

MAINE STATE FERRY SERVICE ADVISORY BOARD MEETING MINUTES September 17, 2020

A meeting of the Maine State Ferry Service Advisory Board was held at 10:30am on Thursday, September 17, 2020, via Zoom.

A) Roll Call: Matinicus, Vinalhaven, North Haven, Frenchboro, Swan's Island, Bass Harbor, Mainland (no Islesboro representative)

B) Introduction of Visitors/List of Attendees:

Eva Murray, Matinicus, Chairperson
Bruce Van Note, Commissioner, DOT
Bill Pulver, MDOT
Dave Bernhardt, MDOT
Mike McKenna, MDOT
Mark Higgins, Manager MSFS
Joanne O'Shea, MSFS
Duncan Bond, Frenchboro
Phil Crossman, Vinalhaven
Jon Emerson, North Haven
Kathy Clark, Swan's Island
Sonny Sprague, Swan's Island
Lindsay Davis, Vinalhaven
Maggy Wilcox, Islesboro Island News
Ken Carle, PIA
Phil Seymour, Islesboro
Thomas Lutrell, mainland
Maggie Wilcox, Islesboro
Rick Lattimer, North Haven
Kevin Waters, PIA

C) Approval of Minutes from July 9, 2020-moved, seconded, no discussion or disagreement, all voted in favor, unanimously approved.

D) Communications - none

E) Reports of the Board 1. Finance sub-committee: Jon Emerson verbally shared an email that Gabe had sent (as Gabe was unable to attend) to the board and others this morning, 9/17/20.

He stated that having the financial reports arriving earlier is appreciated and asked what percent of operating costs the unfunded liability is, indicating that this would be more relatable information. Mike responded that he can research this. Bill stated MaineDOT could calculate it for any year and that currently it is 17% of Personal Services Salary costs. Eva asked about Jon's sense of the Finance Committee—is the purpose to discover how the budget process works or are they expecting the Board to take a complex look and give advice about the budget. Jon replied that it is to be able to make recommendations and be involved early in the budget process.

F) Reports of the Department

1. Financial Report—Mike McKenna presented a FY 2019 and FY2020 variance of the last 2 months as of August 31, 2020. The report was included in the agenda email.
 - Highlights:
 - Revenues Farebox down \$633k, parking down \$30k
 - Total Operating Revenues down \$1.1M despite \$1M FTA Cares grant
 - Expenses
 - Personal Services—1-time retro payment to crew members. \$600k payment is why it's down on FY 2020, not 2021.
 - Diesel-- slightly down.
 - Repairs—Philbrook should be back in the next week, so variance is a timing issue. \$250k down from last year due to that.
 - Cash balance down \$2.1M.

Eva noted that ridership is up for Matinicus—demand is there, though it doesn't make much revenue.

G) Vessel Status Report—included in agenda email. Mark reviewed the report for the Board.

1. The Libby was given an equivalency for the Fast Rescue Boat by using the Jason's Cradle. Mark said we got the letter this Monday from the USCG.
2. Marks says we won't be able to offer additional trips to Matinicus because the USCG is concerned about number of trips in winter and to get the exception we told the USCG we would not expand the number of trips past the 36 in statute. Eva says we need availability for trucks and will call Dan and Mark.
3. Philbrook at Rockland Marine-should be back this week. Smith needs hull inspection by 10/31. Spear launch on December 12 with delivery March 1.

(More Reports of the Department)

10:50am Commissioner Van Note joined the meeting, stating he has observations and questions for the Board.

He said his comments are intended to be high level/not specific and that he wants to improve communication and problem solving. He had some observations he wanted to share related to the operations of the Board, and their latest Annual Report to him. He thanked the board for their volunteer service and stated he has invested a lot of time with the board. He explained that per capita, MaineDOT's executive office spends more time on ferry service issues than other areas of MaineDOT responsibility.

He felt a connection to the islands, felt a bond, but now he felt that certain members may not want to work through the Board together to problem solve.

He said the board needs to decide what kind of board it wants to be. He believes ferry service matters should be discussed and vetted through the Board first, instead of being lobbed by members elsewhere. He stated that we are running a ferry service for the island communities and that we desire and need the advice of the Board. He believes most board members agree that issues should be discussed at the board level and it is unfortunate to read articles about issues that had not been dealt with by the Board. He stated that an email was sent last night that was divisive and that everyone on the board should have information in a reasonable amount of time ahead of a meeting in order to respond. This is the purpose of the board—to help resolve issues between the MSFS and the islands.

When he read the Advisory Board annual report, his initial reaction was disappointment because he thought we were establishing a good relationship and that issues should/could be raised and talked about in a straightforward manner. He thought the tone of the Annual Report would lead readers to believe the MSFS/MaineDOT was uncooperative and uncaring. and he believes that is not the opinion of most Board members. He was disappointed after reading it, asking himself if this response came from the same board he has sat with and with whom he had spent time. He is disappointed that there is not more positivity or a sense of appreciation especially during the pandemic. He stated he reviewed the Annual Report line by line and concluded that some information was outdated or inaccurate. He suggested for broader authorship in drafting the Annual Report and that there be more time allowed for Board review and editing before the report is finalized.

He stated that COVID19 added new challenges this year and that the need for public subsidy could reach close to 75% due to the drop in ridership and revenue. He is diligently looking for funding to preserve this public service for island communities. He feels the MSFS is supported by some board members/islands.

He debated about how to approach this meeting but thought he and MaineDOT had a connection with the board and thought the board liked his participation in the board process. He felt a straightforward approach was best.

Jon- stated that his initial reaction is that he is saddened to hear the Commissioner's take on the Annual Report. He says the board is not here to say how well things are going, but to discuss how things can go better. He is impressed by Commissioner Van Note's time—this is his 5th meeting and he doesn't remember any other Commissioners attending meetings in the past. This is Commissioner Van Note's tangible evidence that he cares, and Jon thanks him.

Commissioner: He knows the board role is not to talk about happiness but solving problems. If everything is great, there's no need for a board. Most meetings are about learning, and he wants issues to come forward through the group, not outside it.

Eva: talked about issues going through the board vs island to island. If one island has a serious problem/anger, it may sound like rest of board is supportive, that they are all angry—and that is not the case. They work as a team, but each island doesn't have the same reality. The board can weigh in, but DOT should not look at board as a unit—there are several communities. Each community needs direct access to DOT.

Commissioner: Highlighted a complaint sent to the Office of Program Evaluation and Government Accountability (OPEGA). It seems a complaint about a line-up procedure could be addressed through the Board for weigh-in first, before being sent directly and externally. He understands the difference between very island specific items vs broader impacting issues that go to legislators before the board or the MSFS knows about it. He said that legislature will ask if appropriate parties knew about the issue, have weighed in and if it has been a long-standing issue. All members and islanders may speak with whomever they want individually, including Mark—no one is hindered from doing that – he is just encouraging things to be worked through the board.

He stated that structural change may be coming by necessity, due to the pandemic and overall increased costs. That we've got potential troubled waters regarding ridership, subsidies, costs, and revenue, not just personalities. He wants a frank exchange, so we have a functionally working Board. He thinks it is most appropriate to hear issues via the Board, not elsewhere, prior to taking more aggressive options – like submitting legislation.

There is work to be done, but the tone of the Annual Report was deflating. We need to be constructive and problem-solving. Discussing problems and constructive criticism are good—MaineDOT wants to work with board, to hear different points of view.

Phil: stated he understands the Commissioner's concerns and is grateful for his active participation. He said that nothing he wrote about had not already been taken to the board. He recognizes that a lot of back and forth defending or explaining himself would take up time and he will respond later.

He said the board knows what they are: the statute says we are an advisory board including writing an annual report. He wants constructive dialogue in the future.

Eva: Invited those who don't speak up much to add comments.

Commissioner: Clarifies his comment about the board needing to decide what kind of board they are.

The focus is how duties are set forth for the Board. He wants a reset and appreciates everyone's comments. His goal: do our best to provide safe reliable efficient service to islands. He feels welcome at the Board meetings and acknowledges that Bill and Dave's time working on Ferry Service issues dwarf his—many people at DOT are devoted to the MSFS.

Sonny, Rick Ken: Thank the Commissioner and state they are glad to be part of the meeting.

Eva: States that she wouldn't go to newspaper or legislature for more boats. That's her perspective, but each island may feel differently.

(Additional Reports of the Department)

Bill: Stated he heard requests for more/different financial information. He has an illustration of what COVID has caused financially. Bill shared his screen and reviewed a PowerPoint. He noted that the State Fiscal Year (SFY) is July 1-June 30. An analysis of SFY2020 shows a positive balance \$207K thanks only to \$2M relief from the CARES Act. Data shows the new ticket structure was working through the pre-COVID months of Oct-Feb. For the graph, expenditures are based on a model created from 5-year average monthly expenditures.

The budget is made biennially. For FY22, personal services will be lower—down about 5%. These slides will be sent to the board. Unless there is improvement in ridership, we are still headed towards \$2-3M hole, despite \$1M Cares Act. Bill said Mark is trying to adjust schedule and make strides, working towards this issue. Given this budget problem, this is not a time to add or increase services.

H) Island Specific Issues

1. Phil-PIA has contracts to deliver post office mail and FEDEX. The number of packages has increased, and they are relying more on the ferry. He asks for another standing priority when weather or circumstances call for it. Eva supports the request, especially due to COVID. Mark says we can add a second priority for PIA. Ken says another priority would help, as volume and size of freight is increasing. When they fill in for UPS, they appreciate being able to take that slot.
2. Phil-ask Mark if during off season, we can re-engage in the VH line number discussion. Mark says he will read email and respond.

I) New Business

1. Ridership Numbers—Mark shared ridership numbers which were included in agenda email. Labor Day was up. From 9/1-9/15 up 9.8% vehicles, down 5% passengers.
2. Mark states that the schedule is in place through Oct 31. It is dependent on ridership and the financial situation.
3. Mark shared that the Rockland lot has been repainted so that the bus and taxi pick up are near the sidewalk and a drop off/pickup area is in front of the building.
4. Tom asks if there has been any feedback about one lane down main street...no issues reported.

5. Jon asks if there are drawings for the hybrid ferry. Marks said yes, the goal is for it to be out to bid in November. Eva asks if new ferries are on schedule, with COVID/financial issues. Yes, so far, no changes to the proposed schedule.

J) Motion to adjourn. Meeting adjourned at 12:03 pm.

Next meetings via Zoom: Thursday November 5, 2020 at 10:30am