



SAULT STE. MARIE BRIDGE AUTHORITY

SAULT STE. MARIE, MICHIGAN

LINDA HOATH, CHAIR
THOMAS BUCKINGHAM SR., MEMBER
SCOTT SHACKLETON, MEMBER
NICHOLAS WHITE, MEMBER

SAULT STE. MARIE, ONTARIO

NATALIE KINLOCH, VICE CHAIR
WARREN ASKEW, MEMBER
THYE LEE, MEMBER
ANTHONY PICKETT, MEMBER

**Sault Ste. Marie Bridge Authority
Minutes
February 6, 2020
James McIntyre Board Room
Sault Ste. Marie, Michigan**

Present: Linda Hoath, Chair
Natalie Kinloch, Vice Chair
Thomas Buckingham, Sr., Member
Scott Shackleton, Member
Nicholas White, Member
Warren Askew, Member
Thye Lee, Member
Anthony Pickett, Member

Also Present: Laura Mester, Chief Administrative Officer, MDOT
Sara Moore, International Border Crossing & Trade Specialist, MDOT
Peter Petäinen, General Manager, IBA
Emily Jacques, Chief Financial Officer, IBA
Karl Hansen, Bridge Engineer, IBA
Marcus Eidenier, Facilities & Asset Manager, IBA
Fiore Cappelli, Operations Manager, IBA
Cheryn Sanford, Departmental Analyst, IBA
Suzanne Moreau, Account Technician, IBA
Miles Munro, Student Assistant, IBA
Brian Chapman, City Manager, City of Sault Ste. Marie, Michigan
Joel Amo, Chippewa Luce Mackinac Community Action Agency

**Present via
Teleconference:** Michael Dittenber, Attorney General's Office, MDOT
Dan Weingarten, MDOT Communications Representative

Chair Kinloch called the meeting to order at 9:09 a.m.

I. **Approval of Minutes**

A motion was made by Vice Chair Kinloch to approve the November 7, 2019 Sault Ste. Marie Bridge Authority regular meeting minutes and closed session minutes as written. The motion was seconded by Member Shackleton. Motion carried unanimously.

REPLY TO: PETER M. PETAINEN, GENERAL MANAGER

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II. **General Manager Comments**

A. Letter to Governor

A draft of the annual letter to the Governor was included in the board packets for review. Please submit any recommended changes or comments to the IBA to be included in the final draft. Vice Chair Kinloch recommended a comment be included in the executive summary stating continued prudence is being exercised for all expenditures and the concern for potential owner support long-term if current traffic trends do not improve.

A motion was made by Member White to approve the draft letter to the Governor, subject to any Independent Auditor changes, and submit to the Governor on or by March 31, 2010. The motion was seconded by Member Askew. Motion carried unanimously.

B. Bridge Bus

As a follow up from the November SSMBA meeting, Chippewa Luce Mackinac Community Action Agency (CLMCAA) Transit Coordinator, Joel Amo was present to give a status report of the bridge bus operation. Mr. Amo discussed a proposed change to the bridge bus service which would change the service from a routine scheduled type of service, to an "on-demand" service to eliminate empty bus runs.

Mr. Amo stated a funding source has been identified for the bus service for non-emergency medical transports and currently the main focus of the CLMCAA is to get a reliable transportation service running in Sault, Michigan. By eliminating some of the scheduled bridge bus runs and converting bridge bus service to on-demand, it would free up the bus service to be used for these non-emergency transports thus bringing in a new revenue source for the operation.

New transit vehicles to replace the existing buses are scheduled to arrive next week which will be less expensive to operate. Additionally, Mr. Amo stated they have identified some potential advertising funding sources.

Member Shackleton inquired how a bridge bus customer would signal the service for an on-demand run. Mr. Amo stated his office would partner with the Visitor Bureau's on both sides of the border to get the bridge bus phone number out to the public; there is also the potential for them to acquire a Canadian number for Canadian customers to call.

Vice Chair Kinloch stated the board recognizes that the CLMCAA has dual priorities, local transportation and the bridge bus service, and the board admires the fact that Mr. Amo has identified the need to build a good base for both. However, the reality is the Board's interest is the "bridge" and Board's primary focus is the bridge bus service.

General Manager Petainen stated he and Emily recently met with Mr. Amo and received a financial update. At the November SSMBA meeting the board approved a combined owner/SSMBA expenditure of \$15,000, plus the toll subsidy, to fund the bridge bus for up to six months expiring March 31, 2020. Since that time Mr. Amo has stated he is forecasting a decrease in the operational budget and it appears that SSMBA's share will now only be \$6,000 USD.

Member Lee asked what level of toll subsidy the IBA provides. Peter stated with the current buses, the annual toll subsidy is approximately \$55-60k; however, with the new van style transit vehicles, the subsidy could reduce to approximately \$15k.

Member Shackleton spoke to the history of the bridge bus service and stated it was established as a type of “promise” to accommodate pedestrians across the bridge as ferry service ended. He stated even though ridership is way down, it still provides a valuable service to the 2,000 plus users each year and he would like to continue to find a way for the SSMBA to support the bridge bus service.

MDOT CAO Laura Mester recommended Peter get in contact with MDOT’s Office of Passenger Transportation for any guidance they can provide. Peter noted that he has been keeping in regular contact with Jean Ruestman, Administrator for the Office of Passenger Transportation throughout the ongoing discussions with CLMCAA regarding the bridge bus.

A motion was made by member Buckingham to:

- Reduce the SSMBA/MDOT funding share for the CLMCAA operational cash shortfall for the bridge bus to \$6,000 or the actual cash shortfall, whichever is less, for CLMCAA fiscal year 2020, and;
- The SSMBA/MDOT funding period of the CLMCAA bridge bus cash subsidy be extended to the end of CLMCAA fiscal year ending September 30, 2020, and;
- SSMBA continue with the toll fare subsidy through SSMBA fiscal year December 31, 2020, and;
- Bridge bus operator CLMCAA is requested to continue quarterly progress updates to SSMBA, and;
- IBA open discussion with the City of Sault Ste. Marie Michigan regarding formalizing a Memorandum of Agreement (MOA) regarding future SSMBA bridge bus support, and report back to SSMBA by the November meeting with a recommendation.

The motion was seconded by member Pickett. Motion carried unanimously.

C. Other Comments

- Peter expressed his appreciation to Cheryn, Suzanne, and Holly who are responsible for the new plaques on the wall located right outside of the boardroom; the plaques acknowledge a complete history of all board members and senior staff since the bridge was in operation.
- Peter stated he is happy to report a signed contract for the toll study is now in place; he and Emily attended the kick-off meeting earlier this week. Representatives from WSP will attend the August SSMBA meeting to present their recommendation for new toll software.
- Peter acknowledged IBA Engineer Karl Hansen; Karl is teaching a second-year engineering math course two nights per week at LSSU during the spring semester.
- Peter reported that the IBA has been anonymously nominated for two Sault, Ontario Chamber of Commerce awards: Business of the Year and Employer of the Year.
- Peter spoke regarding a partnership opportunity the IBA recently formed with Lake Superior State University’s engineering department instructor David Leach. Mr. Leach is working to earn his mechanical engineering doctorate through Michigan Technological University (MTU). MTU has approved Mr. Leach to develop a bridge deck deterioration model which the IBA can use to assist with its asset management plan.

- Peter stated as discussed at the November SSMBA meeting, the IBA will make plans for the May SSMBA meeting to be held in Detroit to incorporate a tour of the new Gordie Howe International bridge site.

III. **Financial Operations**

A. December 31, 2019 Preliminary Year End Financial Report

Chief Financial Officer Emily Jacques stated the final audit for year ending December 31, 2019 is scheduled with Anderson Tackman & Company for the week of February 17, 2020.

Emily reported total assets as of December 31, 2019 were at \$26.8M, which is a decrease of 4% from 2018; the decrease is due to depreciation. Balance sheet assets were at \$7.4M which is an increase of 21% from 2018; the increase is due to the April 1, 2019 toll rate increase. Total liabilities were at \$2.8M which is a decrease of 27% from 2018; the decrease is a direct result of more timely payments of payroll. Toll revenue was at \$7M, total revenue was \$8M, and total expenditures were at \$6.1M; all of these were up slightly but consistent with prior years. Capital expenditures for 2019 were \$808,664 which is up slightly from 2018 due to recent capital equipment purchases.

Emily stated all departments were at or below budget for 2019. Member Buckingham acknowledged all department heads for staying within budget stating it is much appreciated.

i. Bridge Traffic

Emily reported traffic was down 7.1% as of December 31, 2019 compared to 2018; however, January 2020 traffic reveals a 5.1% increase.

ii. Insurance Coverages

Emily stated AON is our insurance carrier for property and commercial coverage and Vast is our carrier for workers compensation, auto, and crime coverages. Proposals from the two carriers for renewed coverages were recently received and there have been no changes to deductibles or coverage. Emily stated the IBA is recommending the board consider a new "Cyber Policy" which will cover the bridge security and phone systems. Suggested coverage is \$2M for liability at an annual premium cost of \$2,700; if approved, this coverage will go into effect March 1, 2020.

Vice Chair Kinloch inquired how the renewal costs for 2020 compare to 2019; Emily reported total premiums will decrease by \$9,000 for 2020.

Member Buckingham inquired what the mod rate for work comp insurance was and if any work safe credits will be applied. Emily stated she will look into these and get back to Member Buckingham with the information.

Vice Chair Kinloch made a motion to approve the updated insurance coverages for the bridge as presented. Member Buckingham seconded the motion. Motion carried unanimously.

B. Bridge Operations & Services

- Operations Manager Fiore Cappelli discussed staffing challenges his operations department faced in 2019 and he commended his staff for filling the gaps throughout the year.
- Fiore stated he recently approved a \$70K expenditure to upgrade the IBA security system servers; these servers have a four-year life expectancy and the current servers have been in place for eight years. Installation of the new servers will take place this spring.

IV. **Maintenance Operations**

A. Activity and Project Tracking Report

Asset Manager Marcus Eidenier stated current activity and project tracking reports were included in the board packet for review. Marcus stated total expenses were increased slightly from 2018 which is attributed to the 2% salary increase all fulltime staff received.

B. Maintenance Projects for 2020

Marcus stated he plans to have a crew dedicated to work on the 283 routine maintenance items the Annual Inspection report identified. In-house paint projects planned for 2020 include the ivory curb rail, green maintenance rail, and some zone painting on the U.S. Arch. Repair and preventative maintenance projects for 2020 will include green rail post replacement, EMSEAL joint replacement, epoxy coating of a portion of the bridge deck, and refurbishment of the pier top on Pier 19. In 2019 repairs to the pier top on Pier 20 was completed in-house at a cost of \$26,000 compared to an estimated contracted cost of \$203,000. MDOT CAO Laura Mester inquired as to the origin of the cost drivers for the contracted pier top refurbishment estimate. Bridge Engineer Hansen reported the biggest cost drivers were listed as risk of the project being located on the border, staging, and access to the pier top.

C. Capital Equipment

- Marcus stated he is happy to report the IBA was able to order the snooper (under bridge access platform) during a year-end sale which resulted in a savings of over \$40k.
- The Reachall truck purchased from the Blue Water Bridge is currently in Duluth, Minnesota being refurbished. The unit will be ready for pickup in early spring.

V. **Capital Project Update**

A. U.S. Army Corps Engineers (USACE) North Channel Blasting Project

Bridge Engineer Karl Hansen reported negotiations between the USACE and their chosen contractor for the channel blasting portion of the project have failed and they have now moved onto their next chosen bidder. Karl stated it is still anticipated that the channel blasting will take place this summer. The IBA is still gathering information to monitor vibratory and seismic load data. The data collected is being sent to Hardesty & Hanover who will establish the baseline for acceptable vibration prior to project start.

B. Inspection Frequency Changes

Karl reported the Federal Highway Administration is releasing new national bridge inspection standard guidelines. Karl stated Peter and Emily will be attending a bride conference in March at which time they will receive further details. It appears the recommendation will be a risk-based approach to inspection frequencies which may increase, or decrease, inspection cycles based on the age and condition of a given bridge. Upon initial examination of the new guidelines, it appears the IBA could potentially see a \$500k savings over a 10-year period; more details will be provided at the May SSMBA meeting.

VI. **Public Comment**

There was no public comment.

VII. **Adjournment**

Member Buckingham made a motion to adjourn. The motion was seconded by Member White. The motion carried unanimously, and the meeting was adjourned at 10:35 a.m.

Respectfully Submitted,
International Bridge Administration



Peter M. Petäinen
General Manager

PP:cs