

CITY OF MACKINAC ISLAND

SPECIAL CITY COUNCIL MEETING MINUTES

Monday, August 12, 2024 at 11:00 AM

City Hall – Council Chambers, 7358 Market St., Mackinac Island, Michigan

I. Call to Order

Mayor Doud called the special meeting to order at 11:00 am.

Mayor Doud thanked the crews of Shepler's Mackinac Island Ferry, Mackinac Marine Rescue, the U.S. Coast Guard, Mackinac Island Fire Department, & Mackinac Island EMS for their rescue of five (5) adults and one (1) dog after their boat capsized Friday afternoon.

II. Roll Call

PRESENT

Richard Chambers
Tom Corrigan
Steven Moskwa
Anneke Myers
Alan Sehoyan
Jason St. Onge

IV. New Business

- Mayor Doud asked Chris Shepler to touch on the following four points:
 - 1.) How Shepler's and Hoffman plan to get through the 2024 season
 - 2.) Explain repairs to the Island Main Dock and a time frame for the work
 - 3.) Winter service
 - 4.) Plans for 2025 season (understand that this information may need to come at a later time)

- Mayor Doud thanked the Hoffman & Shepler teams for dealing with this tough situation, but they are making it happen.
 - o The City is working closely with Hoffman & Shepler regarding the merge of Shepler's and Star Line
 - o The Council is very fortunate to be working with the 1899 City Charter, which gives the City the power to franchise boat lines and to regulate their operations. The guidelines form the Charter are very helpful when dealing with the anti-trust and monopoly situation
 - o City attorneys and Hoffman attorneys are working together on a daily basis
 - o We all have to work together to take care of our residents and visitors – we all need to be pro-active, and not re-active, and support each other as we get through this. In the end, everyone will benefit from better service to Mackinac

- Chis Shepler addressed the Council and thanked them for today's opportunity to discuss what has been going on with Mackinac Island Ferry Company (MIFC) and the overall transportation system to Mackinac Island
 - o Would also like to thank MIFC and Shepler's staffs for dealing with everything that has been going on since the acquisition
 - o To date, through 8:00 am this morning, Shepler's has had 5,025 scheduled departures, the actual departures that have left Mackinaw City & St. Ignace was 5,675 – 650 extra departures
 - o Even though they are scheduled to be stopping soon, Shepler's will continue with departures every 15 minutes. Shepler's will continue to run this departure schedule as long as they can / have the adequate staffing to do so
 - o MIFC will continue out of Mackinaw City with the Anna May, the Straits II, and the Good Fortune for as long as staffing permits
 - o Between the Anna May and the Good Fortune, the Good Fortune can become an uncomfortable ride, so that will be the first boat to be pulled once we start to experience more inclement weather
 - o It has been 43 days since the Hoffman Family has purchased MIFC, and that has not been much time to deal with all of the issues that have been presented
 - Mr. Shepler does his best to keep in touch with Tim Hygh at the Tourism Bureau and Mayor Doud on a daily basis, however things are constantly changing which makes accurate communication difficult

- Update on Mackinac Island Ferry Company assets
 - **Mackinac Express**
 - Outriggers in the bow are damaged
 - Several cracks in the bow
 - Not sure how many at this time, but there are many
 - Basically, the whole bow needs to be replaced – have not come to a full conclusion on exactly how they will do that – cutting vs. welding
 - There are 108 bolts that connect all 3 floors / decks, and all 108 have to be replaced - decks have to be lifted, replace the bolts, and get the cracks fixed
 - Currently the engines are pulled and are being sent to Kalkaska for repairs
 - Transmissions have been rebuilt
 - Have two (2) cracked gears in the port side
 - Guide veins on the jets are being replaced
 - **Marquette II**
 - Two (2) new rebuilt engines installed last year
 - No more hydro jets for more efficiency
 - Rebuilding the hydro jet engine
 - Wiring in the vessel being replaced
 - **Radisson**
 - All four (4) engines were pulled, three (3) of those four (4) engines will be replaced – no more hydro jets
 - These were older engines and parts are becoming hard to find
 - All new transmissions and drive lines (props, jets, shafts, propellers)
 - New hydraulic steering
 - New wiring to be installed throughout the vessel
 - **LaSalle**
 - During sea trials this spring after the engines were rebuilt, they had a runaway issue where the engines went up to 4,000 RPMs (normally maxes at 2,200 RPMs), they over sped which caused catastrophic failure to both engines. This happened only eight (8) hours after the rebuild of those engines.
 - Not sure when this boat will be ready, this boat is currently last on the list for repairs due to the cost of new engines.
 - **Joliet**
 - Shepler's found out through USCG that she ran aground roughly three (3) weeks prior to Hoffman's purchase of MIFC
 - The prop on the starboard side was bent & shaft was severely damaged.
 - The packing gland was severely damaged as well and resulted in taking on water
 - MIFC continued to run the vessel with the damaged parts. The continued vibration caused a Vulcan coupler to blow - hoping it did not cause further damage to the transmission
 - When the boat was tied to the dock during US Coast Guard inspections, one of the cleats holding the boat to the dock detached from the deck
 - Was taking on water through the stuffing box after running aground
 - Goal is to keep this boat as a backup boat to haul excess passengers during peak season times
 - **Cadillac**
 - Has 19 cracks in her hull, working on fixing those at this time
 - Boat is also taking on water
 - Goal is to keep this boat as a backup boat to haul excess passengers during peak season times
 - Shepler's philosophy is that they will not put a boat on the water until it is 100%. There will be no more band aid fixes. Shepler's wants to make sure that all of their boats are reliable
 - MIFC did not follow such a policy, which has led Hoffman to where they are today with so many fixes on the majority of the MIFC fleet
 - This is why there is currently no service out of St. Ignace and no fast boat service out of Mackinaw City – the boats simply are not ready for public use
 - Roughly 1,000 to 1,500 gallons of water that comes out of both the Joliet and Cadillac each day
 - This water, coming out of the hull, is contaminated with fuel and transmission oil – known as bilge oil water waste
 - The water needs to be taken away professionally

- Past administration for MIFC has put this contaminated water in to tank farms in St. Ignace & Mackinaw City – Hoffman is currently in a lawsuit with EGLE over these tank farms as they are illegal
 - There are over 30 500-gallon tanks stored
 - EGLE’s issue is there is no containment of the tanks
 - Hoffman has hired an Environmental Specialist who is mitigating all of this with EGLE, which is elevating the lawsuit with EGEL
 - This has been a costly issue to resolve and may take some time to fully remedy

- Mackinac Island Historic Main Dock (old Arnold Main Dock, located at 7271 Main St.)
 - There are no stamped engineering drawings from MIFC as of August 8, 2024
 - There were some drawings done by Soil’s & Structures to get started on the lateral supports (protects the dock from moving side to side)
 - This work is currently being done by BP Construction (Brad Peterson)
 - Have one welder from MIFC who is working along with BP Construction
 - The next project that needs to happen on the dock is to work on the vertical supports
 - 900 of the pilings under the dock need to be either fixed or replaced
 - Met last week on the dock with City Building Inspectors, engineers from OHM, Brad Peterson, and other various personnel
 - Will be encasing each vertical piling that is damaged, will send piping over existing piling in to the soil at the bottom of the lake with a circular rebar that will be filled with concrete (work will be completed by Michaels)
 - Repair work will start as soon as possible, but still waiting on further drawings and work from OHM

- Winter Boat Fleet
 - **Chippewa**
 - No longer MIFC’s plan to electrify this boat (no funds were ever received for the project) at this time Shepler’s does not feel that there should be any money put in to electrifying a boat if there are other boats in the fleet that need direct attention to run daily
 - **Algomah II**
 - Boat is just a hull at this point and does not have any engines
 - Boat will be scrapped
 - **Huron**
 - Per the US Coast Guard, everything above the water line needs to be replaced – entire steel replacement
 - Some abatement and welding issues
 - Have a meeting tomorrow with the US Coast Guard regarding continued repairs on the Huron
 - Mayor Doud noted that she would be happy to attend that meeting as well if Shepler’s was ok with that
 - **Ottawa**
 - Bent shafts
 - Possible new transmissions and props
 - Moving forward on these repairs to make sure it is ready as a winter service backup boat

- What’s happened since the acquisition? (July 1, 2024 – August 12, 2024)
 - Have had over 25 employees leave since the acquisition
 - Remaining staff is over worked
 - MIFC services are being overpromised and undelivered
 - Have missed over 1,000 scheduled departures this season to date
 - St. Ignace dock has been shut down for multiple weeks
 - Commuter traffic issues
 - Priority boarding issues
 - Mass confusion with no communication

- How do we move forward?

- Hoffman Family Company is requesting permission from the City Council to pause all Mackinac Island Ferry Company services, beginning August 18, 2024, from both Mackinaw City and St. Ignace
 - The reason for picking August 18th is that the MIFC schedule states that the Classic Ferry Departures stop at that time, and at this time there are only Classic Ferries running from Mackinaw City. Business is also slowing down at this time.
 - Would like to do this to give more time to work on communications plans and not have to worry about which vessels will run each day
 - All passenger service will be handled by Shepler's for the remainder of the 2024 season
 - All ticket sales will be handled online at sheplersferry.com or onsite at the Shepler's ticket office
 - All valid pre-purchased MIFC tickets will be honored by Shepler's for the remainder of the 2024 summer season. Guests may exchange their tickets at a Shepler's ticket office
 - All guests should use Shepler's parking and proceed to the Shepler's docks for boarding
 - Gusts who pre-paid for MIFC onsite parking will be allowed to park in the Shepler's lot if space is available. If space is not available, gusts may drop off their luggage at the Shepler Dock, and will be directed to off-site parking – shuttle service will be provided
 - All MIFC website traffic will be redirected to sheplersferry.com where guests can purchase tickets at the current established Shepler's prices. Star Line valet, pirate ship, and classic ferry tickets are no longer available
 - Tickets will no longer be sold through hotels and other third-party vendors. Shepler's will honor discounted third party tickets through August 31st – after that, customers may seek refunds through the hotel or third party vendor where their tickets were purchased

- Schedules moving forward

- St. Ignace
 - Adding 11 daily departures to increase capacity an additional 1,491 people per day
 - Boats running every 15 minutes from 7:30 am to 9:00 pm
 - Schedule after October 7th will be reevaluated closer to that time
- Mackinaw City
 - Adding 14 daily departures to increase capacity an additional 3,200 people per day
 - Boats running every 15 minutes from 7:30 am to 9:00 pm
 - Schedule after October 7th will be reevaluated closer to that time
 - Mighty Mac departures are evaluated on a daily basis (weather and capacity considered) but have been mostly eliminated

- Winter Service Update

- Huron will be off line as Hoffman reevaluates the total cost and repairs timeline with the Coast Guard
 - Should have a good idea of this after tomorrow's meeting with the Coast Guard
 - Mayor has asked for US Coast Guard concessions
 - US Coast Guard has given MIFC four (4) years of concessions
- Will run the Miss Margy or Cap. Shepler up until ice begins to form
- Would like to open up the conversation between the Mackinac Island Transportation Authority and Hoffman Marine regarding a public / private partnership
 - This would bring good things moving forward through granting programs and funding for winter service boat
- For the 2024 / 2025 winter season, the \$5.00 surcharge will not be applied to anyone who has a valid resident pass with either ferry line
 - Will be charged for other passes and tickets however
- What dock will be used during winter service?
 - At this point, we will have to wait and see
 - Once vertical piling replacements start, the dock should really be shut down
 - Michaels also noted that if the dock is completely shut down, they can get through their repairs faster

- Council Comments

- Councilman St. Onge inquired if there was a backup plan for if the Huron is not ready by the time the Miss Margy / Cap Shepler can no longer run in the fall season?
 - Chris Shepler responded that the Ottawa is the backup winter service boat
 - Councilman St. Onge inquired if the Ottawa was currently in the water?
 - Mr. Shepler responded that the Ottawa is currently out of the water, but the plan is to move forward with repairs to ensure that it is ready for ice to ice service if needed
 - Completion goal date of December 1, 2024
 - Hoffman is doing everything within their power to get the Huron up and running for winter service, but there are many crucial repairs that need to be made
 - 2 cracked gears and transmission issues – solely from improper use in ice
 - Oldest drive line in the fleet (possibly dates back to the 1950s). To get this back up to speed is a bit of a challenge
 - Councilwoman Myers inquired if the Ottawa had heat
 - Bill Shepler responded that it is not heated at this time, but that is on the list of things to do
 - Currently doing many repairs to the boat, and once those hurdles are cleared, Hoffman will be working on containment of heat
 - This may mean taking the boiler out of the Huron and installing it in the Ottawa
 - Councilman Corrigan inquired if the seating on the Ottawa was still plastic folding chairs?
 - Mr. Shepler responded that that is still the case
 - Councilman Corrigan inquired if that could be changed?
 - Mr. Shepler noted that that is up to the Coast Guard as that changes the weight and stability of the boat
- Councilman Sehoyan inquired how many boats Shepler's was running at this time?
 - Chris Shepler responded that Shepler's was currently running seven (7) boats and MIFC is currently running three (3)
 - Councilman Sehoyan inquired what the capacity of those boats was – is it enough to meet the demand?
 - Mr. Shepler responded that they move roughly 1,400 passengers per hour
 - Still running the 15-minute departure schedule as needed to help keep passengers moving
 - Priority boarding for Island residents and Commuters is still available
- Councilman Moskwa noted that one of the concerns regarding winter service are the Monday morning or Friday evening departures that tend to have the larger number of commuters in addition to the general passengers – will Shepler's have the capacity to handle this?
 - Mr. Shepler noted that, at this time, Shepler's is just trying to get through the season. Once we get closer to winter service time, these things will be looked in to further
- Chris Shepler also noted that Hoffman is looking forward to opening and discussing the Franchise Agreement the Council
- Councilwoman Myers noted many resident's apprehension to make the move from MIFC to Shepler's – what is the process? Will everyone's parking be moved?
 - Mr. Shepler noted that at this time he cannot answer that – need to wait for direction on is they can suspend MIFC operations on August 18th
 - Will be using all assets that Hoffman Marine has purchased – there will be a system put in place once a decision has been made
 - Councilwoman Myers noted that there have been many concerns from residents who currently have free parking through MIFC – will they now be charged for parking through Shepler's if MIFC service is suspended?
 - Mr. Shepler responded that this is something that needs to be looked in to further and he would like to discuss this further on Wednesday
- Councilman St. Onge made note of issues with small freight and the prices Shepler's is charging – things like having a toilet seat sent over from Ace and being charged \$40.00 in freight
 - Mr. Shepler noted that he will look in to this going forward

- Councilwoman Myers also noted that the small freight issue stems from Hoffman shutting down MIFC freight – this has caused small freight prices to rise and also presents an issue to shipment of residential / private horses
 - Mr. Shepler noted that he and Veronica of Arnold freight have spoken about this issue – do not have a remedy at this time, but the conversation has started
 - If the temporary suspension of MIFC is approved, Hoffman can then use the Anna May in the freight capacity
- Councilwoman Myers inquired that, if MIFC service is suspended, will Shepler’s not be honoring any VIP passes or such that some residents have through MIFC
 - Mr. Shepler responded that this is correct
 - Councilwoman Myers asked that this be explained further at the Wednesday meeting
 - Councilwoman Myers noted that she felt these passes should at least be honored by Shepler’s through the end of the summer season
- Councilman Chambers inquired if there was more on island dock space to be used if necessary?
 - Mr. Shepler noted that to try this, Shepler would have to take all of their St. Ignace boats out of service to ensure that the boats are able to dock at the other docks. If a change was needed to the ramping system to ensure the boats can be tied up safely at a different dock, then that would add time for engineering plans, finding and hiring of certified welders to change the ramps, and approvals from the Historic District Commission and Planning Commission
- Councilwoman Myers inquired if Shepler plans to run all services off the Shepler dock – will there be more staffing to help assist residents and direct guests and traffic?
 - Mr. Shepler noted that staffing numbers is an issue
 - Employees from MIFC could be brought over if operations are allowed to be suspended
- May need some input from the Mackinac Island Service Company on how things might function if all operations are moved to the Shepler dock

- Public Comment

- Paula Starkweather noted that, even though her experience with Shepler has been limited so far, the St. Ignace staff has been phenomenal
- Jenny Gazelle, Hoffman Marine, noted that there had been multiple people ask in the chat if the MIFC employees would be able to retain their positions if the company operations were suspended for the season – Ms. Gazelle noted that those employees are vital to Hoffman and it is Hoffman’s commitment to retain these employees and honor their employment contract. All year-round employees will remain in their positions.
- Jim Pettit inquired how all of these issued with the MIFC boats happened if they are supposed to be inspected each spring by the US Coast Guard
 - Mr. Shepler noted that every passenger boat is inspected each spring by the US Coast Guard. Some times cracks can be missed during inspection, but suspect that he majority of the cracks found happened within the last four (4) months
- David Levy asked if it had been considered using the secondary market to meet the boat needs rather than repairing
 - Mr. Shepler noted that adequate boats for this type of service have been hard to find
- Sue Sisson asked if the meeting on Wednesday was an open meeting
 - Mayor Doud responded that this will be another Special City Council meeting that will be open to the public
- Mary Patay read a comment off line inquiring if MIFC resident pass holders will still need to stand in line to receive a Shepler ticket
 - Mr. Shepler stated that that is correct
 - If the process of trading in of tickets / a MIFC pass holder getting a Shepler’s ticket is skipped and someone comes to the Shepler boarding area with a MIFC ticket, Shepler’s does not have the scanning capabilities to accept a MIFC ticket. Trying to avoid any further confusion.
 - If MIFC service is suspended, then everyone’s passes and tickets would need to be changed over to Shepler’s

Public Comment Cont.

- Councilman Chambers suggested that, if MIFC services are suspended, maybe Shepler's could send some employees to the Island to do the exchange process of valid passes and tickets
 - Mr. Shepler noted that this would be a great idea and something to look in to further

VI. Adjournment

Motion by Myers, second to the motion by Moskwa, to set a special meeting for Wednesday, August 14th at 1:00 to continue discussions with Shepler & Hoffman Marine regarding their ferry boat services for the remainder of the year. All in favor. Motion carried.

Motion by Moskwa, second to the motion by Corrigan, to adjourn the meeting at 12:05 pm. All in favor. Motion carried.

Margaret Doud, Mayor

Danielle Leach, City Clerk