



SAULT STE. MARIE BRIDGE AUTHORITY

SAULT STE. MARIE, ONTARIO

NATALIE KINLOCH, CHAIR
WARREN ASKEW, MEMBER
THYE LEE, MEMBER

SAULT STE. MARIE, MICHIGAN

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

Sault Ste. Marie Bridge Authority Minutes May 13, 2021 Virtual Meeting via Zoom

Present: Natalie Kinloch, Chair (Apple Hill, Ontario)
Linda Hoath, Vice Chair (Sault, Michigan)
Warren Askew, Member (Sarnia, Ontario)
Thye Lee, Member (Ottawa, Ontario)
Thomas Buckingham, Sr., Member (Newberry, Michigan)
Nicholas White, Member

Absent: Scott Shackleton, Member

Also Present: Peter Petäinen, Bridge Director, IBA
Laura Mester, Chief Administrative Officer, MDOT
Michael Dittenber, Attorney General's Office, MDOT
Sara Moore, International Border Crossing & Trade Specialist, MDOT
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, Accounting Technician, IBA
Holly Bishop, Calculations Assistant, IBA
Dan Weingarten, MDOT Communications Representative
Ken Talsma, Principal, Anderson Tackman & Company

Chair Kinloch called the meeting to order at 9:02 a.m.

I. **Approval of Minutes**

A motion was made by Vice Chair Hoath to approve the February 18, 2021 Sault Ste. Marie Bridge Authority regular meeting minutes as written. The motion was seconded by Member Askew. A roll call vote was taken by all members present. All present voted aye. Motion carried unanimously.

REPLY TO: PETER M. PETAINEN, BRIDGE DIRECTOR

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II. General Manager Comments

A. Toll Software Replacement Project

Peter reported the respective bridge stakeholders have come to a new agreement on a MOA for the procurement of the new toll software, including contracting and maintenance; the IBA will be the contracting authority on behalf of all stakeholders. The goal is to have a contract in place by July 2021 with replacement software and related equipment installed and functional by the summer of 2022; the current toll software contract expires on August 31, 2022. The initial contract would cover a five-year period with options to renew for an additional five years.

A budget amendment will be requested in the future as currently the approved budgets only cover the IBA's portion of the costs; however, with the IBA being the contracting authority, we will need to show the inflow/outflow of all monies associated with the contract. MDOT has agreed to provide owner support to cover the upfront capital costs for the IBA's portion which would be repaid over the life of the contract at approximately \$410k per year.

Final approvals are pending by the State Administrative Board and the Federal Bridge Corporation, Limited.

Member White made the following motion:

Whereas the International Bridge Administration (IBA) is operating under a current Memorandum of Understanding (MOU) between Michigan Department of Transportation (MDOT), Department of Technology Management and Budget (DTMB), Blue Water Bridge-MDOT (BWB-MDOT), and Mackinac Bridge Authority (MBA) for the shared cost and operation of its toll collection system, and;

Whereas MBA replaced their software vendor in August of 2019, and exited the current MOU, and;

Whereas the current vendor contract for IBA and BWB-MDOT expires August 2022, and;

Whereas IBA makes purchases and contracts in its own name, and operates under and has a current agreed upon bi-national Intergovernmental Agreement between FBCL and MDOT, and;

Whereas the IBA, FBCL and BWB-MDOT conducted a toll replacement study for future contract options, and;

Whereas the study identified significant potential operational efficiencies and capital cost savings, and;

Whereas DTMB is finalizing the procurement process on behalf of the Michigan Toll Bridges (IBA and BWB-MDOT) for software replacement, and;

Whereas the IBA, FBCL, and BWB-MDOT have drafted a proposed new Memorandum of Agreement (MOA) for software replacement, and;

Whereas the proposed new vendor and contract are also subject to approvals by the State Administrative Board and The Federal Bridge Corporation Limited Board of Directors,

Now be it hereby resolved that:

- SSMBA approve IBA to enter into a new Memorandum of Agreement (MOA) to allocate costs of the toll system replacement with the stakeholders BWB(MDOT) and/or FBCL, on the condition that each participating stakeholder has obtained all approvals required to enter into the MOA, and;
- SSMBA approve IBA to act as the contracting authority and enter into the proposed contract for toll system replacement on behalf of the named stakeholders of the MOA, and;
- SSMBA conditionally approve IBA to enter into a contract on or after June 24, 2021 on behalf of BWB-MDOT and itself, as selected and recommended by the bi-national stakeholder Joint Evaluation Committee having utilized the DTMB procurement process for the Michigan stakeholders, and subject to the State Administrative Board approval, and;
- SSMBA conditionally approve inclusion of the FBCL as a stakeholder to the toll system replacement contract subject to the FBCL Board of Directors, and;
- MOA stakeholders will reimburse IBA 100% of their respective contract shares as identified in the contract and as invoiced by IBA.

The motion was seconded by Member Lee. A roll call vote was taken by all members present. All present voted aye. Motion carried unanimously.

B. Duty Free Stores

Peter stated an agreement with the Sault Ste. Marie Duty Free operator in Ontario has been reached; subject to receipt of documentation that the operator has applied for federal support available under Canadian support programs, they will receive a 35% reduction in rent relief for the \$77,259 minimum annual payment for 2020/21 and 2021/22. Additionally, they will receive a retroactive reduction in rent of 75% for April-June 2020 which comes at the request of the Canadian Federal Minister of Transport related to relief for operators.

The American Duty Free store lease is also due for renewal and terms have been negotiated via the MDOT Real Estate Office. The proposed term for the lease renewal is 15 years which will be retroactive to February 1, 2021 with a new expiration date of January 31, 2036. There will be a reduction in the percentage of gross sales from 18% to 16%, which mirrors the annual percentage paid by the Canadian Duty Free operator. The American Duty Free operator will also receive a 35% rent reduction from March 20, 2020 until the border is reopened; payment of the reduced rent will

be deferred until the border opens after which repayment will be amortized monthly over the remaining term of the lease.

Member Buckingham made a motion to approve the US Duty Free lease agreement extension with terms as follows:

- Extension of lease term from be February 1, 2021 through January 31, 2036, and;
- Rental rate of 16% of gross sales, payable monthly, and;
- Minimum annual rent of \$77,259 (USD) for the term of the lease extension, and;
- Annual minimum discounted by 35%, during the duration of the border closure, to \$50,218.35, with repayment to be amortized over the life of the lease upon border reopening.

The motion was seconded by Vice Chair Hoath. A roll call vote was taken by all members present. All present voted aye. Motion carried unanimously.

C. Other Comments

- Peter stated MDOT Director Ajegba requested the respective Michigan big bridge managers work together on consistency and standardization in their working job titles. This was initiated by the Mackinac Bridge Authority Executive Secretary Kim Nowack, who requested that her working job title be updated to better reflect her role and position. This was reviewed by both Civil Service and the Michigan Attorney General's offices, whom we met with on April 27th. It was determined that the working job titles have no impact on our Civil Service classification, nor anything related to Human Resources. It is effectively an agreed upon change solely in job title to best represent the roles. As such, MDOT will now reference each big bridge manager respectively as Bridge Director, as opposed to the various descriptions today that included Executive Secretary, General Manager, or Bridge Administrator.
- Peter reported work on all of the FBCL stimulus projects is now complete.
- The peregrine falcons have returned and there are three eggs in the nest. Live viewing of the birds can be seen at www.saultbridge.com/falcam.

III. **Finance and Operations**

A. December 31, 2020 Audit Report

CFO Emily Jacques introduced Ken Talsma of Anderson, Tackman & Company. Mr. Talsma gave an overview of the audit process from start to finish and reviewed the audit report letter with the board members. He stated the IBA received the best possible independent audit result, which is an "Unmodified Opinion" which means everything was fairly and accurately reported in accordance with auditing principles.

Mr. Talsma expressed his appreciation to IBA staff for their assistance throughout the auditing process. He stated despite the challenges the pandemic posed, his staff always felt safe and social distancing protocols were easily achieved.

Vice Chair Hoath made a motion to approve the December 31, 2020 Sault Ste. Marie Bridge Authority basic financial statements and independent audit report. The motion was seconded by Member Askew. A roll call vote was taken by all members present. All present voted aye. Motion carried unanimously.

B. First Quarter Financial Report

CFO Emily Jacques reported balance sheet assets as of March 31, 2021 were at \$6.8M; total liabilities were at \$680K, and total fund balance was at \$3.9M. Total net revenue for quarter ending March 31, 2021 was \$1.2M with total next expenditures totaling \$1M.

C. Independent Auditor Renewal

Per the Intergovernmental Agreement, the board must approve the independent auditor each fiscal year; the IBA respectfully requests board approval to renew Anderson Tackman & Company as the independent auditor for fiscal year ending December 31, 2021.

Vice Chair Hoath made a motion to exercise the option to renew the contract with Anderson Tackman & Company as the Sault Ste. Marie Bridge Authority's independent auditor for the fiscal year ending December 31, 2021. The motion was seconded by Member Lee. A roll call vote was taken by all members present. All present voted aye. Motion carried unanimously.

IV. **Maintenance Operations**

A. Activity and Project Tracking Report

Asset Manager Marcus Eidenier stated overall labor and equipment usage spending was down 41% for the first quarter of 2021; the decrease is attributed to a decrease in winter plowing and sanding activities along with the payroll savings realized from staff temporary reassignments and three full time vacancies.

B. 2021 Maintenance Projects

Marcus stated during the 2021 season the maintenance crew will focus on the remaining 26% of routine maintenance items identified in the 2019 annual inspection report. Additionally, staff will focus on spot painting on the lower portion of the U.S. Arch, repairs to the top of pier 19, and decommissioning and removal of the Shaw Cable system from the bridge; all expenses relating to the removal of the cable system will be reimbursed by Shaw Cable.

C. UB50 Training

Marcus stated Aspen Aerial will be traveling to the Sault the week of May 17th to provide training to IBA maintenance staff. The 2-day course will include basic mechanical troubleshooting, proper maintenance, and a general overview of operational procedures. Total cost of the training is \$6,000.

V. **Capital Project Update**

A. 2021 Routine Detailed Inspection

Bridge Engineer Karl Hansen reported Hardesty and Hanover will be onsite during the first two weeks of August to conduct the first bi-annual routine detailed inspection; preliminary findings will be reported at the August SSMBA meeting.

VI. **Public Comment**

There was no public comment.

VII. **Adjournment**

Vice Chair Hoath made a motion to adjourn. The motion was seconded by Member Askew. A roll call vote was taken by all members present. All present voted aye. Motion carried unanimously and the meeting was adjourned at 10:23 a.m.

Respectfully Submitted,
International Bridge Administration



Peter M. Petäinen
Bridge Director

PP:cs