

A meeting of the Maine State Ferry Service Advisory Board was held at 10:30am on Thursday, June 27, 2019, at the Rockland Ferry Terminal.

A) Role Call:

Matinicus, Vinalhaven, North Haven, Islesboro, Frenchboro, Swan's Island, Bass Harbor

B) Introduction of Visitors:

Eva Murray, Matinicus, Chairperson
Bruce Van Note, Commissioner MDOT
Mark Higgins, MDOT
Joanne O'Shea, MDOT
Bill Pulver, MDOT
Mike McKenna, MDOT
Duncan Bond, Frenchboro
Phil Crossman, Vinalhaven
Lindsay Davis, Vinalhaven
Jon Emerson, North Haven
Rick Lattimer, North Haven
Phil Seymour, Islesboro
Andy Dorr, Vinalhaven
Nick Battista, Island Institute
Janet Anderson, Islesboro
Kathy Clark, Swan's Island
Sonny Sprague, Swan's Island
John King, Islesboro
Gabriel Pendleton, Islesboro
Dick DeGrasse, via phone

C) New Business

a. Rate Structure discussion/working session with Commissioner Van Note

Bruce: Highlights of the Revised Ferry Rate Proposal. July 15 is the end date for comments. Bruce received lots of emails about costs and efficiencies, but the purpose of the rate proposal is to determine how raise \$5.8M which is 50% of operations. The proposal is set for 4 years but there will be monitoring and consideration before 2023. Rate hearings are inherently challenging. His experience is that without structural changes there will not be huge impacts to revenue, the rate change is fundamental. He hopes the process indicates that he has been very engaged, calculating line by line and notes that he personally wrote the majority of the proposal. Not everything will be considered fair and he understands that. He is accustomed to no-win decision-making situations but hopes everyone feels respected and heard.

RE: the rate structure, p 3 and appendix B, he discussed Islesboro specifically. It is intended overtly to reflect policy perspectives.

For commercial rates, the big goal is to reduce the impact on year-round ferry users using the ferry very

frequently. Not a lot of commercial rate users (business trucks) attended the listening sessions so he is willing to further discuss this. If commercial activities are disbursed per unit, the increase of rates is not impactful to the company's customers.

Seasonal rates reflect the demand. June-Sept is the season proposed though other ferry services generally have a longer season. There is a market difference here. He is open to further discussion.

Point of Sale discount (island vs mainland) is not part of the proposal because "gaming" happens (legally).

Adjustments to bikes and motorcycles were made because currently a bike is more expensive than a car to take on the ferry.

These are not always financial issues, but examples of specific island/vehicle issues.

Reviewed other rates/reservations and equitable adjustments on the Proposal.

Bruce said there's been lots of discussion about how specific to make the proposal and that there's been lots of opportunity for people to attend listening sessions and be heard. It's not set in stone yet, he'd like to continue hearing from people.

Oct 1st is a logical effective date.

Jon: asked about clarity on additional reservation. Mark: from 4 to 5. Jon feels the rate structure overall is more family friendly.

Duncan: Teachers ride for free—is this Frenchboro? Bruce: yes. Adjustment for elderly? Bruce: This was thoughtfully omitted and would apply to medical appointments, not age. Lots of thought, but consciously trying to strike a balance.

Lindsay: additional reservation for Vinalhaven: can we add reservation to non-reservation boats? Line numbers are lost but if all boats had reservations it would be better: Mark: we are open to added reservations.

Sonny: boat was full due to reservations off Swan's today. Bruce: different things for different islands is possible but Mark's team needs to have a say on implementation. Reservations are not always a financial issue, it's more about lifestyle/medical issues. Trying to strike a balance.

Sonny: population shifts late in June which impacts reservations. Non-residents have a better chance of getting reservations than locals because they know their vacation schedules more in advance than a doctor appt, for example.

Phil: local reservation option makes sense depending on the island

Eva: Matinicus citizens understands that rates need to go back up. She requests that walk-on passenger rate stays down. Bikes are not an issue on Matinicus financially but there should be a bicycle friendly rate. People without their vehicles should have low rates.

Andrew: It's not a matter of not wanting/welcoming bikes it's that there's no safe place for bike riding on the islands.

Bruce: adding bike lanes on islands often has unintended consequences.

Duncan: Frenchboro would like bikes (2 miles of roads)

Bruce: We will not charge more for bikes than vehicles.

John: Thank you Bruce for all your work—it's uncharacteristic. Thanks to Bill, Mark and all. Rate structure is driven by info passed out in March. Bruce says capital and parking revenue might be buffers. Gabe asked what has changed? Bruce says what's changed is that he is trying to keep rates down.

John: Everyone is interested in vibrant island and mid Coast communities. A holistic view of revenue, capital expense, etc. is needed. He asked Mark for more years of data. He says we are still providing same service as always: same runs, etc and says it's confusing why there is such jump in cost for personnel, fuel etc. He doesn't think the proposed rates are going to improve the demand destruction. He thinks DOT needs to get costs down. He is disturbed that we base the tariff on costs continuing to go up. Bruce says he likes that John is digging in so much, but the proposal is based on experience and the need to make a decision. DOT has an interest in cost reduction. Experience is that without a major change of boats, runs, pricing, costs etc we need to decide how to improve the tariff now. John doesn't think there is transparency in wages. It's difficult and frustrating to do any analysis. Bruce says we can provide more granular info. Nothing is being hidden. Input from the group is necessary so we can provide the info being sought. He gets the sense that "the data will set you free and fairness will result" type of thinking will not necessarily have those results.

Eva: People are interested in an in-depth audit. Is there a point person for detailed accounting questions? The volunteers don't want to take on mission creep but there may be a feeling that the board is not getting what it needs for info. Bruce, Mike and Bill are the point people. The board is crossing the line by asking for detailed budget info, but the need for transparency is understood.

John: asks the cause of such an increase in overall budget over the last couple of years.

Gabe: The entire increase happened in one year, hitting the pockets of the residents of Islesboro. He says cars should be \$18-20. Gabe thinks we may not be able to budget to meet the funding needs. The proposed rates are not going to facilitate more ridership, which impacts the island overall. He does not agree that towns should subsidize the ferry service via taxes. He is in favor of a larger spread for the seasonal rates. Families are being priced out, closing schools would mean the end of island life. We're in a position where rates will continue to go up, but people won't pay the rates so it's not going to work long term. We should have a conversation about lowering rates to keep island life. Bruce encourages Gabe to bring the issue to Augusta. Bruce says local subsidies and policies are not unreasonable—the ferry is the life line to islands so people wouldn't be opposed.

Phil: clarified that Bruce, Bill and Mike are the accounting group.

Lindsay: discussed how the ticket price didn't change for a very long time. There needs to be a structure so people aren't scared off by huge price changes.

Nick: There have been years of deferred maintenance and funding. It's an uphill battle with other issues in Augusta, like broadband funding.

John: Responded to Lindsay. He says we need to drill down on why costs are up so much.

Bruce: We can supply more granular info on wage rates

Jon: North Haven offers thanks to Commissioner and all involved, saying it's a breath of fresh air—this has helped him have a different perspective on approaching a new tariff. He hopes Islesboro can see these efforts in a positive light too. Seasonal differential: there should be a larger differential, and season should be 3 months than 4, according to Gabe. Bruce wants specific numbers...Gabe would plug budget into spreadsheet and see what comes out—can't arbitrarily choose rates. It's difficult to project ridership when rates go up dramatically. There are thoughts of 6/15-9/15. Some islands are as seasonally expansive. Bruce thought a \$10 seasonal rate variation would not be well received but he is open to discussion.

Jon: Could Islesboro have different seasonal rate structure than other islands? Bruce: he is hesitant but yes, it could be done.

John: The increase is too much. Ava says it's island specific.

Kathy: She's a commercial user on Swan's Island and says the tariff is doable for her island

Jon: Worries about commercial costs being passed on. Unfortunate that truck rate went down in tariff 8 (other than Islesboro). Money was lost when that happened.

Gabe: The Proposal is another increase to Islesboro and it's not a reasonable balance with other islands.

Bruce: asks other islands if they feel the proposal is reasonable. Gabe ask others to consider if it is reasonable that Islesboro rates double.

Kathy: says that Islesboro was much lower and had a good deal for such a long time

Eva: has concerns about other variables. She would like to not worry about any and all boat maintenance and employee wages. There are other variables than ticket rates.

Bruce: says we do all we need to do to run a safe and reliable service. MSFS is better capitalized than other parts of DOT. Everyone loves transportation until there is a cost—there needs to be constant maintenance and adherence to coast guard regs.

? Question about mainland rates vs Island rates—Bruce says we're not doing mainland rates vs Island rates because electronic systems will not allow for it—can't track where people are buying tickets if they're being bought online.

John: says list of registered voters could get one price and others get another price. Bruce says there are lots of issues with that.

5 min BREAK

Jon: there's more than one way to value the ticket: what it enables you to do. A shorter run may be worth more because you have more access to mainland/convenience factor. We need to look at the value of what you're getting. Don't want an us and them atmosphere.

Gabe: the comparison is hard due to how things have been historically. The reality of the islands and those living on them are different.

Bruce: discussed a 15% subsidy paid by tax base. Andy asks for specifics. Bruce says it's just a concept, it's not "cooked" yet. Valuation by island was considered. Mill rates were reviewed—this would be a

jump of over a mill, this is a lot but compared to other places and services, it's worthy of considering. Bruce just offered rough math because terms like "lifeline, island can't exist without it, necessary in emergency etc" means that it's reasonable towns would be interested in supported it.

Gabe had to leave and feels that the change in the MSFS has been positive lately.

Bruce: 50% from the state is fair and is stable as long as he's here. He thinks long term. Given relative mill rates, he doesn't think islands should pay more—they should be considered partnership programs. Local contribution would change the dynamic positively. Example: Portland pays for 70% of its bus service—most municipalities contribute to public transport. Partnerships are positive but are not part of the current proposal. A town subsidy would be a game changer, a shift onto tax payers. People "from away" would subsidize locals. Eva suggests that it's complicated to designate people as local vs "from away". There needs to be a lot more discussion.

John agrees that there's a long discussion ahead and a hard sell to convince people to do the subsidy. Bruce says change happens discussion by discussion, meeting by meeting, etc.

b. By-laws input

Phil: discussed requirements of the by-laws. He asked for permission to put the annual report off 30 days. Bruce approves. He says a report should detail what needs to be fixed, not what has happened in the past. Phil agrees.

Eva: questions if there needs to be a vote to adjust the date of the annual report. No

c. Next meeting date: Thursday September 5, 2019

d. Other comments:

Jon asked when we could share the draft publicly. Bruce's preference is that it's not shared until the next version goes out, to eliminate confusion. It is a public document, but it may be changed as it is a draft.

e. By-laws input continued

Phil: proposed updated new by laws have been circulated since Feb

John/Phil: Language amended to included that "Advisory Board is committed to have the ferry service provide safe, dependable, efficient and equitable transportation to its customers" Motion was made, voted, seconded, no discussion, and approved.

Eva: Article 3 proposal: "Membership inclusion: removal of a member or officer by vote of the rest of the membership must be for a stated cause. Such cause to be included in the minutes of the meeting." Motion was made, voted, seconded, discussion-Jon asked if minutes can be sent within one week of meeting-yes, and approved.

Eva: motion to delay preparing annual report to end of July. Motion was made, voted, seconded, no discussion, and approved.

Eva: what should the report contain? How comprehensive? Who will be responsible for creating report? Discussions should occur via email. Comments/inclusions should be submitted by July 15? Asked Mark to send last year's one page as a template. He agreed. Phil wants to make sure we comply with by-laws.

Mark is listed as secretary of Advisory Board on Secretary of State website and asks that the Board elects a Secretary. It had not been updated by predecessor—everything is up to date but there should be a Secretary voted in. It needs to be updated every November. Mark will remain the Secretary and a staff person or board member may take minutes to be in compliance with by-laws.

- D) Approval of Minutes from May 2, 2019 meeting: These were voted, seconded, discussion with one amendment offered, which was accepted, and approved. Amendment: Lindsay Davis was in attendance.
- E) Approval of Minutes of the June 20, 2019 work session. Motion was made, voted, seconded, no discussion, and approved.
- F) Communications: Eva: A letter was received from Matinicus to management's attention.
- G) Reports of the Board: None
- H) Reports of the Department:
 - a. Finance: Mike McKenna reviewed the financial report, which was a handout.

John: requests yr end report once it's ready. Mike will send it out. John asks about the process of how the budget is made. Bill responds regarding wages, health benefits—these are set by the state, not MDOT. Mike responded to other categories. John says philosophically the Board should have input to the budget. Eva says that is not historically what the board has done. John says there should be discussion about this so it's not a fait accompli. Mike says his one-page report is in response to what the board has asked for in the past. He can supply other/more robust reports.

Eva: Islesboro has asked for reports going back to 2012. Service has changed for Matinicus—other members have said that services have not changed over all but that's not true—Matinicus runs have doubled/tripled. Eva would like to know the cost of a single trip to Matinicus—Mark estimates \$1000-1200 for staff and fuel. Emergency trips are \$1300.

Bill: Lots of discussion about more detailed reports. We will supply that and link it more to the budget.

- b. Vessel Status: Mark reviewed the vessel status report, included in the handout.
 - i. Additional trips have been authorized to North Haven to alleviate holiday traffic
 - ii. Transporter may be going to Matinicus for the short term. There is a commitment that the Transporter accommodations will be upgraded. Eva is looking for clarity on whether the Libby or the Transporter will be used. It's not

decided yet but MSFS is being transparent with known information. Decision needs to be made by haul out in August.

iii. Kathy asked about Lee haul out extension.

I) Island Specific Issues:

- a. Standby and Line Numbers on Vinalhaven—Mark will go out on 7/11 at 2pm and meet with Andy to review this system. Middle trips are coming back with up to 5 spaces empty because people will take line numbers but
- b. Conflict Resolution and Anger Management classes will be held for MSFS staff
- c. Mark announced some shifts with Captains
- d. Jon-proposed changes to line up policies in Rockland. Mark says they will be in place in the next 30 days.
- e. Phil wants to make sure the Conflict Resolution and Anger Management classes are not taken lightly.

J) Old Business: none.

K) Motion to adjourn. Meeting adjourned at 1:59pm.