

MINUTES OF THE MEETING

FINANCE COMMITTEE BOARD OF PILOT COMMISSIONERS Don Vincente de Ybor Historic Inn 1915 Republica de Cuba Tampa, FL 33605 January 8, 2004 1:00 p.m.

CALL TO ORDER

Commissioner Buffington, Chair of the Finance Committee, called the meeting to order at 1:00 p.m.

Members Present

Commissioner Buffington, Chair
Commissioner Sweeney, Vice-Chair
Commissioner Hiers
Commissioner Leech
Commissioner Phipps
Commissioner Robas

Others Present

Mark Whitten, Division Director, DBPR
Anthony Spivey, Executive Director
Elise Rice, Government Analyst
Galen Dunton, Consultant
Drew Winters, Prosecuting Attorney
Ed Tellechea, Board Counsel
Richard Frudaker, Board Member
Donald Molitor, Board Member
Earl McMillin, Board Member
Rivers Buford, Board Member
Gretchen Rayborn, FSPA
David de la Parte, FSPA
Jorge Viso, FSPA
Captain Joe Brown, SJBPA
Captain Barrie Snyder, SJBPA

Mr. Spivey welcomed everyone to the meeting and introduced Mark Whitten, Division Director for the Division of Professions and Regulation.

Mr. Whitten stated that he looked forward to working with the Board and if they had any concerns they were welcomed to contact him directly. Mr. Whitten also thanked Commissioner Buffington for attempting to get him on a ship while he was in Tampa.

APPROVAL OF THE MINUTES OF THE MEETING

October 9, 2003

MOTION: Commissioner Phipps made a motion that the Committee approve the minutes as submitted.

SECOND: Commissioner Robas seconded the motion and it passed unanimously.

REVIEW OF 1ST QUARTER RESULTS

Commissioner Buffington reported one correction to be made in the 04/03 column, the projected Assessment Rate is 0.6%. He reported that the revenues were slightly above expectations and the overall expenses were less than expected.

Commissioner Buffington reviewed item by item and reported the following: Central Intake was higher than projected, however this was hard to budget since there is not much history. Information Technology was also hard to project due to there not being much history. General Counsel/Legal is about 10% over budget which was most likely due to an administrative hearing.

Commander Dunton informed the Committee that there will be three (3) or four (4) cases going to DOAH soon so this will be an additional increase.

Commissioner Buffington reported that Consumer Complaints did not have an expense and this was most likely the result of the share of the cost being less than 1%. For Investigations there was no allocation of expenses. Commissioner Buffington reported that they had the first administrative hearing in a while at DOAH. The budget calls for an average of one case every two years or 50% of the cost of an administrative hearing the amount projected in the budget. He reported the Attorney General's Office was significantly below budget. Testing appeared to be below budget, however Commissioner Buffington stated this was a reflection of the workload associated with a deputy exam in the spring and a state pilot exam in the spring or fall. The Service Charge had an error on the analysis. The expense for this quarter represents 19% of the budget not 41.4%. Commissioner Buffington stated that the projection was based on a different methodology which has been changed in the 5-year budget.

Commissioner Buffington reported the Board Administrative Office was below budget about 8%. The Rate Review Board Attorney General and Board Office were below budget and he reported that these were hard to project as it was dependent on the wishes of the ports. Commissioner Buffington stated that he had requested the Department to make a change in the Rate Review Board to reflect a zero balance at the end of the year where the money is transferred to cover expenses when needed.

Commissioner Buffington stated the Administrative Costs percentage of the budget should be 17.7%.

Commissioner Buffington reported that the amount of the transfer has not been announced yet.

REVIEW OF 5 YEAR BUDGET

Commissioner Buffington informed the Committee that new sheets were provided at the meeting for the 5-year budget because of errors on the ones the Committee received.

The Committee discussed the transfer from the trust fund and the possibility of the Board being put in the red depending on the actual amount. Commissioner Phipps questioned if they could put the Board in the red. Mr. Spivey responded that depending on the balance of the Board at the time of the transfer, they could be in the black or they could be in the red.

Commissioner Robas stated that this Board is seen as a Board that has the ability to change their revenue generating in a hurry. Commissioner Buffington stated that when the Legislature made this part of their budget, they did not look at individual boards they looked at the department. Mr. Spivey stated that the actual amount of the transfer from the Board had not been determined.

Commissioner Sweeney questioned when the actual transfer would take place. Mr. Spivey responded that the actual transfer had been done, however the money had not been pulled from the boards yet and the actual amount that will be taken has not been determined. Commissioner Sweeney questioned when the determination of the amount to be taken from the Board would be done.

Mr. Whitten responded that he had spoken to the budget director and the decision had not been made as of yet, however it should be done in the near future. He stated that he would meet with the budget director next week regarding this issue.

Commissioner Leech asked Mr. Whitten if the amount of the transfer were to put the Board in the red, what would happen then. Mr. Whitten responded that it was not the budget director's intent to put any board in the red and he would meet with her regarding this and relay the Boards concerns to her. Commissioner Leech stated that he thought that since this Board does have the ability to generate revenue that is unfair that they would have to go back to their clients and expect more money to come from them.

Commissioner Buffington stated that concerns should be expressed to their legislators on this issue. Commissioner Robas stated that not only to the legislators, but there needed to be a communication back to the customers also. Last year when they took \$52,000 from the Board no one talked about it outside of the Board, but if there is a possibility of being put into a deficit position then the rates are going to have to be increased to cover it. Commissioner Robas commented that maybe it was time to let the pilots in the State of Florida tell the customers why they are going to have to raise the rates. She further commented that the Board should not be in the position where they just quietly do it and not have some reason for it.

Commissioner Leech stated that the pilot associations would have to go through a process to raise their rates and that cost per group is about \$100,000.

Mr. Whitten informed the Board that there was a possibility that the budget director may be able to attend a meeting and speak to the Board on this issue if they felt there was a need in the future.

Commissioner Buffington stated that the figure he used in the estimate was based on a ratio of last years Board assessment to the total Department obligation. Last year the methodology was based on interest that was generated by a board the year before. Commissioner Buffington informed the Committee that this not only affected this Board but others as well. Other boards have the ability to generate revenue also, they can raise the license fees as set by statute.

Commissioner Hiers questioned what the worse case scenario would be if the Board went in the red. Commissioner Buffington responded that if they did not get the balance sheet into the black within a year, they would start paying interest on the money that was required to put them in the black. Commissioner Robas stated that the Department would fund them, but they have to pay it back with interest.

Commissioner Sweeney commented that the additional costs that could be required would come out of the Pilots pockets.

Commissioner Buffington informed the Committee that since they have 4 hearings with DOAH the cost is going to go up for that category. Commissioner Buffington asked Mr. Winters if he felt that this was a new trend or just an anomaly. Mr. Winters responded that he felt that this was an unusual situation.

Commissioner Buffington questioned if Commander Dunton's contract was still going to be two separate contracts. Mr. Spivey responded that it was still two.

Commander Dunton stated that the contract was generally done in April. Commissioner Robas stated that she had wanted the process started earlier; however that had not been done as requested. Commissioner Robas stated that she always felt it was more efficient to have Commander Dunton under one contract rather than two.

Mr. Whitten informed the Committee that he had met with the General Counsel and they would like to simplify the contract issue. He stated if possible they would have one contract for Commander Dunton and it would be under Charles Tunnicliff.

Commissioner Robas responded that this was what had been wanted for a long time. Mr. Whitten responded that he would work with the General Counsels office and the Secretary to see if this can be simplified.

Commissioner Buffington expressed concern that this year there may be more cases with DOAH. He stated that when Commander Dunton's contract was under one contract there were no problems, the problems started when it went to two contracts.

Commissioner Buffington reported that Central Intake was difficult to project because there was not enough history to make projections. Commissioner Robas suggested it be adjusted by \$5,000.

Commissioner Buffington stated that he would provide a new budget at the meeting tomorrow with the adjustments. Commissioner Robas suggested including at least \$500 in Information Technology.

Commissioner Molitor suggested including amounts in every category instead of zero.

Commissioner Leech suggested a change in DOAH to \$10,000. Commissioner Sweeney stated that the Testing amount was too high, it should be \$75,000.

Commander Dunton responded that there is a big push to privatize the examinations.

Following discussion it was decided to change the Testing amount to \$75,000.

Commissioner Buffington stated that the Board Administrative office would change if there were a shift in the contract for Commander Dunton. Commissioner Sweeney suggested it be reduced from \$185 to \$165.

The Committee changed the amount of the Rate Review Board/Attorney General to \$5000 and the Rate Review Board to \$32,000.

Commissioner Phipps stated that she had spoken to the only remaining member of the Rate Review Board and he wanted to bring the Rate Review Board together to meet in Tallahassee since they are all new.

Commissioner Buffington reported that the Committee had cut the budget by \$47,000. He requested that the Committee adopt the budget and they can make any changes that may be needed at the full Board meeting.

MOTION: Commissioner Sweeney made a motion that the Committee adopt the 5-year budget as amended.

SECOND: Commissioner Leech seconded the motion and it passed unanimously.

ADJUSTMENT OF GROSS PILOTAGE ASSESSMENT

No action was taken.

ADJOURNMENT

There being no further business to come before the Finance Committee, the meeting was adjourned at 3:00 p.m.