

HARSENS ISLAND TRANSPORTATION AUTHORITY (HITA)

F & Q'S Regarding the Millage Proposal

HARSENS ISLAND TRANSPORTATION AUTHORITY OPERATING MILLAGE PROPOSAL

Shall the Harsens Island Transportation Authority be authorized to levy up to 4.50 mills (\$4.50 per \$1,000 of taxable value) upon all taxable property within the Harsens Island Transportation Authority's geographic boundaries (the boundary lines of Voting Precinct No. Four (4) of the Township of Clay) for a period of five (5) years, 2024 through 2028, inclusive, as new additional millage, for the purpose of providing funds for public transportation services? It is estimated that 4.50 mills would raise approximately \$866,223 when first levied in 2024.

YES
NO

1. **What are the details about the millage?** The above proposed millage will be on the February 27, 2024, Ballot with the Presidential Primary. Voting will take place at the Lions Hall on Harsens Island. Early voting will be at the Clay Township Hall on Pointe Tremble February 17-25 from 8 AM to 4 PM. This is an up to 4.5 millage for up to 5 years. It affects Harsens Island and the Out Islands at this point. Only District 4 (the island residents) will vote, and all homeowners and businesses will be affected.
2. **Why should the Out Islands be included and have to pay for this millage?** The Clay Township Board added the Out Islands to Precinct 4 in 2005, which was after HITA was formed in 1997. HITA understands that most of the out-island residents are unable to vote, due to the property not being their primary residence. Some do not use the ferry, but some out-islands do. However, they do also pay taxes for schools and other things such as the new fire trucks which they will never use or benefit from. They only need services seasonally, but they pay for police and fire services for the entire year. Most of the people using the out islands do frequent businesses that are on Harsens Island. With the forecast of lower ferry rates, it is estimated they would benefit by being able to visit more businesses to service them that will pop up on the island after the alternative ferry is operational.
3. **What is the millage going to be used for?** It is for the purpose of providing funds for alternative transportation, specifically an alternative ferry system. The initial funding will be spent on completing the feasibility study (\$115,000). When the feasibility study is complete, the grant writer will be hired (\$30,000), and the remainder goes toward purchasing the property where the port will be built. The feasibility study is based upon this property, so it is imperative to obtain this land. It will be mainly a non-profit transportation system that plans to receive State and Federal Funding for construction, planning, operations and to purchase equipment needed including 3 ice breaking ferries. Politicians, SEMCOG, MDOT and more have acknowledged the need and want to see public support for the project. This millage will provide proof of this support.
4. **Why is there a need for another ferry system?** The current level of service is deemed by many island residents as below satisfactory due to concerns regarding safety, aging infrastructure, service reliability, and high service costs. The rates have increased substantially over the last decade. We are seeing the effects of this in decreased population and closing of businesses. Ferry closures have been longer and more frequent than desired. With so many businesses now closed, islanders with very few choices for services. Michigan State University did a study for the Michigan Department of Transportation. This study can be found on the HITA website www.harsensita.org.

Page 115 states – The services provided by a single service operator may not be positively perceived by the public. These conditions might lead to a natural local monopoly that hurts public welfare when there is a lack of accountability to serve with a satisfactory level of service.

5. **Why not a bridge?** Dozens of meetings were held with The Detroit International Bridge Company (DIBC) only to discover this was not going to be feasible. They want HITA to give them \$45 million for the bascule portion of the bridge and maintain it. However, they would not allow HITA to have any say in rates or operations, which HITA felt was unacceptable. Also, it is tough to get grants for bridges and more monies are available for ferry systems. In addition, this will maintain the island's current atmosphere.
6. **What is the designated date that the millage will stop?** 2028 would be the end of the millage and HITA will stop it before then if funds are not needed for any reason.
7. **Will Clay Township be able to use these millage funds?** No, this money will be controlled by the Board of HITA only. Any unused monies will be used to enhance the island. Community input will determine where this money is spent. No monies will be controlled by the Clay Twp Board.
8. **What happens if the feasibility study shows there is no option to go forward?** The millage will immediately end and any monies unused will be used to enhance the island. Community input will determine where this money is spent.
9. **Where is the property located?** Non-disclosures have been mutually signed by HITA and the property owner, mainly to protect the owner of the property. This information is confidential. Securing a location was essential for the feasibility study as the location is a big part of determining feasibility. It should be known that at one time there were 3 ferry operations on the North Channel.
10. **Who initiated the NDA for the property and was it signed by HITA?** It was a mutual initiation and yes Harold Bain, chairman of HITA signed it.
11. **If the property is zoned residential, what assurance do you have that this can be rezoned?** Alternative transportation has been in the Master plan for years, and this is what HITA was formed and created to accomplish.
12. **What is the cost of the Feasibility Study and who is performing it?** The cost is \$175,000 and OHM Advisors are the vendors.
13. **When will the Feasibility Study begin?** Phase one has already been completed and paid for (\$61,000). If millage passes the study will immediately continue, so HITA can apply for grants.
14. **What will the Feasibility Study include?** Specific tasks to complete this project are as follows
1.) Project Initiation and Document Review 2.) Data Gathering and Obtain Information 3.) Analysis of Data and Recommendations 4.) Develop Alternate Cost Estimates 5.) Develop a Project Schedule 6.) Identify Necessary Permitting. This will include services from a Geotechnical Engineer, Sedimentation Sampling, Marine Engineering and much more.
15. **Assuming passage of millage and feasibility study goes well – what next and is there a guarantee for grant funding enough to launch a ferry service?** There are never any guarantees, but HITA has private investors and the support of the people with a millage, it would be hard to reject a grant when the money is there at State and Federal levels for ferries in a big way. See the website for \$10 million that was just given to Beaver Island and \$220 Million given for ferry operations recently.
16. **Can you share any/all information regarding a business plan and the anticipated total cost to launch a new ferry service.** The business plan is on the website and the overall estimated cost for everything is approximately \$38 million. The business plan includes the feasibility study, grant writing services, property, permits, surveying and engineering, construction, infrastructure, road paving, equipment, and operations.
17. **Who was offering the \$1.6M to Champion and what stipulations were being asked of CAF? Can you share more details about this?** The State was offering these monies through Act 51. As indicated in the MSU report done for MDOT Champion has no public assets, therefore does

taxpayer would pay up to \$1125 per year. Currently if you purchase a book of tickets (20) per month you are paying \$2400 per year. With the new pricing structure, you would pay \$1200 per year so you can see the savings can add up quickly. The more tickets you buy the quicker your payback will be. You will need to look at your own taxable value on your tax bill to determine what you will pay. (email harsensita@gmail.com for assistance) This is just not about the money savings and economy of the island. Safety is a major concern. You can ask families that have been affected by the death of their loved ones. Please consider this – This HITA board is voluntary and is here working for the betterment of this community. On the website you will find a page showing the History and accomplishments of this HITA Board since 2019 when they were put in place. This project is for us and our future generations. Most residents care deeply and want to pass their little slice of paradise down to their families. This is a way to give them something special!

not qualify for FBP capital and operational funding. They would like to retain operational control and financial flexibility without the need to adhere to public funding recipient's bureaucracies.

18. **Who's going to operate the ferry business? (you mentioned having consultants or 'people' interested, but HITA owes it to the residents to provide more specifics).** HITA has contract language already available to hire people, consultants and experienced teams willing to operate the system. In fact, people ask some of the board members weekly when they are going to be able to begin working for them. These people have asked to remain anonymous for obvious reasons.
19. **Why were the grants that the grant writer requested rejected? – and why do you feel this will change even if millage passes?** The politicians and authorities offering grants are asking for a show of community support and that's why HITA feels this will change if the millage passes. In addition, the report done by MSU for MDOT clearly shows there is a need for a competing ferry, and the politicians have also acknowledged this. Many politicians are concerned about our local political situation. Local politics has not been extremely supportive of HITA's efforts, for obvious reasons. (The Township Supervisor, Artie Bryson is immediate family with the owners of Champion Auto Ferry – Uncle to Jake Bryson, and Brother to Dave Bryson)
20. **What is the cost of the grant writer?** \$5,000 per month is the cost of the grant writer we chose Linda Davis-Kirksey.
21. **Assuming a new service is launched, and grant money is consumed – how do you guarantee lower rates that are being promised? (Act 51 monies are mostly allocated to roadways, street, etc. & looking at these reports, there isn't a ton of money at the county level.)**

Ferry services receive more funding than any other transportation, such as buses, subways and more. HITA has met with Blue Water and discussed eligibility and cooperation in receiving the Act 51 monies. Blue Water has confirmed that HITA's service will be eligible, and they will assist in the transfer of these funds. The monies are there for operational costs, replacement of old existing ferries, dock repairs and more. See the website under the more tab for articles on millions of dollars being granted to other ferry systems. EUPTA, the upper peninsula ferry systems have proved this rate structure and is what HITA is modeling after. There is no need for HITA to make a profit and they will be more safety inspections and Government officials to answer to on reliability issues. Traffic surveys have been performed and show that the revenues can be generated to support lower ferry fees.
22. **From Web site – The EUPTA schedules are not continuous – they are either hourly or every 30 minutes...how is this a valid comparison?** In the summer HITA has been told they are continuous for certain islands. EUPTA claims they take people on demand as quickly as possible. Perhaps it changes seasonally as our current ferry system does. EUPTA personnel laughed at HITA when sharing some of their frustrations. Stating they could never get away with what happens on Harsens Island, including closures, unwilling acceptance to accept US Coast guard assistance, and more.
23. **Do you think rates will increase even more if HITA's efforts fail?** If HITA fails in their efforts, HITA does believe ferry rates from our current provider will quickly keep rising. The authorities at MSP (Michigan State Police) have already confirmed in writing there is little that can be done about it, due to House Bill 4807. House Bill 4807 was a bill created just for Champion Auto Ferry releasing them from the control of the MSPC (Michigan Service Public Commission) and placing them under MSP control. When MSPC was in control rate increases were questioned and more inspections took place. This information is included on the website.
24. **Why can't HITA just work with Champion Auto Ferry instead of creating a competing Ferry Operation?** HITA has attempted to work with Champion Auto Ferry on more than one occasion and they are not willing to do what is necessary to partner with HITA. They would like to retain operational control and financial flexibility without the need to adhere to public funding recipient's bureaucracies.
25. **How do I calculate how much I will pay in taxes if this proposed millage passes?** As stated in the ballot language above \$4.50 is paid for every \$1000 of ESV value – or \$450 for every \$100,000. A home that is worth \$500,000 would have an estimated ESV of \$250,000 and that

26.) Will the proposed HITA millage also be on our Winter taxes (starting in 2025) or is this just going to be added to the summer property taxes? If the millage passes, HITA will request the tax be collected during the summer tax bill and given to HITA in October of 2024.

27.) How is the \$38,000,000.00 going to be financed? And many other questions, how long to recoup, how many fares per day, month, year... There were many questions here assuming that HITA is going to finance \$38 million and that is not the plan. HITA will be requesting grants; the federal grants are 80 - 20 matches. This means the government pays 80 percent and HITA the 20, which they have personal investors willing to do. That brings financing down to less than 8 million. People have pointed out that HITA recently was turned down for grants, and this is true. HITA has been told that with community support the grants will come, and a passed millage will show this support. The question about how many fares per day. HITA is basing the business plan and payback on the ten-week traffic survey which was conducted showing there are an estimated 330,000 or more round trips per year.

28.) Has anyone approached David to purchase the Ferry business? Yes, HITA began in spring of 2022 officially by sending a letter to Champion Auto Ferry requesting to buy their ferry. There are many facts about HITA's history and many interactions between HITA and Champion. You can see this on the website now, look for the Champion page. If Champion DID allow HITA to buy the ferry, HITA would immediately apply to replace the old existing ferries, most likely at NO cost to the islanders, fix the docks for free, and get 50% of the operating costs paid for. There is more tax money put aside for ferries than any other transportation system. This money is waiting there to be used, but because Champion is a private business and for profit, they do not qualify for these funds. Believe me - HITA would be extremely happy if Champion would sell to them, and the people would benefit quickly.

29.) Is there a formal business plan? Yes, there is a formal business plan. The basic business plan has been posted. HITA is not going to share all the numbers and specifics for obvious reasons.

30.) How much money has been spent to date? HITA has received a \$250,000 grant and a few small donations. You can research by the treasurer's reports what has been spent and on what, it is on the website under the more tab, treasurers' reports.

31.) Inflation, fuel prices, labor – Doesn't Champion Auto Ferry get to increase prices for inflation? Well of course they are a private business and can do whatever they like. But do you realize their rate increases started and were continuing consistently, the gas prices were going down and at all-time lows - and inflation was not a factor. See attachment - History of Champion Ferry Rates. In addition, the HITA will model the EUPTA ferry non-profit business model, and they haven't raised their rates for years, and charge \$5 round trip when buying a book of 20 and \$3.75 per round trip for seniors buying a book of 20 tickets.

32.) Is there any transportation experience amongst the HITA members. I don't know HITA's background other than what I saw on the website, who will run the business? HITA has people in place and consultants to run the transportation. Also, they are already prepared with contracts to give the people they will hire. In addition, weekly many are asking HITA when they can finally go to work.

33.) Similar ferry services shut down at night and in the winter/slow months, such as Sheplers. Is this a question or are you just trying to tell us something? We have a large population on Harsens Island, and there is a need for full-time service. Other ferry systems also accept help from the coast guard during ice times and avoid shutdowns, which Champion refuses to do. If you read more on the website, you will see that HITA wants to model their ferry system after EUPTA which runs 24/7 and every day of the year.

34.) Who will receive the financial benefit after paying for the ferry? This is a short-term tax or millage, so the ferry will not be paid for before it's done most likely. The tax will not be collected if not needed for any reason.

35.) How many full-time residents are on the island? Approximately 680 homesteaded properties when it used to be over 2200 just a decade or two ago. HITA believes, Families and common working people find it difficult to pay the current rates and many are in fear of their safety. In addition, there are few places on the island that offer services.

36.) Please make sure both sides' info is clearly stated is what all (we want and fair rates negotiated. Help everyone!) When is this going to happen? HITA has been put in place to offer a solution for safe, reliable, and affordable transportation. The people asked for this and asked this voluntary board to serve and come back with options, which is what they have done. All HITA wants to do is HELP EVERYONE! Many people are asking why HITA just doesn't work with Champion, but Champion has not been interested. Currently a complete history between HITA and the Champion/Bryson family has been posted on the website. See the Champion page for the interaction between Champion, the Bryson Family and HITA and draw your own conclusions. Negotiating a fair rate is what HITA is ALL about. But negotiations are not open with a private business, if they are unwilling. You can read the report that is also on the website for MDOT, that was completed by Michigan State claiming Champion is not interested in receiving any subsidies, which means there is no room for negotiations.

37.) When is this going to happen? Not sure what you are asking, but there is no definitive answer on when a new ferry system will be completed if that's your question. If the millage passes, this is proof of community support and need. Then HITA will be positioned to get grant money and hopes to be up and running in five years or less. Much must fall in line and HITA is not in control of everything so they cannot give you an opening date at this time.

38.) Why not have a millage for a bridge? and why have the bridge talks stopped? Much of this is answered previously on the FAQ's page. Why not a bridge? Dozens of meetings were held with The Detroit International Bridge Company (DIBC) only to discover this was not going to be feasible. They want HITA to give them \$45 million for the bascule portion of the bridge and maintain it. However, they would not allow HITA to have any say in rates or operations, which HITA felt was unacceptable. Also, it is tough to get grants for bridges and more monies are available for ferry systems. In addition, an alternative ferry system will maintain the island's current atmosphere, which many are much more in favor of. A bridge will cost close to \$200 million dollars, and the chances for HITA to get that much support in grants is small. In addition, it would take over 10 maybe 20 years to get a bridge built and operational and HITA has been told by the people, we need help now. HITA doesn't have enough property to build a bridge, and without DIBC this is really not an option.

39.) Is it true that this mileage would not be needed if champion auto ferry/ the Brysons would sign the contract already signed by HITA and Blue water transportation authority. We are unsure of what contract you are referring to. The contract that was passed out at the December meeting would negate a millage. You can find this contract on the harsensita.org website under the Champion page - pages 67, 68, and 69 of the attachments.