

## **EASTERN UPPER PENINSULA TRANSPORTATION AUTHORITY**

4001 I-75 Business Spur

Sault Ste. Marie, MI 49783

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# **Board Meeting Minutes**

**DATE:** Tuesday, November 6, 2018

**PLACE:** 4001 I-75 Business Spur  
Sault Ste. Marie, MI 49783

**MEMBERS PRESENT:** Frank Sasso, John Waltman,  
Jack Kibble, Conner Egan and Phyllis French

**MEMBERS ABSENT:** None

**ADMINISTRATIVE STAFF PRESENT:** Pete Paramski, Akemi Gordon and Kathy Neubert

**ADMINISTRATIVE STAFF ABSENT:** None

**OTHERS PRESENT:** None

**I. CALL TO ORDER**

The meeting was called to order at 10:32 a.m. by Chairman Sasso.

**II. ROLL CALL OF TRUSTEES**

All trustees were present during roll call with the exception of Trustee Egan who arrived at 10:35 a.m.

**III. ADDITIONS/DELETIONS TO AGENDA**

None

**IV. PUBLIC COMMENT**

None

**V. APPROVAL OF BOARD MINUTES**

With regard to the Board Meeting Minutes for October 2nd, 2018; **IT WAS MOVED** by Trustee French; **SUPPORTED** by Trustee Kibble to approve said minutes. **UNANIMOUS**. Motion carried.

**VI. FINANCIAL REPORT**

**IN GENERAL:**

Finance Director Gordon presented the electronic funds report.

Gordon discussed the PA 202 CAP (Corrective Action Plan). She stated that EUPTA received notification on 7/5/18 that our waiver was denied and a CAP was needed. Gordon stated that EUPTA has 180 days from 7/5/18 to submit a CAP so EUPTA's will be due 1/5/19. Gordon explained that the CAP almost mirrors the waiver that was filed. Gordon stated that in speaking with other municipalities, this is what the Treasury has instructed them to do. EUPTA will be notified within 45 days of submission if our CAP was accepted or rejected.

Gordon stated that she attended the break-out session on PA 202 at the MERS conference. One of the people putting on the session was from the Department of Treasury. During his presentation he mentioned that this Act was passed in legislation on the 11<sup>th</sup> hour the last day of session. He said it was put together very quickly but they had to pass something. It's quite likely that with the new

Governor and legislation, you will see amendments to this Act.

**IT WAS MOVED** by Trustee Egan; **SUPPORTED** by Trustee French to submit the Corrective Action Plan as presented by Finance Director Gordon **UNANIMOUS**. Motion carried.

**DRAFT YEAR-END FINANCIAL STATEMENTS:**

The year-end financial statements are marked draft for a couple of reasons. The auditors may make minor adjustments during their audit and most importantly, the GASB 68 adjustment will be made. You will see a significant difference in the MERS line item comparatively. Last year's number reflect the GASB 68 audit adjustment, this year it has not been made yet.

**BUS SYSTEM:**

Gordon presented the Board with a bussing revenue graph. EUPTA ended up with a 3.45% increase in overall revenue. Pre-GASB we experienced a 4.24% increase in expenses. It was this year we hired a full-time bus driver with benefits so that will explain some of the increase in wages and benefits. There will be an adjustment in the MERS line item when the auditors are here. Fuel has increased in cost per gallon from a year ago. Our insurance decrease was due to a refund last year that we did not receive this year.

**FERRY SYSTEM:**

Gordon presented ferry revenue graphs to the board which a break down in commuter fares and cash fares.

EUPTA's fare revenue was down this year 1.41%. the health insurance increase is due to usage since we have a 3<sup>rd</sup> party administrator that pays a certain amount of the deductibles. This can sway each year based on usage. Again, the MERS line item is skewed until our audit is done. The contract/maintenance line item increased for paying a contractor to remove ice from the Sugar Island dock. Our printing costs have been reduced by bidding this out. We stayed with our same vendor but because of this, they reduced their prices. In addition, we are no longer printing or selling the 10 trip pass on the ferries. Kudo's to our marine mechanics for reducing our maintenance line item this year by over \$22,000. They have been on top of keeping our mechanical issues at bay. The travel/meetings/training line item increased due to regulations requiring CPR and Haz Mat training for our ferry crew.

Gordon reported that on page 14 of the financials that this represents the dollars available to match capital grants as required by MDOT, FHWA and FTA. 5% of the fare revenue collected in the ferry system is separately maintained and accounted for specifically for matching grants as required. Trustee Egan suggested that EUPTA look at increasing this percentage.

Gordon stated that on page 15 of the financials – Funds in the Authority’s name – a majority of the funds are reserved for capital match grants and accrued compensated absences. EUPTA is doing its due diligence and fiscal responsibility by putting away funds required by State and Federal grants.

## **VIII. EXECUTIVE DIRECTOR'S REPORT**

### **GENERAL:**

Director Paramski reported that he attended the annual PVA conference on Mackinac Island. He stated that the Coast Guard puts on a nice session at this conference and it is a good time to network with others.

The Drummond IV had some recent mechanical difficulties with the transmission and the engine stalling. After a series of phone calls with Twin Disk and Palmer Johnson, EUPTA’s mechanics were able to pull apart a pressure valve and replace it.

Paramski stated that Board members may be getting calls regarding the horn blowing when the boat leaves Detour and Drummond. This is a Coast Guard rule that is being enforced that the Captains must comply with.

Paramski talked about the Sugar Island Category F project that is being done in conjunction with MDOT. The bids for the project came in very high. Paramski stated that if the bids come in over 10% of the programmed amount there is a problem. In this case the bids were 37% over the estimate. Paramski stated that when this happens, they can look at reducing the scope of work and reeled it or justify the bid and analyze where there were overages. Paramski recommends that EUPTA move forward with this project which would be approximately \$83,000.

**IT WAS MOVED** by Trustee Waltman; **SUPPORTED** by Trustee Egan to move forward with the Sugar Island CAT F project. **UNANIMOUS**. Motion carried.

Paramski presented the updated Board Meeting Agenda Policy.

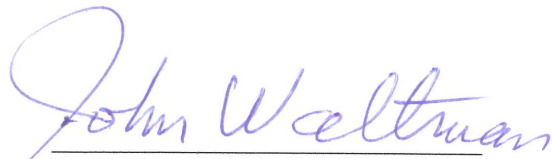
**IT WAS MOVED** by Trustee French; **SUPPORTED** by Trustee Egan to approve the updated Board Meeting Agenda Policy as presented. **UNANIMOUS.** Motion carried.

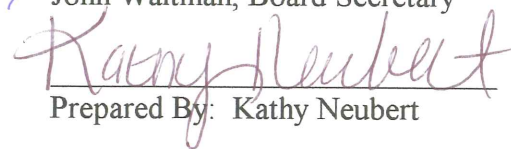
**IX. BOARD COMMENT:**

Paramski and Gordon spoke briefly about a fare increase. Historically there have been increases about every five years however EUPTA's expenses go up every year. There was a discussion regarding small incremental increases over time. The Board would like to see a 5-10-year plan on what this would look like and recommend holding a public hearing before there is a fare increase.

**X. ADJOURNMENT**

Being no further business to come before the Board, **IT WAS MOVED** by Trustee Kibble; **SUPPORTED** by Trustee Egan to adjourn. **UNANIMOUS.** Motion carried. Meeting was adjourned at 11:45 a.m. The next regular board meeting is scheduled for **Tuesday December 4th** at 2:00 p.m.

  
John Waltman, Board Secretary

  
Prepared By: Kathy Neubert