



## **EASTERN UPPER PENINSULA TRANSPORTATION AUTHORITY**

4001 I-75 Business Spur

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# **Board Meeting Minutes**

**DATE:** Tuesday, November 5<sup>th</sup> 2019

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

**MEMBERS PRESENT:** John Waltman, Phyllis French  
Jennifer McLeod- Tyson, and Rob Laitinen

**MEMBERS ABSENT:** Conor Egan

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

**ADMINISTRATIVE STAFF ABSENT:** None

**OTHERS PRESENT:** See Attached

**I. CALL TO ORDER:**

The meeting was called to order at 10:33 a.m. by Trustee Waltman.

**II. ROLL CALL OF TRUSTEES:**

All trustees were present with the exception of Trustee Egan

**III. ADDITIONS/DELETIONS TO AGENDA:**

Director Paramski asked to add closed session to the agenda at the end to discuss property acquisition

**IT WAS MOVED** by Trustee McLeod-Tyson; **SUPPORTED** by French to amend the agenda as discussed. **UNANIMOUS.** Motion carried

**IT WAS MOVED** by Trustee Laitinen; **SUPPORTED** by McLeod-Tyson to add an additional public comment section after the directors' report. Trustee French stated she feels there should be a public comment sections at the beginning and at the end of each agenda. Trustee McLeod-Tyson amended the original motion to include a public comment section at the beginning and the end of each agenda. **UNANIMOUS.** Motion carried

**IV. PUBLIC COMMENT:**

Josh Lounds asked about the cost of the fares.

Julie Wilson asked if the disabled rate could be clarified.

**V. APPROVAL OF BOARD MEETINGMINUTES:**

With regard to the Board Meeting Minutes for September 26th, 2019 **IT WAS MOVED** by Trustee Laitinen; **SUPPORTED** by Trustee McLeod-Tyson to approve said minutes **UNANIMOUS.** Motion carried.

**VI: FINANCIAL REPORT:**

**IN GENERAL:**

Finance Director Gordon present the Electronic Transfer report.

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Gordon stated that EUPTA's audit will begin the week of November 18<sup>th</sup>. This is approximately a month earlier than in the past. This entails substantiating almost every item on the Balance Sheet. Substantiating our schedule of State and Federal awards and tying out our contracts to the schedule. They will also be testing our expenses, receipts and payroll.

Gordon stated that the year-end financial statements are marked draft for a couple of reasons. The Auditors may make adjustments during their audit; and most importantly, the GASB 68 adjustment will be made. Gordon reported that the board 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.

Gordon stated that GASB 68 and PA 202 went into effect beginning with our FYE 2015. All municipalities with unfunded pension liabilities are required to the reporting requirements as listed in the Government Accounting Standards Board 68. This requires municipalities with unfunded pension liabilities to report this in their financial statements rather than just a footnote to the audit. EUPTA has been required to report this liability and expense in the body of the financial statements.

**BUSSING:**

Gordon reported that EUPTA's overall revenue increased 7.53% and expenses increased 10.3 %. Last year EUPTA had a surplus of \$2,800 and this year of deficit of \$9,637.

**FERRIES:**

Gordon stated that fare revenue increased \$4,469, online revenue increased \$4,270. Capital match revenue of \$83,583 will be transferred to our capital match fund. The reduction in expenses is due to the GASB 68 adjustment not being reflected yet. Gordon stated that as she had mentioned in her email, the GASB adjustment can be anywhere from \$350,000 to \$400,000 company wide. This is not reflected in the financials yet.

Gordon stated that with the transfer of capital match and the GASB 68 adjustment she is estimating EUPTA's deficit to be anywhere from \$261,354 to \$311,354. The GASB 68 adjustment is not eligible to be reimbursed until actually paid.

Gordon reported that page 14 of the financials 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 McLeod-Tyson asked about the capital match fund and wanted to know at what point do you stop contributing to this fund and put it in the fund balance. A discussion was had among the Board regarding this topic.

## **VII: DIRECTORS REPORT**

### **IN GENERAL:**

Director Paramski addressed the board regarding the Harbor Safety Committee that has been formed in Sault Ste Marie and asked if he should participate in the committee. The board feels it is important for EUPTA to have a presence and feels that Director Paramski should attend as an advisory member. Trustees Laitinen and McLeod-Tyson stated they will attend when their schedule permits.

Paramski gave an update on the Fog Cutter demolition project stating that it is complete with the exception of some restoration work that will need to be done in the Spring.

Paramski stated that in regards to the Detour dock restroom, he has spoken with museum chairperson regarding the cleanliness of the bathrooms. The current lease agreement states that the bathrooms will be cleaned twice per week and they are now cleaning four times per week. Paramski stated that we are also working on a cleaning task list for the person who does the cleaning.

Trustee McLeod-Tyson stated that there are some good cleaning videos available and possibly the cleaning person could review a video.

### **FERRY SYSTEM:**

Paramski gave an update on the Drummond Islander IV update stating that repair has been completed and that as of 6p.m. on 11/4/19 it is back in services. Kudos were given to MCM Marine for rearranging some things to accommodate this repair. Trustee McLeod-Tyson stated that EUPTA should send letter of appreciation to MCM Marine.

Paramski stated that the Drummond Islander III is due for dry-docking in the Spring of 2020. This project includes a rebuilding all four engines and replacing marine gears as well as the normal dry-docking. The Drummond Islander III is scheduled to go into the dry-dock later this week. The engines and gears will be pulled and sent out for rebuild and in the spring the routine dry-docking will begin and the boat can hopefully be back in service before the busy summer season begins. This project has an estimated cost of \$760,000 and will be paid for using Federal FHWA monies and two State marine grants.

Paramski handed out an updated fare restructure proposal. Changes to the proposal are as follows; a disabled cash fare has been added to the cash fares. This is now senior disabled car/pickup/UTV. This was a recommendation of the Office of Passenger Transportation after they did a site visit and

reviewed the presentation. Other changes include moving the concrete truck item with the regular gas/explosive line item, change the student line item to a full-time college student, and give a 20-trip frequent user car/pickup/UTV ticket for every 10 frequent user car/pickup/UTV tickets turned in instead of a 10 trip. Paramski also stated that in regards to the log trucks/heavy trucks, he understands that this will affect the current contracts that have been contracted. The proposal is to take two punches off the commuter trip ticket which would be \$100.00 round trip fare. Paramski proposed for the first year to take one punch and then implement the two punches the second year. Paramski stated that this would give the loggers time to go to the mills and the state for assistance.

Trustee Laitinen stated that when the student discount was originally brought up it was regarding a high school student. A discussion was had about the policy to obtain a student discount and who should qualify.

Trustee Laitinen asked for clarification regarding the senior 20 punch ticket. Paramski stated that is specifically for seniors and anyone who is disabled can purchase a 20-punch commuter ticket which is 75% discounted and exceeds the 50% requirement. Trustee French asked what age we considered someone to be a senior citizen, which is age 65.

Trustee McLeod-Tyson stated that although she appreciates those who have worked hard on the draft, she feels it is too narrowly focused. She stated that she would like to see more done regarding what the economic impact of this fare restructure will be. McLeod-Tyson stated EUPTA needs to proceed cautiously as she feels if this proposal is pushed through it will compromise EUPTA in the future.

Trustee Laitinen stated that he disagrees with McLeod-Tyson with the exception of Neebish Island. Laitinen stated that Neebish Island has been held back by the vessel and the service. He stated that the only way this entity is going to be able to provide better service is with more funding.

Chairman Waltman stated his concern is that the fare restructure committee has been working on this for 8 months and every month this is put off EUPTA is losing approximately \$25,000. Finance Director Gordon stated that with this type of deficit, EUPTA will get a letter from the Department of Treasury stating EUPTA will have to come up with a deficit elimination plan. Waltman stated there is a time constraint and he is concerned about giving this to people who are not in commerce.

Waltman stated he feels we are at a decision point. McLeod-Tyson stated she is not asking us to start over. She would like someone with economic experience to look at this. When asked about a time line, McLeod-Tyson stated this is not a new crisis and stated she has spoken to experts and sees trouble coming to EUPTA and that she would have brought it to the board sooner but she has been sick.

Trustee French stated that there needs to be a public hearing before this is voted on.

Trustee Laitinen asked what the potential dates were being looked at for a public hearing date. He also stated that we can't provide service if we are not viable.

Chairman Waltman stated EUPTA has not had a fare increase for six years and in addition there were some discrepancies in some of the classifications of vehicles.

Trustee French discussed the senior citizen/disabled rate. She stated that a lot of people who are disabled are living on a very fixed income and she feels they should give them the same discount as a senior citizen. She also discussed special runs stating if the ambulance doesn't come onto the Island, the person who needs the medical assistance has to pay for the special run.

Trustee McLeod-Tyson stated that she feels EUPTA should keep the current fare structure for right now and increase it by a percentage to make EUPTA fiscally solid until this can be done properly. Trustee Laitinen stated that this fails to fix the problem and leaves Drummond Island subsidizing the rest of the Islands. **IT WAS MOVED** by Trustee Laitinen; **SUPPORTED** by Chairman Waltman to adopt the rate structure as presented. Trustee French called a point of order stating you can't adopt the rate structure without a hearing. Trustee French asked for a roll call vote. Trustee McLeod asked about the policy for adding things to the agenda. Trustee Laitinen withdrew his motion.

There was a discussion regarding the public meeting dates.

**VIII: 2<sup>ND</sup> PUBLIC COMMENT:**

Dave Kossack- stated he buys all the hardwood that comes off the islands. He asked how much revenue zero trucks bring as he is already 10-20% over his list price just to get wood off the Islands. He stated that there are 200 trucks a year going to the Island and that will strike \$20,000 off of EUPTA's revenue. No one will sell timber and lose money and we can't afford this increase.

Ron Papin – stated that EUPTA is going to price itself out of business and feels the increase should be spread out more and not increase the logging trucks 400%. He stated that Sugar Island made money the year they did the road project. He also stated that not charging for passengers is ridiculous.

Travis Kangas – If the loggers aren't hauling their wood off the Islands, I am not going to get my wood off the Islands either as I won't have any producers on the Islands. This will mean no log trucks or work trucks going across.

Terry Deblaay-buys wood off of Drummond Island and the wood they buy is already at the top of

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the price points. If we can't wood off of the Islands economically, we will get our wood elsewhere. It appears that the revenue needs are being placed on the commercial traffic and it should be spread out more evenly. If the commercial work goes away on the Islands that will impact the economy of those Islands.

Josh Lounds – asked what EUPTA stands for – also wanted to know where Beaver Island fits in to all of this.

Julie Wilson – Own's a qualified forest program and it has to be forested every 6 years. She agrees that you need to have a long-term financial plan. Drummond Island has more tourists; Sugar Island doesn't. This affects working people who may have to work two jobs at minimum wage. You need to look outside the box. Where does the \$25,000 shortfall come from? Whatever happened to the surcharge that was suppose to pay for all of this? A student is a student and a disabled person is a disabled person.

Denny Olson – has hauled logs for 44 years and represent the Great Lakes Timer Association and is also the Township supervisor. We have given every break to the mill to make it viable. You need to have a market and need to manage the timer. You won't need to provide a service if you have no customers. Look at what it will do to the economics. Get with the loggers and the logging association and the buyers. Working together and listening will get the job done.

Lori Miller – Neebish has no ambulance or first responders. The patient, patience family or good Samaritan helping someone on the Island gets charged \$150 for a special run. Look at the number of specials that have been done since the last increase.

Tony Mclain – Sugar Island – stated he sees two things going on – a percentage increase overall or a major restructuring. If you go to the major restructuring there will be unintended consequences. Start changing some of this one piece at a time.

A lot of state land on Drummond Island – potential to have a negative impact on the DNR.

Trustee Laitinen stated that as a group there is the possibility of utilization of lobbying in Lansing from an economic development stand point the state may be able to help out.

Rick Metcafe – Everyone has given all they can give everywhere. No one knew anything about this. We are here to survive.

Diane Laitinen – stated that the Harbor Safety Committee was not formed to criticize the Coast Guard; it's for harbor safety.

In regards to the fare increase she understands the need for the fare increases and doesn't get in to the logging portion, but feels the rest is very fare.

Ron Papin – asked about the number of trucks in the 7-axle category. You are taking a small group and if we aren't there how much revenue will you get. Why not look at the category we are in and raise that another \$100 such as the dump trucks and grocery getter as they are taking up as much room as we are. We take up a lot of space and right now we are paying for that space.

**IX. BOARD COMMENT**

Trustee French stated she wasn't sure if the logger was present that called her when she was in Lansing but wanted to apologize for not getting back to him.

**X. CLOSED SESSION:**

**IT WAS MOVED** by Trustee French; **SUPPORTED** by Trustee McLeod-Tyson to go into closed session. A roll call vote was taken at 12:28 p.m.


Trustee McLeod Tyson – yes, Trustee French – yes, Trustee Laitinen – yes, Chairman Waltman - yes


**IT WAS MOVED** by Trustee French; **SUPPORTED** by Trustee Laitinen to return to open session at 12:44 p.m. **UNANIMOUS**. Motion carried.

Trustee French asked that all board members be respectful when there are disagreements.

**XI. ADJOURNMENT:**

Being no further business to come before the Board, **IT WAS MOVED** by Trustee McLeod-Tyson; **SUPPORTED** by Trustee French to adjourn. **UNANIMOUS**. Motion carried. Meeting was adjourned at 1:05 pm. **The next regular board meeting will be Tuesday December 3rd 2019 at 10:30 p.m.**

  
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John Waltman  
Board Chair

  
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Prepared By: Kathy Neubert  
Administrative Assistant