board is 10.

MOTION Committee Member McIntyre moved to recommend to the Board that the rate remain unchanged, currently at $30 per trainee per move. Committee Member Jacob seconded the motion.
VOTE: YES: Jacob, McIntyre, and Rodriguez.
NO: None.
ABSTAIN: None.
ACTION: The motion was approved.

C) Review Pilot Continuing Education Surcharge rate (currently at $50/move, effective April 1, 2026), and the revenues, expenditures, and reserve balance. Possible recommendation to the Board to adjust the Pilot Continuing Education Surcharge rate, if warranted.

Committee Member Jacob questioned why the Pilot Continuing Education was the only program that was not impacted by ITMP costs. Assistant Director Millspaugh stated that the system/ITMP features, and functionality required to support the Pilot Continuing Education program were minimal. This resulted in a small cost allocation, below the recovery threshold.

MOTION: Committee Member McIntyre moved to recommend to the Board that the Pilot Continuing Education Surcharge rate remain unchanged, currently at $50 per move. Committee Member Jacob seconded the motion.
VOTE: YES: Jacob, McIntyre, and Rodriguez.
NO: None.
ABSTAIN: None.
ACTION: The motion was approved.

D) Review Pilot Boat Surcharge rate (currently at $0.020 per gross registered ton, effective April 1, 2025), and the revenues, expenditures, and reserve balance. Possible recommendation to the Board to adjust the Pilot Boat Surcharge rate, if warranted.

Committee Members and attendees discussed current and projected expenditures and revenues and agreed that the projections match the actuals.

MOTION: Committee Member Jacob moved to recommend to the Board that the Pilot Boat Surcharge rate remain unchanged, currently at $0.020 per gross registered ton. Committee Member McIntyre seconded the motion.
VOTE: YES: Jacob, McIntyre, and Rodriguez.
NO: None.
ABSTAIN: None.
ACTION: The motion was approved.

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7. Updates and discussion regarding the new Pilot Station Boat Build Project (PB0000007). (Committee Member McIntyre)

Committee Member McIntyre stated that:

- The SFBP is currently under contract with Nichols Brothers Boat Builders. Steel has been ordered and construction is expected to begin in October 2026. SFBP has also been working on a second request for reimbursement for the final pre-engineering and design costs for approximately $218,000. This request should be ready to be submitted to Executive Director Garfinkle shortly.
- A separate service life extension cost reimbursement request related to the P/V San Francisco is still in the process of being drafted. Once it is ready, she recommended holding a Joint Pilot Boat Finance Committee before bringing it to the Board.

8. Comments from the public and Committee Members on matters not on the agenda. (Chair Rodriguez)

Captain Benedict stated that:

- He had worked on a bulk carrier going to Stockton that was filled with corn and soybeans coming from Turkey.
- There are new cranes in the Port of Oakland outer harbor. Two of crates are in use and two are still being assembled. The cranes will all be able to accommodate larger ships.

9. Schedule the next Committee meeting, and proposals for the next Committee meeting agenda. (Chair Rodriguez)

Assistant Director Millspaugh stated that Board staff would send a poll for the November 2026 Finance meeting.

10. Adjournment. (Chair Rodriguez)

Meeting adjourned at 11:00 a.m.

Submitted by:

Allen Garfinkle
Executive Director

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ACRONYM INDEX

Acronyms / Abbreviations	Definition
ARF	Architectural Revolving Fund
BCP	Budget Change Proposal
BOPC/Board	Board of Pilot Commissioners
CA	California
CBRE	Coldwell Banker Richard EllisGroup, Inc.
CDRE	California Department of Real Estate
CDT	The California Department of Technology
CHP	The California Highway Patrol
DGS	Department of General Services
DOF	The Department of Finance
DOJ	The Department of Justice
FY	Fiscal Year (a Fiscal Year is July 1 – June 30, instead of a calendar year of January-December)
ITMP	Information Technology Modernization Project
NBBB	Nichols Brothers Boat Builders
PMSA	Pacific Merchant Shipping Association
P/V	Pilot Vessel
RFP	Request For Proposals
SFBP	San Francisco Bar Pilots

This and other documents for this meeting can be found on the Board's website https://bopc.ca.gov/finance/.

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