

MINUTES
OF THE
PORT COUNCIL
OF THE
WOODS HOLE, MARTHA'S VINEYARD
AND NANTUCKET STEAMSHIP AUTHORITY

January 3, 2018

Second Floor Conference Room
Woods Hole Terminal
Foot of Railroad Avenue, Woods Hole, Massachusetts

Port Council Members present: Chairman Robert V. Huss (Oak Bluffs); Vice Chairman Edward C. Anthes-Washburn (New Bedford) (who arrived during the discussion of the November 2017 Business Summary); Secretary Eric W. Shufelt (Barnstable); Robert S. C. Munier (Falmouth); and George J. Balco (Tisbury).

Port Council Members absent: Frank J. Rezendes (Fairhaven); and Nathaniel E. Lowell (Nantucket).

Authority Management present: Robert B. Davis (General Manager); Gerard J. Murphy (Treasurer/Comptroller); Gina L. Barboza (Reservations and Customer Relations Manager); Mary T. H. Claffey (Director of Information Technologies); Carl R. Walker (Director of Engineering and Maintenance); William J. Cloutier (Woods Hole Terminal Reconstruction Project Manager); Kimberlee McHugh (Director of Marketing); and Steven M. Sayers (General Counsel).

1. After Mr. Huss called the meeting to order at approximately 10:00 a.m., Mr. Sayers announced that Woods Hole resident Nat Trumbull would be making an audio recording of today's meeting.
2. The Port Council then **voted** unanimously to approve the minutes of their meeting in public session on December 6, 2017.

3. Mr. Murphy reviewed with the Port Council the Authority's Business Summary for the month of November 2017. Mr. Murphy noted that most of the variance in the Authority's maintenance expenses during that month was attributable to timing issues and that, as set forth on page 7 of the Business Summary, he expected that the Authority's maintenance expenses similarly would exceed budget projections in December 2017, as several large maintenance projects had been completed that month which either had been budgeted to have been completed earlier in the year or had not been included in the budget at all (for example, the dry-docking of the *M/V Governor*, which had been scheduled to take place in 2018).

In response to a question from Mr. Huss, who observed that the Authority's net operating income was around \$3,000,000 higher than projected for the first eleven months of 2017, Mr. Murphy stated that he expected the Authority to end up with a net operating income for 2017 of somewhere between \$10,000,000 and \$10,500,000, which will be around \$2,000,000 more than the \$8,300,000 net operating income for the year that had been projected in the 2017 Operating Budget.

In response to a question from Mr. Munier, Mr. Davis stated that the Authority's license fees income was around \$100,000 higher in November 2017 than it was in November 2016 because Hy-Line had carried more passengers during this past summer than it had carried during the summer of 2016. Mr. Davis noted that Hy-Line pays license fees pursuant to a graduated formula that increases the amount of Hy-Line's per-passenger license fee based upon the number of passengers it carries.

Mr. Davis then recounted how the staff had decided to accelerate the dry-docking of the *M/V Governor* because the Authority is required to dry-dock an abnormally high number of its vessels during 2018 and the staff wanted to reduce operating expenses that year. By contrast, Mr. Davis said, the Vineyard Haven terminal seawall repairs had been expected to take place in 2017, but it appears that much of that expense will be incurred in 2018. Mr. Davis similarly noted that the Oak Bluffs terminal dolphin and dock repairs had been budgeted to take place in March 2017, but that the work did not begin until November 2017.

4. Mr. Walker then reported that the *M/V Martha's Vineyard* mid-life refurbishment project was progressing well and that, after the shipyard has received a 14-day extension due to steel replacement and a 2-day extension for named storms, the schedule still called for the delivery of the vessel at the Authority's Fairhaven Vessel Maintenance Facility on February 16, 2018. Nevertheless, Mr. Walker said, the schedule was going to be tight and the shipyard was working diligently to deliver the vessel on time.

Mr. Walker also reported that the vessel had been launched from the dry-dock and is in the water, that all of the machinery is installed, that the switchboard is wired up and the vessel is on shore power, that the vendors are there, and that the switchboard was planned to be tested on January 20, 2018. In addition, Mr. Walker said, the exterior painting is 90% completed, the freight deck painting is between 25% and 30% completed, the finish work

is all going in, the furnishing are 60% completed, and the mezzanines are 40% completed, with all of the work progressing well.

Mr. Walker then noted that most of the vessel's equipment was already on board and that its inclining experiment was scheduled for this coming Sunday, when it has to have 90% of its weight on the boat. But Mr. Walker stated that the experiment may be postponed for a week because of the upcoming snow storm, as snow cannot be on the boat during the experiment. Although Mr. Walker observed that he saw no large hang-ups to the schedule at this point, he noted that the Authority will have very little additional work to perform on the vessel after it is delivered to Fairhaven, and that it was scheduled to return to line service on March 3, 2018. In response to a question from Mr. Munier, Mr. Walker stated that, as far as he was aware, the shipyard has no basis for any more requests for an extension of time to deliver the vessel.

5. Mr. Davis then reported that the construction of the Authority's new administrative office building was progressing, noting that:

- the contractor was finishing up the exterior work;
- a number of the trades are working 10 hours per day, six days per week, including the electricians who are working to get all of the wiring done;
- the drywall is being finished and the door frames are being set;
- the masons have finished the elevator's veneer on the first floor;
- yesterday the State Building Inspector and Falmouth Fire Inspector identified a couple of items that need to be looked at before the systems can be tested for an occupancy permit; and
- W.B. Mason has installed 60% of the furniture on the third floor and is delivering the second floor's furniture this coming Monday.

Mr. Davis also reported that the contractor was still attempting to have the building ready for occupancy by January 26, 2018, but that it was going to be tight and everything will have to proceed smoothly to meet that deadline. Mr. Davis also noted that the elevator may not be operating at that time and, in that event, the Authority may receive a temporary occupancy permit until the elevator is working and inspected.

Mr. Cloutier further reported that all of the systems were coming together, but that they cannot be tested until the drywall is finished so that the tests can be conducted in a clean environment. After Mr. Cloutier noted that Verizon had been in the building the day before, Ms. Claffey stated that Comcast already has started its work there as well. In response to a question from Mr. Munier, Ms. Claffey stated that the building's computer equipment will be moved from the Authority's Woods Hole and Mashpee Reservations Office after the Authority begins to accept reservations from the general public for travel during the 2018 summer season.

6. Mr. Davis then reported that Jay Cashman, Inc., the contractor for the Woods Hole terminal reconstruction project's waterside work (Phases 2-4), will be starting to mobilize next week, although most of the work to be accomplished over the next few months cannot start until the Woods Hole terminal building is vacated. However, Mr. Davis noted that Cashman had its electricians on site today to review what needs to be done to reroute the power to Slip 3, which is now routed out of the building. Mr. Cloutier also stated that Cashman was very anxious to get started.

Mr. Davis then noted that the current plan is for the Authority's Accounting Department to move into the new administrative office building on January 29, 2018 and then to move the rest of the employees a week later. Mr. Davis also stated that some of the equipment will also be moved to the new building, while other equipment will be repurposed to the Mashpee Reservations Office and various terminals.

Mr. Davis stated that, after the building is vacated, the demolition contractor's remediation work is expected to take two weeks and then the demolition itself should take only a few days. Mr. Davis also reported that this spring Cashman will:

- move the passenger ramp and gangway system that is currently on the wharf to a location between existing Slips 1 and 2 so that the passengers will be able to board and disembark from the Authority's three larger passenger/vehicle ferries from those vessels' side forward passenger doors beginning next summer;
- install a temporary fender system on the north side of Slip 1 for support when the wharf is excavated; and
- place some of the excavated material at certain locations within the initial construction area that the geotechnical engineers have identified as needing to be pre-loaded due to the presence of peat underneath.

In response to questions from Mr. Munier, Mr. Davis stated that no work will take place at the terminal during the summer, that Cashman will then continue with the excavation of the wharf beginning in mid-September, and that the staff has put together a list of people who are interested in receiving updates about the project. In this regard, Mr. Davis stated that the Authority will be sending email updates to the neighbors to let them know what is expected to take place the following week, such as steel deliveries, and that the Authority's website would continue to have updates on the project as well. In response to a question from Mr. Anthes-Washburn, Mr. Cloutier stated that Cashman's project manager was Brendan Campbell.

7. Mr. Davis then reported that indoor/outdoor carpet had been installed on the decking of the Authority's temporary Woods Hole terminal building in order to keep it from being slippery and, based upon how it works over the winter, the staff will determine next spring whether the carpeting is only going to be a temporary measure or a permanent solution. Mr. Davis also reported that, on Christmas Day, a storm had knocked a string of lights down so that they were hanging in front of the north lobby door, causing the door to open and close constantly. Mr. Davis stated that the open doors allowed the wind to blow into the lobby, which then blew the south doors off of their tracks, and Mr. Cloutier reported

that the contractor had installed the air curtains over the doors the previous Saturday and was fixing the doors as well.

8. Mr. Davis then recounted how, over the years, the Authority had received complaints from its customers about what channels were being watched on the televisions in the ferries' passenger areas and how, in response to those complaints, the Authority had issued guidelines in 2013 instructing the vessel crews generally to display regular news broadcasts on FOX, CNN, MSNBC or PBS channels, unless there is a general consensus among the passengers to watch a sports or weather event. However, Mr. Davis stated that, since then, a number of customers have expressed concern over some of the Authority's choices and, in response, the staff planned to propose new guidelines for approval by the Authority Members at their January 16, 2018 meeting. Specifically, Mr. Davis said, the staff was proposing that, whenever possible, television programming on the vessels should be displayed in the following order:
 - Local News on Channels 4, 5, 7 and 10 (generally aired from 5:00 a.m. to 8:00 a.m., from 4:00 p.m. to 7:30 p.m., and from 9:00 p.m. to 11:30 p.m.);
 - Local Sports, such as New England Patriots and Boston Red Sox games;
 - National Sports, such as ESPN broadcasts or nationally televised NFL games;
 - The Weather Channel, the Food Channel or the Discovery Channel.

Mr. Davis stated that the purpose of the proposed new guidelines was to keep the Authority away from politics.

The Port Council then **voted** unanimously to recommend that the Authority Members approve the staff's proposed new guidelines for onboard television programming, as presented that day.

9. Mr. Davis then recounted how, last year and after many months developing all of the specifications for the Authority's new accounting system, the staff had issued a Request for Proposals (RFP) from vendors for the new system; but that, unfortunately, the Authority had received only two proposals in response to the RFP and both proposals were nonresponsive to the RFP's requirements. Therefore, Mr. Davis said, as a practical matter, the Authority needed to negotiate directly with one or more accounting system providers to obtain the accounting system that it needs. Mr. Davis stated that he accordingly asked the Authority Members to waive the provision in the Authority's Procurement Policy that ordinarily would require the contract to be awarded pursuant to an RFP and, at their November 21, 2018 meeting, the Authority Members so voted and also authorized him to negotiate directly with one or more accounting system providers to obtain the Authority's new accounting system.

Mr. Davis also recounted how, during the development of the specifications for the new accounting system, two companies had submitted packages that the staff had considered to be advantageous to the Authority and which had been based upon the use of Microsoft Dynamics NAV software, but that neither of those companies had submitted proposals in

response to the RFP. Mr. Davis stated that he then contacted one of those companies to find out why it had not submitted a proposal, and had been informed that it since has opted to pursue a different marketing niche, namely, focusing their business on the growing marijuana industry. But Mr. Davis further reported that he then contacted CBIZ MHM, another vendor whose accounting products similarly relied on Microsoft Dynamics NAV software, and that ultimately the staff met with CBIZ MHM in December 2017.¹

Mr. Davis observed that CBIZ MHM's products included not only the Microsoft Dynamics NAV software that the staff already had assessed as being advantageous to the Authority, but also integrated solutions for keeping track of employees' time and attendance and incorporating the Authority's payroll practices into the system. Mr. Davis noted that the Authority also is able to purchase the software for \$343,070, instead of licensing it, which he considered to be by far the better financial choice for the Authority even with the required annual maintenance fees of around \$75,000.

In addition, Mr. Davis said, CBIZ MHM's proposal included almost \$225,000 for consulting services for training, technical support, updates, minor customizations, business processing assistance and strategic system planning that CBIZ MHM will provide during the implementation of the new accounting system pursuant to its "Day in the Life" methodology. Mr. Davis noted that the core of that "Day in the Life" method is a workshop phase during which CBIZ MHM demonstrates exactly how the system will work for the Authority in a normal, day-to-day operation and that, at the end of the workshop phase, CBIZ MHM will then provide the Authority with documentation detailing each of the core processes (including screen shots) and a working prototype of the system.

Mr. Davis noted that the proposed system would also necessitate the purchase of \$288,000 of hardware, including \$182,000 for servers so that the Authority can host the system in-house instead of in the cloud. Ultimately, Mr. Davis said, the estimated cost of the system is \$1,133,000, compared to the \$1,500,000 that was approved for it in the Capital Budget a few years ago, including a 10% contingency with respect to the software and hardware costs and an additional \$120,000 for RSM to serve as the Authority's representative during the deployment of the system, which he said should allow the Authority to transition to the new system by the start of its next fiscal year on January 1, 2019.

In response to questions from Mr. Balco, Messrs. Davis and Murphy stated that CBIZ MHM has been in business for at least 20 years with its headquarters in Chicago, although the persons submitting the proposal were from its Business Technology Services office in

¹ Reporter's Note: According to Wikipedia, **Microsoft Dynamics NAV** is an enterprise resource planning (ERP) app from Microsoft. The product is part of the Microsoft Dynamics family, and intended to assist with finance, manufacturing, customer relationship management, supply chains, analytics and electronic commerce for Small and Medium-sized Enterprise and local subsidiaries of large international Groups. Microsoft Dynamics NAV originates from **Navision**, a suite of accounting applications which Microsoft acquired in 2002.

Boca Raton, Florida. Mr. Davis further noted that the Managing Director of that office who actually submitted the proposal is also a certified public accountant and that, while CBIZ MHM does not have a Boston office, it does have a small office in Providence, Rhode Island.

In response to questions from Mr. Anthes-Washburn, Mr. Davis noted that RSM would also be assisting the Authority in the management of this project, but that the system would ultimately be Mr. Murphy's responsibility, as he is the Authority's Treasurer/Comptroller. Mr. Davis also stated that he did not see any problem arising from the fact that RSM is also the Authority's independent auditors, as the RSM employees involved in this project are in an entirely different group at RSM than its auditing staff. In any event, Mr. Davis said, he had advised RSM that if any conflict issues were to arise, the Authority would not do anything to jeopardize RSM's auditing relationship with the Authority. Mr. Davis also noted that this will also preclude RSM from developing reports in the system, as it later will be reviewing the Authority's reports in its role as an independent auditor.

In response to another question from Mr. Balco, Mr. Davis stated that CBIZ MHM did not indicate during their discussions with the Authority whether it has provided accounting systems to any other public agencies, but he emphasized that the system CBIZ MHM is providing is a widely used Microsoft product. Further, Mr. Murphy said, the new system may cause the Authority to do certain things differently than it historically has done as a public agency and become more efficient in its accounting and payroll practices.

Mr. Munier asked whether the staff had reviewed CBIZ MHM's performance on similar projects and, in particular, whether in other situations CBIZ MHM had met its projections in terms of cost and the amount of time it takes to successfully implement a system. In response, Mr. Davis stated that CBIZ MHM had provided the Authority with detailed information about how many days of consulting it anticipates providing and the number of consultants who will be providing those services. Mr. Davis stated that, while CBIZ MHM has told him that it believes it has overestimated the amount of time the project will require, the estimated hours and timeline seem reasonable to him and, further, even if the project were to take twice the amount of time estimated, the additional cost would only be around \$45,000.

Mr. Munier observed that the staff's proposed budget for the project did not include the capitalization of any employee's compensation, and he asked whether it should include a least a portion of the compensation of those employees who will be most significantly involved in this project over the next year. In response, Mr. Davis stated that he would consider whether a portion of their compensation should be charged directly to this project, observing that the Authority has charged the cost of Mr. Cloutier's compensation directly to the Woods Hole terminal reconstruction project.

In response to a question from Mr. Huss, Mr. Davis stated that he thought the \$182,000 estimate for the cost of the servers needed for the project was sufficient, and he noted that the estimate also included the servers needed to replicate the system at the Authority's disaster recovery site.

Mr. Munier observed that the staff's proposed budget for the project included \$120,000 for RSM's project management services, and he asked how many hours of consulting that represented. In response, Mr. Davis stated that RSM had provided hourly rates in its proposal for all of its personnel it anticipated will be working on the project, from partners to interns, and that RSM had estimated that its services will cost between \$10,000 and \$12,000 per month. Mr. Davis stated that he intended to talk with RSM about its proposal because he felt RSM was anticipating taking more ownership of the project than he felt was necessary and appropriate. Rather, Mr. Davis said, the Authority's employees need to take ownership of the project because they will be the ones working with the system. However, Mr. Davis also stated that he wanted to ensure that several RSM employees will be working with the Authority on the project, as the staff has found them to be very capable.

Mr. Anthes-Washburn then observed that, when the project is completed, the Authority will have a new accounting system and will know how to use it; but he asked how that new system will be an improvement to the Authority's current system. In response, Mr. Davis stated that the Authority's current system is 40 years old and is very limited on the types of reporting it can produce. By comparison, Mr. Davis said, the new system will be able to issue numerous tailored reports with respect to the Authority's accounts payables and payroll; and it will be able to include scanned versions of invoices and other documents for documentation purposes.

Mr. Davis also noted that the new system will streamline the Authority's payroll practice by allowing them to be based upon actual time returns. Currently, Mr. Davis said, the Authority's weekly payroll is prepared by matching numerous paper time records, which leaves a lot of potential for coding errors that might result, for example, in the Authority paying pension contributions for a Chief Engineer to the New England Teamsters Pension Fund even though he is represented by a different union and is in a different bargaining unit. Mr. Davis also noted that currently both the Payroll Department and the Human Resources Department have to prepare duplicate records for each of the Authority's employees, and the new system will provide for one true source of all of that information. Further, the system will allow the Authority to keep track of the different qualifications and certifications each employee needs to maintain for his or her position and when they expire, so that notices can automatically be generated to ensure that employees renew their licenses and attend training courses on a timely basis. Mr. Davis further stated that the system will provide employees with a self-service online capability to obtain their payroll information, such as their year-to-date earnings, and will eliminate the need for the Authority to mail paycheck stubs to all of the employees who have their wages directly deposited into their bank accounts.

Observing that the new system will provide much greater efficiencies to the Authority's accounting, payroll and other operations, Mr. Anthes-Washburn asked what impact it will have on the Authority's staffing levels. In response, Mr. Davis stated that, at least initially, he was not looking at any changes in staffing and that his hope was that the new system will allow the Authority's employees to perform more of their other duties. In this regard, Mr. Davis noted that, while the Authority's Payroll Department consists of only two

employees, every Monday four other Accounting Department employees have to assist them in preparing the payroll for employees in all of the Authority's multiple bargaining units.

Mr. Balco then moved to recommend that the Authority Members authorize Mr. Davis to accept CBIZ MHM's proposal as presented by the staff that day. However, Mr. Munier stated that he had some reluctance to vote on this specific proposal so quickly, observing that it had just been provided to the staff the day before and to the Port Council members during the meeting. Instead, Mr. Munier said, he would feel more comfortable voting to endorse the staff's direction on this project and recommending that they perform their remaining due diligence with respect to this proposal in order to present a final version for consideration.

However, Mr. Davis stated that, while the staff had not received the final version of CBIZ MHM's proposal until yesterday, it had received a draft of the proposal on December 15, 2017, and that the principal revisions to that draft were made to its terms and conditions, which CBIZ MHM had made at Mr. Sayers's request. Mr. Davis also noted that the proposal had been reviewed not only by himself and Mr. Murphy, but also Assistant Treasurer Courtney Oliveira, Audit Manager Kelly Conrad, MIS System Program Analyst Curt Van Riper, and retired General Manager Wayne Lamson, all of whom had observed demonstrations of the product on at least three other occasions.

But while Mr. Davis stated that he was very comfortable with the product and the cost estimates based upon CBIZ MHM's proposal, he still wanted to develop a better estimate for the cost of RSM's consulting services. Accordingly, Mr. Davis said, during the next week he would be preparing a plan with RSM for their services. Mr. Munier then strongly recommended that the staff complete their review and investigation of the proposal, as well as the time and effort that RSM is expected to provide, before the Authority's January 16, 2018 meeting. Mr. Davis agreed and assured the Port Council that the staff will make certain that it does all of their homework on this project.

The Port Council then **voted** (with Messrs. Huss, Anthes-Washburn, Shufelt and Balco in favor, and Mr. Munier abstaining) to recommend that the Authority Members authorize Mr. Davis to accept CBIZ MHM's proposal as presented by the staff that day.

10. Mr. Davis reviewed with the Port Council the preliminary version of the staff's proposed 2018 Capital Budget, which showed:
 - the amount of funds the Authority is expected to have available this year for its capital projects;
 - the estimated amounts that will be needed to complete the capital projects that already have been authorized;
 - the estimated amounts that will be needed for the staff's proposed new capital projects; and

- the estimated amount that will remain available for contingencies and/or future projects.

Mr. Davis noted that, pursuant to the proposed Capital Budget, the Authority would have an \$18,000,000 bond or note issue this year. Previously, Mr. Davis said, the staff had projected that the Authority would need to issue \$19,000,000 of bonds over the life of the Woods Hole terminal reconstruction project in order to fund that project. But Mr. Davis stated that the bonds (or bond anticipation notes) will have to be issued early this year to pay Jay Cashman, Inc. for all of the steel that it is buying up front for the project. In response to questions from Messrs. Munier and Shufelt, Mr. Cloutier stated that most of the steel being purchased by Cashman was for the steel pipe piles, that Cashman decided to buy all of the steel now in order to lock in the price, and that the Authority will own the steel after it pays Cashman for it. Mr. Sayers also noted that the contract requires Cashman to insure the steel while it is being stored.

Mr. Davis then reviewed with the Port Council the staff's proposed new capital projects for 2018, and stated that, because none of them needed to be approved this month, he would not be asking for a recommendation regarding the 2018 Capital Budget until next month's Port Council meeting. Mr. Davis further noted that the proposed Capital Budget also included a ten-year Capital Improvement Plan and that, based upon a cost estimate provided by Bertaux + Iwerks, the plan projected that the new Woods Hole terminal building will cost \$14,000,000 to build in 2023

11. Woods Hole resident Anne Halpin asked Mr. Davis when the community will have the opportunity to look at the design for the new Woods Hole terminal building. In response, Mr. Davis recounted how Bertaux + Iwerks had provided the Authority with several alternative designs for the building and he stated that the staff still had to decide which alternative they preferred, taking into account both the Authority's needs and the needs of the community. Mr. Sayers also observed that it will probably take the staff several months to revisit the design before a meeting is scheduled for the public to review and comment on it.

Then, at approximately 11:28 a.m., the Port Council unanimously **voted** to adjourn their meeting that day.

A TRUE RECORD

Eric W. Shufelt, Secretary

Documents and Exhibits Used at the Port Council's January 3, 2018 Meeting

1. Agenda for the Port Council's January 3, 2018 Meeting (posted December 28, 2017).
2. Minutes of the Port Council's December 6, 2017 Meeting (draft).
3. Business Summary for the Month of November 2017 (draft).
4. List of Channels Available under DIRECTV's Commercial Choice Package.
5. Proposed Engagement Letter between CBIZ MHM, LLC and the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority, dated January 2, 2018.
6. CBIZ MHM, LLC's Proposal for Business Technology Services, dated December 15, 2017.
7. Capital Expenditure Status Report, as of January 2, 2018, for the Accounting System Replacement (ERS).
8. 2018 Capital Budget (proposed draft), updated December 22, 2017.

MINUTES
OF THE
PORT COUNCIL
OF THE
WOODS HOLE, MARTHA'S VINEYARD
AND NANTUCKET STEAMSHIP AUTHORITY

February 7, 2018

Second Floor Meeting Room
Hyannis Terminal
141 School Street, Hyannis, Massachusetts

Port Council Members present: Chairman Robert V. Huss (Oak Bluffs); Secretary Eric W. Shufelt (Barnstable); Robert S. C. Munier (Falmouth); Nathaniel E. Lowell (Nantucket); and George J. Balco (Tisbury).

Port Council Members absent: Vice Chairman Edward C. Anthes-Washburn (New Bedford); and Frank J. Rezendes (Fairhaven).

Authority Members present: Robert R. Jones (Barnstable).

Authority Management present: Robert B. Davis (General Manager); Gerard J. Murphy (Treasurer/Comptroller); Gina L. Barboza (Reservations and Customer Relations Manager); Mary T. H. Claffey (Director of Information Technologies); Carl R. Walker (Director of Engineering and Maintenance); Mark K. Rozum (Operations Manager); Kimberlee McHugh (Director of Marketing); Phillip J. Parent (Director of Human Resources) and Steven M. Sayers (General Counsel).

1. After Mr. Huss called the meeting to order at approximately 9:30 a.m., the Port Council **voted** unanimously to approve the minutes of their meeting in public session on January 3, 2018.
2. Mr. Murphy reviewed with the Port Council the current draft of the Authority's Business Summary for the month of December 2017, although he cautioned that the staff was still reviewing the Authority's records to ensure that the Authority's expenses are properly

classified and that, as a result, there will be changes to the numbers that are contained in the draft. With respect to the draft itself, Mr. Murphy noted:

- The 8.3% decrease in the number of passengers carried on the *M/V Iyanough* during the month of December 2017 was primarily because the Authority ended the fast ferry's schedule near the end of the month for the rest of the season because of the ice in Hyannis and Nantucket harbors.
- The majority of the month's increases in vessel and terminal maintenance expenses were due to the dry-docking of the *M/V Martha's Vineyard* (which had been scheduled to take place earlier in the year) and the dock repairs at the Oak Bluffs and Vineyard Haven terminal (neither of which had been included in the original budget).
- The Authority's maintenance expenses will change in the final version of the Business Summary, as four capstans that are currently included in those expenses will be capitalized as fixed assets that are part of their respective vessels.
- The increase in the Authority's pension expense for December 2017 was partly attributable to a timing issue (with contributions allocated in November 2017 having been paid in December 2017), and an increase in the amount of the Authority's contributions to its non-union retirement plan.
- The increase in depreciation was attributable to the creation of separate depreciation schedules for component parts of the *M/V Woods Hole* that have a shorter useful life than the vessel itself. Messrs. Davis and Murphy noted that previous accounting rules allowed the Authority to recognize the entire vessel as one asset, while current accounting rules (that also apply to the *M/V Iyanough* and the *M/V Island Home*) now require the Authority to have a separate depreciation schedule for each of the vessel's component parts.

Mr. Huss observed that the Authority's direct vessel maintenance expenses for the 2017 calendar year had been more than \$2,000,000 less than budgeted, and he asked whether, as a result, the Authority will be incurring more direct vessel maintenance expenses this year. In response, Mr. Davis stated that the reasons for that variance were related to specific vessels that were dry-docked in 2017 and that the variance was not an indication that any vessel maintenance expenses had been deferred.

Mr. Munier then asked whether anything had occurred since the Authority approved its 2018 Operating Budget to cause Mr. Davis to question the accuracy of that budget. In response, Mr. Davis stated that he was not aware of any significant expenses that were not included in the budget, although most of the expenses related to the dock repairs at the Vineyard Haven terminal, which the Authority had planned to complete in 2017, will now be incurred in 2018 due to the delay in completing those repairs.

Mr. Munier then observed that there appeared to be a downward trend in the Authority's passenger revenues, and he asked whether Mr. Davis was comfortable with the passenger revenues that are projected in the 2018 Operating Budget. In response, Mr. Davis stated that he was as comfortable as he could be with those projections, noting that there was yet no way to tell how much of that downward trend on the Nantucket route was due to the

M/V Iyanough's accident this past summer or the additional high-speed ferry service now being provided by Hy-Line. Mr. Lowell agreed, noting that the Authority will not know until this year how Hy-Line's additional service will affect the Authority's ridership, as this will be the first summer season that the Authority's *M/V Iyanough* and two of Hy-Line's high-speed ferries will be operating between Hyannis and Nantucket. In this regard, Mr. Lowell observed that the cost of traveling on one of the Authority's traditional ferries is more than half of the cost of traveling on a high-speed ferry and that, as a result, people are opting to travel on the high-speed ferries whenever they are available and the traditional ferries are becoming more of a "life raft" than a "lifeline."

Mr. Davis then noted that the Authority currently had five percent (5%) more vehicle reservations for the upcoming summer season than it had at the same time last year for last year's summer season. While Mr. Davis stated that he hoped this was a good omen for the summer, it could simply be the result of customers making their plans earlier this year.

Mr. Lowell then asked why 76% of the Authority's net operating income for the year had been allocated to the Nantucket route this year. In response, Mr. Davis stated that the maintenance expenses for the vessels that provided service on that route this past year had been substantially lower than budgeted, with the expenses for the *M/V Eagle* ending up around \$400,000 lower, the expenses for the *M/V Gay Head* around \$900,000 lower, and the expenses for the *M/V Katama* around \$1,000,000 lower.

3. Mr. Davis stated that he was pleased to report that this past Friday, February 2nd, the State Building Inspector had issued a temporary occupancy permit for the Authority's new administrative office building at 228 Palmer Avenue in Falmouth, although there were still a few items that will need to be addressed before the Authority can receive a final occupancy permit. Mr. Davis stated that the most significant item will be the installation of a "BDA" communications system within the building that has been required by the Falmouth Fire Department, which will need its own shaft and be fire rated for a minimum of two hours. Mr. Davis also stated that his understanding was that, during an earlier inspection when the building's foundation was built, the Fire Department had stated that the building was not big enough to require such a system, but unfortunately no one had memorialized that representation in writing. Accordingly, Mr. Davis said, the Authority will now have to pay a change order of up to \$75,000 in order to install the system.

Mr. Davis further reported that this past weekend most of the Accounting Department had moved into the new building and that Ms. Claffey and all of the employees in the Authority's MIS Department had worked through the weekend to disconnect the Accounting Department's computer systems in Woods Hole and then move them and reconnect them at Palmer Avenue. Mr. Davis also noted that the Authority's Payroll Department was moving into the new building today, that Mr. Murphy was moving later that week, and that other departments' files also had been moved this past weekend while their remaining files will be moved this coming weekend so the remaining employees in Woods Hole will also report to work at the new building on Monday.

However, Mr. Davis also reported that there remains some unfinished work at the building which the contractor, G & R Construction, will continue to address over the next month or so. Mr. Davis then stated that, to date, the Authority had paid \$11,841,000 towards the contract's current estimated cost of \$13,277,000 or approximately 89%, while change orders thus far totaled \$590,000, or approximately 4.6% of the original contract price. In this regard, Mr. Davis observed that some of those change orders relate to the siding problems that the Authority had encountered this past summer and that the staff will now have to review them to determine what claims the Authority has against the manufacturer of the siding. Finally, Mr. Davis noted that, next month, the Port Council will be holding its first official meeting in the new building.

4. Mr. Davis then reported that Jay Cashman, Inc., the marine contractor for the Woods Hole terminal reconstruction project, had begun some of the preliminary work for the project and had moved its construction trailer on site behind the temporary terminal building. In addition to having weekly planning meetings, Mr. Davis said, Cashman had completed the trenching for the re-routing of the electrical service to Slip 3 and electricians were working on those connections as well as planning the re-routing of electrical service from the main switchboard. Mr. Davis also stated that Cashman was working with the Authority's design team on plans to install temporary dolphins on the north side of Slip 1 and to move the passenger loading platforms that are on the wharf to an area between Slips 1 and 2, but that the old terminal building needs to be demolished before those platforms can be moved. Finally, Mr. Davis reported that the Authority so far had sent out four community email updates about the project to let its neighbors know what construction activities they can expect during the following weeks.
5. Mr. Walker reported that the schedule for the *M/V Martha's Vineyard* mid-life refurbishment project was going to be very tight, with the delivery of the vessel now scheduled for February 19, 2018. Mr. Walker further reported that the majority of the machinery spaces were operational and just need to be cleaned up and that the crew spaces were approaching final completion, but that the joiner work in the passenger spaces was behind schedule, with the ceilings and lighting still needing to be done while the decking and bulkheads were mostly installed. In addition, Mr. Walker said, the two mezzanines were similarly behind schedule and were only 60% to 70% complete with no seats yet installed, although the shipyard was working feverishly to bring everything together. Mr. Walker stated that if the shipyard is not able to complete all of its work by February 19th, the vessel will still be moved to the Authority's Fairhaven Vessel Maintenance Facility and the shipyard will perform its punch list items there instead of in Rhode Island.

Mr. Walker also reported that all of the vessel's equipment was scheduled to be tested on February 12th, that its sea trials were scheduled for February 15th, and that its incline experiment, which already has been postponed several times due to the incompleteness of the vessel, has been scheduled for February 18th. But Mr. Walker stated that the United States Coast Guard's Marine Safety Center had assured the Authority that it will be able to provide the Authority with a stability letter within approximately a week thereafter. As a result, Mr. Walker said, the vessel will be able to resume line service as scheduled on March 3, 2018.

Mr. Walker further reported that the project's change orders now totaled approximately \$2,000,000, which was around \$400,000 more than the \$1,600,000 that had been budgeted, and that while a lot of those change orders were for additional steel replacement, other items had been found in the vessel during the work. In this regard, Mr. Walker stated that the shipyard had done a good job of completing this additional work without asking for an extension of time to complete the contract.

Mr. Walker then gave the same PowerPoint presentation that he had given at the January 16, 2018 Authority meeting on the progress of the shipyard work, noting that:

- The vessel's exterior is somewhat complete, with just some final touchup work left to be done.
- The new bow door has been installed, and it is a rolling door instead of a "clamshell" design, which the Authority has found to be problematic. Indeed, Mr. Walker said, the Authority was taking the *M/V Nantucket* out of service this weekend because of problems with its door. Mr. Lowell then asked why the Authority had not replaced the *M/V Eagle's* clamshell door during its mid-life refurbishment, which he recounted had originally been planned. In response, Mr. Walker stated that the Authority had decided not to replace the *M/V Eagle's* door when the cost estimate for its mid-life refurbishment came in much higher than anticipated.
- The vessel's stern door is now a roller open door, which costs \$150,000 instead of \$1,000,000, and so far it has worked out well.
- The 03 deck behind the pilot house has been extended, and it is now full of seating.
- There is now an after stairs/ladder between the 02 deck and the 03 deck.
- The shipyard took down all of the old insulation in the freight deck and reinsulated the deck.
- The pole that has made it difficult for customers to drive under the vessel's wing has been moved five or six feet so that customers will now have a better approach.
- All new decking and furniture have been installed in the crewmembers' rooms after everything in those rooms was ripped out and replaced.
- The new pilot house console is similar to the consoles on the *M/V Island Home* and the *M/V Woods Hole*, and it should be complete and operational by this coming Friday.

In response to a question from Mr. Munier, Mr. Davis stated that the shipyard's contract price for the *M/V Martha's Vineyard's* mid-life refurbishment, not including the price for the vessel's dry-docking (which was expensed instead of capitalized), was \$16,006,000, and that so far he has received \$1,970,000 of change orders. However, Mr. Davis stated that he did not know how many of those change orders were associated with the vessel's mid-life refurbishment or were incurred as part of its normal dry-docking. Mr. Walker further stated that the shipyard has been very reasonable in negotiating the change orders, both with respect to their amount and the amount of time that it has taken to complete them. Indeed, Mr. Walker observed that, even though the overall amount of change orders has been very significant, they have resulted in only a two-week delay of the delivery of the vessel.

Mr. Walker then stated that he was comfortable that the *M/V Martha's Vineyard* will be able to resume service on March 3, 2018, but not that it will be delivered to the Authority's Fairhaven Vessel Maintenance Facility by February 19, 2018. Nevertheless, Mr. Walker said, there will be little work to be done on the vessel after it is delivered, as everything on the vessel is new and there is no need to overhaul the main engines this year. Mr. Walker also noted that, if the vessel's delivery is delayed beyond February 19th, the Authority will send Maintenance employees to the shipyard to make certain that all of the work is completed on time.

Mr. Walker reported that the United States Coast Guard is also requiring the Authority to deploy one of the *M/V Martha's Vineyard's* life rafts before the vessel can resume service and that, while the deployment is currently scheduled for February 21st, it may be delayed. Mr. Davis noted that the deployment will also serve as a training exercise for the Authority's vessel employees.

With respect to the shipyard's reasonableness in negotiating change orders, Messrs. Davis and Walker noted that after the vessel's gears had returned from Louisiana, the shipyard had welded tabs onto them during the alignment process, which is something that absolutely should not have been done. As a result, Mr. Walker said, the shipyard had to take the gears out of the vessel and change the bearings, all at its own expense and without any delay of the vessel's delivery date.

6. Mr. Davis reported that, at their January 16, 2018 meeting, the Authority Members had authorized him to proceed with the replacement of the Authority's accounting system with a Microsoft Dynamics NAV product supplied by CBIZ MHN, Inc. ("CBIZ") and that after several planning meetings and telephone conversations, CBIZ's team will be onsite at the Authority's offices during the week of March 5, 2018 to conduct their "Day In The Life" discovery sessions in order to learn and document the Authority's accounting requirements and methodologies so that they can be incorporated into the new system. Mr. Davis also noted that RSM USA LLP's enterprise resource team will be assisting the Authority in the system's development and rollout. In response to a question from Mr. Munier, Mr. Davis stated that the overall completion date for the new accounting system is January 1, 2019.
7. Mr. Davis reported that Tetra Tech, the Authority's consulting firm which is analyzing the feasibility of barging municipal solid waste from Martha's Vineyard to New Bedford, has received the information it had requested from Bruno's Rolloff, Inc. regarding the volume of solid waste it transports off-island, and that Tetra Tech is now able to incorporate that data into its analysis to calculate how much it currently costs to transport solid waste off-island on a per-ton basis. However, Mr. Davis said, Tetra Tech has not yet received the information it had requested from Tisbury Towing and Transportation Co., Inc. regarding how much it would cost to barge solid waste off the island and, therefore, it cannot provide a direct cost comparison between those current costs and how much it would cost to barge a similar amount of solid waste off-island.

Mr. Sayers further reported that he had talked with Ralph Packer that morning by telephone and that Mr. Packer had apologized for his delay in providing the information, but had said that he had been very busy over the past few months delivering gravel and modular homes. Mr. Sayers also stated that Mr. Packer had informed him that an engineer had viewed Tisbury Towing's New Bedford property and felt that the property could be connected to the rail line by a side railroad track. In addition, Mr. Sayers said, Mr. Packer had told him that he had seen a demonstration of a machine used by New England Recycling that grinds up construction debris into chips so that it can be transported like gravel.

Mr. Lowell then stated that the trucking companies currently carrying solid waste off-island are working to be able to carry gravel back to the island in their trucks, and he observed that, because the island has to have gravel, their investment will pay off and will result in more competition, as the transportation of solid waste will then be a backhaul operation.

8. Mr. Davis then reported that, on Monday, January 22, 2018, he had provided a brief update, together with Falmouth Authority Member Elizabeth H. Gladfelter and Messrs. Munier and Sayers, to the Falmouth Board of Selectmen regarding a potential freight ferry service between New Bedford and Martha's Vineyard. Mr. Davis noted that the presentation essentially repeated the same parameters that the staff had previously identified in their earlier study as the ones that would give the service the best chance to succeed, including having the service provided by a private operator at its own financial risk, as described in Craig Johnson's report, and using the New Bedford State Pier, which was now being managed by MassDevelopment. Mr. Davis further reported that, after the presentation, the Falmouth Board of Selectmen voted to send a letter to State Senator Vinny deMacedo asking him for his assistance in securing funding for the needed improvements to the New Bedford State Pier.

Mr. Munier then asked Mr. Davis to make it clear that the Authority has an open mind for whatever ideas are offered with respect to how such a freight service would be operated, and he noted that the Authority's most obvious constraint is its need to use its terminal facilities for its own operations. Mr. Munier also asked Mr. Davis if the Authority could assist MassDevelopment in identifying potential sources of funding for the needed repairs to the New Bedford State Pier. In response, Messrs. Davis and Sayers stated that the staff was more than willing to consider any suggestions that any private operator or anyone else might have with respect to the potential service, and that the staff already had provided MassDevelopment with all of the Authority's studies about this subject. Mr. Munier then observed that the staff will need to work to identify a proposed operator of the service in parallel with MassDevelopment's efforts to make the necessary repairs the New Bedford State Pier.

9. The Port Council then **voted** unanimously to recommend to the Authority Members that they reauthorize the Authority's Debt Issuance and Debt Management Policy in the form proposed by the management staff, after Mr. Balco observed that the only change in that policy from the previous version was the updating of the amount of the Authority's outstanding bonds as of December 31, 2017.

10. The Port Council then **voted** unanimously to recommend to the Authority Members that they approve the Authority's 2018 Capital Budget in the form proposed by the management staff, after Mr. Davis confirmed that, while the proposed capital budget had been updated with respect to the funds that are currently available to complete the Authority's capital projects and the cost estimates for those project, the proposed budget contained the same proposed new capital projects as were contained in the preliminary version of the proposed budget that had been presented to the Port Council at their January 3, 2018 meeting.
11. Mr. Davis then reported that the staff planned to ask the Authority Members for approval to offer the Authority's high-speed passenger ticket books for sale at a twenty percent (20%) discount during the two-week period from March 19, 2018 through April 3, 2018, and noted that the vessel will be resuming service this year on April 2, 2018. Mr. Davis also noted that, last year, 51% of all the Authority's high-speed passenger ticket books had been sold during this two-week promotional period.

Mr. Davis also stated that, as a result of replacing the Authority's paper 10-ride ticket books for travel on its traditional ferries with RFID cards, the Authority is now able to collect data on how often only one coupon is used per trip from each RFID card, which was the Authority's ticket book policy when the Passenger Embarkation Fee Statute was enacted. Mr. Davis noted that, a few years later, the Authority revised its policy to allow customers to use multiple coupons per trip from the same ticket book, but it never knew how many customers were using more than one coupon per trip from the same ticket book and it now appears that a number of customers are doing so.

Mr. Davis then stated that, because the staff questioned whether it was within the spirit of the statute to allow customers to use multiple coupons from the same ticket book for the same trip, Mr. Murphy discussed this matter with the Massachusetts Department of Revenue, which agreed with the staff's recommendation to limit the use of coupons in each ticket book to one per trip in order for the customer to be exempt from paying a passenger embarkation fee. Accordingly, Mr. Davis said, the staff will be recommending to the Authority Members that the Authority make this change to its policies with respect to its traditional ferry 10-ride ticket books so that the Authority will not have to collect any passenger embarkation fees based upon the sale of those books.

But Mr. Davis stated that, because of the significant changes that would need to be made to the reservation system to limit the use of high-speed ferry ticket book coupons to one per trip, the staff will also be recommending that the Authority collect passenger embarkation fees on the sale of those high-speed ticket books. In addition, Mr. Davis said, because the Authority already has publicized that there will be no increase in the prices of those ticket books this year, the staff will be recommending that the amount of the passenger embarkation fees collected on the sale of those books be included in their current prices. Mr. Davis noted that, as a result, there will be an additional \$45,000 of passenger embarkation fees collected by the Authority this year that will then be distributed to the towns of Nantucket and Barnstable.

In response to a question from Mr. Lowell, Mr. Davis stated that last week he had informed Hy-Line Vice President R. Murray Scudder, Jr., that the staff would be recommending these changes to the Authority Members at their meeting later this month. Mr. Lowell then thanked Messrs. Davis and Murphy for addressing these issues in this manner, observing that there has to be some limit on the Passenger Embarkation Fee Statute's exemption for commuter ticket books.

Mr. Shufelt then observed that, while the Authority's sales of high-speed ticket books had grown since 2013, they had been pretty much the same the last two years (4,456 ticket books in 2016 compared to 4,555 ticket books in 2017), and he asked Mr. Davis if he thought the high-speed ticket books had reached their maximum sales level. In response, Mr. Davis recounted how, last year, more customers had wanted to buy high-speed ticket books at the 20% discount after the two-week promotional period had ended, apparently because Nantucket ticket sellers had erroneously told them that the promotional sale would continue through the first two weeks of April. This year, Mr. Davis said, the staff intended to extensively advertise the promotion, including the beginning and end dates for the period when customers can buy the books at a 20% discount; and, as a result, he hoped there will be more ticket book sales this year than last year. Although Mr. Shufelt suggested that the Authority might sell more ticket books if it extended the sale period, Mr. Davis stated that, assuming people know when the sale is going to end, the Authority should experience the same rush of customers buying those books as the end of the sale period approaches, although the rush will occur sooner than later. Mr. Huss agreed, but emphasized that the Authority has to be certain to advertise the promotion, including when it will end.

The Port Council then **voted** unanimously to recommend to the Authority Members that they approve the sale of high-speed passenger ticket books at a 20% discount prior to the *M/V Iyanough*'s return to service on April 2, 2018, as proposed by the management staff.

12. Messrs. Davis and Sayers stated that the staff thought it would be a good idea to provide the Authority Members and the Port Council with a description of the programs the staff is continuing to implement and expand upon this year to ensure that the Authority is in compliance with all of the various environmental regulatory requirements that apply to its facilities, particularly since the total cost of all the consulting services the Authority expects to incur this year in connection with these programs is around \$160,000. Mr. Balco then suggested that the staff provide copies of the Authority's Facility Environmental Handbook to the local boards of health and other appropriate governmental departments in the various communities where the Authority's facilities are located, and Mr. Munier suggested that the staff prepare a similar document to show how the Authority complies with all of the environmental regulatory requirements that apply to its vessels.
13. Mr. Davis then reviewed with the Port Council a draft chart showing his proposed changes to the Authority's management structure, observing that he needs to start considering making certain changes to the current management structure due to the fact that several staff members will be retiring this year. Indeed, Mr. Davis said, he also needs to begin considering how other management positions in the organization will be filled from the ranks as additional staff members subsequently retire as well.

Mr. Davis noted that, due to Mr. Sayers's impending retirement, he was proposing that the Authority have a Communications Director who would be responsible for performing certain duties that Mr. Sayers currently performs which are not usually considered the responsibility of a General Counsel, such as preparing minutes of Authority and Port Council meetings and responding to public records requests. Mr. Davis observed that the new Communications Director would also be responsible for the Authority's marketing and advertising, thus ensuring that the Authority has an integrated communications program both internally and with respect to all of its communications to the media and the public. Mr. Davis further noted that, as a result, the Authority's next General Counsel will be able to devote more time to other legal matters and take a more active role in ensuring that the Authority complies with all of its various environmental, procurement and safety obligations.

Mr. Davis stated that he also felt the Authority's MIS Department needs more support, as its current employees are being taxed to the limit and the senior programmers similarly are nearing retirement. In addition, Mr. Davis said, although the Vessel Personnel Dispatch employees currently report to the Director of Human Resources, he felt they more appropriately should be part of Vessel Operations. Mr. Davis stated that he planned to discuss this and other proposed changes with each of the department heads, including whether it would be better to have Authority employees perform more of the environmental services that are currently being provided by Tetra Tech.

Mr. Balco suggested that the Port Council think about Mr. Davis's proposed changes and discuss the subject again at another meeting, observing that Mr. Davis obviously had put a lot of thought into his proposed changes to the Authority's management structure. After Mr. Davis noted that, in the event there are any changes to the structure, the staff will then have to prepare new job descriptions for the affected positions to accurately describe their duties, Mr. Huss observed that the Authority also needs job descriptions that reflect what duties its employees currently perform, and Mr. Munier stated that the Port Council also needs to know how Mr. Davis's proposed management structure compares with the current structure.

After Mr. Munier suggested that a good organization should also have a succession plan, Mr. Davis observed that a number of the Authority's Captains and Pilots similarly will be retiring soon and that the Authority needs to develop ways to make certain that a sufficient number of unlicensed vessel crewmembers obtain their licenses to succeed them.

Mr. Munier then suggested that the Authority should also develop a strategic plan of how it expects to proceed over the next fifteen years, taking into account trends in the ferry industry, the potential freight service between New Bedford and Martha's Vineyard, and the potential barging of municipal solid waste from Martha's Vineyard. Mr. Munier stated that the Authority should establish a base line of where it is today and attempt to prescribe what the future should look like even though it may not end up where it thinks it is going. Mr. Munier also noted that the Authority needs to have data to develop this plan, although he observed that the Authority already has a huge amount of fascinating information.

14. Mr. Lowell then thanked the staff for everything they did to provide ferry service for Nantucket last month, and observed that their decision to provide service from Woods Hole with the *M/V Sankaty* after the island had no ferry service for four days was a huge effort and that he knew how much work it had taken to make that happen.
15. Mr. Jones stated that he agreed with Mr. Munier's suggestion that the Authority plan for the future, and he observed that the Passenger Vessel Association (PVA) has a wealth of information which the Authority could draw upon. For example, Mr. Jones said, last week he had the opportunity to attend a PVA conference in Savannah, Georgia, and the conference had presentations and discussions on such subjects as hybrid vessels and new ticketing systems. Mr. Jones also noted that other ferry operators rely on the Authority as a resource for their own operations because they consider it a very well run organization.

Then, at approximately 11:18 a.m., the Port Council unanimously **voted** to adjourn their meeting that day.

A TRUE RECORD

Eric W. Shufelt, Secretary

Documents and Exhibits Used at the Port Council's February 7, 2018 Meeting

1. Agenda for the Port Council's February 7, 2018 Meeting (posted February 2, 2018).
2. Minutes of the Port Council's January 3, 2018 Meeting (draft).
3. Business Summary for the Month of December 2017 (draft).
4. Letter from Falmouth Town Manager Julian M. Suso to State Senator Vinny deMacedo, dated January 24, 2018.
5. PowerPoint Presentation – M/V Martha's Vineyard Mid-Life Project Update – Steamship Authority Board Meeting – January 16, 2018.
6. Staff Summary regarding the Reauthorization of Debt Issuance and Debt Management Policy, dated February 2, 2018 (draft).
7. Proposed Debt Issuance and Debt Management Policy (red-lined to show revisions from the current policy).
8. Staff Summary regarding the Proposed 2018 Capital Budget, dated February 2, 2018 (draft).
9. Staff Summary regarding the Authority's Environmental Compliance Programs (draft).
10. Proposed Management Structure Organization Chart, dated February 6, 2018.

**MINUTES
OF THE
PORT COUNCIL
OF THE
WOODS HOLE, MARTHA'S VINEYARD
AND NANTUCKET STEAMSHIP AUTHORITY**

March 20, 2018

First Floor Meeting Room (Room 103)
The Authority's Administrative Offices
228 Palmer Avenue, Falmouth, Massachusetts

Reporter's Note: On March 20, 2018, the Port Council held their meeting jointly with the meeting of the Authority Members that day. The minutes of that joint meeting are included with the minutes of the Authority Members' meetings.

MINUTES
OF THE
PORT COUNCIL
OF THE
WOODS HOLE, MARTHA'S VINEYARD
AND NANTUCKET STEAMSHIP AUTHORITY

April 4, 2018

Second Floor Meeting Room
Hyannis Terminal
141 School Street, Hyannis, Massachusetts

Port Council Members present: Chairman Robert V. Huss (Oak Bluffs); Vice Chairman Edward C. Anthes-Washburn (New Bedford) (who arrived during the discussion of status of the Authority's service for both islands); Secretary Eric W. Shufelt (Barnstable); Robert S. C. Munier (Falmouth); Nathaniel E. Lowell (Nantucket); and George J. Balco (Tisbury).

Port Council Members absent: Frank J. Rezendes (Fairhaven).

Authority Members present: Robert R. Jones (Barnstable).

Authority Management present: Robert B. Davis (General Manager); Gerard J. Murphy (Treasurer/Comptroller); Gina L. Barboza (Reservations and Customer Relations Manager); Mary T. H. Claffey (Director of Information Technologies); Kimberlee McHugh (Director of Marketing) (who arrived during the discussion of the status of the Authority's service for both islands); Carl R. Walker (Director of Engineering and Maintenance); and Steven M. Sayers (General Counsel).

1. After Mr. Huss called the meeting to order at approximately 9:30 a.m., Mr. Sayers announced that Louisa Hufstader was making an audio recording of today's meeting. When Sean Driscoll arrived during Mr. Davis's update on the status of the Authority's ferry service for both islands, Mr. Sayers further announced that Mr. Driscoll similarly was making an audio recording of today's meeting.

2. Mr. Huss then recognized Falmouth Selectman Douglas C. Brown in the audience and thanked him for attending today's meeting.
3. The Port Council then **voted** unanimously to approve the minutes of their meeting in public session on March 20, 2018.
4. Mr. Davis then provided the Port Council with an update on the status of the Authority's ferry service for both islands since he last reported on this matter at the March 20, 2018 joint meeting of the Authority Members and the Port Council.

With respect to the *M/V Woods Hole*, Mr. Davis reported the following:

- On Thursday, March 22nd, while the *M/V Woods Hole* was loading for its 5:00 p.m. trip from Vineyard Haven to Woods Hole, an indicator light went off on the console. The vessel's passengers and vehicles were transferred to the *M/V Katama* for transit to Woods Hole. At around 7:30pm the United States Coast Guard permitted the vessel to transit to Woods Hole. While transiting the crew experienced issues with the propeller pitch controls. The Captain compensated for the lack of response and was able to safely make it back to Woods Hole. Following review of the situation, it was determined that the vessel needed to be taken to Fairhaven for an inspection of the shaft.
- Then on Saturday, March 24th, the Authority's engineering staff and the vendor's technician determined that the check valves had broken in the *M/V Woods Hole's* port propeller shaft. After obtaining replacement valves, the technician installed the valves in both the port and starboard shafts and reassembled the units.
- Then on Sunday, March 25th, after inspecting the repairs made to the *M/V Woods Hole* and taking the vessel on sea trials, the Coast Guard cleared the vessel to return to service. It left the Authority's Fairhaven vessel maintenance facility and resumed its published schedule beginning with its 3:45 p.m. trip from Woods Hole to Vineyard Haven.
- Then on Tuesday, March 27th, prior to the *M/V Woods Hole's* 5:00 p.m. departure from Vineyard Haven, an alarm code went off in the vessel's control panel. Even though the Captain had experienced no loss of control or power, the Coast Guard was appropriately notified and the vessel was taken out of service until the issue could be investigated.
- On Thursday March 29th, following the arrival of the technical representatives from both Hundested Propeller and Prime Mover Controls, the vessel filters were changed on both reduction gears (*i.e.*, the suction filter, the filter for clutch, and the filter for pitch on each reduction gear) even though nothing abnormal was found. The Authority took the vessel on light ship sea trials with both technical representatives on board to monitor the system and advise while the Authority engaged in repeated maneuvers in an attempt to have the alarm activate again and the system switch to the secondary (backup) Actuator driver signals. These light ship sea trials lasted nearly three hours while the Authority tried again and again to create a condition that would cause the alarm to activate. Throughout the entire sea trials, the system and all of the vessel's

equipment were fully responsive and operational. After the light ship sea trials, the vessel's gear was examined, including the hydraulic check valves that had recently been replaced. All of the valves were found to be in good order.

- On Saturday, March 31st, the Authority conducted additional sea trials with a simulated cargo load similar to what had been on board when the alarm activated on March 27th. As with the previous light ship sea trials, both technical representatives were on board to monitor the system and advise while the Authority engaged in repeated maneuvers in an attempt to have the alarm activate again and the system switch to the secondary (backup) Actuator driver signals. These additional sea trials lasted nearly another four hours while Authority Captains engaged in maneuvers to simulate dockings at and departures from the Authority's slips at both Vineyard Haven and Woods Hole. Throughout the entire additional sea trials, the system and all of the vessel's equipment were fully responsive and operational.
- Then on Monday, April 2nd, the Coast Guard returned to review what inspections and actions the Authority had performed as well as to take the vessel out on a sea trial. Following the sea trial, the Coast Guard cleared the vessel and approved the Authority's plan to place the *M/V Woods Hole* on the route between Hyannis and Nantucket yesterday and today for further monitoring by the technicians. The plan then called for the vessel to return on Thursday to Vineyard Haven to resume service on its published schedule between Vineyard Haven and Woods Hole on Thursday.
- There were no reported issues yesterday, although the crews engaged in additional maneuvers in an attempt to have the alarm activate again. However, because of the bad weather forecast for this evening, the *M/V Woods Hole* will remain on the Hyannis-Nantucket route tomorrow as well, and it will then transit to Vineyard Haven tomorrow evening to begin its regularly scheduled service between Vineyard Haven and Woods Hole Friday morning.

In response to a question from Mr. Lowell, Mr. Davis stated that the Authority was not carrying any passengers on board the *M/V Woods Hole* while it was operating between Hyannis and Nantucket, not even the drivers of any of the cars and trucks being carried on the vessel. Mr. Davis noted that those drivers are able to take the *M/V Iyanough* and often meet their vehicles when they arrive at their destination.

Mr. Davis then reported the following with respect to the *M/V Martha's Vineyard*:

- At the end of its operating day on Tuesday, March 20th, the *M/V Martha's Vineyard* had an additional generator issue, and the Coast Guard issued a "no sail" order.
- The following day, the *M/V Martha's Vineyard* was taken out of service for additional work and testing, and was transported to the Authority's Fairhaven vessel maintenance facility. At the time, the vessel was expected to be out of service for up to a week.
- On Saturday, March 24th, the Authority's Engineering Department and a technician for the vendor of the *M/V Martha's Vineyard's* generator that failed identified the parts of the switchboard which required replacement.

- On Monday, March 26th, work on the *M/V Martha's Vineyard* was completed so that the Coast Guard could conduct its inspection of the vessel. But the Coast Guard required that the Authority submit the updated testing procedures for the vessel's new switchboard to the Coast Guard's Marine Safety Center for their review before the tests were conducted. As a result, the tests were conducted the following day.
- On Tuesday, March 27th, the *M/V Martha's Vineyard* was cleared to return to service late in the afternoon. It left Fairhaven around 6:00 p.m. and after it arrived in Woods Hole around 7:30 p.m., it resumed providing service according to its published schedule (although leaving late).
- Then on Wednesday, March 28th, during the *M/V Martha's Vineyard's* morning engine start-up in Vineyard Haven, the breaker for the vessel's steering pump malfunctioned. The Chief Engineer on board the vessel recycled the breaker and was able to get the pump back on line, but the Authority cancelled the vessel's trips in order to assess the situation. Authority Engineering and Maintenance Department personnel and the manufacturer's technician determined that a breaker in the vessel's electrical panel needed to be replaced. The new breaker was expedited, installed and tested in time for the vessel to be inspected and undergo sea trials with the Coast Guard early the following morning.
- On Thursday, March 29th, the *M/V Martha's Vineyard* was cleared to resume service starting with its 7:00 a.m. scheduled trip from Woods Hole. Later that same day the crew had an issue with the bow doors, which resulted in a delay of up to an hour for trips after 6:00 p.m.
- On Saturday, March 31st, what originated as a breaker tripping on the vessel's bow thruster was ultimately diagnosed as a control gear failure to release. The vessel's 5:00 p.m. trip to the island and its corresponding 6:15 p.m. trip off-island were cancelled as the Authority's maintenance staff addressed the situation.

Mr. Davis then reported the following with respect to the *M/V Island Home*, noting that it was still in the Authority's Fairhaven vessel maintenance facility even though it had been scheduled to return to service on March 24th:

- Mr. Davis stated that part of the delay in the vessel's return to service was attributable to delays in the shipyard. The vessel's return to service was then expected to be delayed by six days, but nevertheless it was still expected to be in service for the holiday weekend.
- Then on Thursday, March 29th, while undergoing a Coast Guard inspection it was determined that there was an issue with one of the bow thrusters. The issue required the system technician to return from out of the country to re-install the software program. He arrived late Monday night.
- Following repairs on Tuesday, April 3rd, the Coast Guard once again returned for an inspection and sea trial, but issues still prevented the vessel from being cleared for service.

- Once repairs are fully completed, the Coast Guard will be requested to return yet again to inspect the vessel and hopefully clear it so that it can resume operations. Mr. Davis stated that he hoped that will take place tomorrow.

Mr. Davis then observed that, while these issues mostly have been isolated to vessels providing service on the Marth's Vineyard route, they have impacted service on the Nantucket route as well. For example, Mr. Davis said, on Sunday, March 25th, the *M/V Gay Head* was diverted from its scheduled service between Hyannis and Nantucket in order to provide two round trips on the Martha's Vineyard route before returning to service later in the day on the Nantucket route. Mr. Davis also noted that, as of Monday, April 2nd, the Authority's operating schedules called for the *M/V Sankaty* to be providing service on the Nantucket route in addition to the *M/V Eagle* and *M/V Gay Head*. But Mr. Davis stated that no additional service with a third vessel was provided on Monday, although the *M/V Woods Hole* provided that service yesterday and is doing so today.

Mr. Davis stated that he would be remiss if he did not thank the Authority's Woods Hole neighbors for being so understanding these past few weeks, as there have been a number of occasions in which the Authority needed to run some late night or early morning trips in order to minimize some of the service disruptions these vessel cancellations have caused. Mr. Davis again apologized for the noise that may have been generated during the late night and early morning hours, although he noted that the Authority has attempted to make every effort to minimize any noise generated by its operations.

Mr. Munier stated that, from his perspective, the staff obviously had to respond to emergent events that became, as others have called it, a "perfect storm." But Mr. Munier observed that what happened suggests that the Authority should have contingency plans for these types of events, and he asked whether the Authority could engage in more contingency planning and, if it had done so, how such planning could have helped in this situation.

In response, Mr. Davis stated that, a few years ago, the Authority decided not to dispose of the *M/V Governor* so that it will have a spare vessel available for most of the year in the event on its other vessels unexpectedly has to be taken out of service. Mr. Davis noted that, during this time period, the *M/V Sankaty* was the Authority's spare vessel and the staff was able to crew that vessel so that it could provide substitute service first for the *M/V Woods Hole* and then the *M/V Martha's Vineyard*. But Mr. Davis stated that the staff had never had anticipated that two of its vessels would have to be taken out of service at the same time and, when this happened with the *M/V Woods Hole* and the *M/V Martha's Vineyard*, all of the Authority's other vessels which were not then providing service were either in dry-dock (the *M/V Nantucket*), or having repair work performed on them (the *M/V Governor*), or experiencing other issues, such as the issues the *M/V Island Home* has been experiencing with its bowthruster.

Mr. Davis noted that he also had reached out to other ferry operators as far north as Casco Bay in Maine and as far south as Connecticut, but none of them had a vehicle ferry available for the Authority to charter. Thankfully, Mr. Davis said, SeaStreak was able to provide the *M/V Whaling City Express* to provide high-speed passenger shuttle service between

Vineyard Haven and Woods Hole, as the *M/V Iyanough* was in dry-dock when all of these events started.

Mr. Munier asked Mr. Davis whether it would make sense to conduct a “lessons learned” analysis to help the Authority respond the next time such a situation occurs. In response, Mr. Davis stated that the staff’s focus at the moment has been on restoring service, but that he hoped to conduct such an analysis while all of these events are still fresh in everyone’s minds. In this regard, Mr. Davis noted that, now that the *M/V Martha’s Vineyard* mid-life refurbishment is completed, the staff similarly will have to determine what responsibility Senesco has for these events, as well as finding out whether it has any warranty claims with respect to the *M/V Woods Hole*.

Mr. Davis also reported that he has heard loud and clear from the Authority’s passengers that they love the high-speed passenger shuttle service which SeaStreak has been providing and that, as a result, the staff will be looking at whether the Authority should be providing such a service. In this regard, Mr. Davis noted that the service worked well this time of year because many of the Authority’s passengers were commuters and the Authority did not have to deal with loading and unloading much luggage or bicycles. But Mr. Davis also noted that the *M/V Whaling City Express* only has a capacity of 149 passengers and that it operated close to that capacity on many of its trips.

Mr. Davis further observed that the Authority does not have a second high-speed passenger ferry which it can use on the Martha’s Vineyard route and it may not have the financial resources to acquire such a ferry at this time. In addition, Mr. Davis said, this summer the Authority already will be operating a five-boat schedule on the Martha’s Vineyard route and it cannot berth any more vessels on that route because it only has five ferry slips.

Mr. Munier then stated that he really appreciated how much the staff had communicated as soon as these events started to unfold. Mr. Huss agreed, observing that the Authority had done very well in keeping the public informed.

Mr. Lowell then stated that it is highly unlikely this type of situation will happen again, and that the Authority cannot be expected to have more than one spare vessel available at any one time. Moreover, Mr. Lowell said, by keeping the *M/V Governor*, which provides service during the summer season, the Authority is now able to dry-dock a freight boat each summer when the weather is more favorable, which he noted is a tremendous benefit to the Authority’s operations.

Mr. Lowell further stated that he did not think the staff could have had a plan to respond to a situation such as this, which he said was insane, and that he did not think the staff did anything wrong. Noting that the staff sent the *M/V Gay Head* from the Nantucket route to provide service on the Martha’s Vineyard route, Mr. Lowell stated that Nantucket residents even would have been willing to trade the *M/V Eagle* for the *M/V Sankaty* for a week to help the Martha’s Vineyard residents out. But Mr. Davis noted that the staff had not wanted to take any actions that caused problems for both islands.

Falmouth Selectman Douglas C. Brown then thanked the staff for including Falmouth residents on the Authority's email updates, which he said were really helpful. Mr. Brown also stated that he felt the Authority had done the best it could in a tough situation.

5. Mr. Murphy then reviewed with the Port Council the draft of the Authority's Business Summary for the month of February 2018, which he noted was before all of these mechanical issues had arisen. Mr. Davis also noted that the increase in the Authority's traffic levels during that month from the same month in 2017 was at least partly attributable to the fact that the Authority had far more trip cancellations during February 2017 than it had during February 2018. Mr. Murphy also noted the following:
 - The increase in the Authority's vessel maintenance expenses for February 2018 was partly a timing issue, as dry-dock expenses for the *M/V Island Home* had been incurred that month when they had been budgeted for January 2018.
 - The lion's share of the increase in operating expenses was attributable to the Authority's maintenance expenses, which included slip and dock work at the Oak Bluffs, Vineyard Haven and Woods Hole terminals. In this regard, Mr. Murphy noted that the repairs to the Oak Bluffs dock had been budgeted to take place last fall, but that some of that work had ended up getting delayed until this year. Meanwhile the dock suffered more damage as a result of the storms that occurred last month, and the Authority was still assessing what more repair work needs to be done.

In response to a question from Mr. Lowell, Mr. Davis stated that the financial impact from the *M/V Iyanough's* allision last summer was pretty much in the past, and that all of the expenses due to the allision had been submitted to the Authority's insurance carriers for payment. As a result, Mr. Davis said, the Authority's only expense attributable to the allision was its payment of the \$50,000 deductible. But Mr. Davis also noted that the Authority did not have any insurance to cover its loss of revenues during the time that the *M/V Iyanough* was out of service last summer after the allision.

6. Mr. Davis then reported that the Authority had sold 4,215 10-ride high-speed passenger ferry ticket books during its two-week pre-season sale of those books this year, which represented a 7.5% decrease from the 4,555 books it had sold during last year's pre-season sale of those books. But Mr. Davis stated that he thought the decrease was attributable to the fact that many customers still have a number of unused coupons left on books that they bought in the past, and they have decided to use those coupons instead of buying additional ticket books. Mr. Lowell agreed, saying that people had bought a number of books during the Authority's prior pre-season sales because they did not know whether the Authority would have similar sales in the future; but now they see that the pre-season sale is an annual event and they don't want to buy more books than they need this year.

7. Mr. Davis then provided an update of the status of the completion of the remaining punch list items for the Authority's new administrative office building at 228 Palmer Avenue in Falmouth, reporting that:

- The "BDA" communications system within the building has been installed, and its testing and certification are expected to be completed that Friday. In response to a question from Mr. Huss, Mr. Davis stated that it was his understanding that, during an earlier inspection when the building's foundation was built, the Falmouth Fire Department had stated that the building was not big enough to require such a system, but unfortunately had changed its mind after the building was completed.
- The HVAC contractor continues to work on the system but part of the problems appear to be related to air leaks in the ducts. In order to seal the ducts, the vendor will need to shut the system down for a day, which will be scheduled for a weekend day when warmer weather arrives. The HVAC contractor also plans to start up the chiller system for the air conditioning mode on April 18th.
- The landscaping crew will be onsite starting next week to begin to address the landscaping around the building.
- The issue with the outdoor wall that is located behind the reception area has been resolved. The State Building Inspector was concerned that people would sit on top of the wall and possibly fall on the other side of it where there is a drop in elevation. Accordingly, the architects have designed a seat backing for the wall to prevent people from falling off.

Mr. Davis further reported that, to date, the Authority has paid \$13,021,000 towards the project's current estimated cost of \$13,573,000, or approximately 96% of the total amount. Mr. Davis also noted that change orders thus far total \$847,000, or approximately 6.7% of the original contract price.

8. Mr. Davis then provided an update on the status of Phase 2 of the Woods Hole terminal reconstruction project, reporting that:

- During this past week, the marine contractor, Jay Cashman, had assisted the Authority in attaching temporary fenders to the bulkhead of Slip #2 that will be used until the dolphin that failed in that slip earlier last month can be replaced.
- Cashman also assisted the Authority with its crane so that some repairs could be made to Slip #2's transfer bridge.
- Cashman also started driving piles in for the temporary dolphins in Slip #1. That work had been delayed due to the operational problems the Authority has had with its ferries.
- The site contractor has excavated the area between Slips #1 and #2 where the foundation for the passenger platforms will be relocated, and it also has compacted the soils in that area. This week Cashman will set the rebar in place and build the formwork for the concrete slab.
- Testing of the contaminated soils that have been removed from the northwest corner of the wharf has been completed, and the site contractor will dispose of the soils this week.

After that material is off site, the site contractor will excavate the remaining two wharf locations where contaminated soils also have been identified. This remaining work is planned for tomorrow Thursday, April 5th.

- Earlier this week Cashman moved its barge into Slip #1 and went to work on the pile driving for the temporary dolphins required to keep Slip #1 operational while the wharf that currently forms the north side of that slip is excavated. Due to this work, for the next three weeks Slip #1 will be out of service and all of the Authority's ferries will be docking in Slip #2. As a result, the freight boat trips will be delayed by five or ten minutes during this time period.
- Thus far the Authority has issued 12 "Community Email Updates" to local residents on what to expect in the coming weeks, and the staff has received feedback from some of those recipients that they appreciate being informed about what is going on.

9. Mr. Walker began his report on the *M/V Martha's Vineyard* mid-life refurbishment project by saying that he would like to offer a quick apology to the public, that there is no excuse, and that the Authority has to do better. After Mr. Walker also stated that some of this was in the Authority's control and some of it wasn't, he thanked the Authority's crews and his fellow managers, saying that it was a great team effort. Mr. Walker further observed that it had been a rough four weeks and that the Authority has to learn what it can do better and how to react to something like this better in the future.

Mr. Walker then reported that the Authority took delivery of the *M/V Martha's Vineyard* on February 21, 2018 because it had some work to do on the vessel itself, and that Senesco assigned its shipyard employees to Fairhaven to continue to perform its work until the vessel was put back into service. Mr. Walker also reported that there were still open change orders with respect to the project, as well as billing invoices that he has not processed; but he noted that the Authority still has a couple of million dollars that it has not yet paid Senesco under the contract.

Mr. Walker stated that the Authority had seen quality issues and some plumbing issues with Senesco's work, and that the shipyard had worked on them when the vessel was taken out of service and sent to the Authority's Fairhaven vessel maintenance facility. Further, Mr. Walker said, the Authority was looking into some of the incidents with the vessel, such as the grounding of the #3 generator and the lack of service, and investigating whether those incidents resulted from initial events that are the shipyard's responsibility.

Mr. Walker also reported that the recent problem with the vessel's bowthruster steering was due to a failure of the component contractor on the steering brake, which was original to the vessel, and that the problem with the bow door was due to a slight shift of the pinion gears, which has been remedied, and that the door was now operational. But Mr. Walker also noted that the door had settle a little bit, which will need to be fixed while the vessel is tied up overnight, and that there are other outstanding issues that need to be discussed and addressed down the road.

After acknowledging all of the recent problems that have happened with the Authority's vessels, Mr. Shufelt asked Mr. Walker how many systems are on a vessel where something potentially could go wrong. In response, Mr. Walker stated that a vessel's systems have tens of thousands of pieces that are connected and, as a result, there are so many things that could go wrong. Mr. Davis also noted that the check valves on the *M/V Woods Hole* which failed were so small that the staff had them photographed next to a dime for perspective.

10. Mr. Sayers reported that Tetra Tech, the Authority's consulting firm which is analyzing the feasibility of barging municipal solid waste from Martha's Vineyard to New Bedford, should be submitting its report later this month so that it can be reviewed and discussed by the Port Council at their next meeting. Mr. Sayers also noted that the subject matter of the report has been expanded to include not only the feasibility of barging municipal solid waste, but also the feasibility of barging construction and demolition mater (C&D). In this regard, Mr. Sayers noted that municipal solid waste appears to constitute approximately 50% of the solid waste stream from Martha's Vineyard, and that C&D and recyclables constitute approximately 40% and 10%, respectively. Mr. Sayers also reported that, last month, Ralph Packer had given him and the Authority's consultant from Tetra Tech a tour of Goodale Construction Company's property on Martha's Vineyard where a grinding machine could be used to grind up C&D into chips so that it can be transported like gravel.
11. Mr. Sayers reported that the staff was making arrangements to meet with representatives from MassDevelopment later this month to discuss potential uses of the New Bedford State Pier, which might include a freight ferry service between New Bedford and Martha's Vineyard. In this regard, Mr. Sayers noted that MassDevelopment was now in a better position to understand the operations at the State Pier and what may be possible there, although he also noted that different public officials have different ideas about what use should be made of the State Pier and that MassDevelopment may not want to explore any possible uses of the State Pier that are not supported by everyone who has an interest in that facility.

Mr. Sayers also noted that the New Bedford Harbor Development Commission, which is now called the "New Bedford Port Authority" (NBPA), had just issued a draft Strategic Plan for the years 2018 through 2023. Mr. Sayers stated that, in its draft Strategic Plan, the NBPA indicates that:

- The NBPA supports the expansion of passenger ferry service for the purpose of drawing visitors to the New Bedford waterfront, but that support does not necessarily extend to the operation of freight ferry service from the State Pier.
- The State Pier has been neglected by the Commonwealth of Massachusetts for so long that it requires significant renovations, but those renovations cannot be undertaken until there is an understanding about future uses of the Pier among the NBPA, the City of New Bedford, and the Commonwealth.
- It appears that the NBPA would like any freight ferry terminal to be located at the North Terminal, which is not yet constructed to accommodate a freight ferry service, although the NBPA continues to seek federal and state funding for its construction. One

drawback of the North Terminal is that the MassDOT has classified the New Bedford-Fairhaven Bridge as “functionally obsolete,” and its repair costs are projected to be around \$45,000,000.

Mr. Anthes-Washburn noted that the NBPA has been developing its strategic plan for the last three years and that it hoped to finalize its plan as part of its budgeting process before its May 2018 meeting. Mr. Anthes-Washburn further stated that the NBPA was not categorically against using the State Pier for freight ferry service, but that any such service has to be compatible with the passenger ferry service and other activities that are already taking place at the State Pier. Mr. Anthes-Washburn also noted that, before New Bedford Mayor Jonathan F. Mitchell will support any proposal for any particular use of the State Pier, a comprehensive plan for the State Pier needs to be articulated and, in this regard, he noted that the NBPA does not control the State Pier.

In response to a question from Mr. Brown, Mr. Anthes-Washburn stated that the Authority has supported the NBPA’s applications for federal funding for the North Terminal, but that the NBPA has not yet discussed with the Authority whether the Authority would also provide financial support for the North Terminal.

12. Mr. Davis then recounted how the Authority Members had voted last month to approve the staff’s proposed issuance of new RFID “Lifeline Cards” for travel on the Authority’s traditional ferries, observing that, in order for the Authority to remain compliant with the Passenger Embarkation Fee Statute, the use of the new Lifeline Cards will be limited to one individual per trip. Mr. Davis then reported that:
 - The new Lifeline cards had been ordered and are expected to arrive next week
 - The programming changes for the new Lifeline Cards will be made by the end of the month, after which the card data will be downloaded into the Point of Sale system.
 - The staff expects to distribute informational posters explaining the new cards as well as include a feature about the cards in the May 1, 2018 e-News.
 - Customers will continue to be able to reload the existing 10-ride “FerryPass” cards through May 14, 2018.
 - The Authority will begin selling the new Lifeline Cards on May 15, 2018.

Mr. Davis also noted that the Authority will continue to honor all of the coupons remaining in customers’ FerryPass cards. Although Mr. Davis stated that around 10,000 of those FerryPass cards have been issued, a significant number of them have been fully used and that the Authority will check to see how many coupons from those FerryPass cards are still outstanding as of May 15th.

13. In response to a question from Mr. Munier, Mr. Davis stated that the staff was indeed aware of the \$2.9 billion Volkswagen settlement, of which the Commonwealth of Massachusetts will received \$75,000,000; that Mr. Rozum had attended a local hearing on the settlement that had taken place in Lakeville, Massachusetts; and that he and Mr. Walker had attended

another hearing on the settlement that had taken place in Worcester, Massachusetts. But Mr. Davis noted that the staff still has some questions about what projects will qualify for use of those funds, observing that while an applicant may use the money to improve and replace old diesel engines (such as upgrading a Tier 1 engine to a higher-tier engine), the funds may also be used for electrification projects. As a result, Mr. Davis said, the staff was considering whether it might be worthwhile to apply for funds to acquire electric shuttle buses, although the Authority might also have some vessel main engines and ship service generators that should be upgraded.

Mr. Davis also observed that the settlement funds can be used to pay for 100% of the cost of approved projects undertaken by state agencies, that MassDEP was administering the distribution of the funds, and that 10% of the total amount of settlement funds can be used for administrative costs. Finally, Mr. Davis said, MassDEP will also consider social justice issues when deciding how the moneys should be allocated.

14. Mr. Huss announced that, in his absence next month, Mr. Anthes-Washburn will be taking his place at the next Authority meeting, and will also be presiding over next month's Port Council meeting.

Then, at approximately 10:44 a.m., the Port Council unanimously **voted** to adjourn their meeting that day.

A TRUE RECORD

Eric W. Shufelt, Secretary

Documents and Exhibits Used at the Port Council's April 4, 2018 Meeting

1. Agenda for the Port Council's April 4, 2018 Meeting (posted March 30, 2018).
2. Minutes of the Joint Meeting of the Authority and the Port Council in Public Session on March 20, 2018 Meeting (draft).
3. Spreadsheet of the Authority's Sales of High-Speed Passenger 10-Ride Ticket Books during Its Pre-Season Sales of Those Books from 2014 through 2018.
4. Business Summary for the Month of January 2018 (draft).

MINUTES
OF THE
PORT COUNCIL
OF THE
WOODS HOLE, MARTHA'S VINEYARD
AND NANTUCKET STEAMSHIP AUTHORITY

May 2, 2018

First Floor Meeting Room (Room 103)
The Authority's Administrative Offices
228 Palmer Avenue, Falmouth, Massachusetts

Port Council Members present: Vice Chairman Edward C. Anthes-Washburn (New Bedford); Secretary Eric W. Shufelt (Barnstable); Frank J. Rezendes (Fairhaven); Robert S. C. Munier (Falmouth); Nathaniel E. Lowell (Nantucket); and George J. Balco (Tisbury).

Port Council Members absent: Chairman Robert V. Huss (Oak Bluffs).

Authority Management present: Robert B. Davis (General Manager); Gerard J. Murphy (Treasurer/Comptroller); Gina L. Barboza (Reservations and Customer Relations Manager); Mary T. H. Claffey (Director of Information Technologies); Kimberlee McHugh (Director of Marketing); Carl R. Walker (Director of Engineering and Maintenance); Mark K. Rozum (Operations Manager); William J. Cloutier (Woods Hole Terminal Reconstruction Project Manager); Phillip J. Parent (Director of Human Resources); Terence G. Kenneally (General Counsel Designate) and Steven M. Sayers (General Counsel).

1. After Mr. Anthes-Washburn called the meeting to order at 10:11 a.m., Mr. Sayers announced that Sean Driscoll of the *Cape Cod Times* was making an audio recording of today's meeting.
2. Mr. Anthes-Washburn then recognized Falmouth Selectman Douglas C. Brown in the audience and thanked him for attending today's meeting.

3. The Port Council then **voted** unanimously to approve the minutes of their meeting in public session on April 4, 2018.
4. Mr. Murphy then reviewed with the Port Council the draft of the Authority's Business Summary for the month of March 2018. Mr. Munier observed that it could be inferred that the decrease in revenue on the Martha's Vineyard route was principally attributable to the trip cancellations on that route during the month of March, but he asked Mr. Murphy whether there was any indication why revenue of the Nantucket route was also lower than budgeted. In response, Mr. Murphy noted that there had been a number of weather-related cancellations on both routes, and he stated that those cancellations were the reason for the decrease in revenue on the Nantucket route as well.

Mr. Murphy also noted that the cash balance in the Operations Fund at the end of March 2018 was around \$3,500,000 lower than projected, but he stated that part of that decrease is due to the fact that the Authority has paid certain capital expenses from that fund related to the Woods Hole reconstruction project and that the fund's cash balance will improve when it is reimbursed that money from the Authority's special purpose funds.

5. Mr. Davis then provided an update of the status of the completion of the Authority's new administrative office building at 228 Palmer Avenue in Falmouth, reporting that:
 - The contractor was continuing to address the remaining punch list items, and the list is getting much shorter.
 - The testing and certification of a "BDA" (Bi-Directional amplifiers) system, which is for communications within the building for the fire department, was completed three weeks ago.
 - The flagpole was installed earlier today.
 - The HVAC contractor was in to seal the air leaks in the ducts and to start up the chiller system for the air conditioning. However to ensure that the HVAC system is operating properly, another firm will perform a "commissioning" as an independent evaluation.
 - The landscaping crew has been onsite these past few weeks starting the landscape around the building.

Mr. Davis also reported that, to date, the Authority has paid \$13,249,000 towards the project's current estimated cost of \$13,613,000, or approximately 97%, and that change orders thus far total \$950,000, around 7.5% of the original contract price.

6. Mr. Davis then provided an update on the status of Phase 2 of the Woods Hole terminal reconstruction project, reporting that:
 - The site contractor's Licensed Site Professional (LSP), Green Environmental, and the Authority's LSP were developing a plan for the removal and disposal of the excavated materials. The excavation has been delayed several times because Green Environmental has been performing additional testing and pre-characterization of the entire site

in an effort to determine the full extent of any contaminated soils so that the site contractor can secure disposal facilities for all of the material coming from the site.

- Cashman was continuing to work on the temporary dolphins on the north side of Slip 1. Although the pile driving is difficult because of all the obstructions buried in the wharf, Cashman hopes to have all pile driving and fenders completed by May 5th. Cashman will then re-attach the protective material on the center dolphin monopile between Slips 1 & 2 and then work on restoration of the corner fender on the south side of the pier.
- A property owner on Water Street has informed the Authority that she has experienced tremors and vibrations during the contractor's pile driving operations. As part of the contract specifications for the waterside work, the Authority's engineers established a vibration monitoring program which calls for monitoring properties within a 200-foot radius of pile driving activities. Beyond that distance the engineers feel that ground vibrations are attenuated by the soil. Currently there are no properties within this radius. Nevertheless, after receiving this property owner's email, the Authority decided to establish vibration monitoring near the property line at Luscombe and Railroad Avenues.
- Cashman also was continuing work on the passenger platforms between Slips 1 and 2. After the platforms are completed, the Authority will be installing tents in that area to protect passengers from the elements.
- Yesterday, while the site contractor was excavating additional contaminated soils in the area nearest Slip 3, a buried oil tank had been uncovered.
- The Authority thus far has issued 16 "Community Email Updates" about the status of the terminal reconstruction project to the Woods Hole community to keep them informed about what construction activities would be taking place over the following weeks.

In response to a question from Mr. Anthes-Washburn, Mr. Cloutier stated that the contractor had not yet started to excavate the wharf, but that ultimately 22,000 cubic yards of material will be excavated. Mr. Cloutier also stated that the materials will be disposed of at different locations around Massachusetts, and that some of the contaminated soils will be disposed of at a facility in Loudon, New Hampshire.

In response to a question from Mr. Shufelt, Mr. Davis stated that, after the second week in June, the construction work will end for the summer season, and that no work will take place over the Memorial Day weekend. Mr. Davis also stated that the Authority had hoped to stop all construction before Memorial Day, but had to extend the schedule because of the delays that had been encountered repairing Slips 1 and 2 and installing the temporary dolphins.

In response to a question from Mr. Munier, Mr. Cloutier stated that the oil tank which had been uncovered yesterday was a good-sized tank and filled with oil and water, and that the Licensed Site Professional put all of the safety measure in place, including placing silt curtains around the area and closing off the storm drains. Mr. Cloutier also stated that the

contractor was communicating with the Massachusetts Department of Environmental Protection to obtain the necessary approval to remove it. Mr. Cloutier noted that the Authority knew that three other oil tanks had been removed and, when contaminated soil had been encountered, had assumed that those three tanks had leaked until the digging continued and this fourth tank was found. In this regard, Mr. Cloutier stated that he believed the tank had been on the property before 1960 when the location was used for public boat fueling.

7. Mr. Davis then reported that, due to the number of open items on the punch list that needed to be addressed on the *M/V Martha's Vineyard*, the staff reassessed the repair schedule and took the vessel out of service on Monday, April 23rd, so that it could be worked on in the Authority's Fairhaven Vessel Maintenance Facility. Mr. Davis noted that the punch list originally had 257 items on it, that the list had been reduced to 126 open items prior to going back to Fairhaven on April 23rd, and that 60% of those open items are Senesco's responsibility.

Mr. Davis further reported that the remaining items on the punch list had been prioritized with Senesco and that, while some of these items were relatively minor such as mounting a paper towel dispenser in the crew area, some high priority items remained, such as fixing the vents on the sinks, urinals and toilet drains. Mr. Davis stated that, as of yesterday morning, the punch list had decreased to 29 items of which 13 are Senesco's responsibility, and that the most noteworthy items include addressing the passenger loading door leaks and some "dings" in the stern door panels.

Mr. Davis also reported that the cost of the original contract for the work, including the related dry-dock, was \$16,967,150, of which \$961,945 was for operational items such as the vessel's scheduled dry-docking, that in total there have been over \$2,100,000 in change orders with nearly 50% related to the scheduled dry-docking, and that the Authority has thus far paid Senesco nearly \$17,000,000 under the contract.

Mr. Davis then asked Mr. Walker if he had any additional information to provide regarding the status of the project. In response, Mr. Walker noted that:

- The vessel's passenger loading doors leak and the temporary solution has been to put in a channel to capture the water and drain it way. However, the Authority will have to reset the doors when the vessel goes back into repair in the fall.
- There are dings in the vessel's stern rolling freight deck doors which are due to the fact that they are not as beefy as the bow doors.
- There are accessibility issues with the vessel, including the men's, women's and family restrooms.
- The designer of the bow freight deck doors determined that the track for the doors was too tight and, as a result, the doors were binding. Accordingly, the doors were shaved down and the roller units were inspected to make certain that the welds are appropriate and sufficient. Two welds had to be replaced because they failed inspections.

Mr. Walker then reported that he expected the vessel to be back in service tomorrow afternoon after it has its United States Coast Guard inspection, which was scheduled for tomorrow morning. By then, Mr. Walker said, all of the other issues with the vessel will have been addressed. Mr. Walker also noted that, late yesterday, the *M/V Katama* also had an issue with its generator.

8. Mr. Davis presented the staff's proposed 2019 Winter and Spring Operating Schedules, noting that the Authority had not received any comments from the public about them after they were advertised in March 2018. Mr. Davis also noted that the proposed 2019 Winter Operating Schedules would run from January 3, 2019 through March 15, 2019, starting two days earlier and ending one day later than this year; the 2019 Early Spring Operating Schedules would then run from March 16, 2019 through April 2, 2019, ending one day later than this year; and the 2019 Spring Operating Schedules would then run from April 3, 2019 through May 14, 2019, ending four days later than this year. Mr. Davis further stated that the other proposed changes from this year's Winter and Spring Operating Schedules are as follows:

Proposed Martha's Vineyard Route 2019 Winter Operating Schedule:

- The 6:30 AM trip from Woods Hole to Vineyard Haven and the 7:30 AM trip from Vineyard Haven to Woods Hole would be scheduled to operate on Saturdays instead of being optional trips. In 2018, the optional 6:30 AM trip operated every Saturday in January and February except on January 6th, when it did not operate due to weather.
- The vessels assigned to this route would be similar to 2018, with the exception that the *M/V Martha's Vineyard* will be back from its mid-life refurbishment and would operate the entire schedule (and the *M/V Woods Hole* would not operate during this schedule). The *M/V Martha's Vineyard* would also berth overnight in Vineyard Haven, with its first departure scheduled for 6:00 AM.
- The *M/V Island Home* would operate from January 3, 2019 to January 8, 2019 and from February 23, 2019 to March 15, 2019. The *M/V Nantucket* would operate this schedule from January 9, 2019 to February 22, 2019. In 2018, the *M/V Island Home* operated from January 5, 2018 to January 10, 2018 and the *M/V Woods Hole* operated from January 11, 2018 to March 14, 2018.

Proposed Martha's Vineyard Route 2019 Early Spring Operating Schedule:

- The only proposed change to this schedule as compared to 2018 is that the freight vessel *M/V Woods Hole* would operate in place of the *M/V Katama*. It would continue to be berthed overnight in Vineyard Haven with the first departure at 5:30 AM.

Proposed Nantucket Route 2019 Winter Operating Schedule:

- The *M/V Gay Head* would be scheduled to operate two (2) round trips Monday through Saturday with optional service of two (2) round trips on Sunday. The *M/V Gay Head* would also have the option of operating three (3) round trips, 7 days a week if needed, although this would require the *M/V Gay Head* to be tripled crewed in 2019 compared to being double crewed in 2018.

Proposed Nantucket Route 2019 Spring Operating Schedule:

- The *M/V Sankaty* would have the ability to operate a third round trip Monday through Friday, if needed, which would require the *M/V Sankaty* to have two single crews in 2019 compared to one single crew in 2018.

In response to a question from Mr. Lowell, Mr. Davis stated that the proposed schedules called for the *M/V Eagle* to return to service on January 9, 2019. Mr. Lowell then noted that, due to the ice conditions this past January, no one knows whether having the *M/V Gay Head* only double crewed on the Nantucket route during the Winter Operating Schedule would have been sufficient during a normal winter season, and that he thought it would be fine to only double crew the *M/V Gay Head* during the Winter Operating Schedule one more year. In response, Mr. Davis stated that it may be clearer as to whether the Authority needs to triple crew the vessel during this time after it receives the bulk freight reservation requests for next winter.

In response to a question from Mr. Anthes-Washburn, Mr. Balco stated that he did not see any problems with the staff's proposed 2019 Winter Operating Schedules for the Martha's Vineyard route. The Port Council then **voted** unanimously to recommend that the Authority Members approve the management staff's proposed 2019 Winter and Spring Operating Schedules.

9. Mr. Sayers then reported that Tetra Tech, the Authority's consulting firm which has been analyzing the feasibility of barging municipal solid waste from Martha's Vineyard to New Bedford, had submitted its report the prior week and that the staff was still digesting it. However, Mr. Sayers noted the following:
 - The report states that one of the reasons it would be more expensive to barge municipal solid waste from Martha's Vineyard to Crapo Hill Landfill in Dartmouth, Massachusetts, is the handling cost that would be associated with transferring the bales of waste (picking them up and putting them down) at each location.
 - The estimated cost of barging the waste is based upon the fares currently being charged by Ralph Packer to barge bulk freight on a one-way basis, and that cost could decrease if Mr. Packer were to charge less due to the fact that the barging of waste off-island would be a backhauling opportunity for him.

- Even though the report indicates that it would cost more money to barge the waste off-island, it did not take into account any environmental costs that are associated with the current transportation of the waste by truck from Woods Hole to Dartmouth, and those costs also have to be considered when deciding whether to continue investigating the possibility of barging waste off-island.

Mr. Sayers stated that the staff would like to discuss this report with the Towns of Tisbury and Oak Bluffs, as well as Bruno's Rolloff and Mr. Packer, before drawing any conclusions and, in this regard, he emphasized that this was Tetra Tech's report to the Authority and not the staff's report to the Port Council or the Authority Members. Mr. Balco agreed, observing that the report was very complex with a lot of information, and that no one should react quickly to it or any of its elements. Mr. Balco noted that the report also considered the transportation of more than municipal solid waste, such as construction and demolition debris (C&D), and that adding C&D into the mixture doubles the amount of waste being transported. In addition, Mr. Balco said, while he did not have any specific comments about one transportation alternative or another, barging appears to be a better possibility particularly when the waste ultimately may end up in far flung places like Ohio.

Mr. Munier then observed that the amount of municipal solid waste transported off-island by the Towns of Oak Bluffs and Tisbury had substantially increased from 2009 to 2017, and he asked whether that trend was expected to continue. In response, Mr. Balco stated that the increase appeared to be more attributable to the economy. Mr. Munier then noted that:

- When looking to the future, everyone needed to consider what those trends might be because the economics of barging appear to improve as the volume of waste being transported increases.
- Adding C&D to the mixture, which would increase the amount of waste by 100%, would make barging more cost effective than the 20% premium at which the report estimates it would cost to barge only municipal solid waste, and it could also result in the elimination of up to 800 truck trips.
- The report only covers one-half of the elements that need to be studied to assess the overall problem, and the other elements need the same in-depth analysis.
- There could be a State subsidy for the kind of investment that is necessary to bale municipal solid waste.
- A lot of other islands which have this problem have come up with solutions.
- In addition to negotiating a lower barging cost with Mr. Packer, perhaps it would be possible to negotiate with Crapo Hill Landfill as well.
- The study has no cost estimate at all for the railroad solution that it discusses which would transport the waste from Packer Marine's facilities in New Bedford.

However, Mr. Lowell observed that the report does not take into account at all the fact that trucks carrying waste from the island also carry goods to the island on their return trips, and that this backhauling operation works extremely well. In this regard, Mr. Lowell noted that all of the other towns on Cape Cod are doing the same thing as the islands, trucking their waste away and backhauling gravel on their return trips. Further, Mr. Lowell said, these trucks are guaranteed income for the Authority, as they are going to make their trips in both good and bad economies, and he cautioned against disrupting that backhauling operation.

Mr. Davis stated that the staff had forwarded Tetra Tech's report to the Oak Bluffs and Tisbury Town Administrators, and that they would schedule a meeting with them which would also include Tetra Tech in the discussion. Mr. Anthes-Washburn emphasized that the analysis should be a holistic one, not just one about revenue, although he agreed that revenue needed to be part of the analysis.

Mr. Brown observed that a big advantage of baling municipal solid waste is that the bales can then sit there for months, which would make it more cost effective for Mr. Packer to barge them whenever he would have a barge going back to New Bedford anyway. As a result, Mr. Brown said, Mr. Packer might be willing to negotiate a lower price for barging them. In addition, Mr. Brown suggested that the agreements could be structured to keep both barging and trucking options open, thereby letting Mr. Packer get paid for the bales he barges.

10. Mr. Davis reported that he and Mr. Sayers had met with Zach Greene, MassDevelopment's Senior Vice President of Asset Management, and discussed whether potential uses of the New Bedford State Pier could include a freight ferry service between New Bedford and Martha's Vineyard. In this regard, Mr. Davis stated that he and Mr. Sayers had explained what the staff had done so far and had also described the parameters of such a freight service that they feel would give it the greatest chance of success, although they noted that the Authority was flexible about what those parameters ultimately should be. Mr. Davis stated that MassDevelopment was still identifying what work needs to be done on the State Pier, which will cost much more than the estimate that Craig Johnson gave in his report last year, and that it was not certain whether the State Pier is the most appropriate location for such a service.

Mr. Lowell observed that one of the reasons the SeaStreak high-speed passenger service is working from New Bedford is the fact that it is a seasonal service, and he compared it to the Authority's Nantucket service, which operates at a surplus only four months of the year. Mr. Brown then stated that the SMART group also had met with Mr. Greene and had received the same impression that it would take a couple of years before there can be a freight ferry terminal in New Bedford. Accordingly, Mr. Brown said, partnering with the City of New Bedford to use the North Terminal might be a smarter approach, even though it would take longer than repairing the State Pier. In addition, Mr. Brown observed that the State Pier really is not a good place for a freight service and that it appeared the development of the North Terminal was in a position to receive grant funding.

11. Mr. Davis then stated that, in light of all of the vessel mechanical failures the Authority had experienced this past month, it clearly needs to look at ways to improve its maintenance of its vessels. Mr. Davis also observed that the issues which need to be considered include the following:

- Whether the Authority provides enough time in repair for each vessel.
- Whether the Authority's practice of scheduling its vessels for dry-docks every other year in lieu of the United States Coast Guard's minimum requirement of twice within a five-year period helps the Authority to better maintain its vessels.
- Whether the Authority's practice of having a Senior Chief Engineer and a Senior Captain assigned to each vessel is effective, and whether those assignments can be made more effective.
- How the Authority's project management and oversight of its maintenance and repair process can be improved.
- How the Authority can improve communications from the Maintenance Department so that it can plan and respond better to problems that are encountered during repair.
- How the Authority can develop better plans for scheduling its vessel dry-docks and repairs to ensure that its resources are allocated appropriately.

Mr. Davis further stated that, of course, the Authority needs to take measures to ensure that it avoids a repeat of the situations it encountered this past month when, in each instance, there was only one person who could fix the mechanical problem that resulted in one of its vessels being out of service, especially when that one person may be in a foreign country and unavailable for days or even weeks.

Mr. Davis also noted that the Authority had to improve its communications and information technologies and that, ironically, the staff had discussed this need with the Port Council and the Authority Members before this past month's events. In this regard, Mr. Davis recounted how, in February 2018, he had proposed the creation of a Communications Director position and how the Authority Members had approved the creation of that new position at their March 20, 2018 meeting. Since then, Mr. Davis said, the staff advertised the position in local and regional newspapers as well as on the Authority's website, and the advertisements generated a significant number of applicants. Mr. Davis stated that the staff will now be scheduling interviews over the coming weeks to keep this process moving forward.

Meanwhile, Mr. Davis said, the staff will be looking at additional ways to communicate with the Authority's customers. In this regard, Mr. Davis noted that the Authority already has changed the service for its email messages so that they can be distributed without delay, as the staff had discovered during one of the Nor'easters earlier this year that the Authority's emails were not being delivered until five or six days after they were sent. In addition, Mr. Davis stated that the staff would like to sit down and work with the area's Chambers of Commerce to discuss other improvements the Authority can make, and that he appreciated the offer from the Martha's Vineyard Chamber of Commerce to get together and discuss how the Authority's communications can be improved.

Mr. Davis observed that the goal is to get information out that is both accurate and timely and that, in this regard, the Authority also has an issue communicating with its own employees. Accordingly, Mr. Davis said, a solution may be to assign a terminal employee to go around updating customers at the terminal whenever there is a disruption in service. But Mr. Davis also noted that sometimes the Authority does not have the information that customers need to know, such as during this past incident with the *M/V Katama* when it was expected to be back on schedule this morning but ended up still being out of service and causing more cancellations.

Mr. Davis also observed that the Authority needs to look at its information technologies to ensure that it is staying ahead of any potential problems. For example, Mr. Davis said, he wants to make certain that the Authority does not have a repeat of the issues it had with the summer reservations opening for the general public that occurred this past January, when the website essentially crashed because of a configuration issue. Although Mr. Davis stated that next year the Authority could open summer reservations separately for each island by a week to lessen the demand on the system, the Authority still needed to ensure that the system has the capability of handling such a big push.

Mr. Davis noted that the Authority's website is another area where some improvements can be made. In this regard, Mr. Davis stated that the staff already is looking at what items on the website generate the most comments and how they can be revised to provide clearer information or better customer service solutions. As a result of that process, Mr. Davis said, the staff has recently made a change to the website that now allows customers to remove cars that they no longer own from their profiles, and customers already have used that new feature to remove several hundreds of cars from their profiles.

Mr. Davis stated that the Authority also needs to make certain that it is using currently available technologies to improve its customers' experience, including the use of RFID cards, scanners, and the development of a mobile app that can be used by customers to make reservations and receive notices. Mr. Lowell observed that the Authority already is making good use of its text alerts, but Mr. Davis noted that the issue with those text alerts is making them less cumbersome for the staff to get out.

Mr. Balco then observed that the Authority has two levels of communications, one with its customers and another with the community at large, and that while he did not think the Authority was doing a bad job of communicating with its customers, the larger community also needs to know what is going on. Therefore, Mr. Balco suggested that the Authority develop a communications list that covers all of the Authority's communities, including include newspapers and radio stations, and then focus on sending out its communications to everyone on that list.

Mr. Davis stated that the Authority also needs to look at its vessel operations, particularly given the increased demand for its services and the complexities of its new vessels. In this regard, Mr. Davis observed that the Authority, like many industries, is looking at an aging workforce and that it needs to look at additional training opportunities for its employees

that will provide them with the necessary tools to properly use advanced technologies to their fullest. Mr. Davis noted that not only will this improve the Authority's operations, but it will help to have the Authority viewed as a premier choice for those individuals seeking job opportunities in the maritime field.

Mr. Davis acknowledged that Authority Member Marc N. Hanover has raised concerns about the Authority's vessels leaving late or cancelling too often, and he stated that the staff is looking into that; but Mr. Davis also noted that a delay sometimes is attributable to a tight turnaround schedule. For example, Mr. Davis said, the operating schedule for the Martha's Vineyard route has the *M/V Martha's Vineyard's* first trip leaving Vineyard Haven at 6:00 a.m., arriving at Woods Hole at 6:45 a.m., and then scheduled to leave Woods Hole at 7:00 a.m. leaving only a 15-minute turnaround time to off-load passengers and vehicles traveling off-island and then load its new passengers and vehicles going to the island. Mr. Davis noted that, while there are times that the vessel is capable of leaving on time at 7:00 a.m., that trip generally leaves late and the vessel makes up some of the time during the trip to the island. Further, Mr. Davis said, if the Authority were to increase the vessel's scheduled turnaround time for that trip to the more standard 30 minutes, it would have a domino effect in the vessel's scheduled sailing times throughout the day. Nevertheless, Mr. Davis stated that, as the staff develops their proposed 2019 Operating Schedules, they can more fully investigate how a change in this turnaround time would impact the rest of the Authority's sailing schedules, and one solution may be to adjust the vessels' anticipated arrival times so they more accurately reflect their expected arrivals and then discussing shuttle bus connections with the Martha's Vineyard Regional Transit Authority.

Mr. Davis also noted that a delay sometimes is a result of providing good customer service. For example, Mr. Davis said, the Authority holds the last trips of its vessels for school sports teams that are returning late from games even if those delays impact the vessels' start times the following mornings. But he observed that the more difficult customer service calls include instances when the terminal agents see someone being dropped off and heading for the boat, which then requires them to decide whether the netting stays up or comes down, knowing that their decisions impact other customers who are already on the boat and need to get to their destinations on time.

Mr. Davis stated that the Authority could have a policy of closing the boarding process at a specific time prior to the vessel's departure time, similar to what most airlines do, which would require the remaining customers to wait for the next trip. But Mr. Davis stated that this policy could also impact the vehicle loading process where the Authority currently provides a short grace period for vehicles that fails to arrive 30 minutes in advance of a scheduled trip. Mr. Davis noted that this grace period generally ends when the boarding process begins and, while in some cases the Authority could begin loading vehicles sooner onto the vessels, this would result in those late arrivals potentially ending up as standby vehicles.

Mr. Davis stated that, instead of taking these approaches, he would like the opportunity to review in more detail the reasons for each vessel's arrival and departure times, as that review may show particular patterns that will illustrate systemic problems with the

Authority's vessel operations or the schedules themselves that can then be addressed on a case-by-case basis. In addition, Mr. Davis said, the Authority will need to factor in some of the scheduling problems that are being caused by the Woods Hole terminal construction activities, although he noted that those problems will go away when the construction is completed.

Mr. Davis stated that the staff is also taking a look at the weather conditions whenever a trip is cancelled. In this regard, Mr. Davis noted that the Authority's Captains ultimately have the responsibility to decide whether to cancel a trip due to unsafe weather conditions, and that the Authority wants to make certain that its vessels are operating in safe conditions. Accordingly, Mr. Davis said, the staff will be working on those issues with the Authority's Port Captains. Mr. Davis also noted that this subject had been discussed at the last Authority meeting, and that Mr. Hanover would like to have an independent review of the Authority's operations. Mr. Davis stated that he too thought the Authority should consider having an independent review of its vessel maintenance operations, including how those operations compare with others in the industry, but that the staff already was working on the communications and information technology issues themselves.

Mr. Davis then provided the Port Council with the proposal that Mr. Hanover had received from McKinsey and Company to conduct a review of the Authority's on-time performance, information technologies systems issues and public communications, as well as having a workshop to identify improvements to the Authority's management structure and practices. Mr. Davis stated that he also had identified a potential consultant to review the Authority's vessel maintenance operations and would be discussing this subject with him the next day. Ultimately, Mr. Davis said, the Authority Members voted to have him present them with the staff's proposed alternative plan to improve the Authority's operations within two weeks of their last meeting.

Mr. Anthes-Washburn suggested that the Authority may want to have a comprehensive review of all of its operations, but acknowledged that the cost of such a review also needed to be considered and that perhaps the review should instead be focused on the most important areas where the Authority needs to improve. Mr. Munier stated that he felt the Authority needed a fresh set of eyes conduct a "lessons learned" analysis of what transpired in the heat of battle, and that the staff needs to be an active participant in that process. In this regard, Mr. Munier stated that he thought there will be a benefit to having a third party involved, and then the Authority can decide which of the consultant's recommendations to implement.

At this time, Mr. Munier left the meeting.

Mr. Lowell observed that the more complicated machinery and equipment becomes on the Authority's vessels, the more ways there are for each vessel to break down, and that the Authority does not need a consultant to tell everyone that the older vessels, such as the freight boats, do not break down. But Mr. Davis noted that it might be worthwhile to have a consultant review the Authority's vessel maintenance practices because those aspects of the Authority's operations can be evaluated based upon industry standards. Nevertheless,

Mr. Lowell stated that he thought the staff can fix the Authority's own problems, and he suggested that whoever was assigned to Senesco during the *M/V Martha's Vineyard* mid-life refurbishment develop a better way to manage projects in the future based upon that experience.

Mr. Anthes-Washburn finished the discussion by observing that Mr. Davis had received the Port Council's feedback on this subject and that they looked forward to hearing his proposals.

12. Mr. Murphy then reviewed with the Port Council his analysis of the effectiveness of the Authority's rate structure to cover each route's cost of service for passengers, automobiles and trucks during the 2017 calendar year, noting that the methodologies used in the analysis were the same as those that have been used for the previous thirteen years.

With respect to the Martha's Vineyard route, Mr. Murphy noted that:

- (a) In 2017, the cost of service increased by 7.9%, principally due to increases in the dry-dock expenses, the addition of the *M/V Woods Hole*, and higher terminal costs at the Woods Hole, Vineyard Haven and Oak Bluffs terminals.
- (b) The total number of trips operated increased by 279 in 2017, with resulted in an increase in total capacity and a decrease in the occupancy rate, although it remained just above 81%.
- (c) The estimated cost of a car-equivalent unit space was \$55.09 in 2017, an 11.0% increase from 2016. On average, automobiles covered 87.0% of their allocated cost of service, with excursion fare automobiles covering 35.9%. By comparison, on average, trucks covered 103.4% of their allocated cost of service, with excursion fare trucks covering 51.4%.

With respect to the Nantucket Route, Mr. Murphy noted that:

- (a) In 2017, the cost of service was virtually the same as in 2016, with vessel operating expenses increasing by 3.4% (mainly due to the increased usage of the *M/V Woods Hole* on this route) and non-vessel operating expenses decreasing by 4.0%.
- (b) The total number of trips operated increased by 110 in 2017, which resulted in an increase in total capacity and a decrease in the occupancy rate, although it remained around 86%.
- (c) The estimated cost of a car-equivalent unit space was \$129.10 in 2017, a 1.5% decrease from 2016. On average, automobiles covered 116.9% of their allocated cost of service, with excursion fare automobiles covering 41.7%. By comparison, on average, trucks covered 89.8% of their allocated cost of service, with excursion fare trucks covering 51.4%.

Mr. Balco then observed that because in 2017 the Nantucket route contributed the majority of the Authority's surplus and the Martha's Vineyard route pretty much broke even, any rate increases for next year would probably be allocated to the Martha's Vineyard route.

13. Mr. Sayers reviewed the process that will be used next month for evaluating Mr. Davis's performance during the period from July 1, 2017 through June 30, 2018, as described in the memorandum from Messrs. Parent and Sayers to the Authority and Port Council Members, dated April 26, 2018. Mr. Sayers also stated that the Authority and Port Council members would be sent the performance evaluation form in electronic form to make it more convenient for them to complete. In response to a question from Mr. Anthes-Washburn, Mr. Davis stated that he would also provide the Authority and the Port Council members with a list of the milestones he has achieved with respect to each of his goals this past year.

Then, at approximately 11:55 a.m., the Port Council unanimously **voted** to adjourn their meeting that day.

A TRUE RECORD

Eric W. Shufelt, Secretary

Documents and Exhibits Used at the Port Council's May 2, 2018 Meeting

1. Agenda for the Port Council's May 2, 2018 Meeting (posted April 26, 2018).
2. Minutes of the Joint Meeting of the Authority and the Port Council in Public Session on April 4, 2018 Meeting (draft).
3. Business Summary for the Month of March 2018 (draft).
4. Staff Summary #OPER-2018-02, dated April 26, 2018 – Proposed 2019 Winter and Spring Operating Schedules (draft).
5. Tetra Tech's Report on Tisbury Oak Bluffs Solid Waste Transportation Alternatives, dated April 25, 2018.
6. Understanding of the Steamships Authority's current situation.
7. Staff Summary on the 2017 Analysis of Rates versus Cost of Service (draft).
8. Memorandum from Phillip J. Parent and Steven M. Sayers to the Authority Members and Port Council Members regarding the Performance Evaluation of the General Manager, dated April 26, 2018.

MINUTES
OF THE
PORT COUNCIL
OF THE
WOODS HOLE, MARTHA'S VINEYARD
AND NANTUCKET STEAMSHIP AUTHORITY

June 6, 2018

Second Floor Meeting Room
Hyannis Terminal
141 School Street, Hyannis, Massachusetts

Port Council Members present: Chairman Robert V. Huss (Oak Bluffs); Secretary Eric W. Shufelt (Barnstable); Robert S. C. Munier (Falmouth); Nathaniel E. Lowell (Nantucket); and George J. Balco (Tisbury).

Port Council Members absent: Vice Chairman Edward C. Anthes-Washburn (New Bedford); Frank J. Rezendes (Fairhaven).

Authority Members present: Robert R. Jones (Barnstable); and Elizabeth H. Gladfelter (Falmouth).

Authority Management present: Robert B. Davis (General Manager); Gerard J. Murphy (Treasurer/Comptroller); Gina L. Barboza (Reservations and Customer Relations Manager); Mary T. H. Claffey (Director of Information Technologies); Kimberlee McHugh (Director of Marketing); Carl R. Walker (Director of Engineering and Maintenance); Mark K. Rozum (Operations Manager); Phillip J. Parent (Director of Human Resources); Terence G. Kenneally (General Counsel Designate); and Steven M. Sayers (General Counsel).

1. After Mr. Huss called the meeting to order at approximately 9:30 a.m., the Port Council **voted** unanimously (with Mr. Huss abstaining) to approve the minutes of their meeting in public session on May 2, 2018.

2. Mr. Davis then reported that, after careful consideration of dozens of applicants and interviews, the Authority had extended an offer to Sean Driscoll to become the Authority's new Communications Director, and that he was pleased to announce that Mr. Driscoll has accepted the offer and will be joining the Authority on June 25, 2018. Mr. Davis stated that Mr. Driscoll will work together with the staff to integrate a communications program both internally and with respect to all of the Authority's communications with the media and the public, which will include improving the Authority's social media presence and ensuring that the Authority issues accurate information to the public as quickly as it can. Mr. Davis then introduced Mr. Driscoll to the Port Council, and Mr. Huss welcomed him on board.

3. Mr. Davis reported that the staff was in the final stage of testing SKIDATA's application of its sweb.Wallet mobile ticketing app for smartphones for use on the Authority's high-speed passenger ferry, and that so far the results were promising. Mr. Davis noted that the application will send emails to customers that contain an automatic link which, when opened, displays the ticket so that it can be scanned. Mr. Davis also noted that the application controls the brightness of smartphones' screens and the positioning of the tickets' bar codes on the screens for easier scanning. In addition, Mr. Davis said, the application allows customers to print out their tickets at home if they prefer to present a paper ticket to be scanned instead of showing their smartphones. Mr. Davis noted that, after the staff verifies the accuracy and convenience of the application for the Authority's high-speed ferry customers, the plan is then to use it for customers on the Authority's traditional ferries as well.

Meanwhile, Mr. Davis said, SKIDATA has made site visits to the Authority's terminals to make certain that all of its scanning equipment is up and running. Mr. Davis also reported that the tents the Authority recently has installed at the Hyannis and Woods Hole terminals appear to have helped the scanning process by providing shade and thereby increasing the relative brightness of the tickets' bar codes.

4. Mr. Davis then reported that customers traveling standby from the Nantucket terminal may now check a webpage on the Authority's website to see their assigned standby numbers instead of having to come back to the terminal for each trip when they are on standby. By looking at the webpage, Mr. Davis said, the customers can see when they need to arrive at the terminal to check in with a ticket seller. Mr. Davis noted that customers can also opt to receive text messages telling them when to arrive.

Mr. Davis further reported that the staff will be implementing a similar webpage on the Authority's website for customers traveling standby from the Hyannis terminal, but that the information on the webpage will be slightly different from the information on the Nantucket terminal's standby webpage because a number of customers traveling standby from Hyannis take the high-speed ferry and leave their cars behind at the terminal to be later driven onto the ferries by the Authority.

5. Mr. Davis then provided the Port Council with an update on the status of the Authority's ferry service for both islands since he last reported on this matter at the May 2, 2018 Port Council meeting. After reporting that the Authority has finished all of the vessels' major repair periods for the season, Mr. Davis noted that the Authority was still in its "spruce up" period when it cleans and paints the vessels so they look good through the summer and also addresses any issues that have arisen since they were last in repair. Mr. Davis stated that the *M/V Eagle* was currently being spruced up at the Authority's Fairhaven Vessel Maintenance Facility, and that it would return to provide service on the Nantucket route this coming Sunday, switching with the *M/V Nantucket*. In turn, Mr. Davis said, the *M/V Nantucket* will switch with the *M/V Martha's Vineyard* to provide service on the Martha's Vineyard route while the *M/V Martha's Vineyard* is taken to Senesco Shipyard to address an issue with one of its keel coolers leaking, which he said is a warranty item. Mr. Davis noted that the vessel will be taken out of the water there to make certain that the issue is fully addressed and that the project should only take one day.

Mr. Davis further stated that, beginning on June 19th, the Authority's full summer schedule will be operating, with:

- The *M/V Martha's Vineyard*, the *M/V Island Home*, the *M/V Nantucket*, the *M/V Governor*, and the *M/V Sankaty* (which will be single-crewed to provide four round trips Mondays through Fridays) on the Martha's Vineyard route; and
- The *M/V Eagle*, the *M/V Woods Hole*, the *M/V Katama* and the *M/V Iyanough* on the Nantucket route.

Mr. Davis also noted that the *M/V Gay Head* was originally scheduled to provide service on the Nantucket route at this time instead of the *M/V Katama*, but that it was in repair at the moment. Once it leaves repair, Mr. Davis said, it will switch with the *M/V Katama* to provide service on the Nantucket route while the *M/V Katama* goes to Thames Shipyard for its repair period.

In response to a question from Mr. Munier, Mr. Davis stated that the only additional capacity the Authority will have during its full summer schedule will be on weekends and weekday late afternoons and evenings. Mr. Davis noted that, if needed, additional service could be provided during these periods by bringing in additional crews for the *M/V Sankaty*, as it will only be single-crewed.

Mr. Davis also reported that, on May 22nd, the *M/V Nantucket* lost power to one of its engines due to a clogged fuel strainer as it was rounding Brant Point going to Nantucket, even though the Authority had taken the vessel out on sea trials twice, and the United States Coast Guard had taken it on another sea trial as well, before the vessel was returned to service. Thankfully, Mr. Davis said, the vessel was able to proceed to the dock without incident and the Authority's Engineering and Maintenance Department was able to diagnose and fix the issue quickly, but he reported that the Authority now has a program of replacing fuel filters on a much more frequent basis than before, even if replacements are not needed, in order to make certain this problem does not arise again.

6. Mr. Davis then observed that the Authority's service is also being impacted by the landside repair work that is still ongoing, but that all of that work should be completed by the end of next week, including the repair work at the Vineyard Haven terminal (where the sidewalk had collapsed and metal plates were temporarily put down as a transition) and the Oak Bluffs terminal (where they are completing the replacement of stringers and repairing storm damage to the electrical work underneath the dock).
7. Mr. Murphy then reviewed with the Port Council the draft of the Authority's Business Summary for the month of April 2018. Mr. Murphy also noted that:
 - the Authority's expenses in April 2018 included the costs associated with its charter agreement with SeaStreak for the portion of the service provided by the *M/V Whaling City Express* during that month; and
 - the staff was keeping an eye on the Authority's cash balances, which were tightening a bit, but the bond issue that the Authority will be issuing in July 2018 for the Woods Hole terminal reconstruction project will relieve the pressure on those cash balances.

Mr. Murphy stated, in response to a question from Mr. Balco, that the Authority will be selling the bond issue over par and, in response to a question from Mr. Munier, that the Authority expects to receive around \$18,000,000 in bond proceeds.

Mr. Davis then reported that Thomas S. Cahir, the Administrator of the Cape Cod Regional Transit Authority (CCRTA), had informed him that the Federal Transit Administration had approved the Authority's grant funding based upon the first year of data the Authority had submitted to the National Transit Database, and that although the CCRTA is the designated recipient of those funds, pursuant to the memorandum of understanding entered into between the Authority and the CCRTA, the Federal Transit Administration has approved the Authority's request to receive 50% of those funds to be used for its preventative maintenance programs. In response to a question from Mr. Huss, Mr. Davis stated that the amount of funds that will be received by the Authority is approximately \$1,571,000.

Mr. Davis also noted that the CCRTA has been working on efforts to include other ferry operators in this grant funding program, which would expand the program and bring more money back to be used for ferry and transit operations in communities on Cape Cod. In addition, Mr. Davis said, one of the issues faced by the Authority is the funding formula used by the Federal Transit Administration, which produces far more grant funding if the majority of passengers carried on a ferry route are commuters. Mr. Davis noted that, while the Authority can document those passengers who travel round trip on the same day on the *M/V Iyanough*, many customers on the Nantucket route travel one way with the Authority and the other way with Hy-Line. Mr. Davis stated that the Cape Cod Commission has therefore taken passenger surveys to find out how many customers make round trips on the same day regardless of which boat line they ride on and that, so far, the survey results have been very promising.

In this regard, Hy-Line Vice President R. Murray Scudder, Jr. stated that Hy-Line similarly would be meeting with Mr. Cahir on Friday to see how it can be helpful and enable more funds to go to the CCRTA.

8. Mr. Davis then provided an update of the status of the completion of the remaining items on the punch list for the Authority's new administrative offices at 228 Palmer Avenue in Falmouth, which he said is much shorter and nearly completed, reporting that:
 - While the HVAC contractor has addressed the air leaks in the ducts and has started up the chiller system for the air conditioner, upon the advice of the architect and general contractor, the Authority has hired an engineering firm to perform a "commissioning" of the system pursuant to which they will test the system and verify its performance over an entire 12-month period.
 - The landscaping crew has been onsite for the past few weeks installing the landscaping around the building, and was in the process of planting hundreds of plants and reseeding the lawn.
 - The State Building Inspector was onsite the previous week to start the final inspections before issuing the permanent occupancy permit, and the Authority still has to address a couple of issues with respect to the building's door locks.

Mr. Davis also reported that, to date, the Authority has paid \$14,993,000 (approximately 97%) toward the project's current estimated cost of \$15,423,000, including its design and engineering, owner-supplied materials and Authority personnel, and that change orders thus far totaled \$950,000, or approximately 7.5% of the original contract price. Mr. Davis also noted that some of those changes orders were due to the problems with the siding that the Authority experienced, and that the staff was still investigating whether the Authority will be able to recover any of those costs from the siding's manufacturer.

9. Mr. Davis then provided an update on the status of Phase 2 of the Woods Hole terminal reconstruction project, reporting that:
 - Jay Cashman Inc. has completed work on the passenger loading platforms between Slips 1 and 2.
 - Bus shelters have been placed on the plaza to offer people some protection from the elements while they are waiting for buses.
 - Tents have been erected between Slips 1 and 2 to similarly offer passengers waiting to board the ferries some protection from the elements.
 - Cashman has installed mooring bollards for Slip 3 so that the Authority's vessels will be able to berth there this summer, reattached the protective material on the center dolphin monopile between Slips 1 and 2, completed the restoration work on the corner fender on the south side of the wharf, and installed a temporary catwalk to allow dockworkers access to the north side of Slip 1.

- Cashman also has continued work on the excavation of the wharf and, next Monday, it will begin loading its equipment back onto its barge in preparation for leaving the site by the end of next week for the summer.
- The site contractor is continuing to work on the pre-load area to compact the peat, and next week it will pave outside the work area for pedestrian and vehicle access over the summer.

Mr. Davis also reported that, to date, the Authority has paid Cashman \$3,129,000 toward the \$43,328,000 cost of its contract, including \$185,000 of change orders, and that half of the change orders were due to the types of materials that were excavated from the wharf, which Mr. Davis noted was the biggest unknown element of the project. Mr. Davis also observed that it was encouraging that Cashman was able to keep the project moving despite the delays that had been encountered this past winter and early spring. Finally, Mr. Davis reported that the Authority has issued 21 weekly email updates about the status of the terminal reconstruction project to the Woods Hole community to keep them informed about what construction activities would be taking place over the following weeks.

In response to a question from Mr. Munier, Mr. Davis stated that he expected the next phases of the project to proceed more smoothly than this past phase, principally because the problems encountered during this past phase were mostly due to the Authority's delay in vacating the old Woods Hole terminal building, and the need to dredge Slip 2 and make other repairs to Slips 1 and 2 when only one other slip was available. Mr. Davis also noted that the staff's experience this past phase has shown how important it is to maintain the side passenger loading ramp system to avoid loading and unloading passengers over the transfer bridges so that the vessels can keep closer to their operating schedules when hundreds of passengers are being loaded or unloaded.

Mr. Rozum also reported that, in order to reduce the long lines of customers buying tickets at the temporary Woods Hole terminal building, this past Saturday morning the Authority had assigned a ticket seller for two hours at the Thomas B. Landers parking lot to sell tickets to customers while they waited to get onto the shuttle buses. Mr. Rozum stated that this effort was very well received by the customers, and that next weekend the Authority is going to assign two ticket sellers there along with an employee from the Information Technologies Department to provide technical support in the event it is necessary.

Finally, Mr. Davis reported that the staff was working with Centerplate to have vending machines installed at the temporary terminal building and between Slips 1 and 2.

10. Mr. Davis then provided an update on the status of the *M/V Martha's Vineyard* midlife refurbishment project, reporting that there were now seven punch list items that Senesco still has to complete, and that several of those items pertained to the vessel's HVAC system for which the Authority will seek reimbursement from Senesco. Mr. Davis also reported that the biggest issue with the vessel is the fact that the side passenger doors leak and there was not enough time to replace the doors this spring. Accordingly, Mr. Davis said, the doors will be replaced next fall when the vessel is back in repair and, meanwhile, Senesco has created troughs under the doors to catch that water where it is leaking.

Mr. Walker also reported that the staff will be meeting with Senesco to review the final change orders, outstanding invoices, and post-delivery issues that were encountered by the Authority. In response to a question from Mr. Huss, Mr. Walker stated that the Authority's relationship with Senesco was okay, although he has not heard much from Senesco since several newspaper articles appeared. Nevertheless, Mr. Walker noted that Senesco still wants to have a meeting to discuss all of these issues, and that the Authority needs to have a relationship with Senesco because it is one of only two shipyards in the greater New England region that can dry-dock the Authority's vessels.

11. Mr. Murphy reviewed with the Port Council the staff's proposed Budget Policy Statement, noting that it sets forth the guidelines that the staff is proposing to use when preparing the Authority's 2019 Operating Budget. Mr. Murphy noted that, pursuant to the proposed Budget Policy Statement:

- The operating budget's projected revenues will be based primarily on actual traffic statistics for what will then be the most recent 12 months (August 2017 through July 2018).
- The projected vessel operating expenses will be based in part on the 2019 operating schedules the staff will be proposing over the next few months.
- The staff will identify significant terminal repairs and maintenance that will be needed.
- There are four vessels currently scheduled to be dry-docked during 2019 (the *M/V Martha's Vineyard*, the *M/V Nantucket*, the *M/V Woods Hole* and the *M/V Gay Head*).
- For the most part, levels of employment will remain the same, but the budget will reflect a full year's cost of the two new custodial positions, the two new landscaper positions, the new Communications Director, and staffing for the new Operations and Communications Center, and there may be other position changes as a result of the anticipated management consultant's review of the Authority's operations.
- The Authority's expected training expenses will take into account the continuation of a number of different training programs.
- The Authority will continue to use information technology systems to improve customer service and reduce operating costs where possible. Specifically, the staff will work to increase the Authority's presence on social media platforms and implement a dedicated Authority mobile app, as well as the swb.Wallet mobile ticketing app for smartphones and whatever other initiatives are undertaken as a result of the management consultant's review of the Authority's operations.
- The budget's fuel costs will continue to be based on either the then-current forecasts for oil prices during 2019 (plus the premium cost of the hedging program) or next year's cap prices, whichever is lower. Currently the barrel price of crude oil is trading in the \$60-\$70 range, while a year ago it was trading in the \$45-\$50 range. Although the Authority has fallen a little behind in its hedging program, the staff anticipates that the Authority's vessel fuel prices will be fully hedged for the entire 2019 calendar year by the time the Operating Budget is presented for approval in October 2018.

- The budget will include a full year of depreciation for the new administrative office building and the cost of the *M/V Martha's Vineyard* mid-life refurbishment.
- Sufficient fund balances will be maintained to meet the Authority's scheduled debt service requirements and to adequately fund cash transfers to the Replacement Fund in an amount not less than this year's anticipated transfers of \$9,417,000 but not to exceed the Authority's projected depreciation expenses for 2019, which is currently estimated at \$10,079,000.
- The staff will make all efforts to minimize the need for any additional rate increases.

In response to a question from Mr. Huss, Mr. Murphy stated that the staff will consider whether the Operating Budget's projected revenues should be based exclusively on traffic figures for the most recent twelve months, or whether certain adjustments should be made to those figures. For example, Mr. Murphy said, when projecting passenger revenues for this year's Operating Budget, the staff used historical traffic trends for the *M/V Iyanough*, since it was out of service for approximately a month last summer.

The Port Council then voted unanimously to recommend that the Authority Members approve the management staff's proposed 2019 Budget Policy Statement.

12. Mr. Davis reported that, after the last Port Council meeting, the Authority Members voted to issue a request for proposals (RFP) for management consulting services to undertake a comprehensive review of the Authority's operations, including its vessel operations, fleet maintenance, management structure, public communications and information technologies. Meanwhile, Mr. Davis said, the staff was starting to keep track of the ferries' on-time performance, both with respect to when vessels arrive and when they depart.

Mr. Davis noted that 23 firms have taken out the RFP, that the staff has begun receiving questions from several of them about the RFP, and that proposals in response to the RFP are currently due at 2:00 p.m. next Tuesday, June 12th. Mr. Davis also stated that, because the Authority Members did not address certain business items during their meeting last month, an additional meeting has been scheduled for 3:30 p.m. on June 12th to conduct the Authority's usual business, and that the sole purpose of the June 19th meeting will be to evaluate the proposals received in response of the RFP.

Mr. Sayers then described what the process will be for evaluating the proposals received in response to the RFP, noting that hopefully the proposals will be able to be given to the Authority Members at their June 12th meeting, as well as to the Port Council members who also are in attendance at that meeting. Mr. Sayers stated that, in any event, the proposals will be provided to all of the Port Council members because, during the June 19th meeting, the Authority Members may want to ask the Port Council members for their opinions about the proposals. In this regard, Mr. Sayers observed that the evaluation of the proposals will take place in public session to ensure as much transparency about the process as possible.

Mr. Sayers then expressed his concern over whether the current deadline for the submission of proposals might need to be delayed if one or more of the consulting firms were to ask any questions about the RFP that raise policy issues that should be decided by the Authority Members rather than himself. Mr. Sayers noted that, if any such questions were raised, the Authority Members would not be able to meet to discuss them until Friday afternoon at the earliest (assuming a notice of the meeting could be posted today in compliance with the Open Meeting Law), and that in fairness the consulting firms should know before then whether they are still going to be required to submit their proposals by 2:00 p.m. the following Tuesday.

Therefore, Mr. Sayers stated that, if any such questions were raised, he planned to consult with the Authority's Dukes County Member, Marc N. Hanover, about them so that the consulting firms can know the answers to their questions as soon as possible or whether the deadline for submitting proposals is being delayed so that the Authority Members can discuss the issues. But Ms. Gladfelter expressed her concern about Mr. Sayers consulting only one Authority Member about such issues when the five Authority Members represent five different communities and may have different thoughts about those issues. It was for this reason, Ms. Gladfelter said, that she felt at least a committee should address these issues, and that the committee should have several Port Council members on it as well so that the viewpoints of as many of the Authority's constituent communities as possible are represented.

But Mr. Sayers observed that, even if he were to consult with the committee that had been established to shepherd the RFP process, which was comprised of Mr. Hanover and the Authority's New Bedford Member Moira E. Tierney, that committee still had to comply with the Open Meeting Law. As a result, Mr. Sayers said, he still would be faced with the same dilemma if any significant policy questions were raised by any of the consulting firms, and he asked the Port Council members what their thoughts were on the subject. In response:

- Mr. Lowell stated that such decisions should be left to the staff in the same way that these types of decisions have been handled by the staff with respect to all of the Authority's other large projects.
- Mr. Huss stated that, in deciding whether to postpone the deadline for the submission of proposals, he thought it would be appropriate to consider how many consulting firms are asking for an extension, how long of an extension they are asking for, and possibly which firms are asking for an extension, and that he felt in some circumstances a one-week extension might be appropriate.
- Ms. Shufelt observed that the consulting firms were being asked to put together an obviously big package, possibly with the involvement of subcontractors. Therefore, he stated that if it appeared advantageous to the Authority, it might be appropriate to give an extension of a week or so.
- Mr. Balco stated that he would prefer to maintain the RFP's current schedule and, in response to his question, Mr. Sayers confirmed that the consulting firms will be required to disclose their subcontractors and describe what work they will be performing.

- Mr. Munier stated that he thought the Authority should push ahead and maintain the current schedule, observing that 23 firms appeared interested in the project and only two or three are currently asking for extensions. Mr. Munier also noted that, at this point, the public would like something to happen as quickly as possible.

Mr. Jones then recounted how he has participated several times in evaluating proposals submitted in response to RFPs and asked whether the Authority Members will have the opportunity to interview any of the consulting firms. In response, Mr. Sayers stated that the RFP provides the Authority Members with the opportunity to request presentations from consulting firms, but that the decision whether to make any such requests would be up to the Authority Members themselves.

13. Mr. Davis noted that the agenda for today's Port Council meeting included his performance evaluation, but with everything else going on, the evaluation has been deferred until next month. In this regard, Mr. Davis observed that the Authority Members have not even had a chance to discuss the evaluation process itself.
14. Josh Goldstein of the Mansion House in Vineyard Haven stated that he was appearing at the Port Council's meeting today representing a dozen hotels on Martha's Vineyard whose revenues were all substantially lower this year. Indeed, Mr. Goldstein said, his revenues were down by \$150,000. Mr. Goldstein stated that he has complete faith in the Authority's ability to rebound from this disaster and that he is excited about a management consultant reviewing the Authority's operations, but that the Authority needs to do more with its public relations, and spend more money on advertisements in the Boston Globe and the New York Times, as well as on more outreach. Mr. Goldstein declared that people are not coming to Martha's Vineyard because they have a residual concern that they aren't going to be able to get back. For example, Mr. Goldstein said, a customer of his who has been staying at the Mansion House each August for years has cancelled and instead is staying in Truro because he knows that he will be able to get back from there. Mr. Goldstein stated that the Authority needs to do something to reset broader public opinion and encourage people to stay on the island, observing that he is not even sold out during Independence Day, the week of the Agricultural Fair or for the fireworks, and that he hasn't seen revenues this low for ten years.

Mr. Davis stated that he also has discussed these issues with Nancy Gardella, the Executive Director of the Martha's Vineyard Chamber of Commerce, who also has expressed some concerns about fewer tourists visiting the island this summer. But Mr. Davis noted that the Authority has 7% more summer reservations at this time of the year than it had at the same time last year, and the number of customers who have cancelled reservations is about the same as it was last year. Mr. Davis observed that the Authority needs to communicate that it has availability due to the fact that it is operating five ferries during the weekdays this summer, and that a lot of passengers on those ferries end up being day trippers. Therefore, Mr. Davis stated that he would be looking at all of these communications issues and that part of the message that the Authority has to get out is that it is up and running.

However, Mr. Lowell cautioned Mr. Davis that, if the events of the last few months had not occurred, everyone would now be arguing about too many people, too many cars, and too many trucks coming to the islands, and how the islands are saturated. Mr. Lowell asked how the Authority can say it wants more business and then say that it doesn't want any more business. Mr. Lowell also observed that people were becoming nervous about traveling to Martha's Vineyard due to all of the negative publicity that Martha's Vineyard residents have generated themselves, especially on their own social media, and that they should have reacted to the Authority's problems in a more calm and constructive manner. Mr. Lowell also stated that he does not know whether the Authority's problems have caused the Mansion House to lose any reservations, but that Martha's Vineyard residents have to allow things to run their course, observing that the island has the benefit of 28 ferry trips a day.

Mr. Munier observed that it is easier for an organization to lose its reputation than it is to get it back, and he suggested that the Authority should work proactively to accelerate that process through good tactical communications. Although Mr. Munier acknowledged that this was easier said than done and that he didn't know exactly what the formula was, he observed that the Authority has hired a talented Communications Director and that it should be more proactive about regaining its reputation than simply allowing this matter to run its due course.

But Mr. Lowell cautioned that the Authority still has to be careful about competing and being perceived as being too much like a business, and he stated that everyone should hope for good weather because the weather so far this year has not been helping anyone.

Then, at approximately 10:51 a.m., the Port Council unanimously **voted** to adjourn their meeting that day.

A TRUE RECORD

Eric W. Shufelt, Secretary

Documents and Exhibits Used at the Port Council's June 6, 2018 Meeting

1. Agenda for the Port Council's June 6, 2018 Meeting (posted May 31, 2018, with the last revision June 1, 2018).
2. Minutes of the Meeting of the Port Council in Public Session on May 2, 2018 (draft).
3. Printout of a screenshot of the webpage of the Authority's website showing the standby vehicles for the Nantucket terminal, taken on June 6, 2018
4. Business Summary for the Month of April 2018 (draft).
5. 2019 Budget Policy Statement (draft).

MINUTES
OF THE
PORT COUNCIL
OF THE
WOODS HOLE, MARTHA'S VINEYARD
AND NANTUCKET STEAMSHIP AUTHORITY

July 5, 2018

First Floor Meeting Room (Room 103)
The Authority's Administrative Offices
228 Palmer Avenue, Falmouth, Massachusetts

Port Council Members present: Chairman Robert V. Huss (Oak Bluffs); Vice Chairman Edward C. Anthes-Washburn (New Bedford) (who arrived during the discussion of the business summary); Secretary Eric W. Shufelt (Barnstable); Frank J. Rezendes (Fairhaven); Robert S. C. Munier (Falmouth); Nathaniel E. Lowell (Nantucket); and George J. Balco (Tisbury).

Authority Management present: Robert B. Davis (General Manager); Gerard J. Murphy (Treasurer/Comptroller); Gina L. Barboza (Reservations and Customer Relations Manager); Mary T. H. Claffey (Director of Information Technologies); Mark K. Rozum (Operations Manager); Phillip J. Parent (Director of Human Resources); Sean F. Driscoll (Communications Director); Terence G. Kenneally (General Counsel Designate) and Steven M. Sayers (General Counsel).

1. After Mr. Huss called the meeting to order at 10:04 a.m., Mr. Sayers announced that the Authority's new Communications Director, Mr. Driscoll, was making an audio recording of today's meeting.
2. The Port Council then **voted** unanimously (with Mr. Rezendes abstaining) to approve the minutes of their meeting in public session on June 6, 2018.
3. Mr. Murphy then reviewed with the Port Council the draft of the Authority's Business Summary for the month of May 2018. With respect to the traffic statistics for the month of May 2018, Mr. Murphy stated that the staff remains optimistic that the Authority was

headed in the right direction, observing that all traffic figures had shown improvement that month. Mr. Murphy also noted that the main driver of the decrease in the Authority's maintenance expenses for the month was a correction of \$853,000 previously charged to the *M/V Island Home's* dry-dock expense earlier this year that should have been charged as a capital expense because those moneys were spent to replace the vessel's two bow thruster motors. In this regard, Mr. Murphy stated that, while the correction was currently flowing through the May 2018 business summary, the staff planned to issue revised business summaries for the affected months to show what truly were the operating results during those months. In response to a question from Mr. Munier, Mr. Murphy stated that, without the correction being recognized in May 2018, the Authority's maintenance expenses would exceed budget projections due to increased vessel dry-dock and overhaul expenses. In addition, Mr. Murphy said, the Authority's depreciation expense increased by \$161,000 that month because the Authority had to write off the value that was still on the books for the *M/V Island Home's* old bow thruster motors.

In response to a question from Mr. Balco, Mr. Murphy stated that the Authority should break even for the year sometime in August. Mr. Davis also noted that historically the Authority reaches that breakeven point during either the first week of August or the last week in July, but that given the Authority's operating results so far this year, he anticipated that the Authority would reach the breakeven point in mid-August this year. In response to a question from Mr. Munier, Mr. Murphy stated that the \$594,000 decrease in the Authority's revenues from those that were projected in the 2018 Operating Budget were almost entirely attributable to the terrible weather and mechanical issues experienced this year, and that the majority of \$1,227,000 increase in the Authority's expenses from those projected in the 2018 Operating Budget were associated with the additional repairs that the Authority had to incur this past spring. Mr. Davis also noted that the Authority's utility expenses had increased quite a bit due to the costs associated with moving the Authority's administrative offices; and that the cost of terminal repairs was more than \$500,000 higher than projected because the staff had anticipated that repairs to the Oak Bluffs and Vineyard Haven terminals were going to be completed last fall, and none of this year's repairs to the slips at the Woods Hole terminal had been included in either this year's or last year's budget. Finally, Mr. Davis observed that the Authority's increased wage expenses were partly attributable to the need to call in extra crews to operate additional trips when its regularly scheduled trips were cancelled.

Mr. Lowell then asked why the Authority changed the engines for the *M/V Island Home's* bow thrusters, observing that the engines are usually rebuilt. In response, Mr. Davis stated that the project had been presented as being necessary because some of the equipment had become obsolete and was getting difficult to source, but that he would confirm what the reason was for replacing them.

In response to a question from Mr. Balco, Mr. Murphy stated that the Authority does not separately show how much income it generates from its fuel price hedging program when its options are called at their strike prices; rather, Mr. Murphy said, that income is entered as a reduction of the Authority's vessel fuel costs. However, Mr. Murphy stated that he can prepare a report illustrating the amount of options that have been called on a monthly

basis. In response to a question from Mr. Huss, Mr. Murphy stated that the Authority's vessel fuel prices were hedged into a portion of 2019 and that, by the time the staff presents its preliminary 2019 Operating Budget in September, the staff will have the Authority's vessel fuel prices hedged for the entire 2019 calendar year.

4. Mr. Davis reported that, at the June 19, 2018 Authority meeting, the Authority Members evaluated eight proposals from consulting firms to undertake a comprehensive review of the Authority's operations, including its vessel operations, fleet maintenance, management structure, public communications and information technology systems, and selected two finalists for the contract:
 - HMS Consulting and Technical, LLC ("HMS"), which submitted a financial proposal in the amount of \$217,976 and was ranked first by the Authority Members; and
 - KPFF Consulting Engineers, which submitted a financial proposal in the amount of \$556,000 and was ranked second by the Authority Members.

Mr. Davis also reported that the Authority Members conditioned the award of the contract to HMS upon the successful negotiation of certain contract terms, and that those terms were successfully negotiated the following day and the contract was then awarded. Mr. Davis further noted that HMS's two subcontractors on the project are Glostén Associates, Inc. and Rigor Analytics, LLC; that Mr. Sayers had been designated to be HMS's point of contact with the Authority for the project; and that the staff had provided feedback on HMS's draft Project Plan, but had not yet received a final version.

Mr. Sayers noted that, pursuant to the draft Project Plan, HMS will be on site during the week of July 23, 2018 to conduct interviews as part of the project's data collection and reconnaissance phase. In this regard, Mr. Sayers noted that, if the Port Council were to be interviewed as a group, it would constitute a meeting under the Open Meeting Law, which the Authority would have to post. Alternatively, Mr. Sayers said, HMS could interview Port Council members individually, although he did not know how HMS would like to conduct them. Mr. Balco observed that, if HMS visits Martha's Vineyard that week, they could interview him and Mr. Huss there; Mr. Lowell stated that he would be happy to travel to the mainland once that week for his interview; and Mr. Munier asked Mr. Sayers to find out whether HMS would consider conducting any interviews by telephone.

5. Mr. Davis then provided an update of the status of the completion of the Authority's new administrative office building at 228 Palmer Avenue in Falmouth, observing that, because the punch list was pretty much complete, this would probably be the last time this subject will be on the agenda of a Port Council meeting. Specifically, Mr. Davis reported:
 - The contractor was still working on the mechanism for the movable barn door that will be installed on the front of the building, which is intended to replicate the barn door that was on the previous Grossman Lumber building.
 - The engineering firm that the Authority hired to perform a "commissioning" of the HVAC system as an independent evaluation has been on site and was working with the

contractor to address some of its preliminary findings with respect to balancing the system and reducing its noise levels.

- The landscaping crew has completed all of its work and the Authority now just needs to maintain it.
- The staff still had to review the impact of the delays that were caused when the original sheathing for the building's siding did not perform as it should and had to be replaced, and determine what recourse the Authority may have against Huber Zip System, the manufacturer of that sheathing.

Mr. Davis reported that, to date, the cost of the project, including design and engineering, had been around \$15,000,000, and that number also included approximately \$950,000 worth of change orders for the project.

6. Mr. Davis then provided an update on the status of Phase 2 of the Woods Hole terminal reconstruction project, reporting that while Jay Cashman, Inc. had left the site and will not resume construction work until after Labor Day, it was still meeting with the Authority and the architects and engineers on a weekly basis for planning purposes.

Mr. Davis then reported that the staff recently had revisited the design of what will be the new permanent Woods Hole terminal building, which had been deferred since July 2017, and had reviewed various design options with Bertaux + Iwerks Architects. Mr. Davis also noted that the staff had investigated whether the temporary terminal building can be used for one or more additional years, which would extend its useful life for depreciation purposes and postpone the construction of the new permanent terminal building, which would relieve some pressure on the Authority's capital budget and also allow the Authority to review the new traffic patterns at the terminal due to the three new ferry slips' positions before finalizing the new building's location. However, Mr. Davis said, the State Building Inspector has stated that he will not support an application by the Authority to extend the variances the Authority received in order to build the temporary terminal building.

Mr. Davis also reported that, with the amount of summer traffic, the configuration of the temporary terminal building's lobby has resulted in lines of customers going out the door. Accordingly, Mr. Davis said, one of the design elements the staff is reviewing with respect to the new terminal building is the amount of space needed for customers and that, when the staff receives new plans, they will be presented to the Port Council, the Authority Members and the community before they are presented to the Falmouth Historical Commission.

Mr. Huss recounted how the Port Council had reviewed the design for the new terminal building in July 2017. But Mr. Davis stated that, since then, the staff has discussed some of the design elements taking into account the representations that the Authority had made to the community. Mr. Davis reported that Bertaux + Iwerks Architects were also working on a design to provide shelter for passengers waiting at the ferry slips for the next several years, noting that the tents that the Authority has erected there are temporary and can remain there for only 180 days pursuant to the State Building Code.

Mr. Anthes-Washburn then questioned whether it was reasonable for the State Building Inspector to oppose an extension of the variances the Authority received for the temporary terminal building, and he suggested that there should be a process for the State to accept new information and then make a determination. In response, Mr. Davis noted that even if the Authority were able to extend the variances, it would still have to determine what other impacts postponing the construction of the new permanent terminal building would have on the project, such as the site work that will need to be undertaken once the new ferry slips are completed. Mr. Davis also noted that, if the Authority wanted to continue using the temporary terminal building without obtaining an extension of the variances, it would have to raise the building several feet, which would be difficult to accomplish while maintaining the building as a ticket office.

Mr. Munier agreed with Mr. Anthes-Washburn that it would be a good idea to try to extend the variances, although he noted that within a few years at least some of the new ferry slips will be functional and the Authority will be able to learn from its experience with them. In this regard, Mr. Davis stated that one of the lessons the Authority already has learned is that its customers need shelter, particularly during bad weather. Mr. Davis also noted that the staff already has changed one design element of the new terminal building, recounting how the design originally had an open pergola along the west side of the building facing the water, but that the staff has asked that it be covered so that people can be sheltered underneath it.

Mr. Davis also observed that the building's lobby may be reconfigured in light of the Authority's experience with the temporary terminal building, where the ticket sellers now have a view of the ferry slips. On the other hand, Mr. Davis said, the Authority may simply allow the ticket sellers to see what is going on at the slips by looking at video monitors. In addition, Mr. Davis observed that, while measurements have been taken to ensure that there is sufficient room in front of the new terminal building for the turning radii of trucks as they get on and off the ferries, the Authority will not know for certain that there is enough room there until after the new ferry slips are operational.

In response to a question from Mr. Munier, Mr. Davis stated that the building's orientation will result in customers primarily accessing it on its north side, and that the staff has asked the architects to address any potential problems that the wind in that area may cause. In addition, Mr. Davis said, the design calls for the Authority's shuttle buses to load and offload passengers behind the building, although during the offseason the Authority may stage its shuttle buses near the slips so that passengers will have a shorter distance to walk.

7. Mr. Davis reported that additional issues have arisen with respect to the *M/V Martha's Vineyard* which the staff continues to address, with the most critical one being the HVAC system. Mr. Davis noted that the HVAC system appears to be able to maintain a tempered environment in the mezzanine decks and forward on the 02 passenger deck, but that the control panel aft on the 02 passenger deck, where the food concession area is located, has failed and a new circuit board was ordered and was supposed to have arrived this past Tuesday. In addition, Mr. Davis said, the portable units being used have not been able to

keep the area cool, and the food concessionaire is turning off any equipment that it does not need which would generate any heat.

Mr. Davis observed that the current situation is unacceptable and that the problematic area is where the vessel was extended aft during its mid-life refurbishment and, therefore, had all new HVAC equipment installed. While Mr. Davis stated that the staff is continuing to work with Senesco on these problems, they also have asked the engineering firm which is performing a commissioning of the administrative office building's HVAC system to provide an estimate of what it would charge to review the *M/V Martha's Vineyard's* HVAC system.

Mr. Davis also reported that the punch list from the vessel's mid-life refurbishment still has five or six items, including the passenger embarkation doors. In this regard, Mr. Davis noted that the contract required those doors to be weathertight, but that they are not, and that the temporary solution was to create a channel or trough to catch whatever water does infiltrate. Mr. Davis stated that the staff has met with Senesco and will continue to talk with them about solutions to that problem and where everything stands with respect to the project. Mr. Davis also noted that the staff will be meeting with Senesco next week and hopefully will be able to finalize everything within the next few weeks.

Mr. Huss then stated that the Authority needs to address some of the media coverage of the Authority's problems with the *M/V Martha's Vineyard*, observing how when the vessel's sprinkler system spilled around five gallons of water, the *Martha's Vineyard Times* blew the situation out of proportion and *The Boston Globe* made it appear as if the freight deck had been flooded and that cars were being washed away. Mr. Davis agreed, although he stated that the spill of water was clearly not something that should have happened during a routine test. Mr. Huss then declared that there has to be a positive way of informing the public of what happened.

8. Mr. Davis then presented the preliminary version of the staff's proposed 2019 Summer and Fall Operating Schedules, noting that they were being presented today for discussion purposes only and that the staff intends to present the final versions of the proposed schedules for approval at the September 2018 meetings of the Port Council and Authority Members. Mr. Davis also stated that by and large the staff was not proposing any significant changes next year from what the Authority is operating this year, except for which vessels will be assigned to provide service during these time periods. Mr. Davis also described how the starting and ending dates of the proposed schedules for both the Martha's Vineyard route and the Nantucket route differed from this year, as follows:

<u>Operating Schedule</u>	<u>Current 2018</u>	<u>Proposed 2019</u>
Early Summer	May 11 – June 18	May 15 – June 19
Summer	June 19 – Sept. 7	June 20 – Sept. 8
Late Summer	Sept. 8 – Oct. 22	Sept. 9 – Oct. 23
Fall	Oct. 23 – Jan. 2, 2019	Oct. 24 – Jan. 3, 2020

Mr. Davis also noted that the “spruce-up” period for the Authority’s vessels, which falls during the Early Summer Operating Schedules, tends to be more dynamic than other repair boat periods, and that decisions about how many days each vessel is going to need to be in the Authority’s Fairhaven Vessel Maintenance Facility for its “spruce up” are typically not made until the spring. Accordingly, Mr. Davis stated that the staff was proposing that the Early Summer Operating Schedules for both routes not specify which days each vessel will be assigned to provide service, but instead simply note that the dates when each vessel is in service will be determined based upon the repair schedule.

Mr. Davis then described the other proposed changes from this year’s Summer and Fall Operating Schedules as follows:

Proposed Martha’s Vineyard Route Early Summer Operating Schedule:

- During the 2018 Early Summer Operating Schedule, the last daily round trip of each of the two freight boats (Trips 224, 225, 226 and 227) was scheduled to operate Fridays, Saturdays, Sundays and holidays, which required the Authority to operate those trips even when they were not needed. During the proposed 2019 Early Summer Operating Schedule, those trips are designated as unscheduled freight trips which are available to operate if needed.

Proposed Martha’s Vineyard Route Summer Operating Schedule:

- The staff is proposing to provide the same number of trips with the same vessels that are being operated during the 2018 Summer Operating Schedule. However, because the Authority was still gaining experience with the five-boat schedule during this period, there may be some proposed changes to the scheduled departure and arrival times of some of those trips.

Proposed Martha’s Vineyard Route Late Summer Operating Schedule:

- The staff is proposing to again designate that last daily round trip of each of the two freight boats (Trips 224, 225, 226 and 227) as unscheduled freight trips which are available to operate if needed.
- The *M/V Sankaty* is scheduled to provide service on this route during the 2018 Late Summer Operating Schedule and then it was going to be dry-docked when its bow thrusters were going to be replaced. However, the staff since has realized that all of the necessary work would not be able to be completed, and the plans would not be able to be approved by the United States Coast Guard, within the time allotted for the project this year. Accordingly, the staff is proposing to defer the *M/V Sankaty*’s dry-dock and replacement of its bow thrusters until September 2019, which will mean that during the Late Summer Operating Schedule next year the *M/V Katama* will provide service on this route instead of the *M/V Sankaty*.

Proposed Nantucket Route Early Summer Operating Schedule:

- The staff is proposing to schedule a third round trip with the *M/V Sankaty* on Mondays through Fridays instead of having that trip be an unscheduled freight trip which is available to operate as needed, as this past year the third round trip ended up being needed more often than not.
- Although the proposed Early Summer Operating Schedule has all three vessels on this route triple-crewed for six days from Friday, May 24, 2019, through Wednesday, May 29, 2019, due to manning schedules, it probably will not be necessary to provide all of the trips shown during that time period after Tuesday, May 28, 2019.

Proposed Nantucket Route Late Summer Operating Schedule:

- The staff is proposing that the Authority defer deciding whether to assign one single crew or two single crews to the *M/V Gay Head* during the Late Summer Operating Schedule, but rather basing that decision on the number of freight reservation requests it receives for this time period.

Mr. Davis again stated that these proposed operating schedules were being presented today for discussion purposes only, and that the Port Council was not being asked to provide a recommendation with respect to those proposed schedules at this time. Mr. Davis also noted that the staff was proposing to continue operating the 5:30 a.m. freight trip from Woods Hole during the 2019 Summer Operating Schedules with smaller trucks on that trip, but that again there would be no 5:30 a.m. freight trip from Woods Hole during the 2019 Fall Operating Schedule. Mr. Davis stated that, instead, the freight boat would be berthed at Vineyard Haven during the fall and its first trip would leave from there at 5:30 a.m.

Mr. Lowell then asked Mr. Rozum whether he had looked at whether the Authority still needs to assign the *M/V Nantucket* to the Nantucket route in addition to the *M/V Eagle* over the Memorial Day weekend, particularly now that three high-speed ferries are operating at that time. In response, Mr. Rozum stated that he had looked at that issue and that the *M/V Nantucket* was still needed on that route over the Memorial Day weekend, at least through the afternoon of Memorial Day itself.

Mr. Lowell also asked whether it was necessary to operate the *M/V Woods Hole* on the Nantucket route on weekends during the Late Summer Operating Schedule instead of another vessel. In response, Mr. Rozum noted that the *M/V Woods Hole* was being proposed to operate on the weekends next year because of its passenger amenities, and that the *M/V Sankaty* will be not be available during that time period next year.

In response to a question from Mr. Munier, Mr. Sayers stated that the staff has studied everything they can to determine whether the 5:30 a.m. freight trip from Woods Hole can also be eliminated during the summer, but that they have concluded it cannot. Mr. Davis also noted that the staff has reached out to a group of Woods Hole residents to talk with them about the schedule, and that they hoped to meeting with them next week. Mr. Huss then asked how the trip has worked out with the *M/V Governor* carrying only smaller trucks on that trip. In response, Mr. Davis stated that at first the vessel was difficult to load

because, with only smaller trucks on board, the employees did not know how the vessel was going to be balanced; but he stated that the Authority has now gotten beyond that. In this regard, Mr. Rozum observed that this was a new experience for the employees, as the Authority never before had carried a load that was comprised entirely of small trucks.

9. Mr. Davis then recounted how historically the Authority has had a good relationship with Peter Pan Bus Lines in arranging for passengers on Peter Pan's last daily bus from Boston to Woods Hole to be able to catch the Authority's last ferry trip to Martha's Vineyard. But Mr. Davis noted that there have been occasions when communications between the two organizations have broken down, and there had been such an occasion the past month when the Authority had not received any notifications from Peter Pan about the location of its last bus from Boston and, at 9:45 p.m., the terminal employees let the Authority's last boat depart for the island. Mr. Davis stated that the bus then arrived in Woods Hole five minutes later and that, while the bus driver had tried calling the Authority, he did not have the correct telephone number.

Mr. Davis reported that, to prevent these situations from happening in the future, the Woods Hole terminal agents now have Peter Pan's GPS app so that they can see where the bus is at any given time. In addition, Mr. Davis said, if the bus does not arrive at the Woods Hole terminal by 9:40 p.m., the agents now have the telephone number for Peter Pan's dispatch office so that they can call and find out the status of the bus. Mr. Davis further stated that, in this and other ways, the Authority will continue to work with Peter Pan to try to improve their travel connections.

But Mr. Davis noted that the Authority cannot always delay the 9:45 p.m. departure of its last boat to Martha's Vineyard, as it is the same boat which is scheduled to leave the island at 6:00 a.m. the following morning. Mr. Davis observed that the schedule is designed to allow the vessel to take 45 minutes to sail to the island (arriving there at 10:30 p.m.), to then allow the crew one-half hour to shut down the vessel (finishing at 11:00 p.m.) and get their required six hours of rest (through 5:00 a.m.) before beginning the one-hour scheduled vessel start-up procedures so that the boat can depart at 6:00 a.m. While Mr. Davis also noted that, if the vessel were to depart Woods Hole later than 9:45 p.m., it can make up some of this time during the trip and potentially some of the vessel's shut-down and start-up times could be reduced, he observed that a late departure for the vessel's last trip at night generally will result in a delay of its first trip the following morning, which then has a domino effect through the rest of the morning, particularly because of its short 15-minute turnaround time in Woods Hole after it is scheduled to arrive there at 6:45 a.m. and then leave once again for the island at 7:00 a.m. In addition, Mr. Davis said, even if the Authority is able to notify passengers on those early morning trips of the vessel's delay, many of them will either not see those notices or will show up on time at the terminals anyway.

For these reasons, Mr. Davis observed that even though the Authority is taking a more proactive approach with Peter Pan and checking on the status of its last bus from Boston, there still may be occasions when the estimated time of arrival for that bus in Woods Hole is beyond the time when the Authority's last boat to Martha's Vineyard has to leave.

Therefore, Mr. Davis said, the Authority is also working with local hotels to come up with a plan to help direct people where to find accommodations for the night.

In response to a question from Mr. Balco about how often the last bus has passengers on it who are traveling to Martha's Vineyard, Mr. Davis stated that, although Peter Pan has informed the staff that there are a number of trips when there are no passengers on board for Falmouth, it could not remember when there had been a bus without any passengers continuing on to the island. Mr. Davis also stated that, while Peter Pan will provide the Woods Hole terminal employees with an estimated time of arrival for the bus, the staff has asked Peter Pan if the Authority can have access to its internal GPS system to get a better sense of where the bus is located in real time. Mr. Rozum further emphasized that the Authority does communicate with Peter Pan and will take the initiative with them, noting that the terminal agents will now call Peter Pan's dispatch number if the terminal has not heard from Peter Pan by 9:40 p.m.

10. Mr. Lowell then asked the staff to reexamine whether the Authority's offseason excursion fares can begin the Wednesday after Labor Day rather than September 15th of each year, observing that Nantucket residents plan their lives around when those offseason excursion fares begin and that summer visitors pretty much leave the island each year by Labor Day.
11. The Port Council agreed that they would provide Mr. Parent with their written evaluations of Mr. Davis's performance over the past year, and then the Port Council members orally gave their individual evaluations of Mr. Davis's performance. The Port Council members began by evaluating Mr. Davis with respect to how he pursued the goals and objectives the Authority Members had established for him this past year (Section 1 of the Performance Evaluation):
 - Mr. Huss stated that he thought Mr. Davis has done very well, and that the only goal he was disappointed with was the *M/V Martha's Vineyard* mid-life refurbishment project. In this regard, Mr. Huss questioned whether the Authority did a good job of managing the project as it was happening and whether the Authority's on-site representatives were doing what they should have been doing. Mr. Huss observed that, based upon all of the problems with the vessel, this may have been where the Authority let down. But Mr. Huss noted that the buck stops with Mr. Davis and that, with all of the things that Mr. Davis was managing, the mid-life refurbishment was the Authority's most glaring problem.
 - Mr. Anthes-Washburn stated that Mr. Davis actually managed all of his goals and objectives very well this past year except for the *M/V Martha's Vineyard* mid-life refurbishment project, and that he felt the only reason something like this has not happened sooner, given the complexity of the Authority's projects, is the level of detail that Mr. Davis and his staff go through with respect to every project. Mr. Anthes-Washburn also noted that Mr. Davis has to deal with things, such as this perfect storm, as they happen; that the Authority has to be better communicating and telling the story with the Authority's own perspective; and that having the Communications Director explain things in a certain way can be very powerful. Mr. Anthes-Washburn observed

that communications is key not only when issues like the *M/V Martha's Vineyard* arise, but also when communicating about what the Authority is doing with respect to exploring the feasibility of a freight ferry service between New Bedford and Martha's Vineyard, and he stated that having a Communications Director on board will certainly help that.

- Mr. Shufelt stated that he suspected that the staff had placed too much of an emphasis on putting the *M/V Martha's Vineyard* back into service and that instead they should have really put it through its paces. Although Mr. Shufelt acknowledged that the Authority's vessels have to come back on line, he suggested that the Authority first give them more sea trials to make certain they are as close to 100% as possible, and that was the only thing about which he had a concern. Mr. Shufelt also recognized that the situation with the *M/V Martha's Vineyard* was not Mr. Davis's fault, but he observed that the responsibility for it rises to the top. Otherwise, Mr. Shefult said, he felt that Mr. Davis has done a fantastic job and he thinks highly of both Mr. Davis and his staff.
- Mr. Balco stated that he did not have much to add to what everyone already has said, although he observed that Mr. Davis's ability to come up with \$1,500,000 from the Cape Cod Regional Transit Authority was something that deserves note. Mr. Balco noted that it is always nice to come up with some money, especially with the flexibility with how it can be used.
- Mr. Rezendes similarly stated that the other Port Council members had said it all, that Mr. Davis's performance had been highly acceptable with respect to all of his goals, that Mr. Davis did far better than what an average person could do, and that he thinks very highly of Mr. Davis.
- Mr. Munier stated that, in his analysis, Mr. Davis's goals were generally met and resulted in a grade of 85%, not that the number means anything. Mr. Munier observed that the problems with the *M/V Martha's Vineyard* were obvious, but that he also had some concerns about the way the Authority awarded the contract for its new accounting system, which he felt had been presented to the Port Council in haste. Mr. Munier stated that he believed that something so important could have been handled in a better way. Mr. Munier also noted that the Authority's communication and perception problems were evident with the New Bedford freight study, as the manner in which that study unfolded made it appear that the Authority was being pushed into the process by external forces rather than driving the process strategically. Mr. Munier further stated that the Authority needs a strategic plan to look at the big picture and the broader range, such as how the Authority is going to be doing business five years from now. Mr. Munier observed that there is a perception that the Authority simply does more of the same and only reacts when something bad happens or it is not satisfied with the status quo. Mr. Munier again referred to the New Bedford freight study, where he noted that the Authority is actually helping to push the process. Ultimately, Mr. Munier said, Mr. Davis is doing a good job.

- Mr. Lowell stated that he had given Mr. Davis incredibly high scores and reminded the other Port Council members that Mr. Davis had become General Manager on July 1, 2017 after the unfortunate incident with the *M/V Iyanough* and that he has since dealt with hundreds of trip cancellations (and adding hundreds of trips to replace them), angry neighbors, noisy back-up alarms and a lot of turmoil, which he and the staff have been handling on a personal level even while all of the Authority's other projects were already underway. Mr. Lowell observed that a lot of stuff has happened, and stuff is going to get more complicated, but that things seem to be working out really well and that the staff knows what the problems are and are going to fix them. Mr. Lowell also noted that the Authority's experience with Senesco on a big project, which was different than an ordinary dry-docking, and that he thought the staff will use it as a learning experience. In this regard, Mr. Lowell stated that he is a firm believer in not meddling and the last thing he was going to do is tell the staff what to do. However, Mr. Lowell noted that the Port Council members and Authority Members all have a personal relationship with the staff and can call them on their cell phones at any time, which is a benefit the public doesn't realize. Mr. Lowell also declared that the way the staff handled the situation this winter when Hyannis Harbor was frozen was unbelievable, and that the Authority is lucky that it kept the *M/V Governor* to take care of emergencies.

The Port Council then evaluated Mr. Davis's performance with respect to his elements of management (Section 2 of the Performance Evaluation) and his management of the Authority's operations (Section 3 of the Performance Evaluation):

- Mr. Huss stated that the Port Council members had discussed how the biggest area where Mr. Davis could improve was with respect to the Authority's communications with the public, but that overall Mr. Davis has done exceptionally well.
- Mr. Anthes-Washburn agreed, observing that communications are obviously the key and that bringing a consultant on board will provide an opportunity to look at all aspects of the Authority's operations and take the consultant's recommendations. Mr. Anthes-Washburn stated that the Authority has to communicate the good stories and accept the feedback, and that he thought Mr. Davis was doing a great job.
- Mr. Shufelt stated that the Port Council's communications with the staff is 100%, and that there will always be a delay in letting people in the community know that something has happened, and that is something which Mr. Davis will always have a hard time controlling. Mr. Shufelt further stated that he thought Mr. Davis was doing a fantastic job and that he should keep it going.
- Mr. Balco stated that he did not have any comments with respect to Section 2 of the Performance Evaluation, and that he thought everything with respect to Section 3 went well except that there is a need to continue to pursue the expansion of top management and put more depth in the Authority's management team. Mr. Balco stated that this needs a little more effort, as the Authority's management needs more depth.

- Mr. Anthes-Washburn observed that the level of focus on every small thing that happens at the Authority, such as the *M/V Martha's Vineyard's* sprinkler system, is going to be huge, and that Mr. Davis will have to adapt to a different way of doing things. In this regard, Mr. Anthes-Washburn noted that every small thing will be picked part in a way that hasn't been done before.
- Mr. Rezendes stated that he thought Mr. Davis has done a good job overall considering everything that has happened.
- Mr. Munier also stated that he thought Mr. Davis has done a good job and has undergone a baptism by fire. In addition, Mr. Munier said, he fully supports the direction in which Mr. Davis is going, although he cannot disconnect the things that have occurred for which Mr. Davis has responsibility, as that is the job Mr. Davis has accepted and at some level the buck stops with him. But Mr. Munier also observed that everything about the Authority is complex and that Mr. Davis owns it as much as anyone can possibly own it. After Mr. Munier asked that Mr. Davis develop goals and objectives for the upcoming year that recognize the points which everyone has made today, he declared that Mr. Davis has all of the Port Council members' support.
- Mr. Lowell observed that the Authority is dealing with a social media nightmare that no one can imagine, that the Authority is being blamed for everything, and this is a world where people can say anything about anybody and it can be read anywhere. But Mr. Lowell declared that the Authority is moving in the right direction and that things have to be improved in areas where the Authority has not focused on before even though it will cost money because it will pay off. Mr. Lowell also noted that the Authority needs to respond to statements on social media because it can no longer just sit there and not say anything. In this regard, Mr. Lowell observed that the public is lucky to have an organization such as the Authority, where they can go to the person in charge and ask questions. Finally, Mr. Lowell declared that he appreciates everything Mr. Davis does.

Mr. Huss then summed up the comments of all of the Port Council members by saying that everyone believes Mr. Davis is doing a great job, and he thanked Mr. Davis for his work and for making it through the last couple of months. Mr. Huss also stated that he was very pleased that Mr. Davis was leading the Authority.

Mr. Davis then stated that he appreciated the Port Council members' comments, and that his performance has been possible only because of the dedication of the rest of the staff and all of the Authority's other employees, including the terminal employees who pitched in and made the best out of the situation this past spring and the vessel crews who came in on short notice. Mr. Davis observed that the Authority's ability to get through these past few months has been a testament to all of these individuals.

Mr. Davis also observed that an independent study can be a positive thing for the Authority by recommending best practices that the Authority can follow. For example, Mr. Davis said, it will be important to know how and what the Authority can do better with respect to

its oversight of major projects. Mr. Davis also stated that he has asked that, in the future, three days be built into the repair boat schedule for each vessel to have sea trials so that the Authority can work them out and make sure they don't have any issues before going back into service. Ultimately, Mr. Davis said, he hoped that the Authority will get to the point where he can see through the weeds of daily operational issues and begin some strategic planning with help from the staff, the Port Council and the Authority Members.

Then, at approximately 11:43 a.m., the Port Council unanimously **voted** to adjourn their meeting that day.

A TRUE RECORD

Eric W. Shufelt, Secretary

Documents and Exhibits Used at the Port Council's July 5, 2018 Meeting

1. Agenda for the Port Council's July 5, 2018 Meeting (posted June 29, 2018).
2. Minutes of the Port Council' June 6, 2018 Meeting in Public Session (draft).
3. Business Summary for the Month of May 2018 (draft).
4. Staff Summary – Preliminary Version of Proposed 2019 Summer and Fall Operating Schedules (draft).

MINUTES
OF THE
PORT COUNCIL
OF THE
WOODS HOLE, MARTHA'S VINEYARD
AND NANTUCKET STEAMSHIP AUTHORITY

August 15, 2018

Second Floor Meeting Room
Hyannis Terminal
141 School Street, Hyannis, Massachusetts

Port Council Members present: Chairman Robert V. Huss (Oak Bluffs); Vice Chairman Edward C. Anthes-Washburn (New Bedford) (who arrived during the discussion of the business summary); Secretary Eric W. Shufelt (Barnstable); Robert S. C. Munier (Falmouth); Nathaniel E. Lowell (Nantucket); and George J. Balco (Tisbury) (who participated telephonically).

Port Council Members absent: Frank J. Rezendes (Fairhaven).

Authority Members present: Robert R. Jones (Barnstable).

Authority Management present: Robert B. Davis (General Manager); Gerard J. Murphy (Treasurer/Comptroller); Gina L. Barboza (Reservations and Customer Relations Manager); Mark K. Rozum (Operations Manager); Carl R. Walker (Director of Engineering and Maintenance); William J. Cloutier (Woods Hole Terminal Reconstruction Project Manager); Phillip J. Parent (Director of Human Resources); Sean F. Driscoll (Communications Director); Terence G. Kenneally (General Counsel).

1. Mr. Huss called the meeting to order at 9:30 a.m.
2. Mr. Huss announced that he had been notified by Mr. Balco that he desired to participate remotely in this meeting because his geographic distance from Hyannis made his physical attendance today unreasonably difficult. Mr. Huss stated that he agreed with Mr. Balco and that, as the Port Council's chairman, he had determined that Mr. Balco's physical attendance was unreasonably difficult due to his geographic distance from Hyannis and

that, therefore, he may participate remotely in this meeting, which includes voting on all matters. Mr. Huss noted that Mr. Balco would be doing so by conference call, and that he would be clearly audible to the other Port Council members and each of the other members would be clearly audible to him. Finally, Mr. Huss announced that, due to Mr. Balco's remote participation in this meeting, all votes taken by the Port Council today would be by roll call vote.

3. Mr. Driscoll announced that he was making an audio recording of today's meeting.
4. The Port Council then **voted** unanimously to approve the minutes of their meeting in public session on July 5, 2018.
5. Mr. Murphy then reviewed with the Port Council the draft of the Authority's Business Summary for the month of June 2018. With respect to the format for the Business Summary, Mr. Murphy noted that, in response to a request from Authority Member Moira Tierney, the format had been adjusted to include both a month-to-month comparison to the prior year and a year-to-date comparison for the prior year as well, both in absolute and percentage change terms. Mr. Davis stated that the format would likely be altered again, as it made sense to show year-over-year comparisons for traffic figures but that expenses and revenues can vary drastically from year to year, and that it was more important to show how the Authority was proceeding versus its budget, not compared to the prior year.

Mr. Murphy noted that the cash balances on the business summary were looking tight, but that the Authority had sold bonds on Monday, Aug. 13, 2018, that netted just under \$16,000,000 in principal and another \$2,000,000 in premium for a net proceed of roughly \$18,000,000. Morgan Stanley was the winning bidder and the sale is expected to close Aug. 28, 2018, and the funds should be received that day. In response to a question from Mr. Huss, Mr. Murphy said the true interest cost for the sale was 2.18%.

In response to a question from Mr. Munier about the Authority's status through July, Mr. Murphy noted that the financial staff was in the process of closing the books on the month of July, but the fact that traffic was down for the month did not make him feel confident that the Authority could chip away at the negative variance to date. Mr. Davis concurred, and noted that, although the business summary showed passenger traffic was up on the Nantucket route, that was due to the M/V Iyanough being out of service for part of the month in 2017. The budgeted traffic figures were based on 2016, and by that measure the Authority is behind between 5,000 and 6,000 passengers for the month. Mr. Davis further noted that standard-fare automobile traffic on the Nantucket route was down 700 cars for the month of July, while truck reservations were up. While July does not look to be a bad month, Mr. Davis said it would not be a month in which the Authority could make up its negative variance and that the Authority would not break even for the year in July as it has in years past.

6. Mr. Davis provided an update on the Woods Hole terminal reconstruction project, noting that it had been just over a year since the Port Council heard a presentation on the terminal building's design. Since then, the Authority's staff has been investigating concerns and questions with the project, including if the Authority could extend the life of the temporary building, giving staff more time to evaluate the traffic flow at the new terminal's site before constructing the permanent building. However, the state building inspector indicated he would not support extending the variance on the temporary building beyond its initial timeframe. Mr. Cloutier observed that the building does not have the necessary protections against storms, including being six (6) feet below the flood plain and having no impact-resistant glass. Mr. Davis further noted that keeping the temporary building operational past its expected life span would complicate future site work.

Mr. Davis also provided an update on the temporary tents covering the passenger queuing areas at the Woods Hole terminal property, which were added in response to a lack of shelter for passengers at the temporary building. The tents must come down by the end of October, as they are only allowed to be up for 180 days, so BIA.studio was tasked with developing a structure that could stand year-round for two to three years. Lian Davis of BIA.studio then presented the design to the Port Council members, noting that the tents would cover roughly the same footprint as the two temporary structures now in place, which each measure 20 feet by 40 feet, although instead of two tents it would be one structure. The proposed tent is in an "L" shape with a pitched roof, covered in waterproof fabric and framed with galvanized steel to withstand the elements. In response to a question from Mr. Huss, Mr. Davis said the project is now out to bid and that proposals are due August 24, and that staff will be asking the Authority's Board for approval of the winning bid at its August 28 meeting. Mr. Cloutier noted that construction of the new tents would commence after Columbus Day and should take about two weeks to complete.

7. Chris Iwerks of BIA.studio then presented an update on the Woods Hole ferry terminal building's design. Mr. Iwerks noted that design alternatives were last presented to the Port Council in June 2017. BIA.studio was then to meet with the Falmouth Historic Districts Commission to review the plans, but the meeting was postponed and, as of now, has not been rescheduled. Further conversations with the Authority's staff have led to more revisions to the plans as last presented to the Port Council. The changes largely consist of extending the pergola around the north and south sides of the building and partially enclosing it with glass to provide more shelter for customers waiting to board a ferry. The designs also now incorporate seasonal shading on the plaza via four (4) 16-foot-by-16-foot umbrellas, which are designed to meet the wind load requirements. The umbrellas will have gutters connecting them to provide continuous covering in case of inclement weather and the bases will be in-ground mounts that are stainless steel and flush with the ground.

Other updates provided by Mr. Iwerks and Mr. (Lian) Davis included:

- The "enabling phase" of the terminal building's construction will be concurrent with Phase 4 of the overall terminal plan and will largely consist of site work in advance of the building's construction.

- The plaza will be at Elevation 10.5, roughly six (6) feet higher than the current site, and the base of the building itself will be at roughly Elevation 13.
- The bike path from the Shining Sea Bikeway will be rebuilt to run along the northern edge of the terminal property and will terminate in a bike parking area.
- The internal layout and the building's overall design remain largely unchanged with the exception of the extension of the pergola around the north and south sides.
- The glass in the building and the wood molding system will be hurricane impact-rated. The building will also include a system around the perimeter of the building to withstand a flood via a deployable aluminum wall that can be installed before flooding occurs.
- The mixture of materials used in the building, including the stone exterior and standing-seam zinc for the roof, have been selected to withstand the elements.

Mr. Davis noted that the plans would further be presented to the Authority's Board, to the public at a community meeting and to the Historic Districts Commission for their input.

8. Mr. Davis informed the Port Council that Mr. Cloutier and Jay Cashman Inc. had their first meeting on Wednesday, August 14, 2018, to prepare for the new terminal's fall construction season, which will begin shortly after Labor Day. One issue that is being addressed is the 80-foot length of the pipe pile specified in the contract was calculated incorrectly. Mr. Davis noted that 2,000 feet of additional pipe pile needs to be purchased and the pipe pile the Authority already has needs to be cut, extended and rewelded. In response to a question from Mr. Huss, Mr. Cloutier noted that the lengths that were initially specified were proven inaccurate only after further testing determined the need for longer piping due to the soil conditions at the site. Mr. Cloutier and Mr. Davis said the pipes will need to be lengthened between 10 and 50 feet depending on the location of the pipe pile. Mr. Cloutier also said the pipes would be welded off-site and barged to the site in order to minimize the amount of work that had to be done in the field.

In response to a question from Mr. Jones, Mr. Cloutier said this season's pipe piles were made in the United States and next year's product is being made in China. Despite concerns over the current political situation regarding tariffs against Chinese products, Mr. Cloutier said the contract for the pipe piles should be honored.

Mr. Cloutier also discussed the four new transfer bridges that have been ordered, including one spare, for the terminal reconstruction project. Mr. Davis noted the spare bridge will allow for repairs to be made by switching out a transfer bridge to minimize operational disruption at any of the Authority's terminals as they will now be similar designs.

9. Mr. Davis provided an update on the mid-life refurbishment of the *M/V Martha's Vineyard*, stating that Senesco has resolved, for the most part, the HVAC issues that had been present earlier in the season. There are some remaining punch-list items and Senesco has done water tests on the doors to formulate a plan to address the water infiltration through the

doors. Authority personnel are meeting with Senesco on remaining issues on the change orders on the project.

Mr. Walker stated that, since the project remains in its warranty phase, the Authority needs to let the vendor attempt to repair the problems with the doors not being watertight. After the repairs are made, the Authority will perform its own water testing and, if the doors do not perform adequately, it will require the doors be replaced.

10. Mr. Davis then provided an update on the comprehensive review of the Authority's operations. HMS Consulting, Rigor Analytics and Glosten Associates were on site at the Authority during the week of July 23 and Mr. Davis visited Seattle last week to meet with HMS Consulting since he was unable to be present during their initial site visit. Rigor Analytics is returning to the Authority on Friday, August 17 to continue their questioning relative to the communications and information technology pieces of the review. Following that, the consultants should be working on their draft of a "root cause analysis." From there, Mr. Davis said, they will assemble their findings and recommendations. The goal for the consultants is, within the next two weeks, to wrap up the discovery and data collection phase of the project and begin writing their report.

In response to a question from Mr. Munier, Mr. Davis said the report should be issued during the latter part of October, which is problematic because the Authority will be presenting its 2019 budget at the September meetings of the Port Council and Board and seeking the budget's approval in October. Mr. Davis said he is not trying to influence the findings of the report, but he has told the consultants that, due to the anticipated timing of the report's issuance, it would be helpful to know ahead of time if anything would come from the study that the Authority would like to incorporate into the budget. Mr. Davis said the consultants and the Authority were trying to determine what they could do in that regard. Mr. Davis also said there was a question whether the consultants would come to a constituent community to present their findings at a public meeting, and if said public meeting would become a separate meeting or fall within the auspices of the Board's regular monthly meeting.

11. Mr. Murphy provided the council with an update on the performance of the Authority's fuel oil price hedging program, which he described as an "insurance policy" to prevent the Authority from getting affected by spikes in fuel oil prices. In response to a question from Mr. Balco, Mr. Murphy characterized the program as a success, especially this year as the price of fuel oil has increased. Mr. Davis concurred with Mr. Murphy's assessment, adding that the program adds certainty to the budget process and caps what the Authority's exposure is to fuel price fluctuations.
12. Mr. Davis then reported that the staff planned to ask the Authority's Board for approval to reinstate the 10-ride "FerryPass Cards" at the previously approved rates with the inclusion of the passenger embarkation fee of fifty cents (\$0.50) per passenger ticket, which is the

equivalent of five dollars (\$5.00) per each card purchase or minimum card reload. Mr. Davis noted that the “FerryPass Cards” were originally eliminated to bring the Authority into further compliance with the Passenger Embarkation Fee Statute. In its place, the Authority introduced the “Lifeline Card,” a single-use refillable card that allowed certain passengers to be exempt from applicable embarkation fees. Since then, however, the Authority has received numerous comments from customers who prefer the convenience of one card as opposed to multiple cards for a couple or a family. Therefore, staff wishes to reinstate the sale of the “FerryPass Cards” at the same discounted rate as was earlier offered but with the fifty cent (\$0.50) embarkation fee added. The “FerryPass Cards” would only be sold on-island so as to avoid the cards being sold to a group of travelers making a one-time trip to one of the islands rather than being sold for its intended purpose, to commuters or frequent travelers. After their initial purchase, the cards could be reloaded at any of the Authority’s terminals.

In response to a question from Mr. Lowell, Mr. Davis said the return of the “FerryPass Cards” would not affect ticket books sold for the *M/V Iyanough*, which are covered under a separate program.

Upon a motion by Mr. Lowell and a second by Mr. Anthes-Washburn, the Port Council unanimously **voted** via roll-call vote to recommend to the Authority’s Board that 10-ride “FerryPass Cards” be reinstated at the previously approved rates with the inclusion of the passenger embarkation fee of fifty cents (\$0.50) per passenger ticket.

13. Mr. Lowell left the meeting at 10:44 a.m. to keep a previously scheduled appointment.
14. Mr. Davis then presented the Port Council with a report showing the vehicle occupancy rates by month and a second report showing vehicle occupancy by day for the months of September 2017 and October 2017. In response to a request from Mr. Lowell at a previous meeting to reexamine when the Authority began to offer its fall excursion rates for vehicles traveling off Nantucket, Mr. Davis noted on the daily occupancy report that off-island vehicular traffic in September 2017 was at 97.1% capacity, so moving the rate change closer to Labor Day would offer residents false hope of availability as the boats remain quite busy through the month. Similarly, traffic off Martha’s Vineyard for the month of September 2017 was quite busy, with vehicular space heading off-island hitting 89.4% and the first ten (10) days of the month being above 90% occupancy as well.
15. Mr. Davis then presented the Port Council with his draft list of ten (10) goals for 2019. Mr. Munier noted that, in respect to item No. 2 (“Oversee the development and implementation of an Operations and Communications Center at the Administrative Offices on Palmer Ave.”), he believed a larger focus on communications is important to the success of Mr. Davis and the Authority. With the addition of the communications director position, Mr. Munier said he thought Mr. Davis’ goals should more explicitly include overall improvement of communications. Mr. Davis responded that the implementation of the

communications and operations center would go a long way toward that improvement, especially as the center would be able to provide quicker updates as to the trip statuses and buses, but he would connect that goal more explicitly to an overall focus on communications.

Regarding goal No. 1 (“Evaluate and, as appropriate, incorporate findings of the independent review being conducted by HMS Consulting & Technical, LLC to improve operations”), Mr. Munier also stated that more specific goals could be necessary for Mr. Davis following the issuance of that report. He asked if there was some sort of mechanism by which Mr. Davis could add goals to his 2019 plan at that point. In response, Mr. Huss said the Port Council and the Board could vote to add or refine a goal at any time.

Mr. Munier further stated that an overriding theme of all of Mr. Davis’ goals should be to regain the trust of the customers given the service disruptions experienced in 2018, noting that it doesn’t take long to hurt an institution’s reputation, but it takes longer to regain it. Mr. Huss said the Vineyard residents’ biggest complaints have focused on communications and that they felt they were not being told if boats were running on time and did not know what was happening with service. Mr. Huss further noted that the Authority was not promptly responding to the negative media attention and that improving communications is very important.

Mr. Anthes-Washburn said promoting “good stories” about the Authority would also help with its community perception. He cited working with Peter Pan Bus Lines to improve communications regarding the arrival of the last bus to Woods Hole each night as a story that would help in that regard. Mr. Davis noted that keeping the Authority to its standard of offering reliable, dependable service would also help improve public perception.

Mr. Huss noted that truckers were a constituency that wanted to find out as early as possible if their scheduled boat was sailing or not, noting that, like calling off school in cases of inclement weather, everyone wants to know as early as possible. Mr. Shufelt noted that using social media would help in that regard. Mr. Davis said Mr. Driscoll is working on a strategy for the Authority’s social media presence and part of that planning was developing a matrix for the communications and operations center to determine what kind of messages needed to be sent at what times. Mr. Davis said Mr. Rozum will also be involved in planning the communications and operations center and that, eventually, staff hoped the center would be able to handle maintenance issues and help staff respond quickly and accurately to make sure the Authority was on top of its operations.

Mr. Munier also noted that he believed long-range planning should be part of Mr. Davis’ goals and responsibilities. He said the Authority does it now on an *ad hoc* basis and noted that, if the Authority does not engage in long-range planning, its constituent groups would do it. Mr. Munier said he believed the Authority should have an ongoing process of looking into the future and it should be done collaboratively. Mr. Anthes-Washburn noted that the

New Bedford Port Authority¹ recently did a five-year strategic plan and that it did not go out for bid on the project, but did it internally and then presented the plan to the public.

16. At approximately 10:59 a.m., Mr. Balco stated he was ending his telephonic participation in the meeting.
17. Mr. Davis said he would refine goal No. 2 to include a broader need to improve communications, both internally and externally. Upon a motion by Mr. Anthes-Washburn and a second by Mr. Munier, the board then **voted** 4-0 to approve Mr. Davis' draft goals, contingent upon the revision of goal No. 2 as described.
18. Regarding long-range planning, Mr. Jones noted that the Town of Barnstable has a 10-year long-range plan but, realistically, only the first five years of the plan are effective. Mr. Jones said the Authority is in the middle of its five- and 10-year plans via purchasing new vessels, the Woods Hole terminal reconstruction project, buying a new parking lot on Thomas B. Landers Road and improvements to terminals on Nantucket and Martha's Vineyard. In response, Mr. Huss noted that the Authority has a long-range plan, but it is not written down, and Mr. Anthes-Washburn said articulating the plan was the most important part.

Then, at approximately 11:09 a.m., the Port Council unanimously **voted** to adjourn their meeting that day.

A TRUE RECORD

Eric W. Shufelt, Secretary

¹ Reporter's note: Mr. Anthes-Washburn serves as the director of the New Bedford Port Authority.

Documents and Exhibits Used at the Port Council's Aug. 15, 2018 Meeting

1. Agenda for the Port Council's August 15, 2018 Meeting (posted August 9, 2018).
2. Minutes of the Port Council' July 5, 2018 Meeting in Public Session (draft).
3. Business Summary for the Month of June 2018 (draft).
4. Presentation by BIA.Studio on the Woods Hole Ferry Terminal Design.
5. Report on the results of SSA's fuel oil price hedging program.
6. Staff Summary – Approval of the Reinstatement of the 10-ride “FerryPass Cards” with Embarkation Fees.
7. Report on SSA's vehicle occupancy percentage by month.
8. Proposed general manager's goals for the year July 1, 2018, through June 30, 2019 (draft).

MINUTES
OF THE
PORT COUNCIL
OF THE
WOODS HOLE, MARTHA'S VINEYARD
AND NANTUCKET STEAMSHIP AUTHORITY

September 12, 2018

First-Floor Meeting Room
The Authority's Administrative Offices
228 Palmer Avenue, Falmouth, Massachusetts

Port Council Members present: Chairman Robert V. Huss (Oak Bluffs); Vice Chairman Edward C. Anthes-Washburn (New Bedford); Secretary Eric W. Shufelt (Barnstable); Nathaniel E. Lowell (Nantucket); Robert S. C. Munier (Falmouth); Frank J. Rezendes (Fairhaven); and George J. Balco (Tisbury).

Authority Management present: Robert B. Davis (General Manager); Gerard J. Murphy (Treasurer/Comptroller); Terence G. Kenneally (General Counsel); Gina L. Barboza (Reservations and Customer Relations Manager); Mary T.H. Claffey (Director of Information Technologies); William J. Cloutier (Woods Hole Terminal Reconstruction Project Manager); Sean F. Driscoll (Communications Director); Kimberlee McHugh (Director of Marketing); Mark K. Rozum (Operations Manager); and Carl R. Walker (Director of Engineering and Maintenance).

1. Mr. Huss called the meeting to order at 10 a.m.
2. Mr. Huss announced that Mr. Driscoll was making an audio recording of today's meeting.
3. The Port Council then **voted** unanimously to approve the minutes of their meeting in public session on August 15, 2018 (Mr. Rezendes abstained from the vote).
4. Mr. Murphy then reviewed with the Port Council the draft of the Authority's Business Summary for the month of July 2018, noting that the summary had been revised slightly

after it was sent to the Council in its packet. Overall, July passenger traffic was up 2.1%, with the Vineyard route down 2.2% and the Nantucket route up 21.9%. Automobile traffic was up 0.4%, with the Vineyard up 2.0% and Nantucket down 7.9%. Truck traffic was up 3.9%, with the Vineyard route up 4.8% and the Nantucket route up 1.5%. Mr. Murphy noted that, while all categories were down year-to-date, the comparisons are against 2017, which was a historically high number. Passenger traffic was down 0.9%, automobiles carried year-to-date were down 2.5%, trucks were down 0.9% and cars parked were relatively flat (down 27 cars).

Mr. Murphy said net operating income for July was \$6,358,000, \$1,465,000 lower than assumed in the budget. Operating expenses were up about \$1,003,000 versus budget for July, with the largest increase in maintenance expenses, which were up \$881,000 due to a timing issue with the dry dock for the *M/V Katama*, a project that was budgeted for June but reported in July. On a year-to-date basis, the Authority has generated a net operating loss of \$3,034,000, which is \$3,940,000 above what was budgeted. On a year-to-date basis, total income is down \$1,310,000, while total expenses are up \$2,631,000.

5. Mr. Davis then informed the Council that, while passenger traffic was down on both routes, through August 2018, the Vineyard route had the third-highest historical amount of passenger traffic for the summer, just slightly below the three-year average but above the five-, ten-, twenty- and twenty-five-year averages. On Nantucket, passenger traffic was the fifth-highest historical amount year-to-date through the end of August, below the three- and five-year averages but above the ten-, twenty- and twenty-five-year averages. While the Authority had operational issues in March and April, overall since then on the Vineyard route, individual monthly totals for May, June, July and August were the second, second, third and third-highest, respectively, over the last twenty-six (26) years. On the Nantucket route, the same months were second, third, fourth and fifth-highest, respectively. Therefore, Mr. Davis noted, from a passenger standpoint, the Authority has clearly rebounded from its rough spring.

Mr. Balco noted that the Authority may have a dip in passengers for the next several years as, in his opinion, the country is nearing the end of a period of economic expansion.

6. Mr. Munier asked Mr. Murphy about the 84.7% increase in fast-ferry traffic in July, and Mr. Lowell and Mr. Murphy both replied it was due to the *M/V Iyanough* being in service for only part of the month in 2017. Mr. Munier further inquired as to the financial losses the Authority is realizing and if they can be attributed to the difficulties in the first and second quarters and how much of the loss is structural versus the circumstances. Mr. Davis responded that, from a revenue standpoint, the Authority is roughly \$1,300,000 behind in operating revenues. Some of that is attributed to the earlier incidents in the spring, but it can also be attributed to the July forecasted budget, which assumed that the Nantucket route would rebound to 2016 levels, which did not happen. Mr. Davis noted this is the first year for both the Authority and Hy-Line Cruises at their respective service models on the Nantucket fast ferry routes.

On the expense side, Mr. Davis said some of the overages could be attributed to the difficulties in March and April, including costs for additional crewing and chartering the Seastreak ferry, while a good portion of the increase comes from increased maintenance expenses stemming from steel work when various vessels were in dry dock this year. The Authority also hoped to get projects at the Vineyard Haven and Oak Bluffs terminals done in 2017 that ended up hitting the 2018 budget.

7. Mr. Davis provided an update on the independent review of SSA's operations. Representatives from HMS Consulting and Technical, Glostun Associated and Rigor Analytics had previously been on site and, in the past week, a video conference call was held to discuss some technical aspects of the consultants' study and for staff to make sure the consultants had accurate information. The consultants are still going through their "root cause analysis" and have made various data requests. A second video conference call is planned for communications and information technology issues; no timeline has been set for the call. The incidents that the consultants are focusing on are the grounding of the *M/V Woods Hole* in March, the failed generator on the *M/V Martha's Vineyard* in March, the May 5, 2018 incident with the *M/V Martha's Vineyard* in which the vessel lost power and the delay in the *M/V Island Home* coming back into service from its repair period. Mr. Davis said he does not have a firm timeline for the conclusion of the root cause analysis or the study itself.
8. Mr. Davis provided an update on the Woods Hole Terminal Reconstruction Project, noting that Jay Cashman Inc. began to mobilize at the site this week and Lawrence Lynch Corp. has started to remove the covering from the debris pile. The arrival of barges at the site has been delayed due to weather. Mr. Cloutier noted that the barges are coming from New York and it looks like it will be a week before the wharf excavation can begin. When the work does begin, Jay Cashman will start excavating and removing the remaining soils to the depth of the new Slip No. 3 while, at the same time, a crane on-land will start the new sheet piling for the pier. Mr. Cloutier noted it was an aggressively scheduled season, so as soon as the equipment arrives the work will start.

In response to a question from Mr. Huss about the soils being removed, Mr. Cloutier noted there are no reportable problems with the soil, but it has been categorized as an industrial soil and it does have a smell, although it disappears after the soil is aerated. The soils will be able to be reused at the terminal location, however.

Mr. Davis said one of the temporary passenger tents has already been removed to allow for truck movements in the area. Later in October, the remaining temporary tents will be removed and the footing will be installed for the temporary/permanent tents that will be erected in the area. Mr. Davis further noted that, so far, the Authority has sent twenty-five (25) community emails on the project and that vibration monitoring will be implemented once the pile driving begins at the site.

Mr. Munier asked how the work would adapt to delays in weather, and Mr. Davis responded that there is a threshold of how long Jay Cashman can work at the site. That deadline did get extended in the spring due to some issues with fenders in Slips 1 and 2, but it is early enough in this phase of the project that hopefully the initial delay will not be disruptive. Until the barges arrive, Jay Cashman is working on-site to remove the soils they can reach and other parts of the project remain ongoing.

Mr. Shufelt asked if all the permitting for the project had been secured, and Mr. Davis said the entirety of the permitting fell under the Chapter 91 waterways license granted by the Massachusetts Department of Environmental Protection. The Authority has been notifying local agencies as it moves along with the project; it met with the Falmouth Conservation Commission this summer and issued a notice to local water quality authorities that the dredging was to begin.

9. Mr. Davis presented the Summer and Fall Operating Schedules, which run from May 15, 2019, to January 3, 2020. The schedules start four (4) days later and end one (1) day later than 2018 for both the Martha's Vineyard and Nantucket routes. The schedules are essentially the same as what the Authority had for 2018, with the exception of some of the vessel assignments.

For the proposed summer and fall schedules for Nantucket, those are the same as 2018 with the exception of an additional third trip with a freight boat Monday through Friday from May 15th to June 19th, with an option for a third freight boat from September 9th to October 23rd.

On the proposed Martha's Vineyard early summer schedules, the *M/V Governor*, *M/V Island Home*, *M/V Martha's Vineyard*, and *M/V Woods Hole* will be triple-crewed, with some substitutions by the *M/V Nantucket* during "spruce up" periods for some vessels. On the Nantucket route, the *M/V Eagle*, *M/V Gay Head* and *M/V Sankaty* will operate on the early summer schedule, again with the *M/V Nantucket* substituting during spruce up periods.

On the summer schedules, the Vineyard route will include the *M/V Island Home*, *M/V Martha's Vineyard*, *M/V Governor* and *M/V Nantucket*, all triple-crewed, and the *M/V Sankaty* will be single-crewed. On the Nantucket route, the *M/V Eagle* and *M/V Woods Hole* will be triple-crewed, as will the *M/V Gay Head*, although the *M/V Katama* will substitute for the vessel when it is in repair.

On the proposed late summer schedules, which start one day later and end one day later than in 2018, the Vineyard route will see no changes in operating schedules or vessel assignments, while on the Nantucket route the only change is the optional third trip for the *M/V Gay Head*.

The fall schedules, which start one day later and end one day later than in 2018, would see no changes to the trip times, quantity or crewing on both routes. On the Martha's Vineyard route, the *M/V Martha's Vineyard*, *M/V Island Home* and *M/V Woods Hole* would be triple-crewed, with the *M/V Nantucket* operating in place of the *M/V Martha's Vineyard* during its repair period and the *M/V Katama* operating in place of the *M/V Woods Hole* when that vessel switches to the Nantucket run.

The high-speed schedule will start one day later and end one day later but, otherwise, it will have no changes in trip times, quantity of available trips or vessel crewing.

Mr. Davis noted that the proposed schedules were brought to the Port Council and Authority board in August, then advertised in the *Cape Cod Times*, *New Bedford Standard-Times*, the *Inquirer and Mirror*, the *Martha's Vineyard Times* and the *Vineyard Gazette*.

In response to a question from Mr. Munier, Mr. Davis said the Authority staff had a learning curve with the 5:30 a.m. boat departing Woods Hole because the trip now carried smaller box trucks only. Mr. Davis said the terminal crews are now accustomed to the earlier departure, and the prohibition on larger trucks serves to ship the multi-stop food trucks to the island earlier. Mr. Davis said the Authority needs to continue to run the 5:30 a.m. trip based on slip availability and the need to ship vehicles off the island in the early morning.

Mr. Davis further noted that the 5:30 departure vessels have been full, although the *M/V Governor* is a difficult boat to determine the capacity of because, with all cars, it can carry 47 or 48 vehicles, but the average truck load is 39 or 40. Between the *M/V Governor's* draft and trying to balance the load, the capacity of the vessel becomes problematic.

Mr. Munier further inquired as to the noise mitigation issues with the neighbors in Woods Hole. Mr. Davis replied that there were three or four occasions that a truck, which wasn't scheduled for the 5:30 departure, arrived at the terminal early. Freight shippers have been reminded of the Authority's policy on arrival times, and the issue seems to have been limited to incidents earlier in the season. Mr. Davis asked Mr. Nathaniel Trumbull, who was in the audience, if any trucks had arrived early recently, and Mr. Trumbull said the larger issue of truck noise remains. He did not find the response this year to be acceptable and he and other neighbors continue to look for solutions.

Upon a motion by Mr. Lowell and a second by Mr. Shufelt, the Port Council then **voted** unanimously to recommend to the Authority's Board that it approve the proposed Summer and Fall 2019 Operating Schedules as presented.

10. Mr. Davis then informed the Port Council that, following the Council's vote of August 15, 2018, to recommend approval of the staff's proposal to reinstate the 10-ride Ferry Pass Cards at the previously approved rates with the inclusion of the embarkation fee of fifty

cents (\$0.50) per ticket, or five dollars (\$5.00) per ticket sold or minimum reload, the Authority Board had concerns about the proposal, specifically the plan to limit the initial sale of the cards to island-based terminals. While the staff's rationale was to limit the use of the card to frequent travelers and not the one-time customer, the Members asked the staff to reexamine that requirement in light of the concerns of the Falmouth and Barnstable members.

Since the radio frequency identification (RFID) cards were introduced, staff now has data on how often the Ferry Pass Cards were used for multiple passengers on the same trip. On the Vineyard route, 9% of transactions were for four (4) or more passengers per trip, while on the Nantucket route, 32% of transactions were for four (4) or more passengers per trip, and 25% of transactions were for five (5) or more passengers per trip. When the discount is taken into account, the financial exposure to the Authority for transactions accounting for four or more passengers per trips totaled about \$25,000 from July 26, 2017, to August 28, 2018. Mr. Davis noted that staff felt the convenience to customers was of more value than the financial implications, so the request to the Board will be to reinstate the cards with sales at any terminal.

Upon a motion by Mr. Balco and a second by Mr. Lowell, the Port Council then **voted** unanimously to recommend to the Authority's Board that 10-ride Ferry Pass Cards be reinstated at the previously approved rates with the inclusion of the passenger embarkation fee of fifty cents (\$0.50) per passenger ticket.

11. Mr. Davis then reported that the staff planned to ask the Authority's Board to change the existing guidelines for the reduced auto excursion rate (which is 50% off the excursion rate) for island residents who require frequent medical treatments on the mainland. The threshold for the reduced rate had been ten (10) medical appointments within a three-month period, following discussions with an organization on the Vineyard that was seeking free passage for these instances, staff began to examine if the 10 trip policy was too burdensome.

In 2017, 59 families traveled a total of 785 times using the Medical Rate Program. Through August 22, 2018, 34 families have traveled 480 times. All of the participants in those years have been on the Vineyard route; no passengers have taken advantage of the rate on the Nantucket route, most likely because Nantucket has a fund set up for people who have frequent medical treatments and the related travel is being handled in that manner.

Management is proposing to lower the quantity of appointments needed to qualify for the Medical Rate Program from ten (10) to five (5), and that any follow-up appointments within a 12-month window would also qualify.

Mr. Shufelt noted paragraph 4.7.5 of the policy allowed the reservation managers and supervisors to use their discretion to make other special travel arrangement for medical needs and asked how closely the supporting documentation from the doctor or medical

office was scrutinized. Ms. Barboza said the information is sent to her office from a physician's office with the starting and ending dates for the treatment. The information usually comes in a timely manner and, if there was an immediate need, she would refund a passenger's money if the documentation came after the fact.

In response to a question from Mr. Lowell, Mr. Davis said the staff did not know the financial impact of reducing the threshold from ten to five appointments since the Authority was not tracking the customers who didn't qualify for the program. Staff will monitor the program's usage under the five-appointment threshold and see if it needs to be examined further.

Mr. Anthes-Washburn noted this was a good opportunity to get a positive story out about the Authority, and Mr. Balco asked that the change be communicated to the hospitals and senior centers as well as newspapers.

Upon a motion by Mr. Balco and a second by Mr. Anthes-Washburn, the Port Council then **voted** unanimously to recommend to the Authority's Board that changes be made to the existing guidelines for the reduced auto excursion rate for island residents who require frequent medical treatments on the mainland.

12. Mr. Davis then provided the Port Council with an update on the Operations and Communications Center. Mr. Davis, Mr. Rozum and Mr. Driscoll have been meeting to develop a staffing plan for the center, including using the current Fleet Operations personnel in the Center, as that office is currently staffed seven (7) days a week. Mr. Rozum noted the Center will be open during the hours the Authority's vessels will be operating and will take on several tasks now assigned to ticket sellers and other front-line personnel, such as issuing notifications on delays and cancellations, which should speed that process. Mr. Driscoll further noted that the staff would be responsible for monitoring the Authority's social media channels and, in certain cases, responding to customer comments.

Mr. Balco noted that the Authority was announcing delays of as few as five (5) minutes and that, if the airlines followed that practice, none of their flights would be listed as on time. He said the threshold was overkill and that a minimum 10-minute delay was sufficient. In response to Mr. Balco's concern, Mr. Davis stated that monitoring the five (5) minute delay is important for the Authority's coordinating with Peter Pan Bus Lines' arrivals and departures in Woods Hole.

Mr. Davis said the Operations and Communications Center would also work to coordinate the Peter Pan Bus Lines schedules with the Authority's departures and make sure the last ferry to the Vineyard waits five or ten minutes before leaving if the bus is nearby. To that point, Mr. Davis noted that the Authority is still trying to get access to Peter Pan's internal GPS system to more accurately track inbound buses and staff will continue to overcome the hurdles to getting that accomplished.

Mr. Anthes-Washburn said the Center sounded great, and Mr. Huss asked when it would be operational. Mr. Davis said it would be up and running by the end of the year and would be located somewhere in the Authority's Administrative Offices. After touring similar centers operated by the Massachusetts Emergency Management Agency and Massachusetts Department of Transportation, Mr. Davis said some of their practices could also be incorporated into the Authority's Center.

Referring to Mr. Balco's comments on reporting the five-minute delay versus the 10-minute delay, Mr. Lowell said for truck drivers, arriving at a destination is pretty hard to do with that amount of specificity. The same problem applies to Peter Pan bus drivers, who may not always be familiar with the route to the Woods Hole terminal.

Mr. Huss stated that the new Peter Pan ticketing policy is problematic for islanders. Mr. Davis confirmed that the new Peter Pan policy of requiring a reservation on buses leaving the Woods Hole terminal had slowed the transaction times down due to the additional keystrokes and extra time spent with each customer. Customers do not always know when they are coming back, which adds to the delays at the ticket windows, and Mr. Davis said hopefully the Authority can improve on that process as well.

13. Mr. Murphy presented the preliminary draft of the staff's proposed 2019 Operating Budget for the Board's review and comments. The 2019 Budget includes expenses of \$105,367,243, an increase of \$4,539,604, or 4.5%, over 2018. The largest increases came in payroll (up \$1,158,000), which is a combination of bargained wage increases, service changes and the Operations and Communications Center. Healthcare costs were up \$515,000, or 6.1%, but Mr. Murphy noted the increase was less than the budgeted increase last year. The largest increase is in vessel fuel oil, which is budgeted at \$2,018,000 more than this year, or 31.5% higher. Today, crude oil is at roughly \$70 a barrel, and in 2019 staff is expecting a range of between \$61.75 and \$64.50 a barrel. In comparison, as the staff was building the 2018 Budget last year, they expected a range of between \$49 to \$51 a barrel. The 2019 expected fuel oil prices translate to a range of between \$2.52 and \$2.63 a gallon, with the average expected to be \$2.55 a gallon.

In response to a question from Mr. Balco, Mr. Murphy noted the fuel oil cap price for 2019 is slightly higher than expected, as are the hedge prices. The Authority is facing just under \$200,000 in unhedged exposure, and Mr. Murphy noted the 2019 Budget does not represent the capped price.

Mr. Murphy further noted that maintenance expenses were expected to increase by \$697,000, or 3.9%, with five (5) vessel dry-docks planned for the year, one fewer than in 2018. Vessel overhaul, engine repair and parts expenses are expected to increase \$1,223,000, with one engine on the *M/V Island Home* and two on the *M/V Iyanough* scheduled for overhaul. Terminal repairs are expected to increase by \$656,000 and dolphin and dock repairs are expected to decrease \$294,000.

On the revenue side, budgeted revenues prior to any rate adjustments are \$105,000,000, up 1.4%. To calculate that projection, Mr. Murphy noted there were certain instances where,

in reviewing the most recent 12-month period, staff looked at the three-year average to smooth out one-time irregularities. Automobile revenue is expected to decrease by \$42,000, or 0.1%; freight revenue is expected to increase by approximately \$506,000, or 1.8%; passenger revenue is expected to increase by \$466,000, or 1.4%; and parking revenue is expected to increase by \$219,000, or 3%.

The budget, without any rate adjustments, is projected to generate a net operating income of \$141,000, or 0.1% of the Authority's projected operating revenue.

The estimated revenues and other incomes are split 55.6% from the Martha's Vineyard route and 44.4% from the Nantucket route. Expenses are split 57.7% from the Martha's Vineyard route and 42.3% from the Nantucket route.

Debt service transfers are anticipated to total \$10,863,950.

Mr. Balco asked why the Authority was anticipating an increase in truck traffic, and Mr. Murphy said it came from the last twelve (12) months of data. Mr. Balco noted that, while he did not know what portion of truck traffic is building-related, but it may be worth talking to the Martha's Vineyard Commission to see if it has economic data worth considering in terms of pending building permits. Mr. Balco said he feels the country is getting close to an economic peak and he fears the projection is too optimistic.

Mr. Lowell said, regarding the car traffic, Nantucket is seeing more cars staying in garages and fewer one-way trips on the ferries. The trend is to more service-oriented trips and he feels trucks are more guaranteed to be on the ferries. He further noted that seasonal residents are taking the fast ferry over and not taking their car back and forth. Mr. Huss said he knows summer residents on Martha's Vineyard who basically take their car off-island twice a month and go home for a few days before showing back up. Mr. Lowell said it is important for management to understand the trends and to think ahead about traffic patterns.

Mr. Munier asked if the Authority has ever spend \$8,500,000 on fuel before, and Mr. Davis said the Authority was over \$10,000,000 a year at one point. Mr. Munier said he was interested in the significant surpluses the Authority once recognized, whereas the Authority was essentially projecting a break-even number for 2019. With revenue projected to be up 1.5% and expenses up 4.5%, he wondered how hard the Authority was looking at the cost side of the equation. Mr. Davis noted the expense figure was quite a bit higher at one point and, looking at the fuel and original projections, the estimate in the 2019 Budget was on the lower side of projections. He further noted that one vessel scheduled for dry dock in 2019 could be moved out a year, but he is hoping to return the vessels to the cycle of a dry dock once every other year.

Mr. Davis further noted staff was cognizant of trying to reduce the needs for rate increases and that, in previous years, the Authority had been able to make up some of the manning reductions on the vessels so, at this point, they felt it was appropriate.

Mr. Lowell asked if funds from the Volkswagen settlement would help the budget, and Mr. Davis noted those funds would be applied to the capital, not operating, budget.

Mr. Davis also noted the five-boat schedule in the summer time, plus the need to triple-crew vessels in the winter so the boats can be moved, if needed, during the Woods Hole Terminal Reconstruction Project.

In response to a question from Mr. Munier, Mr. Davis noted that the Authority is \$4,000,000 behind this year on an anticipated \$7,000,000 surplus, adding that there were \$800,000 in additional costs associated with the *M/V Eagle* dry dock, which was partially offset by reductions in the planned dry dock for the *M/V Sankaty*. Mr. Davis was expecting ending the year with a \$2,000,000 to \$2,500,000 surplus.

14. Mr. Murphy presented the Authority's proposed rate adjustments of approximately \$7,000,000 for review and comments. Mr. Murphy noted that, due to the Authority's rate adjustment policies stemming from the Art Flathers report, the first \$400,000 of the adjustment will come from the Vineyard route. Mr. Davis explained that Mr. Flathers was a Vineyard resident who had a keen interest in the Authority's finances and who contended at the time the Vineyard was subsidizing the Nantucket route. The Authority Board later voted on a policy in which staff does a 10-year lookback and determine how each route has paid for itself. Outside of a \$5,000,000 "dead band" corridor, the balance is split between the two routes and amortized over a twenty-year period.

Mr. Murphy said to bring the costs of service into balance, more of the rate increase would come from the Martha's Vineyard route. On that route, no increase was proposed on passenger rates, and an \$11.50 increase was proposed for on-season regular automobile fares. The last time those fares were adjusted was January 2013 and the Authority feels the change compares favorably to the increases in the rate of inflation. On-season excursion rates are proposed to increase \$3.00. By limiting the increase to on-season rates only, Mr. Murphy noted that the Authority was attempting to minimize the effect on island residents. He further noted that on-season excursion trips amount to 20% of the excursion trips over the course of the year, meaning fewer of those trips take place during the summer than other time periods. Mr. Murphy said the changes to the automobile rates total \$2,500,000.

Other changes to the Vineyard route fares include a 12.5% increase in truck fares, generating \$1,500,000, and an increase to Saturday and Sunday daily parking rates, which are proposed to go up from \$15.00 to \$20.00 and generate \$500,000. The total rate adjustments on the Vineyard route total \$4,500,000. Mr. Davis noted that, other than a freight rate increase in 2014, the last time vehicle fares were increased on the Vineyard route was 2008.

On the Nantucket route, no changes are proposed to passenger rates or parking rates. The proposal includes an on-season regular automobile rate increase of \$25.00, which Mr. Murphy noted compared favorably to the rate of inflation. On-season excursion rates are proposed to be adjusted between \$10.00 and \$12.50 each way; the last time those rates were adjusted was 2015. Adjustments to the Nantucket automobile rates are expected to

generate \$1,000,000. Freight rates on trucks over twenty (20) feet are proposed to increase 12.5% one-way; the last freight increase was 2013, and the adjustment is expected to generate \$1,500,000.

Mr. Anthes-Washburn asked how the Authority determined \$7,000,000 would be raised by rate adjustments. Mr. Davis responded that, according to the preliminary budget, the Vineyard route was running at a \$2,300,000 deficit without a rate adjustment that, coupled with the \$400,000 owed under the Art Flathers report, meant roughly the first \$3,000,000 needed to come from the Vineyard route. The \$7,000,000 need might change based on the need for dry docking vessels in 2019.

Mr. Munier noted he was surprised at the rate adjustments and recalls at the last rate increase, in 2015, the Authority had a significant windfall by the end of the year. He asked if there was a target surplus or a statutory requirement. Mr. Davis said there was no statutory requirement, other than the Authority's cash flows are sufficient to fund bond principal and interest payments, plus to put sufficient amount of monies into the replacement fund for capital projects. The Authority's Enabling Act does not allow the Authority to have a rainy day fund for surplus costs. Mr. Davis added that the events of this year do not affect the budget needs for 2019, other than the traffic counts, which staff have addressed by using three-year averages in some instances.

Mr. Davis noted the surplus is about 6.1% percent of the \$112,000,000 budget. When vessels are sent to dry dock, cost overages can easily accumulate, requiring the surplus funds to pay for them without impacting service.

Mr. Munier asked if, since the rate increases are targeting people who are on vacation, is there any experience that would show people will continue to show up regardless of the price increases. Mr. Davis noted that, on the Nantucket route, there has already been a decrease in automobile traffic so projections on those rate adjustments are on the "aggressively conservative" side.

Mr. Munier noted that, since the increase is basically 10% right now, how the rate adjustments will be packaged to the public. Mr. Davis said it comes down to a discussion of how often rates should be adjusted to help the Authority fulfill its mandate and if smaller, annual adjustments are in order. But, Mr. Davis noted, the needs each year are so different that staff have always taken the approach that rates should be kept down as long as possible. The staff's goal is to show that, while this is an increase, it is limited to the summer season and puts the rates closer to where they should have been based on the rate of inflation. Mr. Munier said he still felt, going back to the proposed budget, that there is a cost issue the Authority needs to address.

Mr. Shufelt asked if past rate adjustments were split between the off-season rates and on-season rates, and Mr. Davis said it has been done different ways, but mostly the rates have been year-round increases. Mr. Shufelt asked if past increases were better taken by island residents if they were on-season increases instead of off-season increases; Mr. Huss said

there was negative feedback from Vineyard residents when passenger rates were last increased, but it dissipated.

Mr. Anthes-Washburn asked if, given the Authority serves the constituencies of both on-island residents and visitors, there was a strategy for which group saw price adjustments and when each group might see an adjustment. Mr. Davis responded that each budget includes a five-year analysis to determine what will be needed to maintain the same bottom line, taking into account wage increases and depreciation expenses. The annual cost of service study also helps the Authority examine the cost of cars versus trucks and the costs on each route and helps bring them back into balance.

Mr. Lowell noted that increasing the truck rates spreads the effect more than other increases. Trucks affect both the richest and poorest residents and rate increases there are more of a consumer issue, not a passenger issue. He further noted that, since this is the first year the Authority's service levels on the fast-ferry route and the new service levels by Hy-Line Cruises will both be in effect for the full season, it is the "reset year" for measuring the demand on those lines.

Then, at approximately 12:02 p.m., upon a motion from Mr. Anthes-Washburn and a second from Mr. Lowell, the Port Council unanimously **voted** to adjourn their meeting that day.

A TRUE RECORD

Eric W. Shufelt, Secretary

Documents and Exhibits Used at the Port Council's September 12, 2018 Meeting

1. Agenda for the Port Council's September 12, 2018 Meeting (posted September 7, 2018).
2. Revised Agenda for the Port Council's September 12, 2018 Meeting (posted September 11, 2018).
3. Minutes of the Port Council's August 15, 2018 Meeting in Public Session (draft – August 22, 2018).
4. Business Summary for the Month of July 2018 (draft).
5. Chart showing Woods Hole, Martha's Vineyard and Nantucket Steamship Authority Passengers Carried Year-to-Date as of August 31st.
6. Staff Summary for Approval of Proposed 2019 Summer and Fall Operating Schedules (draft).
7. Staff Summary – Approval of the Reinstatement of the 10-ride "Ferry Pass Cards" with Embarkation Fees (draft).
8. Staff Summary – Proposed Changes to the Reduced Auto Excursion Rate for Island Residents Requiring Frequent Medical Treatments (draft).
9. Preliminary Draft of Proposed 2019 Operating Budget (draft).
10. Staff Summary – Preliminary Draft of Proposed 2019 Rate Adjustments (draft).
11. Chart showing Woods Hole, Martha's Vineyard and Nantucket Steamship Authority On-Season Standard Fare Automobile Rates, including proposed 2019 rate adjustment, versus fares matching the C.P.I.
12. Chart showing Woods Hole, Martha's Vineyard and Nantucket Steamship Authority On-Season Excursion Fare Automobile Rates, including proposed 2019 rate adjustment, versus fares matching the C.P.I.

MINUTES
OF THE
PORT COUNCIL
OF THE
WOODS HOLE, MARTHA'S VINEYARD
AND NANTUCKET STEAMSHIP AUTHORITY

October 3, 2018

Second-Floor Meeting Room
Hyannis Terminal
141 School Street, Hyannis, Massachusetts

- Port Council Members present: Chairman Robert V. Huss (Oak Bluffs); Vice Chairman Edward C. Anthes-Washburn (New Bedford) (who arrived during discussion of the business summary); Secretary Eric W. Shufelt (Barnstable); Nathaniel E. Lowell (Nantucket); and George J. Balco (Tisbury).
- Port Council Members absent: Frank J. Rezendes (Fairhaven); Robert S. C. Munier (Falmouth).
- Authority Members present: Robert R. Jones (Barnstable).
- Authority Management present: Robert B. Davis (General Manager); Gerard J. Murphy (Treasurer/Comptroller); Terence G. Kenneally (General Counsel); Gina L. Barboza (Reservations and Customer Relations Manager); Mary T.H. Claffey (Director of Information Technologies); William J. Cloutier (Woods Hole Terminal Reconstruction Project Manager); Sean F. Driscoll (Communications Director); Mark K. Rozum (Operations Manager); and Carl R. Walker (Director of Engineering and Maintenance).

1. Mr. Huss called the meeting to order at 9:30 a.m.
2. Mr. Huss announced that Mr. Driscoll was making an audio recording of today's meeting.

3. The Port Council then **voted** unanimously to approve the minutes of their meeting in public session on September 12, 2018.
4. Mr. Murphy then reviewed with the Port Council the draft of the Authority's Business Summary for the month of August 2018. Overall, August passenger traffic was down 1.1% compared to August 2017, with the Vineyard route down 1.0% and the Nantucket route down 1.3%. Automobile traffic was up 4.7% compared to August 2017, with the Vineyard route up 5.7% and the Nantucket route down 0.4%. Truck traffic was up 2.7% compared to August 2017, with the Vineyard route up 4.0% and the Nantucket route down 0.5%.

In response to a question from Mr. Huss, Mr. Murphy noted that, while the Authority's passenger traffic is down compared to recent years, it is still up historically and that the summer is one of the top five busiest for both routes. Mr. Huss suggested that the Authority consider not emphasizing that fact, noting the negative response in Martha's Vineyard papers to the number of cars carried to the island. Mr. Davis said the figures were promoted to show that, despite the Authority's operational difficulties in the spring, its operations had rebounded. Mr. Davis further noted that, because the Authority added a fifth boat to the Vineyard route to help shift larger trucks off the 5:30 a.m. trip leaving Woods Hole, the overall carrying capacity for vehicles was increased this summer.

5. Mr. Murphy said net operating income for August was \$7,409,000, \$740,000 lower than assumed in the budget. Net operating income year-to-date was \$4,375,000, about \$4,680,000 lower than assumed in the budget. Year-to-date, total income is down \$1,224,000, while total expenses were up \$3,457,000.

In response to a question from Mr. Huss, Mr. Murphy said he anticipated the Authority having an approximate \$2,000,000 surplus by the end of the year. He further noted the budget anticipated a \$7,200,000 surplus.

Mr. Balco asked that, going forward, Mr. Murphy report on the \$5,000,000 discrepancy that would highlight, both in terms of revenue and expenses, where the Authority has experienced shortfalls versus the budget. Mr. Davis noted some the additional costs on the dry dock of the *M/V Martha's Vineyard* were due to the portion of the project that was to come from the operating budget occurring this year instead of last year as expected, and the Authority performed additional work on the *M/V Nantucket* as well. Mr. Balco noted the shortfall seemed to stem from two items: planned events that cost more than expected and places where revenues were different due to unplanned events.

6. Mr. Cloutier provided an update on the Woods Hole Terminal Reconstruction Project and showed some photos from the construction site. Some of the excavation equipment arrived on the site September 10, including a crane that will be used to drive the eight-foot diameter piles. The excavation work at the site has uncovered a lot of debris that is proving challenging to remove, including an old granite seawall that is forcing crews to dig 25 feet deep to drive piles up to 40 feet deep.

Mr. Davis said Jay Cashman Inc. has been on-site for the last few weeks getting its equipment situated. Lawrence Lynch Corp. took out the preload pile and concrete blocks that had been on site since this past spring. A change order for the project is forthcoming for removal of some of the debris, which has been necessitated by the licensed on-site professional determining some of the debris had to go to a different storage location than originally planned. The past phase and the beginning of this phase had the biggest unknowns to it, due to the excavation, Mr. Davis said. Mr. Cloutier further noted that the original budget assumed more contaminated material (often referred to as “21E material”) being removed from the site but other material, referred to as “industrial fill,” that could not be stored at Lawrence Lynch’s site and could not be reused at other facilities, so it had to be shipped to a landfill in Kingston, Massachusetts. However, the additional costs due to the material removal is being offset by the lower costs to remove 21E material.

7. Mr. Davis said, following presentations in August 2018 to the Port Council and Authority Board by BIA.studio, architects Chris Iwerks and Lian Davis will present the latest new terminal design at a community meeting in Falmouth on Tuesday, October 9, 2018, at the Falmouth Public Library, and at an open house on Martha’s Vineyard on Wednesday, October 10, 2018, at the Martha’s Vineyard Playhouse in Vineyard Haven.
8. Mr. Davis provided an update on the independent review of SSA’s operations. Representatives from HMS Consulting and Technical, Glosten Associated and Rigor Analytics continue their work on the “root cause analysis” but are behind schedule because one of the incidents they were focusing on, the failure of the controllable pitch propellers on the *M/V Woods Hole*, was determined to have no causal factor on the Authority’s part, so the delay in the *M/V Island Home* coming back into service from its repair period was substituted. Representatives are still working on the communications and information technology review, and follow-up conversations have yet to be scheduled following an earlier video conference call with the Authority’s staff. By and large, the Authority has provided the consultants with all the documents that they have asked for to date.

In response to a question from Mr. Huss, Mr. Davis noted that the consultants’ report is now expected in early November 2018. The Authority staff still has to determine how the report will be presented to the Port Council, the Authority Board and the public.

9. Mr. Davis provided the Council with a list of the proposed reservation opening dates for 2019, which are as follows:

Headstart/mail & internet only	January 8, 2019-January 14, 2019
General Opening – internet – Nantucket	January 15, 2019-January 21, 2019
General Opening – internet – Martha’s Vineyard	January 22, 2019-January 28, 2019
Telephone opening	January 29, 2019
Headstart transfer deadline date	May 15, 2019 (or 30 days prior)
Fall schedule opening (phone, mail, internet)	June 17, 2019

Mr. Davis noted that the general openings for Nantucket and Martha’s Vineyard had been split into different weeks to address some of the effects on the Authority’s reservation systems this year. He further noted that customer profiles ending in an even number needed to requalify for their excursion profiles this year, which then qualifies them for the Head Start program.

Mr. Davis also discussed the reservation-only periods for the Martha’s Vineyard route, which this year would include the entire week of the Fourth of July. In 2018, only the holiday, which was on a Wednesday, was a reservation-only day and the Woods Hole terminal saw an influx of vehicles attempting to travel on standby on the prior Tuesday and subsequent Thursday, so the staff feels they can better manage traffic by going reservation-only that week. In response to a question from Mr. Balco, Mr. Davis noted the Blue Line would still be in operation that week. Mr. Huss said the Authority should be sure to inform its customers because they will only see July 2, 3 and 4 on the reservation-only list and may come to the terminals attempting to travel on other days that week.

Ms. Barboza noted that the forms for the Headstart program should be available in three to four weeks. Mr. Davis also noted that the Authority’s Reservations Office will offer extended hours to help answer customers’ questions.

10. Mr. Driscoll then provided the Council with an update on the Authority’s plans to use social media channels to communicate with its customers. He noted that the Authority would initially focus on two channels, Facebook and Twitter, to increase engagement with the public and provide accurate information. The Authority’s Facebook page (<http://www.facebook.com/SteamshipAuthorityMA>), will be used to share preplanned informational updates and operational and travel updates as needed. New content is expected to debut on the page during the week of October 8, 2018. The Authority’s Twitter account (@SteamshipMA or <http://www.twitter.com/SteamshipMA>) will initially be used to share trip alerts, diversions, delays and cancellations. The Authority’s MIS department is working to link the current systems for issuing advisories and email alerts to allow for automated posting to Twitter; the integration of those systems is anticipated in the fourth quarter of 2018.

Mr. Driscoll will serve as the primary Social Media Administrator and will designate other administrators, as needed, to monitor and respond to posts. After its implementation, the Operations and Communications Center will be responsible for monitoring the Authority's social media channels on the nights, weekends and holidays; until then, Mr. Driscoll and Director of Marketing Kimberlee McHugh will jointly monitor those sites after business hours. Mr. Driscoll will develop a matrix to aid the Operations and Communications Center employees in determining which comments need an immediate response.

Mr. Anthes-Washburn asked if the Authority had a Hootsuite account, which the New Bedford Port Authority uses to program its social media posts. Mr. Driscoll responded that the Authority did have a Hootsuite account, and that would be one tool used to schedule social media posts and monitor for comments.

Mr. Lowell noted the difficulties the Nantucket town governments have had due to negative feedback on social media and cautioned the Authority to balance the need to communicate with its customers with the need to keep its operations running smoothly. Mr. Driscoll noted that social media is where customers expect to find their information and interact with the Authority and that it is a method to get positive stories about the Authority into the public realm without depending on a third party deciding whether it is newsworthy. Mr. Anthes-Washburn added that, if negative comments are responded to promptly, it can help mollify customers and diffuse a potentially difficult situation.

Mr. Balco said that, in addition to its social media, the Authority needs to work on improving communications with various groups, including local authorities and harbor masters. Mr. Davis noted that, this fall, he and Mr. Driscoll expected to meet with various governmental agencies in its port communities to discuss communications.

Mr. Davis also noted that, at their September meeting, the Authority Board members approved the creation of an Operations and Communications Center manager position. Staff hopes to fill that position soon and use that individual to help plan and implement the rest of the center's duties. In response to questions from Mr. Balco and Mr. Lowell, Mr. Davis said the center would be located at the Authority's administration building in Falmouth and would be situated in space that already exists within the building.

11. Mr. Murphy presented the staff's proposed 2019 Operating Budget, using a Power Point presentation to outline the proposal. The 2019 Budget includes projected operating revenues of \$105,870,000 and projected operating expenses of \$105,232,000 with a projected net operating revenue, without any rate adjustments, of \$276,000, or about 0.3% of operating revenue.

Mr. Davis noted that the biggest difference in this proposal versus the draft proposal presented to the Port Council in September, namely, the Authority has decided to move the dry dock of the *M/V Nantucket* to 2020 and, in its place, extend the repair period for the *M/V Island Home* for twenty-four additional days which will allow both of the main engines to be overhauled.

Mr. Murphy said the largest increase in expenses in 2019 is in vessel fuel oil, which is budgeted at \$2,018,000 more than this year, or 31.5% higher. Today, crude oil is trading at roughly \$70 per barrel, and in 2019 staff is expecting a range of between \$61.00 and \$65.00 per barrel. Mr. Murphy noted that the Authority does not have all its fuel hedges in place yet, as they have been waiting for the oil market to cool off a bit. Payroll is expected to increase \$1,300,000 due to contractually obligated pay increases to the Authority's employees, plus additional positions expected for the Communications and Operations Center. Maintenance expenses were expected to increase by \$509,000, or 2.8%, over 2018 estimates. Vessel dry dock expense is expected to decrease by \$1,984,000, or 35.5%, with four (4) vessel dry-docks planned for the year, but vessel overhaul, engine repair and parts expenses are expected to increase \$2,507,000, with two engines on the *M/V Island Home* and two on the *M/V Iyanough* scheduled for overhaul. Terminal repairs are expected to increase by \$698,000 and dolphin and dock repairs are expected to decrease \$294,000.

On the revenue side, budgeted revenues are \$105,870,000, up 1.4% over 2018 estimated amounts. Mr. Murphy noted the most recent 12-month period was used, for the most part, to calculate revenue projections. Automobile revenue is expected to decrease by \$42,000, freight revenue is expected to increase by approximately \$506,000, and passenger revenue is expected to increase by \$466,000.

The budget, without any rate adjustments, is projected to generate a net operating income of \$276,000, a very slim margin. Given the unpredictable expenses of 2018, Mr. Murphy said it would not be wise to "stand pat" with the net operating income projections.

Mr. Huss noted, in response to a slide showing the Authority's budgeted net income from operations by month, that most of the public does not realize the extreme seasonality of the Authority's operations and that, in most months, it operates at a loss. Mr. Lowell compared the Authority to a restaurant, noting that, just because one is busy two days a week does not mean the business is making money.

12. Mr. Murphy then presented the Authority's proposed rate adjustments and continued to use a Power Point presentation. Mr. Murphy said the Authority is proposing rate adjustment for three reasons: projecting passenger traffic is not an exact science and small events can have a large cumulative effect over the course of a year; vessel dry-dock expenses are projected 18 months ahead of time and can increase; and that the proposed adjustment will generate \$7,000,000, or about a 6.7% bottom line on the proposed 2019 budget.

Mr. Murphy reviewed what rates are not changing and highlighted the addition of the on-season automobile excursion rates to this list. Instead, the Authority is proposing to increase the on-season regular automobile fare to \$81.00 one way (compared to an \$80.00 increase included in the initial proposal) for the Vineyard route and an increase to \$225.00 one way to the Nantucket route (the same increase as in the initial proposal). The Authority is continuing to recommend a 12.5% increase in truck fares on both routes and an increase to Saturday and Sunday daily parking rates in the Falmouth parking lots. The adjustments are anticipated to generate \$4,600,000 on the Vineyard route and \$2,400,000 on the Nantucket route.

Mr. Murphy presented information showing that the proposed adjustments bring the rates closer to what they would be if they had increased at the rate of inflation each year. Mr. Murphy said the analysis raises the question of whether or not the Authority's practice of waiting to raise rates is the best policy or if smaller, annual adjustments are more appropriate. Mr. Lowell said he sees merit in both methods, but he would look at the trend of fuel costs since the Authority began its hedging program due to the overall trend of fuel costs coming in lower than the budgeted amounts. Mr. Lowell said he preferred less frequent rate adjustments, and Mr. Balco agreed, noting that annual adjustments tied to the rate of inflation would not match the Authority's actual costs each year.

Mr. Lowell further noted that the Authority may wish to make rate adjustments based on the length of time since it was last adjusted because, the longer rates are not adjusted, they essentially go down by not going up. He said he is in favor of the adjustment to freight rates because the costs are spread throughout the community instead of concentrated on island residents.

Mr. Davis said one reason the Authority revisited the excursion rates was because of the effect on the working-class island residents. He said staff was also looking at more peak pricing models and that, while there was not enough time to properly vet such a proposal this year, he expected to continue those discussions over the course of the next year.

Mr. Lowell noted that the Authority used to have more pricing tiers than it does now and that he was in favor of tightening up the pricing in the peak summer schedule instead of increasing the automobile rates as early as May 15, which, in his opinion, does not qualify as a summer date. Mr. Lowell further noted that, eventually, the Authority will have fewer cars on its vessels due to the emerging trend of cars being garaged year-round and offered as part of rental home packages. Eventually other rates will have to be increased to compensate for that lost revenue.

13. Upon a motion from Mr. Balco and a second from Mr. Anthes-Washburn, the Port Council then **voted** unanimously to recommend that the Authority Members adopt the 2019 Proposed Operating Budget and 2019 Proposed Rate Adjustments as presented by management.

Then, at approximately 10:52 a.m., upon a motion from Mr. Balco and a second from Mr. Anthes-Washburn, the Port Council unanimously **voted** to adjourn their meeting that day.

A TRUE RECORD

Eric W. Shufelt, Secretary

Documents and Exhibits Used at the Port Council's October 3, 2018 Meeting

1. Agenda for the Port Council's October 3, 2018 Meeting (posted September 28, 2018).
2. Minutes of the Port Council's September 12, 2018 Meeting in Public Session (draft – August 22, 2018).
3. Business Summary for the Month of August 2018 (draft).
4. Staff Summary for informational purposes – 2019 reservation timeline (draft).
5. Staff Summary for informational purposes – Update on the Authority's plans to use social media for customer communication and education (draft).
6. Power Point presentation – 2019 Proposed Budget/2019 Proposed Rate Adjustments.
7. Staff Summary – Proposed 2019 Operating Budget (draft).
8. Staff Summary – Proposed 2019 Rate Adjustments (draft).

MINUTES
OF THE
PORT COUNCIL
OF THE
WOODS HOLE, MARTHA'S VINEYARD
AND NANTUCKET STEAMSHIP AUTHORITY

November 7, 2018

First-Floor Meeting Room
The Authority's Administrative Offices
228 Palmer Avenue, Falmouth, Massachusetts

Port Council Members present: Chairman Robert V. Huss (Oak Bluffs); Vice Chairman Edward C. Anthes-Washburn (New Bedford); Secretary Eric W. Shufelt (Barnstable); Frank J. Rezendes (Fairhaven); Robert S. C. Munier (Falmouth); Nathaniel E. Lowell (Nantucket); and George J. Balco (Tisbury).

Authority Management present: Robert B. Davis (General Manager); Gerard J. Murphy (Treasurer/Comptroller); Terence G. Kenneally (General Counsel); Sean F. Driscoll (Communications Director); Gina L. Barboza (Reservations and Customer Relations Manager); Mary T.H. Claffey (Director of Information Technologies); William J. Cloutier (Woods Hole Terminal Reconstruction Project Manager); Mark K. Rozum (Operations Manager); and Carl R. Walker (Director of Engineering and Maintenance).

1. Mr. Huss called the meeting to order at 10:00 a.m.
2. Mr. Huss announced that Mr. Driscoll was making an audio recording of today's meeting.
3. The Port Council then **voted** unanimously to approve the minutes of their meeting in public session on October 3, 2018.
4. Mr. Murphy then reviewed with the Port Council the draft of the Authority's Business Summary for the month of September 2018. Overall, September passenger traffic was up 8.6% compared to September 2017, with the Vineyard route up 9.3% and the Nantucket

route up 5.9%. Automobile traffic was up 12.2% compared to September 2017, with the Vineyard route up 12.8% and the Nantucket route up 8.9%. Truck traffic was up 9.8% compared to September 2017, with the Vineyard route up 10.3% and the Nantucket route up 8.5%. Mr. Murphy noted that the comparisons to September 2017 figures were inflated due to service disruptions experienced last year due to Tropical Storm Jose.

5. Mr. Murphy said net operating income for September was \$3,602,000, \$529,000 higher than assumed in the budget. Net operating income year-to-date was \$7,947,000, about \$4,082,000 lower than assumed in the budget. Year-to-date, total income is down \$930,000, while total expenses were up \$3,253,000.

In response to a question from Mr. Munier, Mr. Murphy said he was pleased to see fuel prices come down slightly from the high prices recently observed. Oil was trading above \$70.00 per barrel, whereas it is now in the mid-\$60.00 range, which makes him more comfortable with the projections in the 2019 budget. The lower prices will also allow the Authority to have all its hedges in place to make the budgetary expectation for 2019, with which Mr. Murphy said he is still comfortable. In response to a question from Mr. Balco, Mr. Murphy said the Authority is hedged through the third quarter and has a few more purchases to make for the fourth quarter before starting on hedges for 2020.

6. Mr. Davis provided an update on the Woods Hole Terminal Reconstruction Project. Jay Cashman Inc. has continued demolition of the old wharf bulkhead and the electrical contractor disabled power to Slip No. 3 so Cashman could remove the gallows; Cashman has also removed the old fenders from that slip. Lawrence Lynch Corp. has been on site to remove the fill and support Cashman as needed. Lawrence Lynch has been trucking in crushed stone so Cashman's equipment can be supported. The new sheet pile bulkhead, which is tied back to a "deadman" wall, has started to be installed. Other materials have been delivered to and are being stored at the Authority's former Gifford Street parking lot. Cashman continues the demolition of the old wharf bulkhead along the north side and, although they were having trouble removing the old bulkhead and associated deadman wall, have successfully installed around one hundred (100) feet of new bulkhead. Cashman has also moved its clamshell dredge barge into the area to continue its excavation of the wharf. The Authority has sent out thirty-three (33) community emails, which this year have included the results of vibration monitoring tests in the area. Mr. Cloutier then showed recent photographs from the site.
7. Related to the terminal project, Mr. Davis said the Authority held a community presentation on the design development of the terminal building in Falmouth on October 9, 2018 and on Martha's Vineyard on October 10, 2018. While the construction of the building is several years away, the design needs to be finalized relatively soon in order to let the project proceed on schedule. Staff heard several comments – some favorable, some unfavorable – and continues to receive written feedback. Staff plans to review those comments and see what can be done to minimize those concerns as the project moves forward.

Management has also met with representatives of the Woods Hole Community Association and Woods Hole Business Association to discuss where the project goes from here. Staff also held a conference call with BIA.studio architects Chris Iwerks and Lian Davis, who are going to review the plans and see where revisions can be made. The plans are to reconvene with the Woods Hole representatives in a month to discuss what can and cannot be changed. Mr. Davis noted that the Authority's Chapter 91 license from the Massachusetts Department of Environmental Protection included a terminal building at that location and in that orientation. He further noted that staff and architects went through 26 potential placements of the building before determining its proposed location.

In response to a question from Mr. Munier, Mr. Davis noted some of the ideas for changes to the proposed design include lowering the roof over the lobby area and removing the concessions area in lieu of a vending area; those two changes, plus rearranging the other elements of the building, could allow the roof to be lowered by approximately 10 feet. The materials selected for the building's exterior are also being reviewed, including the stone façade, which many people said is not in keeping with the character of the community. The stone is part of the waterproofing for the building, but Mr. Davis said the architects are examining if the stone has to be used for the entire building wall. Additionally, the architects have determined that the deployable waterproof panels that are planned for two sides of the building are an expensive alternative to use for the entire structure. Mr. Davis noted one of the concerns with altering the building's location is the turning radius for the plaza, along with traffic from trucks, bus lanes and the Shining Sea bike path nearby.

Mr. Davis said another concern that has been expressed is the building's lack of energy efficiency. The building is not properly situated to use solar energy, but the architects continue to examine geothermal energy as a possible solution. Mr. Davis said lowering the roofline over the lobby area could also help reduce the terminal's energy consumption.

Mr. Davis said he has had brief conversations with and offered to meet State Sen. Viriato deMacedo, R-Plymouth, and State Rep. Dylan Fernandes, D-Woods Hole, who co-wrote a letter regarding the terminal project, to review its status. Mr. Davis said the situation is clearly not ideal but will hopefully strike a balance and find a usable outcome for both the Authority and the community. The project's architects have said they are about three months behind schedule, despite the first work at the site not being scheduled to start for at least two years, and they need finalized plans by February to move forward.

In response to a question from Mr. Lowell, Mr. Cloutier said the architects are looking at geothermal energy as a source for heating the building. Mr. Lowell noted that geothermal seems to be losing favor and has not been performing up to expectations on other projects.

Mr. Munier said, despite the process the Authority has undertaken in the terminal design, the community presentation in Falmouth made the terminal design come across as a fait accompli and the tone and tenor of the presentation may have been a tactical misstep. He said the key of the upcoming process is to keep the time compressed so people's memories do not fade.

8. Mr. Davis said the temporary tents in the passenger loading areas at the Woods Hole terminal will be taken down after Thanksgiving and the permanent temporary tents should be installed by Christmas.
9. Mr. Davis provided an update on the independent review of SSA's operations. Representatives from HMS Consulting and Technical, Glosten Associated and Rigor Analytics continue their work on the "root cause analysis" and the communications and information technology review portions of the study. Those latter two portions of the study are well behind schedule, but Mr. Davis said the portions focusing on vessel operation, fleet management and management structure should be ready in November. Several of the Authority's initiatives are on hold because of the study, so Mr. Davis said he is hopeful the process can conclude soon. The current plan is to present the study at the Authority board's November 28, 2018 meeting, which will begin at 3 p.m. and end by 7 p.m. and be held at the Falmouth Public Library.

In response to a comment from Mr. Munier that the study seems to be "languishing" and that the review should be much further along, if not finished, Mr. Davis said he believes the delay stems from HMS Consulting waiting on a response from Rigor Analytics to scheduling video conference calls for its portion of the study. As it stands, Mr. Davis said he does not expect to get a draft of the report until the week of Thanksgiving.

10. Mr. Davis provided the Council with a request to enter into a license agreement with Island Commuter Corp., allowing the *M/V Island Queen* to run one additional round trip between Falmouth and Oak Bluffs on Mondays through Thursdays during its 2019 spring and fall schedules, and to begin its 2019 summer schedule one week earlier than it otherwise would be allowed under the Authority's Enabling Act. The company would pay license fees equal to 50% of the Authority's average revenue per passenger on the Martha's Vineyard route in June 2018 for each passenger carried on each of those additional trips, as has been the arrangement in previous one-year license agreements. Mr. Davis noted the license fee started at \$4.39 per passenger in 2013; in 2018, the fee was \$4.98 per passenger and, for 2019, the fee will be \$5.05 per passenger. Mr. Davis noted the license fee only applies to the trips above what are allowed under the Enabling Act.

Upon a motion from Mr. Balco and a second from Mr. Lowell, the Port Council then **voted** unanimously to recommend that the Authority Members authorize the General Manager to execute a license agreement with Island Commuter Corp. as requested by management.

11. Mr. Davis said a request from Freedom Cruise Line advertised on the agenda would, instead, be taken up in December.
12. Mr. Davis presented a request to renew the transportation agreement with the Martha's Vineyard Regional High School District for school-related approved transportation. The Authority enters into this agreement annually to establish a fixed-price contract for the

transportation of student groups, teachers, administrators and game officials for the district's upcoming fiscal year, which, in this case, is 2019-2020. In the past year, the school district had a decrease of twelve percent (12%) in the number of services it used; in the past four years, the district has averaged just under \$110,000 in travel annually. The Authority is recommending keeping the fixed-price contract at \$55,000, which would, according to the average, approximate the fifty percent (50%) discount normally given to island schools.

Upon a motion from Mr. Balco and a second from Mr. Shufelt, the Port Council then **voted** unanimously to recommend that the Authority Members authorize the General Manager to execute a new transportation agreement with the Martha's Vineyard Regional High School District as requested by management.

13. Mr. Balco then brought up a recent letter to the editor that, among other points, criticized the Authority's policy requiring a thirty (30)-day return window for islanders to qualify for an excursion rate. He wondered if the window could be extended to allow for island resident who winter in a warmer climate to qualify for the rate. Mr. Davis noted that the issue has been looked at before and, to his memory, when the excursion window had been extended, an extremely high percentage of round-trip returns were made within thirty (30) days. Mr. Davis further noted that, while tickets are good for one (1) year from the purchase date, the schedule does not always extend out that far so the end of the schedule has sometimes been artificially impacted by those customers seeking to book a return ticket past the schedule's end date. Mr. Huss asked if the excursion window could be extended to sixty (60) days, which would allow people who are gone for a month or month-and-a-half to qualify for the excursion fare.

Mr. Lowell asked if a Super Saver program could be implemented on the Vineyard route, which would allow those customers who do not qualify for an excursion rate the chance to get a discount on an underutilized trip. Mr. Davis said given the service levels on the Vineyard route, the difficulties in implementing such a program would outweigh the benefits to the Authority.

14. Mr. Davis said the Authority's staff realized, in the process of implementing the bulk freight reservations for 2019, the May and June schedules on the Nantucket run needed to have the 5:30 a.m. trip from Hyannis and 1:30 p.m. trip from Nantucket designated as hazardous cargo trips. The same trips in the summer from Monday through Friday would also be designated as hazardous cargo trips.
15. Mr. Davis said the Authority would be providing inter-island service on Saturday, November 17, 2018 for the Island Cup high school football game. After that trip, the *M/V Woods Hole* will shift to the Nantucket route and take the place of the *M/V Gay Head* for Thanksgiving week and the Nantucket Christmas Stroll. Additional service will also be run the week of Thanksgiving on both routes. The *M/V Island Home* will also leave service briefly later this month for a dry-dock repair of its leaking grid cooler.

Then, at approximately 11:06 a.m., upon a motion from Mr. Balco and a second from Mr. Lowell, the Port Council unanimously **voted** to adjourn their meeting that day.

A TRUE RECORD

Eric W. Shufelt, Secretary

Documents and Exhibits Used at the Port Council's November 7, 2018 Meeting

1. Agenda for the Port Council's November 7, 2018 Meeting (posted November 2, 2018).
2. Minutes of the Port Council's October 3, 2018 Meeting in Public Session (draft – October 11, 2018).
3. Business Summary for the Month of September 2018 (draft).
4. Power Point presentation – Woods Hole Terminal Reconstruction Project photos.
5. Staff Summary – license agreement with Island Commuter Corp. (draft).
6. Staff Summary – transportation agreement with Martha's Vineyard Regional High School District (draft).

MINUTES
OF THE
PORT COUNCIL
OF THE
WOODS HOLE, MARTHA'S VINEYARD
AND NANTUCKET STEAMSHIP AUTHORITY

December 5, 2018

Second-Floor Meeting Room
Hyannis Terminal
141 School Street, Hyannis, Massachusetts

Port Council Members present: Chairman Robert V. Huss (Oak Bluffs); Vice Chairman Edward C. Anthes-Washburn (New Bedford); Nathaniel E. Lowell (Nantucket); and George J. Balco (Tisbury).

Port Council Members absent: Secretary Eric W. Shufelt (Barnstable); Frank J. Rezendes (Fairhaven); Robert S. C. Munier (Falmouth).

Authority Board Members present: Robert R. Jones (Barnstable)

Authority Management present: Robert B. Davis (General Manager); Gerard J. Murphy (Treasurer/Comptroller); Terence G. Kenneally (General Counsel); Sean F. Driscoll (Communications Director); Mary T.H. Claffey (Director of Information Technologies); William J. Cloutier (Woods Hole Terminal Reconstruction Project Manager); Mark K. Rozum (Operations Manager); and Carl R. Walker (Director of Engineering and Maintenance).

1. Mr. Huss called the meeting to order at 9:39 a.m.
2. Mr. Huss announced that Mr. Driscoll was making an audio recording of today's meeting.
3. The Port Council held a moment of silence in memory of former President George H.W. Bush, who died November 30, 2018.

4. The Port Council then **voted** unanimously to approve the minutes of their meeting in public session on November 7, 2018.

5. Mr. Murphy then reviewed with the Port Council the draft of the Authority's Business Summary for the month of October 2018. Overall, October passenger traffic was down 5.2% compared to October 2017, with the Vineyard route down 5.5% and the Nantucket route down 4.2%. Automobile traffic was down 1.9% compared to October 2017, with the Vineyard route down 2.2% and the Nantucket route up 0.1%. Truck traffic was down 0.7% compared to October 2017, with the Vineyard route down 0.9% and the Nantucket route down 0.2%.

6. Mr. Murphy said net operating loss for October was \$1,579,000, \$1,508,000 higher than assumed in the budget. Net operating income year-to-date was \$6,369,000, about \$5,690,000 lower than assumed in the budget. Year-to-date, total income is down \$740,000, while total expenses were up \$4,949,000. Mr. Murphy noted that about \$541,000 in the expenses was due to a correction that was made regarding the capitalization of interest on the new administration building; accounting rules of bond interest call for the capitalization of interest during the construction phase of a fixed asset, but when the asset in question is completed, the interest should be shifted to an expense in the month in which the asset was complete. That was not done in March 2018, requiring a catch-up entry.

Mr. Davis further noted a correction from the operating revenues in October after it was determined that there was an error in reporting revenue for certain trips. An adjusting entry was made in that month to get the year-to-date figures back to their correct totals.

7. Mr. Davis provided an update on the Woods Hole Terminal Reconstruction Project. Jay Cashman Inc. has continued demolition of the old wharf bulkhead in the area of the former Slip No. 3. Crews hit an obstruction underneath the former transfer bridge, finding a solid object about twenty-eight (28) feet deep, so the new bulkhead will be moved about one foot to the north side of the transfer bridge to allow work to continue. Mr. Cloutier noted the change is within the scope of the work so revisions to the design will not be necessary. Mr. Davis noted that Cashman is behind in setting up the falsework for the new bulkhead's installation.

PAQCON and Manchester Awning continue their work on the "permanent temporary" tent structure to provide shelter for passengers waiting to board a vessel. The goal is to have the new structure up and running by Christmas. Mr. Davis said staff appreciated passengers' patience and their acknowledgement that the Authority was trying to get the work done as soon as possible.

8. Related to the terminal project, Mr. Davis said the Authority recently met with representatives of the Woods Hole Community Association and the project's architect to discuss where the status of the design of the terminal building. The community's assertion

is that it prefers a one-story design, while the architects have informed the Authority that even a one-story building with a flat roof is going to block views of the harbor. Regardless, the Authority has plans on December 6, 2018 to have a staff member use a bucket truck to simulate the heights of the various building design options to demonstrate the portion of the view shed blocked by the building at different vantage points from the village. Lowering the building's roofline presents challenges, Mr. Davis said, including making the dormers more pronounced and extending the elevator shaft higher in one configuration. Mr. Davis said the Authority has made it clear that, due to the provisions of its Chapter 91 license from the Massachusetts Department of Environmental Protection, the building's footprint cannot change. In response, community members are suggesting that the higher portion of the building be oriented toward the village side rather than the south side, where the roof height could be lower over the passenger waiting area. Mr. Davis said that orientation would not work, but staff continue to review other suggestions and possibilities.

Mr. Cloutier then showed recent photographs from the site. Mr. Cloutier noted that Cashman was conducting a spintest on the 18-inch and 16-inch piles in an attempt to reduce the number of piles that need to be lengthened pursuant to a recent change order. The spintests can be welded onto the existing pipes that Cashman has for the test, and Mr. Cloutier said he was optimistic about the results.

9. Mr. Davis provided an update on the independent review of SSA's operations by HMS Consulting and Technical, Glosten Associates and Rigor Analytics. Mr. Davis reported that the public communications portion of the study was experiencing continued delays in completion and that, to date, the consultants had been unable to schedule a video conference with Authority staff to review the factual findings upon which the study's recommendations would be based. To include the public communications portion of the review would further delay the release of the study so, given that it was already twelve (12) weeks overdue, Mr. Davis said the decision was made jointly to separate that portion and provide it at another time. Mr. Davis noted several positions, which needed to be filled, had been held open to await the results of the study. Therefore, it was agreed that waiting for the public communications portion of the review would not be prudent. The report was expected to be delivered by Friday, December 7, 2018 and a public presentation was tentatively scheduled for 4:00 p.m. on December 17, 2018 in Falmouth.

Mr. Huss noted that the subcontractor in charge of the public communications portion of the study should be able to produce something, and Mr. Davis said that HMS President John Sainsbury plans to review the work prior to December 17th to determine if that portion of the study can be rescheduled or if a different approach can be taken. In light of the Authority hiring a communications director and efforts to establish the Operations and Communications Center, Mr. Davis said steps have already been taken in that regard.

10. Mr. Davis provided the Council with a request to enter into a license agreement with Freedom Cruise Line Inc. that would increase its maximum per-trip passenger capacity from eighty (80) passengers to ninety-nine (99) passengers aboard its vessel, the *M/V Freedom*. Mr. Davis introduced the company's new owner, John "Jack" Sheeran III, and

said the company has regularly been turning people away from its service between Harwich and Nantucket.

Mr. Sheeran noted that the Town of Harwich recently completed a major renovation of Saquatucket Harbor in Harwichport, including removing all of the infrastructure that was installed in 1970 and installing new ramps that were compliant with the Americans With Disabilities Act and floating docks. The town also purchased an adjacent property that allowed it to create ninety (90) more parking spots. The new property has increased interest in the harbor and made it more likely that his company had to turn away customers. While some would reschedule their plans, many will not and will either fight traffic to go to Hyannis or will skip a trip to Nantucket all together.

Mr. Davis noted that the Port Council members had information in their packet regarding the new harbor design. He further noted that the Authority had received some public comment regarding the request, all of it in support of it.

In response to a question from Mr. Balco, Mr. Sheeran said that increasing his passenger maximum to one hundred (100) would have made it necessary for the company to collect embarkation fees on behalf of the Town of Nantucket. Mr. Sheeran said former General Counsel Steven M. Sayers cautioned him about hitting that threshold, which is why he made the 99-passenger request.

Mr. Lowell said he appreciated what Mr. Sheeran was doing and that the only problem he could foresee was the eventual spreading out of Freedom Cruise Line's schedule to the point where it may not be able to handle additional trips. Regardless, he said as long as the demand works on the Nantucket side, he was in favor of it.

Upon a motion from Mr. Balco and a second from Mr. Lowell, the Port Council then **voted** unanimously to recommend that the Authority Members authorize the General Manager to execute a license agreement with Freedom Cruise Line as requested by management.

11. Mr. Davis then informed the board that the December meeting is one in which the Port Council traditionally chooses its new officers for the upcoming year. The only restriction on who may serve is that Mr. Shufelt may not serve as Chairman because, under the Authority's Enabling Act, the chairmanship of the Authority Board will rotate to the Barnstable member, Robert Jones, and the Port Council's By-Laws prohibit representatives from the same community from serving as Chairman of both boards.

Upon a motion from Mr. Lowell and a second from Mr. Anthes-Washburn, the Port Council then **voted** unanimously to name Mr. Balco as Chairman of the board for 2019.

Upon a motion from Mr. Lowell and a second from Mr. Balco, the Port Council then **voted** unanimously to name Mr. Anthes-Washburn as Vice-Chairman of the board for 2019.

Upon a motion from Mr. Anthes-Washburn and a second from Mr. Lowell, the Port Council then **voted** unanimously to name Mr. Huss as Secretary of the board for 2019.

12. The Port Council members then reviewed the proposed meeting dates for 2019. The only instances in which the members suggested a change from the usual schedule of the first Wednesday of the month were in July and September, both of which were moved back one week. Therefore, the 2019 Port Council meeting dates and locations are as follows:
- Wednesday, January 2, 2019 – Falmouth
 - Wednesday, February 6, 2019 – Hyannis
 - Wednesday, March 6, 2019 – Falmouth
 - Wednesday, April 3, 2019 – Hyannis
 - Wednesday, May 1, 2019 – Falmouth
 - Wednesday, June 5, 2018 – Hyannis
 - Wednesday, July 10, 2019 – Falmouth
 - Wednesday, August 7, 2019 – Hyannis
 - Wednesday, September 11, 2019 – Falmouth
 - Wednesday, October 2, 2019 – Hyannis
 - Wednesday, November 6, 2019 – Falmouth
 - Wednesday, December 4, 2019 – Hyannis

Upon a motion from Mr. Balco and a second from Mr. Anthes-Washburn, the Port Council then **voted** unanimously to approve the 2019 meeting schedule.

13. Mr. Lowell said, of the HMS report, that he was a firm believer in not meddling with a system that works. He said he appreciated the way the Authority runs and the way it finds the right people to work for it, which is all the more reason why being able to solve its problems is the best way to make it run smoothly for the next quarter of a century. He said the summer operations were fine so now it is time to leave things alone and let things work themselves out. If there is a problem with the Authority, he said, it will get fixed.

Mr. Anthes-Washburn said being able to tell your own story is half the battle, and he noted that Mr. Driscoll was doing a good job in that regard.

Then, at approximately 10:37 a.m., upon a motion from Mr. Balco and a second from Mr. Anthes-Washburn, the Port Council unanimously **voted** to adjourn their meeting that day.

A TRUE RECORD

Eric W. Shufelt, Secretary

Documents and Exhibits Used at the Port Council's December 5, 2018 Meeting

1. Agenda for the Port Council's December 5, 2018 Meeting (posted November 30, 2018).
2. Minutes of the Port Council's November 7, 2018 Meeting in Public Session (draft – October 11, 2018).
3. Business Summary for the Month of October 2018 (draft).
4. Power Point presentation – Woods Hole Terminal Reconstruction Project photos.
5. Staff Summary – license agreement with Freedom Cruise Line (draft).
6. Freedom Cruise Line Stability Letter.
7. Freedom Cruise Line Certificate of Inspection.
8. Memorandum from General Counsel Terence G. Kenneally regarding Election of Port Council Officers, dated November 30, 2018.
9. Proposed 2019 Port Council Meeting Schedule, dated December 5, 2018 (draft).