

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

January 4, 2017

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

Port Council Members present: Chairman George J. Balco (Tisbury); Vice Chairman Nathaniel E. Lowell (Nantucket); Secretary Edward C. Anthes-Washburn (New Bedford) (who participated remotely by telephone conference call); Robert S. C. Munier (Falmouth); and Robert V. Huss (Oak Bluffs).

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

Authority Members present: Elizabeth H. Gladfelter (Falmouth).

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

1. After calling the meeting to order at approximately 10:00 a.m., Mr. Balco announced that he had been notified by Mr. Anthes-Washburn that he desired to participate remotely in today's meeting because his geographic distance from Woods Hole made his physical attendance today unreasonably difficult. Mr. Balco stated that he agreed with Mr. Anthes-Washburn and, as the Port Council's Chairman, he had determined that Mr. Anthes-Washburn's physical attendance today was unreasonably difficult due to his geographic distance from Woods Hole and, therefore, that he may participate remotely in this meeting. In addition, Mr. Balco noted that Mr. Anthes-Washburn would be doing so by a conference telephone call that enabled him to be clearly audible to each of the other Port Council members, and each of the Port Council members to be clearly audible to him.

2. The Port Council then unanimously voted (with Messrs. Balco, Lowell, Anthes-Washburn and Huss voting in favor, and Mr. Munier abstaining) to approve the minutes of their meeting in public session on December 7, 2016.
3. Mr. Davis then reviewed with the Port Council the Authority's Business Summary for the month of November 2016, noting that the budget revenue figures for the month were based upon the traffic levels for November 2014 and that the budget revenue figures for December 2016 were similarly based upon 2014 traffic levels for that month. Mr. Davis also noted that the 20.1% increase in the number of passengers carried on the *M/V Iyanough* during November 2016, compared to November 2015, was at least partly attributable to the fact that, in November 2015, the Authority had cancelled 22 high-speed ferry trips while, in November 2016, it had cancelled only 16 trips. Mr. Davis further noted that the variance in the vessel payroll expense for the month (approximately \$99,000 higher than budgeted) was primarily due to manning the *M/V Woods Hole* during the month with a triple crew instead of a double crew, and providing additional trips on the Martha's Vineyard route.

Finally, Mr. Davis noted that, as shown on page 5 of the Business Summary, 60.1% of the Authority's net operating income through November 2016 had been allocated to the Martha's Vineyard route, while 39.9% had been allocated to the Nantucket route, and he stated that the 2016 operating budget originally had projected that the allocation of the Authority's net operating income by route would be 37% and 63%, respectively.

In response to a question from Mr. Balco, Mr. Davis stated that depreciation had been higher than budgeted during the month of November 2016 because several projects had been completed earlier than anticipated and, as a result, the Authority began depreciating them that month. Then, in response to a question from Mr. Huss, Mr. Davis stated that it was safe to say that the Authority's net operating income for 2016 will end up somewhere between \$3,000,000 and \$4,000,000 higher than budgeted. Mr. Lowell noted that this was probably due, at least in part, to the fact that there had not been any significant bad weather this past year.

4. Mr. Lamson reported that the administrative appeal by 13 Falmouth residents of the draft Chapter 91 license that the Department of Environmental Protection ("DEP") had issued for the Woods Hole terminal reconstruction project was moving along in accordance with the expedited schedule that had been granted by the hearing officer. Mr. Lamson noted that all of the parties had now submitted their pre-filed testimony, that the hearing was scheduled for January 27, 2017, that post-hearing briefs will then be due two weeks after the close of the hearing, and that the Commissioner's decision is expected to be issued in March 2017. In this regard, Mr. Lamson noted that the Authority needs to receive a final Chapter 91 license before it can issue an invitation for bids for the project's marine work. In response to a question from Mr. Munier, Mr. Lamson stated that the hearing will take place at DEP's regional office in Lakeville, Massachusetts.

5. Mr. Lamson then reported that G&R Construction, Inc. had begun work on the foundation for the Authority's new administrative offices in the Palmer Avenue parking lot and that, weather permitting, the foundation was expected to be completed by the end of the month. Mr. Lamson then gave a PowerPoint presentation showing the contractor pouring the footings and walls for the foundation. The presentation also included renderings of what the exterior of the building will look like, internal floorplans for each floor of the building, and drawings of what the interior will look like from different locations within the building.
6. Mr. Lamson reported that the Authority still needed to file a few plans with the Falmouth Conservation Commission before it can break ground and start the excavation and foundation work for the temporary Woods Hole terminal building and that, therefore, it may be a few more weeks before the contractor is able to mobilize. Mr. Lamson then gave a PowerPoint presentation showing the site plan for the area of the Woods Hole terminal where the temporary terminal building will be located, renderings of what the exterior of the building will look like, and the internal floorplan for the building.
7. Mr. Lamson reported that bids for the mid-life refurbishment of the *M/V Martha's Vineyard* were still scheduled to be opened on January 10, 2017, although that deadline might be extended a few days if the Authority is able to issue an addendum to the invitation for bids later this week to address the issue that has been raised about possibly moving the last stanchion on the port side of the freight deck so that customers are less likely to drive their cars into it. Mr. Lamson then gave a PowerPoint presentation showing the current location of the stanchion and two alternative potential locations for it, one where it is moved 40 inches forward and another where it is moved 60 inches forward.
8. Mr. Lamson reported that the staff is continuing to have weekly conference calls with Conrad Shipyard and some of its subcontractors about the status of the punch list items for the *M/V Woods Hole* that remain open, and that all of the issues that previously had been raised by the United States Coast Guard had been addressed. As a result, Mr. Lamson said, out of the original 138 punch list items that had been identified in June 2016, there were only around 10 that were still open, including the Authority's approval of the vessel's as-built drawings. Mr. Lamson observed that the biggest issue continues to be the HVAC system's inability to maintain proper ambient room temperatures in all of the passenger and crew areas located throughout the vessel.

Mr. Lamson also reported that the Authority was still working out the kinks as to how much ballast water the vessel should be carrying fore and aft under different payload conditions, and he observed that the vessel may not need as much ballast now that it was operating on the Nantucket route, particularly on the early morning trip when it is loaded with trucks. In this regard, Mr. Lamson noted that the vessel is required to have a maximum draft of ten feet when it is fully loaded (allowing a six-inch growth in draft over the life of the vessel), and that the Authority was still trying to determine whether that design parameter had been achieved.

Meanwhile, Mr. Lamson said, the Authority has asked Elliott Bay Design Group to perform a different analysis to assess the vessel's seakeeping ability in seas with significant wave heights of four to six feet (with occasional waves as high as 10 or 11 feet) at different speeds. However, Mr. Lamson noted that the computer model for each different scenario takes a week to run and, because the Authority wants to find out how the vessel will operate in six different scenarios, the analysis will not be completed for another six weeks. In this regard, Mr. Lamson noted that the Authority has instructed Elliott Bay not to run a model of the vessel operating at 16 knots in extreme sea conditions because the Authority would not sail in those conditions, but he stated that the Authority does want to determine the point at which the computer model says it will have to cancel a trip, observing that the Authority will then still have to see whether the model accurately reflects what the situation is in real life.

In response to a question from Mr. Munier, Mr. Lamson stated that the Authority experiences sea conditions with significant wave heights of six feet approximately once a month on the Nantucket route, particularly during the off-season. Mr. Walker also noted that each of the computer models is based upon what the vessel experiences during the worst sea condition at head seas.

9. Mr. Lamson reported that representatives from the company that is providing the ticket access readers for the Authority's point-of-sale ticketing system upgrade have visited each of the Authority's terminals and confirmed the types and quantities of hardware that will be required at each terminal, as well as the locations where they will be used (such as where walk-on passenger board the vessels and at both sides of the transfer bridges for slips where vehicles are also backed onto freight boats). Mr. Lamson stated that the Authority has placed the order for all of the equipment and that it hopefully will be delivered by the end of February. Meanwhile, Mr. Lamson said, the Authority is developing its upgrade of the point-of-sale ticketing system so that the entire project can be completed and operational by the end of March before the *M/V Iyanough* resumes service for the year. Mr. Lamson noted that this will result in the elimination of paper ticket books and that customers instead will be issued cards that will be able to be reloaded each month with additional value, even from the Authority's website (although Mr. Rozum cautioned that different features of the upgrade will be phased in over the following few months).

In response to questions from Mr. Lowell, Mr. Lamson stated that two or more customers will be able to have their own cards so that each cardholder can travel independently while the value on all of the cards can be paid for from the same account. Mr. Lamson also noted that, although card values for travel on the traditional ferries will not be able to be transferred electronically from one account to another, customers will continue to be able to designate tickets in their electronic high-speed ferry ticket book for specific individuals. Finally, in response to a question from Mr. Balco, Mr. Lamson stated that a customer will simply have his or her card scanned twice to allow the customer to board a vessel with another passenger, and he observed that the system upgrade will also allow customers to purchase their tickets on their smart phones as they are riding on the Authority's shuttle buses to the terminal and then simply have their phones scanned at the dock without having to wait in another line at the ticket counter.

10. Mr. Lamson then reviewed the staff's proposed revisions to the previously approved 2017 Early Fall, Fall and Late Fall Operating Schedules, as described in the draft of Staff Summary #TPF-2016-17, dated December 28, 2016, and he noted that the proposed revisions were the same ones that were discussed at last month's Port Council meeting. Mr. Lamson reported that the proposed revisions had been advertised in all of the local newspapers during the week of December 19, 2016, with the latest advertisement appearing on December 23, 2016, and that, accordingly, the 30-day public comment period will expire on January 22, 2017. Mr. Lamson noted that the staff has once again designated an email address to receive comments from the public and, given the previous experience where emails to that address did not get delivered because they were stopped by one of the system's firewalls, the staff was taking particular care to monitor the email address during this public comment period. Nevertheless, Mr. Lamson said, the Authority had not yet received any comments on the proposed revisions.

After Mr. Lowell stated that he agreed with the staff's proposed revisions to the operating schedules for the Nantucket route, Woods Hole resident Nat Trumbull stated that the only issue the Authority's Woods Hole neighbors have with the proposed revisions is the scheduling of a freight trip from Woods Hole at 5:30 a.m., which he said he considered to be abusive of the Authority's host community. In this regard, Mr. Trumbull stated that while the Authority had made some efforts to address the neighbors' concerns about noise at the Woods Hole terminal, it has not addressed the problem of trucks arriving at the terminal early in the morning.

Mr. Trumbull then provided the Port Council with copies of a portion of the minutes of the Falmouth Board of Selectmen's November 21, 2016 meeting in which he stated that at least three selectmen had asked that the Authority address the problem about the 5:30 a.m. freight trip. In addition, Mr. Trumbull gave the Port Council copies of a graph that he had prepared showing the annual number of automobiles carried between Woods Hole and Martha's Vineyard and the number of days each year the Authority operated the 5:30 a.m. freight trip. Mr. Trumbull stated that, before the Authority began operating the 5:30 a.m. freight trip in 2012, it was carrying more cars to Martha's Vineyard than it is carrying now, so he was confused about why the Authority felt the 5:30 a.m. freight trip was needed, particularly as it disturbed the quality of life of Woods Hole residents.

Mr. Trumbull also stated that often there are no cars on the freight boat when it returns to Woods Hole after its 5:30 a.m. freight trip; but in response to a question from Mr. Lamson, he stated that it may be the case that the return trip is filled with trucks and that, if the Authority can eliminate all of the trucks, it could address the issue with cars. Mr. Trumbull also observed that the Authority was operating the same number of trips per day as it was before it began the 5:30 a.m. freight trip so that, while adding the 5:30 a.m. freight trip probably was helping the Authority with spacing trips throughout the day, it was not providing an increase in capacity. Therefore, Mr. Trumbull questioned whether the scheduling of the 5:30 a.m. freight trip was worth the antagonism the Authority was creating with the Woods Hole community.

Mr. Trumbull contrasted the Authority's response to the community's concerns with how the Barnstable Airport had a public meeting and voluntarily agreed to stop planes from taking off or landing at the airport before 6:00 a.m. Then, in response to a question from Mr. Balco about whether he had taken any steps to reduce the amount of noise heard from his house, Mr. Trumbull stated that he has used earplugs and has moved to the basement.

Mr. Lamson asked Mr. Trumbull if he could provide the Authority with the data supporting his claim about the number of cars transported between Woods Hole and Martha's Vineyard, and he noted that, while Mr. Trumbull was making it sound as if the return trip of the 5:30 a.m. freight trip was coming back empty, if it is full of trucks, then those trucks otherwise would be occupying space on later trips coming off-island that are now being occupied by cars. Mr. Lamson further noted that, while the overall number of cars carried by the Authority on this route might not have increased since 2012, the Authority's purpose in operating the 5:30 a.m. freight trip is to provide more trips earlier in the morning, particularly for those island residents who want to travel off-Cape for the day. In this regard, Mr. Lamson noted that many of those island residents arrive at the Vineyard Haven terminal early anyway in order to travel on a standby basis.

Mr. Lamson also recounted several of the other measures that the Authority has taken to address the concerns of the Woods Hole community, including providing rental cars at the Palmer Avenue parking lot so that island residents don't have to travel off-island with their cars. Mr. Lamson also noted that Mr. Trumbull originally had complained about having been awakened in the morning by trucks idling their engines at the Woods Hole terminal and using their back-up alarms when backing onto a freight boat, and he stated that the Authority had addressed those issues. Specifically, Mr. Lamson said, when the Authority does not have a drive-through freight boat assigned to make the 5:30 a.m. freight trip, it has since voluntarily changed the time of that freight trip to 6:15 a.m. and, as a result, the 5:30 a.m. freight trip is now always made by a drive-through freight boat that does not require vehicles to back up in order to be loaded onto the vessel.

Mr. Lamson also noted that, under the staff's proposed revisions to the fall operating schedules, when the *M/V Katama* is assigned as the freight boat on the Martha's Vineyard route on a triple-crew basis from October 28, 2017 through December 5, 2017, it will be berthed overnight at the Vineyard Haven terminal and start its operating day there at 5:30 a.m. and then, when it is double-crewed from December 6, 2017 through January 4, 2018, it will be berthed overnight at the Woods Hole terminal but not start its operating day until 6:15 a.m. Mr. Lamson observed that these proposed revisions reflect a balancing of numerous demands, including the need to provide additional service on Fridays and Sundays when island residents want to travel off-island for the weekend. Mr. Lamson also stated that he would not recommend berthing the *M/V Katama* overnight at the Vineyard Haven terminal when it is only double-crewed, as the vessel's crew members either would have to spend 12 hours of uncompensated time each day on the island in order to be in position to start their operating day, or would have to deadhead back and forth between Woods Hole and Vineyard Haven each morning and evening in order to be in position.

Mr. Lamson also noted that the Authority has put a message on its variable message sign on Route 28 telling truck drivers not to show up at the Woods Hole terminal before 5:00 in the morning, but he observed that the Authority has no control over other truck drivers who make deliveries to other businesses in Woods Hole. For all of these reasons, Mr. Lamson said, he felt the Authority was heading in the right direction with its efforts and was also continuing in that direction, and he hoped the Port Council agreed with him.

Mr. Balco agreed, observing that the Authority was making a lot of effort on these issues, and he suggested that Mr. Trumbull work with other freight companies so that they also stop arriving in Woods Hole early in the morning. In response, Mr. Trumbull stated that he already has called the police several times to report those other trucks. Mr. Trumbull also suggested that, if the purpose of the 5:30 a.m. freight trip was to be able to carry island residents' cars off-island earlier in the morning, the Authority could send the freight boat to the island empty, and he further noted that the Authority has the same number of trips leaving the island by 9:30 a.m. every day regardless of whether the first freight trip leaves Woods Hole at 5:30 a.m. or 6:15 a.m.

Mr. Trumbull also objected to the staff's proposed revisions to the fall operating schedules because the Authority would have a 5:30 a.m. freight trip from Woods Hole through October 27, 2017 instead of only through October 15, 2017, as currently approved, and he stated that things were going in the wrong direction. But Mr. Balco observed that the freight boat assigned to make that 5:30 a.m. freight trip will still be a drive-through vessel during that time and that, beginning on October 28, 2018 through December 5, 2017, the *M/V Katama* will begin its operating day in Vineyard Haven, which will result in the first freight trip from Woods Hole not leaving until 6:30 a.m. Accordingly, Mr. Balco said, he felt that management was making progress on these issues and that the Authority will continue to make progress.

Mr. Munier observed that he was sensitive to the fact that the scheduling of the Authority's 5:30 a.m. freight trip from Woods Hole will continue to be a contentious issue with the Woods Hole community, that the problem will not go away, and that it will continue to cause some rancor between the Authority and the community.

Mr. Huss then recounted how he previously had asked that the Authority continue to provide service to Oak Bluffs during the additional weeks when it continues to have four vessels operating on the Martha's Vineyard route (from October 16, 2017 through October 27, 2017), but that the staff was still recommending that all of the service go through Vineyard Haven because of the possibility of bad weather during that time. Accordingly, Mr. Huss asked that the staff keep track of the weather this fall to see how many trips would have had to have been diverted from Oak Bluffs during this period and, if it would have affected only a few trips, to consider extending the service to Oak Bluffs during the same time the following year.

The Port Council then unanimously **voted** (with Messrs. Balco, Lowell, Anthes-Washburn, Munier and Huss voting in favor) to recommend that the Authority Members approve the staff's proposed revisions to the previously approved 2017 Early Fall, Fall and Late Fall Operating Schedules, subject to any further comments the Authority might receive from the public.

11. Mr. Balco then recounted how a number of Authority customers had complimented the announcements that were being made on the Authority's vessels and, in particular, how the customers appreciated the fact that crew members are going back to using nautical terms to describe various areas of the vessel (*e.g.*, port, starboard, forward and aft).

Then, at approximately 11:12 a.m., the Port Council unanimously **voted** with Messrs. Balco, Lowell, Anthes-Washburn, Munier and Huss voting in favor) to adjourn their meeting that day.

A TRUE RECORD

Edward Anthes-Washburn, Secretary

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

February 8, 2017

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

Port Council Members present: Chairman George J. Balco (Tisbury); Vice Chairman Nathaniel E. Lowell (Nantucket); Secretary Edward C. Anthes-Washburn (New Bedford); Eric W. Shufelt (Barnstable); and Robert S. C. Munier (Falmouth) (who participated remotely by telephone conference call).

Port Council Members absent: Frank J. Rezendes (Fairhaven); and Robert V. Huss (Oak Bluffs).

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

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

1. After calling the meeting to order at approximately 9:34 a.m., Mr. Balco announced that he had been notified by Mr. Munier that he desired to participate remotely in today's meeting because his geographic distance from Hyannis made his physical attendance today unreasonably difficult. Mr. Balco stated that he agreed with Mr. Munier and, as the Port Council's Chairman, he had determined that Mr. Munier's physical attendance today was unreasonably difficult due to his geographic distance from Hyannis and, therefore, that he may participate remotely in this meeting. In addition, Mr. Balco noted that Mr. Munier would be doing so by a conference telephone call that enabled him to be clearly audible to

each of the other Port Council members, and each of the Port Council members to be clearly audible to him.

2. Mr. Davis reviewed with the Port Council a draft of the Authority's Business Summary for the month of December 2016, although he cautioned that the numbers still had not been finalized and that there will likely be some minor changes in the final version. Mr. Davis also noted that the Authority's "rents" revenues (which were projected to be \$408,000 for the year but ended up being \$563,000) includes rents from the Authority's agreements with Avis Budget Car Rental, the fees the Authority receives for allowing barges to unload at the Nantucket terminal, and rents received from banks who have ATMs at the Authority's terminals.

In response to a question from Mr. Munier, Mr. Davis stated that passenger revenues were higher in December than budgeted even though passenger traffic was lower than the same month in 2015 because the Authority had recognized passenger (as well as automobile and freight) revenue in December that previously had been deferred. Mr. Davis also noted that the Authority's pension, health and welfare expenses had been \$364,000 higher than budgeted in December because the Authority had to recognize higher expenses with respect to its non-union retirement plan due to changes in the governmental accounting standards. Mr. Davis stated that the resulting increase in the Authority's pension costs had been almost \$600,000, but had been partially offset by expenses for the Authority's non-union health plan that were \$240,000 lower than budgeted for that month. Finally, Mr. Davis stated that the budget estimate for the Authority's non-union health plan expenses had erroneously included estimated medical expenses for the Authority's licensed deck officers, who are no longer covered by that plan, but that the estimate will now be corrected going forward.

3. Mr. Jones introduced Mr. Shufelt as the Town of Barnstable's new representative on the Port Council, observing that Mr. Shufelt was well qualified to succeed him in this position. Mr. Jones noted that Mr. Shufelt had grown up in Barnstable, has worked all of his life around the water, including seven years as a lifeguard, and had recently retired from the Town's Harbormaster Department where he was in charge of all of the marinas in town. In this regard, Mr. Jones observed that all of the town's marinas are managed under an "enterprise" account, so Mr. Shufelt's responsibilities included keeping track of all of the revenues and making certain that they exceeded all of the expenses. Mr. Balco then welcomed Mr. Shufelt to the Port Council on behalf of all of its members, and Mr. Shufelt thanked Mr. Balco for the warm welcome, saying that he is glad to be able to join them.
4. The Port Council then unanimously **voted** (with Messrs. Balco, Lowell, Anthes-Washburn, Shufelt and Munier voting in favor) to approve the minutes of their meeting in public session on January 4, 2017.
5. Mr. Lamson then reported that G&R Construction, Inc., the contractor for the construction of the Authority's new administrative office building in the Palmer Avenue parking lot, was planning to finish the building's foundation by the end of that week or the beginning

of the following week and start pouring the basement floor slab. Mr. Lamson noted that G&R was a little behind schedule in some areas of the construction while a little ahead of schedule in other areas, and that it was moving along with the procurement of critical materials that have long lead times.

6. Mr. Lamson then reported that Triumph Modular, Inc., the contractor for the temporary Woods Hole terminal building, had fenced off the work area this week and was planning to start excavation work the following week. Mr. Lamson stated that Triumph still expected to finish the temporary building by early this summer, so it appeared that most of the construction work will take place outside of the peak season.
7. Mr. Lamson then reported that the hearing on the administrative appeal by 13 Falmouth residents of the draft Chapter 91 license that the Department of Environmental Protection (“DEP”) had issued for the Woods Hole terminal reconstruction project had taken place on January 27, 2017 and that, in his opinion, it had gone well. Mr. Lamson noted that the parties’ closing briefs were due to be filed the following Monday, that the Hearing Officer will then make her recommendation to the Commissioner in mid-March, and that the Commissioner is then expected to issue his decision by the end of that month.
8. Mr. Lamson then reported that the Authority had received three bids for the *M/V Martha’s Vineyard* mid-life refurbishment contract, and that the contract had been awarded to Senesco Marine, LLC of North Kingstown, Rhode Island, which had submitted the lowest bid for the contract, in the amount of \$16,967,150. Mr. Lamson noted that the bid was a little higher than the staff’s cost estimate for the contract, but he stated that almost \$1,000,000 of the difference was due to the fact that the contract also includes the cost of the vessel’s routine dry-docking, which will be an operating expense and had not been included in the budget estimate, which had been prepared for capital budget purposes. In addition, Mr. Lamson said, a number of items had been added to the contract’s scope of work after the invitation for bids had been issued, such as replacing the insulation over the vessel’s freight deck and replacing all of the pipes behind the joiner work. Mr. Lamson stated that, even though the project will cost a little more than expected, the staff ultimately recommended that the Authority go ahead with it. Further, Mr. Lamson observed that the Authority is fortunate to have a good shipyard for the project, as well as a local one, especially since there is a tight timeline to complete all of the work.

Mr. Lamson advised the Port Council that the staff hoped to hire Captain Edward Jackson to be the Project Manager for this contract and to be onsite at the shipyard to serve as the Authority’s representative and oversee the construction. Mr. Lamson noted that Captain Jackson had been the Authority’s consultant for the construction of the *M/V Woods Hole* and, prior to that, had worked for the Authority for many years, having been involved in the mid-life refurbishments of both the *M/V Nantucket* and the *M/V Eagle*. Mr. Lamson also noted that the staff will need the Authority Members’ approval to hire Captain Jackson because the cost will be more than \$100,000.

In response to a question from Mr. Lowell as to whether the Authority should use this money towards the cost of a new boat instead of to refurbish the *M/V Martha's Vineyard*, Mr. Lamson stated that acquiring a new vessel would cost three times as much as the cost of this project and, while the *M/V Martha's Vineyard* originally cost around \$10,000,000, a new vessel today would cost somewhere between \$50,000,000 and \$60,000,000. In response to additional questions from Mr. Lowell, Messrs. Lamson and Walker stated that the biggest improvements to the vessel will be in the passenger areas, including extending the interior 02 deck to include the areas around the aft stairwells so that passengers will no longer have to wait outside to go down the stairs, and the entire pilot house will be new, including both the structure and the controls. Mr. Walker also stated that, while the vast majority of the sewage piping will need to be replaced because of the relocation of all of the restrooms, the vessel will not need a new sewage holding tank.

Mr. Lowell then observed that, unlike years past when the Authority had to replace vessels in its fleet because they were obsolete, most of the Authority's current vessels are worth maintaining and can be made to last for 50 years. Mr. Lowell further noted that, due to the decision to keep the *M/V Governor*, the Authority now has more time to overhaul each of its vessels every year, as it has done the past two years, particularly with the *M/V Governor* and the *M/V Sankaty*.

9. Mr. Lamson then reported that the staff was continuing to have regular conference calls with Conrad Shipyard and some of its contractors regarding the remaining punch list items, and that the number of outstanding punch list items had decreased from 140 to no more than a handful. Mr. Lamson stated that the biggest remaining item is the HVAC system's inability to maintain proper ambient temperatures throughout the vessel and that, while that system is still being worked on, it is difficult to determine whether it is working properly during this time of the year.

Mr. Lamson also noted that, because the vessel was now operating on the Nantucket route, it was starting to carry the higher payloads that are necessary for the staff to see what the vessel's draft will be when fully loaded and how it will maneuver in that condition. But Mr. Lamson observed that, due to the relatively mild winter, the most weight the vessel has carried in terms of freight trucks has been 850,000 pounds, and that it had been designed to carry 1,000,000 pounds with a maximum draft of 10 feet, six inches, including a six-inch service life margin. Mr. Lamson noted that, even without being fully loaded, the vessel's draft has been around 10 feet, but that may be due to how the vessel is being loaded and the fact that the Captains continue to carry ballast on the vessel, principally at the bow. Mr. Lamson stated that the Captains may be able to pump out some of that ballast, particularly when operating out of Hyannis at low tides, while maintaining the vessel's proper trim and draft. In any event, Mr. Lamson said, the staff has asked Elliott Bay Design Group to calculate what the vessel's draft will be when it does carry 1,000,000 pounds of freight trucks, and that should also show how much service life margin the vessel will have going forward.

Mr. Lamson also reported that the other open issue with the vessel's performance is the need for it to slow down to 12 knots in shallow water. But Mr. Lamson noted that all of the Authority's vessels similarly have to slow down in shallow water, and Mr. Lamson provided the Port Council with a marked-up chart of Nantucket Sound showing that the Nantucket route has only three areas of shallow water where the Authority's vessels have to slow down. Therefore, Mr. Lamson observed, it is not critical that the *M/V Woods Hole* is not able to maintain 16 knots in those areas and, by reducing the vessel's speed in those areas, the Captains eliminate the problem of the vessel's bow tending to squat at greater speeds in shallow water and having water come over the bow.

Mr. Lamson noted that there are also areas of shallow water on the Martha' Vineyard route and that it is not uncommon for the Authority's other vessels to experience vibrations when they operate at greater speeds in those areas. Mr. Lamson stated that all of the Authority's Captains reduce their speeds in those areas to around 11 to 12 knots, and that even operating the vessels' engines at greater horsepower in those areas does not result in an increase in the vessels' speed. In any event, Mr. Lamson said, even though the vessel does have to slow down to 12 knots in those areas, there are significant stretches where the vessel travels on both routes when it can operate at 15 or 16 knots if necessary to maintain its schedule.

10. Mr. Lamson then reported that the Authority's in-house programmers were in the final development and testing stage of the point-of-sale ticketing system upgrade and that some of the Authority's ticket sellers have started to work with the upgraded system and provide feedback. Mr. Lamson stated that those ticket sellers who have worked with the upgraded system think it is a big improvement and that, within the next few weeks, all of the ticket sellers will be trained on the new system.

Mr. Lamson also reported that the new scanning equipment has started to arrive, that the remainder of the equipment is due to arrive over the next month, and that the Authority's Maintenance Department has started to work on the installation of the conduits so that the scanning equipment can be used at multiple locations, including at the passenger boarding ramps, the gangways, and the transfer bridges, where both passenger and vehicle tickets will be scanned. Mr. Lamson stated that the staff also has started to work on the interface with the Authority's reservation and ticketing systems so that, when a customer presents a ticket with a bar code, the Authority will be able to determine whether it is a valid ticket that has not already been used.

Mr. Lamson stated that he believed the Authority has found the right equipment for this application, as the same equipment has been used successfully at ski resorts and it should hold up to the weather. After noting that the equipment is also able to handle all different types of media, Mr. Lamson reported that it should be installed at the Hyannis and Nantucket terminals before the *M/V Iyanough* resumes service on April 1, 2017, and that the staff was working on a schedule for it to also be installed at the Woods Hole, Vineyard Haven and Oak Bluffs terminals before the beginning of the summer schedule in mid-May.

11. Mr. Davis discussed with the Port Council the provisions of the Authority's Investment Policy, and noted that the staff was proposing that a slightly revised policy be reauthorized by the Authority Members. Mr. Davis stated that the proposed revised policy was essentially the same policy as the Authority has followed since 2003, but the staff was proposing a minor change in the wording to make it clear that the Authority can invest in both taxable and non-taxable municipal securities, provided that they are considered investment grade or better. In response to a question from Mr. Balco, Mr. Davis stated that the Investment Policy does not apply to the investment of funds in the Authority's non-union retirement plan, and that the Authority's other post-employment benefits (OPEB) plan does not invest any funds; rather it pays medical claims on a pay-as-you-go basis. The Port Council then unanimously **voted** (with Messrs. Balco, Lowell, Anthes-Washburn, Shufelt and Munier voting in favor) to recommend that the Authority Members reauthorize the Authority's Investment Policy in the amended form as proposed by the management staff.
12. Mr. Lamson 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 20, 2017 through April 3, 2017, and noted that the vessel will be resuming service this year on April 1, 2017. Mr. Lamson also noted that, last year, 46% of all the Authority's high-speed passenger ticket books had been sold during this two-week promotional period.

Mr. Lowell stated that he certainly supported the staff's request, that it is a fantastic promotion, and that it helps not only those customers who are frequent travelers but also those who cannot afford to buy a whole ticket book at its regular price. Mr. Lowell also observed that the promotion has worked well over the years. In response to a question from Mr. Shufelt, Mr. Lamson and Ms. McHugh stated that the Authority already has plans to advertise the promotion as part of its efforts to inform the public that the *M/V Iyanough* is resuming service this year on April 1st. The Port Council then unanimously **voted** (with Messrs. Balco, Lowell, Anthes-Washburn, Shufelt and Munier voting in favor) to recommend that the Authority Members approve management's recommendation to offer the Authority's high-speed passenger ticket books for sale at a twenty percent (20%) discount during the period from March 20, 2017 through April 3, 2017.

13. Mr. Lamson then reported that, at their meeting the previous week, the Authority Members had asked the staff to provide a report at their next meeting on the efforts being made to barge trash off of Martha's Vineyard instead of having it hauled off the island in trucks on the Authority's ferries. In this regard, Mr. Lamson noted that he and Messrs. Balco, Sayers and Rozum recently had met with Ralph Packer, the Oak Bluffs and Tisbury Town Administrators (Robert Whritenour and John (Jay) Grande), Greg Carroll, and the transfer station manager to discuss the possibility of baling those two towns' trash, which would allow the trash to be loaded and transported by barge to New Bedford, where it will then be trucked to a disposal site. Mr. Lamson stated that he thought it had been a very positive meeting, but that, if this is going to move forward, the Authority will have to take the

initiative and hire a consultant to look into the feasibility of this type of barging operation compared to what it costs to ship the trash on the Authority's ferries.

Mr. Lamson also observed that Mr. Packer already has facilities in both Tisbury and New Bedford that can be used for this purpose, and that the trash would represent a backhauling opportunity for Mr. Packer because he already is barging freight from New Bedford to the island. Further, Mr. Lamson said, if the trash is baled and wrapped, it can be stored for a week or two so that Mr. Packer can use the same barge to transport the bales to New Bedford that he uses to transport freight to the island, perhaps only once a week or even only once every two weeks. Mr. Lamson also noted that the economics of this type of backhauling operation appear to be very different from the economics of the tug and barge operation that was previously studied by the Towns, which included the cost of buying a barge and tug.

Mr. Lamson stated that the staff eventually would like to see if all of the towns on Martha's Vineyard could barge their trash, as that would open up space on the Authority's early morning trips from Vineyard Haven to Woods Hole and help island residents get off-island earlier in the day. Although Mr. Lamson noted that the trucks that currently carry trash off the island transport freight such as wood and mulch to the island on their return trips and thus will still need to take trips off-island, the trucks will be traveling empty on those off-island trips and therefore can take travel at other times of the day instead of early in the morning.

Mr. Balco agreed with Mr. Lamson and observed that barging trash off-island would also improve the economics of Mr. Packer's current barge operations, thereby potentially reducing the cost of gravel and sand that Mr. Packer is now barging to Martha's Vineyard. Mr. Balco also noted that there is a possibility that the Towns will not be able to continue using the Crapo Hill Landfill after the expiration of their current contract with the Greater New Bedford Regional Refuse Management District, as the landfill has a finite amount of capacity and the District may eventually not want to accept trash from communities other than New Bedford and Dartmouth.

Then, at approximately 10:31 a.m., the Port Council unanimously **voted** (with Messrs. Balco, Lowell, Anthes-Washburn, Shufelt and Munier voting in favor) to adjourn their meeting that day.

A TRUE RECORD

Edward Anthes-Washburn, Secretary

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

March 8, 2017

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

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

Authority Management present: Wayne C. Lamson (General Manager); Robert B. Davis (Treasurer/Comptroller); Mary T. H. Claffey (Director of Information Technologies); Mark K. Rozum (Operations Manager); Gina L. Barboza (Reservations and Community Relations Manager); Kimberlee J. McHugh (Director of Marketing); and Steven M. Sayers (General Counsel).

1. After Mr. Balco called the meeting to order at approximately 10:00 a.m., the Port Council **voted** (with Mr. Huss abstaining) to approve the minutes of their meeting in public session on February 8, 2017.
2. Mr. Davis reviewed with the Port Council the Authority's Business Summary for the month of January 2017, but advised the Port Council that the \$2,786,000 positive variance in the Authority's net operating loss for the month was primarily due to timing issues. In this regard, Mr. Davis noted that almost the entire variance was attributable to the Authority's maintenance expenses being \$2,276,000 lower than budgeted for the month, but he stated that the budget included, for example, \$248,000 for overhaul expenses for the *M/V Island Home* in January which will not be incurred until March, \$1,129,000 for dry-dock repairs to the *M/V Katama*, for which he was now anticipating bills, and \$395,000 for overhaul expenses for the *M/V Eagle*, which he stated was another timing issue. Mr. Davis stated that, for future monthly Business Summaries, he would be preparing an additional page of information to show the months in which the operating budget assumed that certain major

expenses were going to be incurred compared to the months in which those expenses are now expected to be incurred.

Mr. Davis then provided the Port Council with a chart comparing the per-gallon prices the Authority has paid for its vessel fuel oil from January 2016 through January 2017 with both the prices on which the Authority's operating budget was based and the "strike prices" for the fuel oil call options (including the cost of those options) that the Authority purchased pursuant to its fuel price hedging program. The chart also continues to compare the Authority's budgeted fuel oil prices with the "strike prices" of the call options the Authority already has purchased for the remainder of 2017. As shown on that chart, during 2016 the delivered prices of the Authority's fuel oil had been substantially below the Authority's budgeted fuel oil prices, which in turn had been substantially below the "strike prices" of the call options the Authority had purchased. But by January 2017, the delivered prices of the Authority's fuel oil were almost the same prices as those on which the Authority's operating budget was based and, for the remainder of the year, the Authority's budgeted prices pretty much track the "strike prices" of the Authority's call options.

Mr. Davis also noted that the Authority has revised its cost estimate for its vessel fuel oil to take into account the larger differential that now exists between the price of fuel oil in New York harbor and its price in Providence, Rhode Island. In response to a question from Mr. Balco, Mr. Davis stated that the Authority's call options were still for NYMEX no. 2 heating oil contracts and that, while the price of heating oil varies more than the price of diesel fuel during the heating season, it still closely tracks what the Authority pays for its vessel fuel oil.

In response to a question from Mr. Munier, Mr. Davis stated that, if all of the Authority's maintenance expenses that had been budgeted to be incurred in January had in fact been incurred that month instead of in subsequent months (thereby eliminating the timing issues in the Authority's net income (loss) for operations shown in the Business Summary), the Authority's net operating loss for the month of January would have been between \$4,000,000 and \$4,500,000. Accordingly, Mr. Davis said, as of the end of January 2017, the Authority's financial performance for the year was already more than \$1,000,000 better than what had been projected in the operating budget.

3. Mr. Lamson then reported that G&R Construction, Inc., the contractor for the construction of the Authority's new administrative office building in the Palmer Avenue parking lot, had started to erect the steel framing for the building and had also started to backfill around the foundation, while the pouring of the basement floor slab and the installation of the underground utility lines across the bus exit lane were expected to be done later this month. Mr. Lamson then gave a PowerPoint presentation showing the current state of construction at the site.

Mr. Lamson noted that the original construction contract price for the building had been \$12,687,000, that through the end of February 2017 there had been \$50,653 of change orders to the contract, and that approximately eight percent (8%) of the contract had been completed, including materials that have been bought and were being stored at the site.

Mr. Lamson also noted that the contract requires the construction of the building to be completed by January 3, 2018. Further, in response to a question from Mr. Anthes-Washburn, Mr. Lamson stated that the building will have more than 30,000 square feet of space, including its basement.

4. Mr. Lamson then reported that the site work subcontractor for the temporary Woods Hole terminal building has been a little slow in getting started with its work and that, given that this area of the terminal property used to be the end of the rail line for train service until the early 1960s, he had not been surprised to hear that the subcontractor has encountered a little bit of contaminated soil that will have to be handled appropriately. Mr. Lamson also noted that the subcontractor will need to perform some dewatering in order to pour the building's concrete piles and perimeter foundation due to the high groundwater levels there.

Meanwhile, Mr. Lamson said, Triumph Modular has started to build the modular units for the building at its factory in Pennsylvania and the installation schedule calls for the foundation to be completed by the week of April 24th so that the units can start to be placed on the foundation that week. In response to a question from Mr. Munier, Mr. Lamson stated that the original contract price for the construction and installation of the temporary Woods Hole terminal building was \$2,591,000.

5. Mr. Lamson reported that the Authority was waiting for the Department of Environmental Protection's final decision regarding the issuance of a Chapter 91 license for the Woods Hole terminal reconstruction project, and that the decision was expected to be issued by the end of that month. Meanwhile, Mr. Lamson said, the design team was moving ahead with the final plans and specifications for the marine work contract and were investigating how stiff the monopiles can be before causing damage to a vessel that comes into contact with them at certain speeds and levels of energy. In this regard, Mr. Lamson noted that the Authority would rather have an allision result in damage to the monopiles than to a vessel's rub rail or hull.

Mr. Lamson further reported that the design team expected to be able to issue an invitation for bids for all of the marine work by mid-September so that the marine contract can be awarded at the November 2017 Authority meeting. In addition, Mr. Lamson said, there will be a separate invitation for bids issued in August for the demolition of the existing terminal building, and the contract for that work is expected to be awarded at the September 2017 Authority meeting. Mr. Lamson noted, however, that the demolition work will not begin until after the first of the year, after the Authority's administrative offices are moved to Palmer Avenue and the terminal office's functions are moved to the temporary terminal building.

In response to a question from Mr. Balco, Mr. Lamson stated that there was nothing historic within the terminal building that would be worth saving. However, Mr. Lamson noted that the Authority was planning to appear before the Falmouth Historic Districts Commission for input on the new terminal building's design before it is finalized.

In response to a question from Mr. Munier, Mr. Lamson stated that all of the soils which will be excavated from the site will be trucked from Woods Hole and appropriately disposed of at inland disposal sites, depending upon whether the soils are contaminated. In response to a question from Mr. Anthes-Washburn, Mr. Lamson stated that the cost of disposing the soils will be included in the marine contractor's bid price.¹ Mr. Anthes-Washburn then noted that he has had extensive experience with disposing of contaminated fill and, to the extent he can be helpful, he offered to provide whatever assistance he can for this project.

6. Mr. Lamson then reported that the computer modeling that Elliott Bay Design Group was conducting to determine the *M/V Woods Hole's* seakeeping ability was almost complete and that he and Director of Engineering and Maintenance Carl R. Walker (who was on vacation this week) should have something to present to the Port Council at their meeting next month. Mr. Lamson further reported that, by that time, the Authority also should have Elliott Bay's calculations regarding the amount of service life margin the vessel has without exceeding a maximum draft of 10 feet, six inches. Meanwhile, Mr. Lamson said, the Authority did not have any issues with the vessel when it was operating on the Nantucket route, it was running well and had no mechanical problems, and it was now back operating on the Martha's Vineyard route.

In response to a question from Mr. Munier, Mr. Lamson stated that the biggest remaining punch list item with respect to the vessel was the HVAC system's inability to maintain proper ambient temperatures throughout the vessel during the summer months, and that there may be a need for additional sensors and controls. But Mr. Lamson assured the Port Council that Conrad Shipyard was continuing to be very cooperative in its efforts to resolve this issue with Carrier, its subcontractor. In response to another question from Mr. Munier, Mr. Lamson stated that the HVAC issues were being worked on as a warranty item and, while the Authority still had some retainage under the contract, the staff was not expecting any problems with Conrad's performance. Mr. Davis also noted that the amount of retainage the Authority was still holding under the contract was approximately \$1,200,000.

7. Mr. Rezendes then asked why the *M/V Iyanough* has been at the Fairhaven Shipyard sitting out of the water for the last month. In response, Mr. Lamson stated that he would have to check with Mr. Walker, but that the Authority still had three weeks to complete the vessel's overhaul before it is scheduled to resume service on April 1st. Mr. Lamson also noted that the Authority had decided to store the vessel out of the water this past winter. In response

¹ Reporter's Note: Mr. Anthes-Washburn also asked how many cubic yards of soil the Authority will be excavating, but Messrs. Lamson and Sayers stated they could not remember the exact amount. The drawings that the Authority submitted with its application for a Chapter 91 license for the Woods Hole terminal reconstruction project indicate that 22,500 square feet of the existing wharf will be excavated, and that the volume of the excavated soils (below mean high water) will be approximately 15,000 cubic yards.

to questions from Mr. Lowell, Mr. Lamson stated that repair and maintenance can still be performed on the vessel while it is out of the water, and Mr. Rozum stated that the Authority was working on the vessel's table backs.

8. Mr. Lamson then reported that the final development and testing phase of the point-of-sale ticketing system upgrade had been completed and that most, if not all, of the Authority's ticket sellers had been trained on the new Windows-based system. Mr. Lamson further reported that the new system will be installed in stages at all of the Authority's terminals during the week of March 20th, and that the Maintenance Department has started to work on the installation of the electrical and data connections that will be needed for the scanners to be installed at multiple locations at each terminal over the next two months. Mr. Lamson stated that SkiData will also start installing the new scanners at the Hyannis and Nantucket terminals during the week of March 20th, and that it will be back during the week of May 8th to install the scanners at the Woods Hole, Vineyard Haven and Oak Bluffs terminals.

Mr. Lamson stated that the staff's goal was to have the new scanning equipment installed and operational at the Hyannis and Nantucket terminals before the *M/V Iyanough* resumes service on April 1, 2017, and at all of the Authority's other terminals before the start of the summer schedule on May 16, 2017. In addition, Mr. Lamson said, after the scanners are installed for each route, the Authority will introduce new mobile ticketing capabilities for smart phones and online purchasing of passenger tickets on the Authority's website, and that the following phase will include the development of software for the sale, scanning and reloading of RFID cards (radio-frequency identification cards) that eventually will replace the paper coupon books.

In response to questions from Mr. Lowell, Mr. Lamson stated that, with respect to the Nantucket route, the staff hopes to be able to sell and scan electronic tickets and ticket books for the high-speed ferry, as well as electronic tickets for the traditional ferries, beginning on April 1st, which will include mobile ticketing (scanning customers' smart phones). Mr. Lamson stated that then, by June 2017, the staff hoped to be able to introduce RFID cards to replace the paper coupon books (and which customers will be able to reload) for both the high-speed ferry and the traditional ferries on the Nantucket route.

Mr. Rozum further stated that two RFID cards will also be able to be linked to the same account, and that the ultimate goal was to have customers be able to use one RFID card for both automobile and passenger ticket books that are charged to the same account. In addition, Mr. Rozum said, the system will allow customers to buy passenger tickets on line and then email the tickets to their children so that they can be scanned on their children's smart phones.

9. Mr. Davis then reviewed with the Port Council the Authority's unaudited operating results for the year ended December 31, 2016, as set forth in a memorandum that Mr. Davis had sent to the Authority Members and the Port Council members, dated February 27, 2017. Mr. Davis also stated that he expected that the Authority's auditors will be wrapping up their work within the following week and will issue their report by the end of the month.

10. Mr. Lamson then recounted how, in April 2016, the staff had provided copies of their Preliminary Report on the Feasibility of Providing Freight Service between New Bedford and Martha's Vineyard to public officials of all of the communities that could be affected by such a freight service, and how the report was also posted on the Authority's website for public comment. Mr. Lamson stated that, by July 2016, only three people had submitted comments on the report and that none of them seriously disagreed with any of the staff's principal recommendations (except that Woods Hole resident Nat Trumbull disagreed with the staff's recommendation that the Authority should not subsidize the cost of the freight service between New Bedford and Martha's Vineyard). Accordingly, Mr. Lamson said, the staff's recommendations regarding this potential freight service remained essentially the same as they were presented in the preliminary report.

Mr. Lowell stated that he was disappointed that the preliminary report did not compare the cost of providing a ferry service between New Bedford and Martha's Vineyard with the cost of providing the Authority's current ferry service between Hyannis and Nantucket, which he observed would be about the same because the routes are approximately the same distance. In this regard, Mr. Lowell stated that there is nothing to reinvent for the proposed service between New Bedford and Martha's Vineyard, as its cost and even its operating schedule (two daily round trips with the same crew) would be about the same as the Nantucket route because its distance over the water cannot be changed.

Mr. Anthes-Washburn stated that he thought the staff's recommendations were fine, and that the key will be finding freight shippers who are willing to pay the necessary fares and use the service. Mr. Anthes-Washburn also stated that the City of New Bedford was willing to talk to anybody about potential cargo coming into its port, no matter what it is, but that the service and cargo have to line up with the City's goals for its waterfront. Accordingly, Mr. Anthes-Washburn said, the City will be happy to work with the Authority and the Cape Cod Commission to incorporate the service into its planning efforts, but he was not going to devote a substantial amount of resources developing a service that no one wants to happen. Mr. Anthes-Washburn also noted that if it turns out that there are other ways to fund or provide the service, the City was more than willing to discuss those alternatives.

In response to a question from Mr. Munier, Mr. Lamson stated that the timeframe for implementing the recommendations was somewhat open ended, as the goal was to have all of the potentially affected communities agree on how to proceed. But Mr. Balco noted that, by contrast, the potential timeframe for barging municipal solid waste from Martha's Vineyard was relatively short.

Mr. Anthes-Washburn advised the Port Council that the City of New Bedford was waiting to see what the current federal administration's infrastructure proposal will be, and that it was attempting to tailor its plans in order to be able to respond to that proposal as best it can. In this regard, Mr. Anthes-Washburn observed that any marine facility should be designed to be versatile, as it is difficult to predict what use will be made of it in the distant future, but that potential freight service to Martha's Vineyard was only a small part of the potential cargo operations the City wants to develop. For example, Mr. Anthes-Washburn

said, the City's primary focus was its need for more dock space for fishing boats, its secondary focus was providing support for wind energy developments, and providing freight service to Martha's Vineyard would thus be a tertiary goal. But Mr. Anthes-Washburn also noted that, because of the contamination in New Bedford Harbor, the City has the ability to permit a project like this pretty quickly because of its environmental benefits. Finally, Mr. Anthes-Washburn stated that he expected the current federal administration's infrastructure proposal to rely heavily on proposed public/private partnerships, and that the City was working to be able to submit such proposed partnerships with the fishing industry.

In response to questions from Mr. Munier, Mr. Lamson stated that, once funding for the proposed freight service between New Bedford and Martha's Vineyard was secured, the service could probably begin within a six-month timeframe, and that the staff was proposing a 22-week summer seasonal schedule for the service based upon the Authority's experience with the pilot program it ran in 2000 and 2001. In this regard, Mr. Lamson noted that, because there is less demand for freight to Martha's Vineyard during the winter, it is harder for a ferry operator to make money during that time of year, and, in addition, the complaints from Woods Hole residents were primarily about truck traffic during the summer. However, Mr. Lamson said, the staff would be willing to reconsider that recommendation if a ferry operator wants to provide service for a longer period during the year (because, for example, it has no other use for its freight boat during the off-season).

Mr. Munier then asked Mr. Lamson why the staff was proposing that fares for the service from New Bedford be the same as fares from Woods Hole instead of being similar to the fares that are charged for the Nantucket route. In response, Mr. Lamson stated that, in his opinion, providing the same fare for freight shippers, regardless of whether they originate from New Bedford or Woods Hole, gives the New Bedford service a better chance of succeeding by providing an incentive for freight shippers to use the service even though it takes a little longer. By contrast, Mr. Lamson said, if the Authority were to charge the same fares for the New Bedford service as it charges for the Nantucket route, some people would think that the service was being set up to fail.

The Port Council then voted unanimously to recommend that the Authority Members adopt management's recommendations with respect to a potential freight ferry service between New Bedford and Martha's Vineyard, as set forth in the staff's "Responses to the Public Comments received regarding the Preliminary Report on the Feasibility of Providing Freight Service between New Bedford and Martha's Vineyard," dated March 2, 2017.

11. Mr. Lamson stated that, at the next Authority meeting, the staff would be recommending that the Authority revise its policies with respect to group tour bus reservations. In this regard, Mr. Lamson noted that, currently, the Authority accepts tour bus reservations up to a year in advance on a first-come, first-served basis and does not require any tour bus company to pay a deposit on its reservations. While Mr. Lamson noted that the Authority currently requires tour bus companies who do not have Authority charge accounts to pay for their reservations in full 30 days in advance of their travel dates, it allows all tour bus

companies a full refund if they cancel their reservations by 6:00 a.m. the day before their scheduled sailings.

Mr. Lamson stated that, because a majority of tour bus reservation requests for this year already have been processed, the staff was recommending only the following changes for 2017:

- To require tour bus companies who do not have Authority charge accounts to pay for their reservations in full at the time of booking, and to require tour bus companies who do have Authority charge accounts to pay for their reservations in full 30 days prior to their travel dates.
- To provide tour bus companies with full refunds for their reservations only if they cancel the reservations at least 14 days prior to departure. As a result, no refunds would be issued for reservations that are not cancelled at least 14 days prior to departure, although tour bus companies would continue to be able to change their reservations with at least one hour advance notice.

Mr. Lamson stated that the staff was also proposing the following additional revisions to the Authority's tour bus reservation policies beginning in 2018:

- To process all requests for tour bus reservations received by December 1, 2017 by lottery so that each tour bus company receives one reservation before any other tour bus company receives a second reservation on any given day.
- To require tour bus companies who have Authority charge accounts to pay a 10% deposit at the time of booking. (Tour bus companies who do not have Authority charge accounts would continue to be required to pay for their reservations in full at the time of booking.)
- Tour bus companies who have Authority charge accounts would continue to be required to pay for their reservations in full 30 days prior to their travel dates.
- The Authority would continue with the same reservation cancellation policy, namely, that tour bus companies must cancel their reservations at least 14 days prior to departure in order to receive a refund.

In response to a question from Mr. Balco, Ms. McHugh stated that the Authority transports between 300 and 400 tour buses to and from Martha's Vineyard each year. Mr. Lowell then observed that the staff's proposed reservation cancellation policy for tour bus companies would make it the same as the Authority's reservation cancellation policy for automobiles. Although Mr. Lowell acknowledged that it is a tough policy, he stated that Nantucket residents would be upset if they could not get car reservations because a tour bus company was tying up those spaces.

The Port Council then **voted** unanimously to recommend that the Authority Members revise the Authority's group tour bus reservation policies as proposed by management.

12. Mr. Lamson stated that, at the next Authority meeting, the staff would be recommending that, due to the diminishing merchandise sales over the past five years, the Authority discontinue its online merchandise store and use the remaining inventory for promotional events. But Mr. Balco suggested that the Authority consider establishing a committee to look into why the store has not been successful and to see how other ferries operate their online merchandise stores. For example, Mr. Balco said, if the Authority had models of the *M/V Island Home* in its display booths and they were available for purchase at the terminals, many grandparents would buy them for their grandchildren. Mr. Balco also observed that, while the Authority's store has some nice and fancy items, it does not have much breadth and additional items could be sold to help tourists remember their island vacations. Finally, Mr. Balco recounted how he and Nantucket Authority Member H. Flint Ranney had originally suggested that the Authority set up an online store and, while he acknowledged that there could have been more follow-through, he still thought the Authority should investigate what can be done to improve the store before dropping it.

Mr. Munier observed that the store's inventory had cost the Authority more than \$66,000 and had generated only around \$3,000 a year in revenue, but he asked whether, even though the store was losing money every year, the Authority might want to keep its online store for branding purposes. Mr. Lowell then questioned whether the Authority would ever be good at selling merchandise and, noting that a number of stores on the islands sell toy boats, he suggested that they might also be able to sell other Authority merchandise without any involvement by the Authority.

The Port Council then discussed whether the store competed with island businesses, but Mr. Huss noted that competition should not be an issue as long as the Authority sold only Authority-related items and not "Vineyard Haven" or "Oak Bluffs" items. In response to a question from Mr. Lowell as to whether the Authority could sell merchandise at its terminals, Ms. McHugh recounted how the Authority previously had asked Centerplate to sell Authority-related merchandise at its food counters and that Centerplate had tried but was not successful.

Mr. Lowell then expressed his amazement at the Authority's lack of success in selling anything, and observed that tourists buy items everywhere on the island. But Mr. Shufelt noted that tourists visiting one of the islands want to buy something that says "Martha's Vineyard" or "Nantucket," not the Authority. Mr. Shufelt also recounted how he had a merchandising program at the Barnstable Harbormaster's office, and that it was not worth it to carry all of the different sizes for each article of clothing. Mr. Shufelt stated that he eventually sold only bumper stickers, and that even their sales diminished over the years.

In response to another question from Mr. Lowell, Ms. McHugh stated that the Authority will continue to buy hats and other items to use for promotional purposes, and that the staff's recommendation was simply to discontinue the online store. The Port Council then **voted** (with Messrs. Lowell, Anthes-Washburn, Shufelt, Rezendes, Munier and Huss voting in favor and Mr. Balco voting against) to recommend that the Authority Members discontinue the Authority's online store as proposed by management.

Then, at approximately 11:20 a.m., the Port Council unanimously **voted** to adjourn their meeting that day.

A TRUE RECORD

Edward Anthes-Washburn, Secretary

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

April 5, 2017

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

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

Port Council Members absent: Secretary Edward C. Anthes-Washburn (New Bedford); Frank J. Rezendes (Fairhaven); and Robert V. Huss (Oak Bluffs).

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

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

1. After Mr. Balco 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 March 8, 2017.
2. Mr. Davis reviewed with the Port Council the Authority's Business Summary for the month of February 2017, and pointed out that, while traffic levels that month were lower than they were in February 2016, there had been an additional day in February last year due to 2016 being a leap year. In response to a question from Mr. Balco, Mr. Davis stated that only a portion of the \$2,381,000 difference between the Authority's projected operating expenses and its actual operating expenses for the first two months of the year was attributable to

timing differences, noting that the contract for the *M/V Katama*'s dry-docking had come in around \$600,000 lower than budgeted as a result of scaling back the scope of the work to be done under that contract. In response to a question from Mr. Lowell, Mr. Walker confirmed that the *M/V Gay Head* will be in the shipyard this upcoming summer. Then, in response to a question from Mr. Munier, Mr. Davis stated that there had been a typical number of trip cancellations during February, that most of them had been cancelled due to weather, and that several scheduled freight trips also had been cancelled due to the lack of demand. Mr. Lowell agreed, saying that around 50 gas truck reservations on the Nantucket route had been cancelled this past winter due to higher-than-usual temperatures.

3. Mr. Sayers then gave a PowerPoint presentation showing the progress of the construction of the Authority's new administrative office building in the Palmer Avenue parking lot, including the completion of the building's foundation and the erection of the steel framing. The presentation also included slides of the problem that had arisen when it was discovered that there was not enough space between the top of the building's Energy Recovery Unit (ERU), which has been installed in the basement, and the joists for the first floor after the concrete floor is poured, because the weight of the concrete floor would cause the beams to deflect too close to the top of the ERU. In order to correct this problem, Mr. Sayers said, the depth of the joists immediately above the ERU was being decreased from 18 inches to 16 inches, at a cost of less than \$25,000. Mr. Sayers also stated, in response to a question from Mr. Munier, that the Authority would be investigating whether someone other than the Authority (for example, the mechanical engineer, the architect, and/or the contractor) should be financially responsible for this change order.
4. Mr. Sayers then gave a PowerPoint presentation showing the progress of the construction of the Authority's temporary Woods Hole terminal building, and noted that the temporary building's finished floor level will be 9-½ feet above sea level, significantly higher than the elevation of the majority of the rest of the terminal property (which is between 5 and 6 feet above sea level).
5. Mr. Davis reported that the hearing officer had issued her recommended final decision in the administrative appeal proceedings regarding the Department of Environmental Protection's issuance of a draft Chapter 91 license for the Woods Hole terminal reconstruction project, and that the Authority expected the Commissioner to issue his final decision soon.
6. Mr. Davis reported that, last month, the Authority had rolled out its point-of-sale ticketing system upgrade, which included replacing a DOS-based system with a Windows-based system, and that it had been well received by the Authority's ticket sellers. Mr. Davis noted that the new system allows the Authority to scan and keep track of individual tickets and tell when they are used. Mr. Davis also reported that SkiData had installed the new ticket scanning stations at the Hyannis and Nantucket terminals and that the Authority began using them when the *M/V Iyanough* resumed service on April 1st. Mr. Davis stated that SkiData would return during the week of May 8th to also install the scanners at the Woods Hole, Vineyard Haven and Oak Bluffs terminals.

In response to a question from Mr. Balco, Mr. Davis stated that all of the Authority's tickets are now being sold on the new system, and that the staff's goal was to begin scanning the tickets on the Martha's Vineyard at the commencement of the summer season. Mr. Davis also stated that advance automobile reservations will also be able to be scanned with the new system.

Mr. Rozum then noted that, at the Hyannis terminal the prior Saturday, the Authority's employees had been able to scan paper tickets, paper confirmations and mobile devices in bad weather conditions, and that customers' tickets were able to be scanned at the same speed as they were walking onto the vessel. Mr. Rozum also noted that some of the changes the staff would like to make to the tickets include increasing the size of their bar codes, and that, instead of tearing off the ticket and allowing the customer to keep the ticket stub, for scanned tickets the Authority will simply allow the customer to keep the entire ticket.

Mr. Rozum also reported that the Authority began scanning fast ferry tickets this past weekend, and then began scanning *M/V Eagle* tickets this week. Mr. Rozum stated that the staff was currently focusing on getting the basics right and will then branch out from there, which will ultimately include the scanning and reloading of RFID cards (radio-frequency identification cards) that will replace the paper coupon books.

In response to a question from Mr. Balco as to what impact the reconstruction of the Woods Hole terminal will have on the placement of the scanning stations at that terminal during construction, Mr. Rozum stated that the units currently are on mobile platforms and can be moved around, although in the future the staff may look at permanently installing some units at certain locations. Mr. Rozum observed that, because the units are mobile, they can also be moved during inclement weather and, indeed, removed entirely, which will allow the Authority to store the Oak Bluffs terminal's scanning equipment during the off-season.

Mr. Walker then stated that the project had turned out to be much bigger than most of the staff had envisioned, that numerous employees deserved to be thanked, including the entire MIS department, the terminal employees, electricians, and Facilities Engineer Greg Endicott. Mr. Walker observed that it had been a great team effort and he was glad to see everything come together this past Saturday. Mr. Shufelt agreed, recounting how he had seen everyone on Saturday and they were all soaking wet.

7. Mr. Walker then gave a PowerPoint presentation on the status of the *M/V Woods Hole*, including updates on how it met the design parameters set forth in the Statement of Owner's Requirements that the Authority established with Elliott Bay Design Group in January 2014, and the computer modeling that Elliott Bay Design Group had conducted to determine its seakeeping ability.
 - Mr. Walker stated that the vessel had sailed at 16.6 knots during its sea trials, but that it was then in lightship condition. Therefore, he stated that he did not know whether the vessel is able to sail at 16 knots with a full load. Mr. Munier suggested that, when the Authority knows that the vessel will be carrying a full load or close to a full load,

it use that opportunity to find out whether the vessel can meet that parameter. In response, Mr. Rozum stated that the staff had anticipated that the vessel would be carrying close to full loads on the Nantucket route this past winter, but that there had been fewer fuel trucks on board due to the relatively warm weather.

- Mr. Walker stated that, although the Authority's original requirement was for Elliott Bay to use the hulls of the *M/V Nantucket* and the *M/V Martha's Vineyard* as a baseline, the hull design required modifications due to its payload requirements.
- Mr. Walker stated that the vessel has fewer exterior seats than originally called for because the rescue boats had to be relocated from the freight deck to the 02 deck.
- Mr. Walker stated that, while the Authority originally had anticipated that the vessel would not have a ballast system, it ended up having a ballast system with trim tanks. As a result, Mr. Walker said, ballast water is able to be moved throughout the vessel, as well as in and out of the boat.
- Mr. Walker stated that, while the Authority originally had asked for the emergency generator to be the same size as the two main generators, the Authority decided to go with a smaller unit because the load was so much smaller. However, Mr. Walker said, all three generators are from the same manufacturer; the emergency generator just has a different engine.
- Mr. Walker stated that the Authority originally thought that the vessel should have Reintjes gearboxes, but during the design process had decided to go with controllable pitch propeller system, which also resulted in different shafts.
- Mr. Walker stated that the Authority originally had thought that the cooling system would have box coolers in the hull, but, because the revised hull form did not allow their installation, the decision was made to go with the standard grid coolers.
- Mr. Walker stated that the Authority originally specified a fiberglass holding tank for the waste water system, but ultimately had agreed that a painted steel tank with a good system would be adequate.

Mr. Walker then reviewed a slide in the presentation showing the *M/V Woods Hole's* drafts and how Elliott Bay had calculated the vessel's service life margin to be 12.11 percent, or 157 long tons, which he noted was better than the parameter of ten percent set forth in the Statement of Owner's Requirements. Mr. Walker also noted that the vessel's light ship displacement was 1,299.4 long tons, and that, with the service life margin, the vessel's draft when it is operating without any ballast will be 10.5 feet.

Mr. Davis then reported that Mr. Walker had worked with Elliott Bay to obtain the Coast Guard's approval of an increase in the capacity of the *M/V Woods Hole* from 384 persons (376 passengers and 8 crewmembers) to 453 persons (445 passengers and 8 crewmembers), although the Coast Guard's local Officer in Charge, Marine Inspection (OCMI) still has to

issue a revised Certificate of Inspection (COI) for the vessel. Mr. Davis stated that, when the vessel goes into repair at the end of May to finish some punch list items, the additional raft that is required for the increased capacity will be installed on the vessel so that it will be able to carry more passengers during the summer, when it will be operating on the Nantucket route. In this regard, Mr. Davis noted that, with the ability to carry 445 passengers, the *M/V Woods Hole* should be able to handle the same number of passengers on that route that previously have been carried by the *M/V Nantucket*.

Mr. Walker then showed several slides that had been prepared by Elliott Bay showing the *M/V Woods Hole's* seakeeping ability while operating at 12 knots in seas with a wave height of 10.8 feet. Unfortunately, Mr. Walker said, because of the time it took to produce this computation of fluid dynamics, the Authority did not have this information before the vessel sailed this past winter on the Nantucket route, but he noted that high seas on that route had not been a problem and that the vessel operated back and forth. Mr. Walker also noted that the Authority usually operates in four-foot seas with a wave height of 7.2 feet.

Mr. Walker stated that the Authority's Captains also had relayed their observations of the vessel's seakeeping abilities during this process, which had proven to be very useful. As a result, Mr. Walker said, the vessel's door manufacturer had come back and sealed the doors with gasket materials to keep the water out, and the Authority has decided to make similar changes to the *M/V Martha's Vineyard* during its mid-life refurbishment. In response to a question from Mr. Munier, Mr. Walker stated that the gasket probably will have a five-year life, and that it is self-adjusting every year with readily available materials.

Finally, Mr. Walker reviewed with the Port Council the status of the vessel's 13 remaining punch list items that still have to be addressed by Conrad Shipyard, noting that the punch list originally had as many as 150 items on it. Mr. Walker stated that Conrad has done a great job sending people to work on the items, and that the Authority also has done some work on them with Conrad's agreement and at Conrad's expense. Mr. Walker noted that the few remaining items should all be addressed when the vessel is in repair status from May 30th through June 6th.

In response to a question from Mr. Munier, Mr. Walker stated that the vessel's warranty period was for one year and that the Authority accepted delivery of the vessel in June 2016. In response to another question from Mr. Munier, Mr. Davis stated that the amount of retainage the Authority was still holding under the contract was approximately \$1,150,000, which Mr. Munier observed should be enough to hold Conrad's attention.

Mr. Lowell then observed that one of the reasons people like the *M/V Woods Hole* is the gateway look it has when it backs into a slip, and he asked when the Authority will know whether it needs a second one instead of going back to the drawing board. In response, Mr. Davis stated that the long-term capital plan anticipates that the Authority will acquire its next replacement vessel after the reconstruction of the Woods Hole terminal, and that the Authority will first have to determine what type of boat will be needed at that time. But Mr. Balco suggested that the Authority will need two boats like the *M/V Woods Hole*, one for each island.

8. Mr. Davis then reported that Hyannis Harbor Tours, Inc. (Hy-Line) had submitted a request to the Authority for permission to operate a high-speed ferry service between Hyannis and Edgartown for the 2017 Christmas in Edgartown event, which will be taking place during the second weekend in December. Mr. Davis noted that Hy-Line had been approached by the Edgartown Board of Trade about providing the service and, in response, Hy-Line was proposing to operate two round trips on Friday, December 8th, and three round trips on Saturday and Sunday, December 9th and 10th. Mr. Davis further stated that Hy-Line had agreed with the staff's suggestion that Hy-Line provide the service as additional licensed trips between Hyannis and Martha's Vineyard under its existing license agreement.

In response to a question from Mr. Balco, Hy-Line Vice President R. Murray Scudder, Jr. stated that Hy-Line recently had taken the *M/V Grey Lady* into Edgartown Harbor and was able to dock at Edgartown's Memorial Wharf very easily. Mr. Scudder also stated that it will be nice to be able to provide the service. In response to a question from Mr. Munier, Mr. Davis stated that the Authority will still operate the same number of trips between Woods Hole and Vineyard Haven during that weekend, as it does not provide any extra service for the event.

The Port Council then **voted** unanimously to recommend that the Authority Members agree to Hy-Line's request to provide high-speed ferry service between Hyannis and Edgartown during the Christmas in Edgartown weekend in 2017 as additional licensed trips between Hyannis and Martha's Vineyard under its existing license agreement. Mr. Balco observed that he did not know whether there were enough people in Hyannis who will want to go to Edgartown during that weekend, but that the Authority will find out.

9. Mr. Davis then reported that General Manager Wayne C. Lamson had met with Oak Bluffs Town Administrator Robert Whritenour and had reached a tentative agreement to renew the Authority's lease of the waterside portion of Sea View Avenue in Oak Bluffs from the Town. Mr. Davis stated that the proposed lease renewal would be for five years, that the rent paid by the Authority for the first year would increase to \$15,000 (from the \$10,481 in rent the Authority paid in 2016), that the rent thereafter would increase annually at the same rate as the consumer price index, and that the Authority would agree to work with the Town to improve signage and pedestrian/vehicular circulation flow in the vicinity of the Authority's Oak Bluffs terminal.

In response to a question from Mr. Shufelt, Mr. Davis stated that the staff was proposing that the rent under the lease be increased by almost 50% because, even though the Authority has been renting the property for decades, the rent has not increased significantly over that time. The Port Council then **voted** unanimously to recommend that the Authority Members approve the terms of a new lease with the Town of Oak Bluffs for the waterside portion of Sea View Avenue, as proposed by management.

10. Mr. Lowell then recounted how a few of the Authority's freight customers had asked him why they cannot use a credit card to pay for their bulk freight reservations or to pay their Authority charge accounts. In response, Mr. Davis noted that while charge account customers cannot use their credit cards to pay their charge accounts due to the limitations of the Authority's current accounting system, they are able to use their credit cards to pay for their individual trips if they pay for them at the time they travel. Although Mr. Davis acknowledged that the Authority might receive payment more quickly if customers were to pay for their freight reservations by credit card, he observed that it would not make much of a difference for the Authority's cash flow, as the Authority's charge account customers are billed four times per month and are then required to pay their bills within seven days. In addition, Mr. Davis noted that if the Authority's freight customers were to pay for their reservations by credit card, the amount of the Authority's credit card processing fees would increase significantly.

Then, at approximately 10:42 a.m., the Port Council unanimously **voted** to adjourn their meeting that day.

A TRUE RECORD

Edward Anthes-Washburn, Secretary

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

May 3, 2017

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

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

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

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

1. After Mr. Balco called the meeting to order at approximately 10:00 a.m., the Port Council **voted** unanimously (with Messrs. Anthes-Washburn and Huss abstaining) to approve the minutes of their meeting in public session on April 5, 2017.
2. Mr. Davis reviewed with the Port Council the Authority's Business Summary for the month of March 2017. Mr. Balco asked if Mr. Davis knew why the Authority's traffic levels were lower that month than they were in March 2016. In response, Mr. Davis noted that, in 2016, Easter had fallen in March, and Mr. Lowell also recounted how the weather in March this year had been worse than in February. Mr. Davis further stated that the Authority's maintenance expenses were significantly lower during the first three months of 2017 than budgeted for several reasons, including the fact that the Authority had scaled back the scope of work that was to be done under the *M/V Katama's* dry-dock contract and that other

maintenance expenses had come in lower than anticipated. However, Mr. Davis said, the decrease in other maintenance expenses were attributable to timing issues, such as the delay in dock repair work at the Oak Bluffs terminal, which is now going to be done in the fall instead of before the summer season. In response to a question from Mr. Huss, Mr. Walker stated that the repair work at the Oak Bluffs terminal will mainly consist of decking repairs, although there also will be work on some piles.

3. Mr. Lamson then reported that the construction of the Authority's new administrative office building was proceeding pretty much on schedule, and that the basement floor and the concrete slab for the first floor have been poured. Mr. Lamson further reported that the contractor was now working on the mechanical, electrical and plumbing systems in the basement, and that work on the building's roof and siding will not take place until June because the Glulam (glued laminated timber) beams were not scheduled to be delivered until the end of May. Finally, Mr. Lamson reported that the staff is beginning to work with the architect on the procurement of the office furniture, computer equipment and telephone system that will be needed in the new building.

Mr. Sayers then gave a PowerPoint presentation showing the progress of the construction of the new building. During that presentation, in response to a question from Mr. Munier, Mr. Sayers stated that the change order for reducing the depth of the joists for the first floor above the Energy Recovery Unit (ERU) had come in at less than \$15,000. Mr. Sayers also stated that information received by the architect before the ERU had been installed indicated that there would be 4-³/₄ inches of clearance from the joists, but that after the ERU's installation, the clearance ended up being only three-quarters of an inch, which was why the mechanical engineers then recommended that the 18-inch joists be replaced with 16-inch joists. Mr. Sayers stated that, while the staff was still investigating the situation, Mr. Cloutier's initial feeling was that neither the architect nor the mechanical engineer was at fault, and that he was impressed with how the contractor and engineer had agreed upon a resolution of the problem that did not result in any significant delay of the construction schedule. Mr. Sayers also stated that he did not know whether the change order already reflected a compromise of any claims the contractor may have had for the extra work.

4. Mr. Lamson then reported that the modular units for the Woods Hole temporary terminal building had been delivered less than two weeks ago and that, by April 25th, all of them had been placed onto the foundation without any problems or issues. Mr. Lamson also noted that some of the utility work for the temporary building had been held up because the Authority could not work in the waterside area of the terminal until after it received its waterways license for the project, but that the Authority received that license last week and the work was now proceeding. In this regard, Mr. Lamson noted that the language in the final license was essentially the same as in the draft license that the Massachusetts Department of Environmental Protection had issued in September 2016, except for the addition of a requirement for the Authority to place signage at the terminal about public access, which the Authority already was obligated to do under the waterways regulations.

Mr. Lamson also cautioned that the trenching and underground utility work will make it a challenge to maintain terminal operations over the next few weeks, and that the work will result in various temporary changes in traffic patterns at the terminal. Mr. Lamson further reported that the Authority was attempting to restore the bike path and exit lane for the back parking lot on the north side of the temporary building as soon as possible, but that it may not be possible until after the contractor completes some curbing work in an area near Railroad Avenue over the next few weeks.

Mr. Sayers then gave a PowerPoint presentation showing the progress of the construction of the Authority's Woods Hole temporary terminal building.

5. Mr. Lamson then reported that the Authority should be receiving an updated cost estimate for the Woods Hole terminal reconstruction project by the end of May, and that the design team was still working toward a mid-September date for the issuance of an invitation for bids for the marine contract so that the contract can be awarded at the Authority's November meeting. Mr. Lamson also noted that there will be a separate contract for the demolition of the current General Office building after the new administrative office building and the temporary terminal building are completed, and that the invitation for bids for that demolition contract was expected to be issued in August so that the contract can be awarded at the Authority's September meeting.
6. Mr. Lamson then reported that the Authority has been scanning passenger tickets at the Hyannis and Nantucket terminals this last month, and with SkiData was working through various issues that have arisen with the scanning operations. For example, Mr. Lamson said, the Authority has encountered some problems scanning tickets on customers' smart phones in bright sunlight or when the phones' screens are cracked. Mr. Lowell stated that he had not heard any complaints about the new scanning operations, and Mr. Lamson reported that the Authority's customers should be able to purchase traditional ferry tickets on their smart phones within the next week or so.

In response to a question from Mr. Balco, Mr. Lamson stated that the Authority will begin scanning tickets on the Martha's Vineyard route at the commencement of the summer schedule, that the trenching work for the scanning equipment had been completed at the Vineyard Haven terminal the prior week, and that the Authority's maintenance employees were now completing the work at the Oak Bluffs terminal.

7. Mr. Lowell then suggested that the staff consider using the high-speed ferry's luggage carts on the traditional ferries during certain times of the year instead of the larger luggage carts with tow motors. Mr. Lowell observed that often there are only a few pieces of luggage on those carts during the off-season, and the amount of freight deck space taken up by the tow motors and luggage carts could be better used for vehicles.

8. Mr. Davis 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 2016 calendar year, noting that the methodologies used in the analysis were the same as those that have been used for the previous twelve years.

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

- (a) In 2016, the cost of vessel operations increased by \$1,364,000, or 5.5%, principally due to increases in the dry-dock expenses for the *M/V Sankaty* and the addition of the *M/V Woods Hole*, although those additional expenses were partially offset by a slight decrease in vessel fuel costs. By contrast, indirect non-vessel costs decreased by \$507,000, or 2.1%, which resulted in the overall cost of service for the Martha's Vineyard route increasing by \$857,000, or 1.7%, from 2015.
- (b) The total number of trips operated increased by 157 in 2016, with total capacity for the year increasing by 34,620 car-equivalent unit spaces primarily because of the *M/V Woods Hole's* increased vehicle capacity. The number of spaces occupied increased by 24,600, or 4.0%, from 2015, resulting in a decrease of the occupancy rate from 81.9% in 2015 to 81.4% in 2016.
- (c) The estimated cost of a car-equivalent unit space was \$49.61 in 2016, down from \$51.35 in 2015. On average, automobiles covered 97.1% of their allocated cost of service, with the standard fare automobiles covering 129.4% and excursion fare automobiles covering 39.9%. By comparison, on average, trucks covered 114.8% of their allocated cost of service.

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

- (a) In 2016, the cost of vessel operations increased by \$1,821,000, or 12.1%, primarily due to increases in the dry-dock expenses for the *M/V Sankaty* and the *M/V Eagle*, although those expenses were partially offset by a \$500,000 decrease in vessel fuel costs. Indirect non-vessel costs also increased by \$2,830,000, or 24%, due to dock work at the Nantucket terminal, restroom renovations at both the Hyannis and Nantucket terminals, and the repair of the exterior steps at the Hyannis terminal. As a result, the overall cost of service for the Nantucket route increased by \$4,651,000, or 17.3%, from 2015.
- (b) The total number of trips operated increased by 79 in 2016, with total capacity for the year increasing by 5,790 car-equivalent unit spaces. The number of spaces occupied increased by 8,899 from 2015, resulting in an increase of the occupancy rate from 84.2% in 2015 to 86.0% in 2016.
- (c) The estimated cost of a car-equivalent unit space was \$131.05 in 2016, up from \$113.16 in 2015. On average, automobiles covered 116.1% of their allocated cost of service, with the standard fare automobiles covering 147.3% and excursion fare

automobiles covering 41.3%. By comparison, on average, trucks covered 88.3% of their allocated cost of service.

In response to a question from Mr. Lowell, Mr. Davis stated that these statistics were based upon the actual number of trips operated in 2016, as opposed to the number of trips that had been scheduled. Mr. Balco then observed that the analysis demonstrated that, not only in 2016 but over the course of the last ten years, each island has paid for its own cost of service and that, as a result, in the event there needs to be a rate increase next year, there is no reason to allocate such a rate increase to one island rather than the other. Mr. Davis agreed, and Mr. Lamson referred the Port Council to the chart under Tab 1 of Mr. Davis's analysis, which showed that, over the past ten years, the allocated revenues and cost of service for the Martha's Vineyard route represented 57.3% and 57.1%, respectively, of the Authority's total operating revenues and cost of service, whereas the allocation of revenues and cost of service on the Nantucket route were 42.7% and 42.9%, respectively, of the Authority's overall operating revenues and cost of service, and Mr. Lamson observed that it would be practically impossible to get much closer than that in terms of the effectiveness of the Authority's rate structure to cover each route's allocated cost of service.

9. Mr. Lamson reviewed with the Port Council the staff's plans to make certain improvements to the parking lot at 123 School Street, Hyannis, Massachusetts, as described in a draft staff summary that had been provided to the Port Council. Mr. Lamson noted that he, with Messrs. Shufelt and Davis, as well as the Authority's Barnstable Member, Robert R. Jones, had review the proposed improvements with the Barnstable Town Manager and that the staff also intended to present them to the Barnstable Site Review Committee as a courtesy, even though the Authority is not required to do so, and take their comments into account. Mr. Lamson further stated that the staff hoped to begin work on the improvements late this year and to complete them over the winter.

Mr. Lamson then reviewed the site plan drawings of the proposed parking improvements, and Messrs. Huss and Lowell observed that they will significantly improve the Authority's management of stormwater there. Mr. Lamson also noted that the improvements will result in additional paved parking spaces at that location, which will provide more parking for community groups who use the Hyannis terminal's second floor meeting room at night, as well as for Authority employees during the day. Mr. Lamson further stated that, while the staff may later consider whether to allow rental cars to also park at that location, there were no plans to allow Authority customers to park there for a fee.

The Port Council then **voted** unanimously to recommend that the Authority Members authorize the General Manager to proceed with the proposed parking lot improvements at 123 School Street, Hyannis, as proposed by management.

10. Mr. Lamson then reviewed with the Port Council the staff's preliminary version of their proposed 2018 Winter and Spring Operating Schedules, noting that the proposed schedules take into consideration that the *M/V Martha's Vineyard* will be undergoing its mid-life refurbishment beginning in September 2017 and won't be returning to line service until the 2018 Early Spring Operating Schedule that commences on March 15, 2018. Mr. Lamson also noted that the staff was proposing to triple crew the freight boat on the Martha's Vineyard route during the 2018 Winter Operating Schedule, when the existing General Office building is scheduled to be demolished. Mr. Lamson observed that the freight boat has been single crewed during past winter schedules, but he stated that the staff did not want to get into a situation where the freight boat is tied up at Woods Hole over a weekend and there is no place to dock an additional vessel there during the terminal's reconstruction. Mr. Lamson also noted that, during prior winters, the Authority often has called in extra crews so that the freight boat can provide extra trips on the weekends, and he observed that this will not be necessary next winter because the crew will already be there.

Also with respect to the Martha's Vineyard route, Mr. Lamson reported that the staff was planning to berth the freight boat at Vineyard Haven during the Early Spring Operating Schedule (from March 15 through April 1, 2018) and have its first trip leave the island at 5:30 a.m. Mr. Lamson noted that the Authority berthed a freight boat at Vineyard Haven this past year, with a daily 5:30 a.m. departure, and had not received any complaints from the public.

Mr. Lamson also noted that the staff was planning to start the Summer Operating Schedule five days earlier next year and to open the Oak Bluffs terminal at the same time because it will be less confusing to the Authority's customers. Mr. Lamson stated that this decision had been made strictly on the basis of the calendar, and was not being proposed to favor the Town of Oak Bluffs over Vineyard Haven. In this regard, Mr. Rozum also noted that the *M/V Island Home* will stop providing service for a few weeks at the beginning of the Summer Operating Schedule while it undergoes its spring "spruce up" at the Fairhaven Vessel Maintenance Facility.

With respect to the Nantucket route, Mr. Lamson reported that the staff was proposing to operate pretty much the same winter and spring schedules as those that the Authority had operated this past year. Mr. Lamson noted that, while he still receives a few complaints about not enough service on that route, the staff has concluded that the amount of service provided by the schedules is sufficient, and Mr. Lowell agreed.

Finally, Mr. Lamson stated that the staff will be posting the proposed operating schedules on its website and advertising them in local newspapers next week so that the public will have thirty days to comment on them before the June 20, 2017 Authority meeting, when the staff will ask the Authority Members to approve them, as they may be revised based upon the comments received. Although Mr. Lowell expressed concern about the cost of the advertisements, Mr. Munier observed that he has a constituency who is very interested in the Authority's operating schedules, particularly the 5:30 a.m. freight trip from Woods Hole, and it was important for the Authority to be transparent about its plans and to follow an appropriate and inclusive decision-making process.

At this time, Mr. Lowell left the meeting.

11. Mr. Lamson then reported that the staff would be recommending that the Authority renew its agreement with the Town of Tisbury and the Martha's Vineyard Transit Authority ("VTA") to continue to provide the Tisbury Park and Ride service, and he stated that he did not believe the new agreement would have any substantive changes from the previous one. However, Mr. Lamson noted that the agreement requires the Authority to reimburse the VTA for fifty percent (50%) of both the labor cost of the vehicle's drivers and the fuel costs which the VTA reasonably incurs to operate the service on a year-round basis, and to make additional payments to the VTA in the amount of \$200 per month as reimbursement for its share of the VTA's maintenance, insurance and painting costs. Mr. Lamson noted that the Authority has been reimbursing the VTA 50% of the labor cost of the vehicle's drivers based upon an hourly rate of \$18.50 (not including benefits) since 2003, and that the VTA was currently paying its drivers \$24.00 per hour, which represented an increase of less than 2% per year. Therefore, Mr. Lamson said, he would be recommending that the Authority's reimbursement be based upon the VTA's current labor rate, which will increase the agreement's annual cost to the Authority from around \$66,400 to approximately \$83,000, a cost increase of less than \$17,000. But Mr. Lamson also noted that, because of the increase in the number of passengers using the service, it will still cost the Authority only around \$0.67 per passenger, slightly less than what it cost the Authority to carry each passenger several years ago.

Mr. Balco stated that he had discussed the proposed renewal of the agreement with Tisbury Town Administrator John W. Grande, and that he thought the Town was satisfied with it. Mr. Huss observed that the service was important not only for Tisbury residents, but for residents of the entire island, as everyone uses it. The Port Council then **voted** unanimously to recommend that the Authority Members renew the Tisbury Park and Ride Agreement, as proposed by management

12. Mr. Balco then asked if anyone from the public wished to make any comments, but no one responded.

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

A TRUE RECORD

Edward Anthes-Washburn, Secretary

Documents and Exhibits Used at the Port Council's May 3, 2017 Meeting

1. Agenda for the Port Council's May 3, 2017 Meeting.
2. PowerPoint Presentation of the Progress of the Construction of the Authority's New Administrative Office Building
3. PowerPoint Presentation of the Progress of the Construction of the Woods Hole Temporary Terminal Building.
4. Agenda Item #2(d) - Draft Staff Summary – Proposed Parking Lot Improvements, 123 School Street, Hyannis.
5. Agenda Item 2(e) – Draft Staff Summary #TPF-2017-4, dated April 26, 2017 – Preliminary Version of Proposed 2018 Winter and Spring Operating Schedules.
6. Table of the Scheduled 5:30 a.m. Freight Trips Leaving Woods Hole, from 2012 through 2018 (proposed).
7. Martha's Vineyard Transit Authority – Table of Expenses Paid by the Authority for the Tisbury Park and Ride Service, and the Number of Passengers Carried, by year from 2013 through 2016.

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

June 7, 2017

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

Port Council Members present: Chairman George J. Balco (Tisbury); Vice Chairman Nathaniel E. Lowell (Nantucket); Secretary Edward C. Anthes-Washburn (New Bedford) (who arrived during the Port Council's discussion of the April 2017 business summary); Eric W. Shufelt (Barnstable); Frank J. Rezendes (Fairhaven); Robert S. C. Munier (Falmouth); and Robert V. Huss (Oak Bluffs).

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

Authority Management present: Wayne C. Lamson (General Manager); Robert B. Davis (Treasurer/Comptroller); Gerard J. Murphy (Treasurer-Elect); Mark K. Rozum (Operations Manager); Mary T. H. Claffey (Director of Information Technologies); Gina L. Barboza (Reservations and Customer Relations Manager); Carl R. Walker (Director of Engineering and Maintenance); and Steven M. Sayers (General Counsel).

1. After Mr. Balco 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 May 3, 2017.
2. Mr. Davis reviewed with the Port Council the Authority's Business Summary for the month of April 2017, noting that, while the number of passengers carried on the Authority's fast ferry that month was 55.1% higher than the number of passengers it carried in April 2016, the Authority had started its fast ferry service 11 days earlier this year on April 1st instead of April 12th, when it started its fast ferry service last year. Mr. Davis also noted that, while the Authority's maintenance expenses had been approximately \$3,869,000 lower

than budgeted through the first four months of 2017, that variance was partly attributable to the fact that some of the maintenance projects that were going to be completed during that period are now going to be undertaken in the fall, as shown on page 7 of the business summary.

After observing that the Authority normally does not break even during the month of April, but that its operating loss this year during that month had been only \$26,125, Mr. Munier asked Mr. Davis how the Authority's budgeting process can be this far off, noting that it is not a good thing to incorrectly overestimate or underestimate the Authority's expenses. Mr. Munier also stated that he did not understand why the Authority's estimate of its maintenance expenses had been so far off, since those expenses are fairly predictable.

In response, Mr. Davis stated that almost \$2,000,000 of maintenance projects were now going to be undertaken later in the year than when they were originally scheduled, and that other maintenance expenses had been scaled back, particularly the scope of work in the *M/V Katama's* dry-dock contract. Nevertheless, Mr. Davis acknowledged that the staff should look at how it can project those expenses more accurately and ensure that the projects are appropriately entered into the Authority's Maximo computerized maintenance management system. In this regard, Mr. Davis noted that the paving repairs at the Nantucket terminal, which were to take place in April but were now going to take place in October, had simply fallen off the radar screen.

Mr. Davis also reported that, because of the large variance in maintenance expenses for the first four months of 2017, the staff was now scheduling the *M/V Governor* to be dry-docked in the fall of 2017 instead of during the first few months of 2018. Mr. Davis stated that for this reason, as well as the fact that a significant portion of the variance in maintenance expenses from budget was attributable to timing issues, the staff did not expect that the variance will continue to increase this year.

3. Mr. Lamson then reported that Woods Hole Terminal Reconstruction Project Manager William J. Cloutier was unable to attend the Port Council's meeting that day because the site contractor for the temporary Woods Hole terminal building was digging up Railroad Avenue at that moment to connect the building to the Town of Falmouth's sewer main. Mr. Lamson also informed the Port Council that that work was scheduled to continue through the following day and that traffic on Railroad Avenue was being rerouted during this time.
4. Mr. Lamson reported that the construction of the Authority's new administrative office building was proceeding pretty much on schedule, and that this week the contractor had started to install the Glulam (glued laminated timber) beams which had arrived the previous week and was completing work on the mechanical, electrical and plumbing systems in the basement. Mr. Sayers then gave a PowerPoint presentation showing the progress of the construction of the new building.

5. After Mr. Lamson also reported that the temporary Woods Hole terminal building should be completed within the next few weeks, Mr. Sayers gave a PowerPoint presentation showing the progress of the construction of the building.
6. Mr. Lamson then reported that the design team for the Woods Hole terminal reconstruction project had completed the project's design development drawings and that the Authority should receive an updated cost estimate for the project next week. Mr. Lamson also noted that if the cost estimate exceeds the previous cost estimate that was prepared for the project, the Authority will be able to work with the design team to reduce the project's cost. In response to a question from Mr. Munier, Messrs. Lamson and Sayers stated that their recollection was that the previous cost estimate had come in around \$65,000,000 to \$70,000,000, but that it had included a lot of design allowances.

Mr. Lamson then reported that the design team was still working toward a mid-September date for the issuance of an invitation for bids for the marine contract so that the contract can be awarded at the Authority's November meeting, and that a separate invitation for bids for the contract to demolish the current General Office building was expected to be issued in August so that the contract can be awarded at the Authority's September meeting.

7. Mr. Lamson reported that the staff had not met its goal of scanning passenger tickets for the Authority's traditional ferries by May 15th because the staff had encountered problems with the scanning equipment's ability to scan tickets on certain smart phones. Mr. Lamson stated that apparently the type of barcode used for the tickets was not the best type, so the Authority was now going to use a square barcode called an Aztec Code, which Mr. Lamson stated is easier for the scanners to read when a phone is being scanned in bright sunlight or when its screen's brightness is reduced. Mr. Lamson reported that the Authority's programmers were in the process of making that change, which he said would take a few weeks before it is ready for testing, and that it would then be a few more weeks before it was rolled out. Mr. Lamson noted that, while this schedule was not ideal, it was better than commencing scanning operations for traditional ferry tickets with the same problems that were being encountered with scanning fast ferry tickets.

In response to a question from Mr. Huss, Mr. Lamson reported that the Authority had begun selling RFID cards for the 46-ride commuter books on May 31st and that customers can no longer buy a paper version of that particular commuter book. Mr. Lamson stated that if someone loses a 46-ride card, the Authority will give the customer a new card and disable the lost one. Mr. Lamson further reported that customers will be able to reload their 46-ride cards before the end of the month at the Authority's ticket offices and, by the end of July, they should be able to reload them each month online. Mr. Lamson stated that, after those goals are accomplished, the staff will again focus on allowing customers to buy traditional ferry tickets online before rolling out RFID cards for the 10-ride ticket books.

8. Mr. Lamson then reviewed with the Port Council the staff's proposed 2018 Winter and Spring Operating Schedules, noting that they were pretty much the same as the preliminary versions the staff had presented last month. Mr. Lamson stated that, since then, the staff had placed advertisements of the proposed schedules in the local newspapers, and that next Monday was the deadline for the public to submit comments on the proposed schedules. Mr. Lamson noted that the Authority already had received three emails about the proposed schedules, and that two of those emails were from hazardous cargo shippers who expressed concern about how the Authority had proposed to reduce the number of hazardous cargo trips on the Martha's Vineyard route from two trips each weekday to one trip beginning on March 15, 2018. Mr. Lamson stated that the shippers had observed that the weather might still be cold during late March, which would put a strain on the Authority's capacity to carry hazardous cargo. Therefore, Mr. Lamson said, the staff had decided it was better to be on the safe side and was now proposing to operate two weekday hazardous cargo trips on that route from March 15 through April 1, 2018.

Mr. Lamson also reported that a Peter Pan passenger had asked the Authority to coordinate its schedules with Peter Pan's schedules so that there is more than a five-minute window from the time the last Peter Pan bus is scheduled to arrive at Woods Hole at 9:40 p.m. and the time the last ferry to Martha's Vineyard is scheduled to leave Woods Hole at 9:45 p.m. While Mr. Lamson noted that the Authority does hold that last ferry for five or ten minutes if the bus is late, any further delay of that trip would require the Authority to also delay the ferry's first trip the following morning from 6:00 a.m. to 6:15 a.m. to ensure that the crew does not work more than the maximum 18 hours in their watch schedule.

In response to a request from Mr. Balco, Mr. Lamson stated that the staff would try to find out how many times the last Peter Pan bus has arrived at Woods Hole after the 9:45 p.m. ferry has left for Martha's Vineyard, but he noted that the Authority only operates that 9:45 p.m. trip on Fridays, Saturdays and Sundays during that time of year.

Mr. Lamson also observed that, if the proposed schedules were approved, the first trip from Woods Hole would leave at 5:30 a.m. beginning on April 2, 2018. Mr. Lamson noted that the staff had provided the Port Council with the comments that the Authority had received from Nat Trumbull on May 2, 2018 before the proposed schedules had been advertised, and that all of those comments had been previously submitted when the Authority was proposing other operating schedules. Mr. Lamson also informed the Port Council that there was now a petition on www.change.org appealing to Governor Charlie Baker and Attorney General Maura Healey to intervene with the Authority, and that to date 116 people from all over the country had signed the petition.

With respect to the Nantucket route, Mr. Lamson confirmed Mr. Lowell's observation that, while the freight boat will not be scheduled to operate on Sundays during the winter and early spring operating schedules, it will still be available to operate if needed. In addition, Mr. Lowell noted that the *M/V Nantucket* will be assigned as the larger passenger/vehicle ferry on that route only for the first six days of the winter operating schedule. Mr. Lamson agreed, but reminded Mr. Lowell that the *M/V Nantucket* will be replacing the *M/V Eagle* on the Nantucket route during the 2017 Fall Operating Schedule as well, beginning right

after Christmas Stroll. Mr. Lowell stated that he understood and that, while people were going to complain, it was necessary due to the *M/V Martha's Vineyard* being out for so long for its mid-life refurbishment.

Mr. Lowell also stated that he had read a number of the comments that had been submitted by Mr. Trumbull regarding previous operating schedules, and noted that Nantucket has the same problem of having too many people on the island during the summer. But Mr. Lowell observed that businesses on both the islands and Cape Cod rely on the summer season to make their living for the entire year, so the Authority has to provide the service all of those businesses need. Mr. Lowell also cautioned that people have forgotten that the good economy which everyone is currently enjoying is not a guaranteed economy that would allow communities to limit the number of people traveling.

Mr. Balco agreed, and noted that the number of cars registered on Martha's Vineyard had grown over the years at a greater rate than the number of cars being transported to the island, which meant that a substantial portion of traffic on the island was due to people who are living there rather than ferry-related traffic. Mr. Balco also agreed with Mr. Lowell that traffic growth was cyclical and would slow down during the next recession.

But Mr. Munier observed that the fundamental issue raised by the preponderance of the letters that had been submitted by Mr. Trumbull was noise, particularly the noise associated with the 5:30 a.m. freight boat from Woods Hole. Mr. Munier also noted that Woods Hole residents were going to continue to raise this issue, and he felt the Authority needs to be certain that it is doing everything it can to address the community's concerns, especially during the reconstruction of the Woods Hole terminal. In addition, Mr. Munier said, the Authority needs to be able to easily explain to the community why it is necessary for the Authority to operate a freight trip from Woods Hole at 5:30 in the morning.

Mr. Lamson then provided the Port Council with a chart showing the times of year that the Authority has operated the 5:30 a.m. freight trip from Woods Hole since it first operated the trip during the summer of 2012, noting that Mr. Trumbull had not complained about any noise until the fall of 2015 when he raised issues about trucks idling their engines and using their back-up alarms. Mr. Lamson stated that, in response to those complaints, the Authority has stopped the trucks' excessive engine idling and has scheduled only drive-through vessels to operate the 5:30 a.m. freight trip so that the trucks no longer have to back up when being loaded onto the boat.

Mr. Lamson also observed that the staff was proposing to reduce the time of year next year when the 5:30 a.m. freight trip will be operated. For example, Mr. Lamson said, the staff had concluded that it is not necessary to operate the 5:30 a.m. freight trip during the early spring schedule even though the Authority had operated the 5:30 a.m. freight trip during this past year's early spring schedule. Accordingly, Mr. Lamson noted that the staff was not proposing to operate the 5:30 a.m. freight trip during the 2018 Early Spring Operating Schedule.

In response to a question from Mr. Munier, Mr. Lamson stated that the Authority needed to operate the 5:30 a.m. freight trip during the spring schedule because of the increase in freight volume during that time of year and the need for freight shippers to make their deliveries earlier in the day so that they do not tie up traffic. In addition, Mr. Lamson said, the Authority only has a certain amount of freight capacity later in the morning, which requires the Authority to spread out the trucks it carries to other times. Indeed, Mr. Lamson observed that, even if the Authority were able to carry all of the trucks between 8:00 a.m. and 9:00 a.m. in the morning, it would result in worse traffic congestion due to all of the trucks arriving at Woods Hole around the same time.

But Mr. Munier noted that most people were not asking the Authority to delay its freight trips until 8:00 in the morning, but instead were asking that the Authority not operate any trips from Woods Hole until 6:00 a.m. or 6:15 a.m. After Mr. Lamson stated that the online petition was objecting to any freight service before 6:30 a.m., Mr. Munier asked what changed from 2011 to 2012 that prompted the Authority to operate the 5:30 a.m. freight trip. In response, Mr. Lamson stated that the staff realized that the freight trucks needed to get over to the island earlier in the morning. Mr. Rozum also recounted how, during the summer of 2011, the freight boat's last trip at night was underutilized because no one wants to travel that late at night and, after its schedule was changed so that it operates earlier in the day, its first trip in the morning has been full because that is when people want to travel.

Mr. Lamson stated that changing the freight boat's schedule so that it operates earlier in the day also has helped island residents who try to travel off-island earlier in the morning. Mr. Munier then asked if there is any way that the 5:30 a.m. freight trip could be adjusted by a half-hour or 45 minutes. In response, Mr. Lamson stated that, during the summer, there is now a corresponding freight trip that leaves Vineyard Haven at 5:30 a.m. and that the Authority had not received any complaints about that trip. Mr. Lamson also observed that there is nothing in the online petition about limiting other truck traffic in Woods Hole early in the morning, and Mr. Huss suggested that if the Authority were to limit its early morning freight service, then all other truck traffic similarly should be limited.

Mr. Munier then stated that another risk associated with truck traffic headed for the Woods Hole terminal is the perception that the trucks barrel down Woods Hole Road trying to catch the ferry. In response, Mr. Lamson stated that the Authority has reminded its freight shippers that their drivers are required to obey the posted speed limits, and suggested that if there is a speeding problem on Woods Hole Road and the police are not able to address it, then perhaps there are other ways drivers can be reminded that they are exceeding the speed limit.

Mr. Rozum also observed that, if the Authority were to stop operating the 5:30 a.m. freight trip, more freight shippers might end up sending their drivers earlier to Woods Hole to try to travel standby on the 6:00 a.m. trip.

In any event, Mr. Balco said, the fact that the Authority was proposing to start the 5:30 a.m. freight trip later next spring than it started it this past year was progress. Mr. Anthes-Washburn also asked whether the Authority's Woods Hole neighbors have noticed that the freight trip is now being operated by a drive-through vessel, saying that he thought that change would have made a big difference. But Mr. Lowell stated that such improvements are never going to be noticed, recounting how similarly no one had noticed when diesel trucks began having quieter engines without the billowing exhaust. Indeed, Mr. Lowell declared that even if the Authority were to carry fewer trucks by not operating the 5:30 a.m. freight trip, no one still would notice it.

Mr. Lowell also observed that people don't understand that the Authority has to make sufficient revenue to cover the cost of its service, including paying for the new *M/V Woods Hole*. Mr. Lowell stated that many people believe that the Authority is subsidized and that even those who know the Authority is not subsidized don't care about its financial condition. Mr. Anthes-Washburn then suggested that, as a matter of public relations, the staff may want to inform the public of the facts surrounding the 5:30 a.m. freight trip and to show how it is needed operationally, as well as how the Authority now operates the trip with a drive-through vessel and is also cutting back the time when the trip will be operating.

Mr. Munier noted that the signatories on the online petition include a Falmouth Selectman, observing that this indicates the matter is obviously of interest to the Falmouth Board of Selectmen and is not going to go away. Mr. Munier further observed that the same constituency will also be affected by the Woods Hole terminal reconstruction project, and he asked whether the operating schedule will change during the project when one of the slips is being reconstructed. In response, Mr. Lamson stated that the schedule will not need to change during the project, as the construction is being phased so that two slips are always available for operations, and he noted that the Authority only uses two operating slips now.

Mr. Munier then asked whether the Authority needed to approve the 2018 Winter and Spring Operating Schedules this month. In response, Mr. Lamson stated that the staff would like to have the schedules approved at the Authority's next meeting so that the bulk freight reservations can begin to be processed, noting that those reservations need to be finalized before the remaining space is made available to the public. But Mr. Munier still expressed his desire to delay the approval of these schedules to see if the Authority could first try to reach a consensus with the Woods Hole and Falmouth community.

The Port Council then **voted** (with Messrs. Balco, Lowell, Anthes-Washburn, Shufelt, Rezendes and Huss voting in favor, and Mr. Munier abstaining) to recommend that the Authority Members approve the 2018 Winter and Spring Operating Schedules as proposed by management.

9. Mr. Davis 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 2018 Operating Budget. With respect to the projected cost of the Authority's vessel fuel oil, Mr. Davis stated that the Authority already has hedged the price of oil for its expected fuel consumption during the first half of 2018, as well as the first half of the third quarter of 2018, and that he had a telephone conference scheduled for the following day with Rich Larkin of Hedge Solutions to discuss the timing of the Authority's hedges for the remainder of the year. Accordingly, Mr. Davis said, he expected that the Authority will have hedged the price of oil for most of its expected fuel consumption for the entire 2018 calendar year by the time the budget is prepared.

Mr. Balco suggested that, rather than budgeting the cost of vessel fuel oil on next year's hedge prices or the then-current forecasts for oil prices during 2018 (plus the premium cost of the hedging program), whichever are lower, the Authority should use only the hedge prices even if they are higher than the price forecasts. But Mr. Davis noted that, this past year, the Authority's hedged prices were very close to the forecasted prices and that, next year, the use of forecasted prices will probably result in a financial risk of only around \$500,000 to \$1,000,000, which, if it materializes, the Authority should be able to absorb given the fact that the budget will probably project a net income of up to \$5,000,000. In this regard, Mr. Davis also observed that the budget forecast for every expense item leaves the Authority open to a certain degree of risk and that, unlike the other expense items, the Authority's hedging program limits the amount of risk with respect to the cost of its vessel fuel oil. Mr. Davis also stated that the Authority's budget should reflect what the Authority's projected cost of service will be, rather than the potential worst-case scenario, especially since the budget is used to determine whether there is a need for a rate increase.

Mr. Munier then observed that the Authority's use of actual traffic statistics for the most recent 12-month period to project the following year's traffic levels was an extremely conservative way of preparing the budget and has resulted in underestimating revenues every year since he has been on the Port Council. Therefore, Mr. Munier asked what the basis is for that approach and whether it is the best way to project revenues. In response, Mr. Lamson stated that, during his entire 45 years of working on the Authority's budgets, the Authority always has used this conservative approach to estimate revenues and that it has served the Authority well. For example, Mr. Lamson said, on most occasions when there had been unforeseen increases in expenses, the fact that the Authority had not projected any growth in traffic had made it unnecessary for the Authority to implement a mid-year rate increase to pay for those expenses. In this regard, Mr. Lamson noted that mid-year rate increases are very difficult to implement, as many Authority customers pay for their vehicle reservations at the beginning of the year.

Mr. Lowell recounted the difficulties the Authority encountered when it last implemented a mid-year rate increase in 2008 due to the unprecedented increase in the price of oil that year, and he observed that the Authority's hedge program now helps ensure that one of the Authority's biggest costs will be more consistent with its budget projections. Mr. Lowell also noted that the Authority's traffic levels do not automatically increase every year and that, therefore, they should not be projected to increase. For example, Mr. Lowell said,

there had been no adverse weather events last year, which helped increase last year's traffic levels; but there is no guarantee that there similarly will be no weather events this year.

Mr. Sayers also noted that, under the Authority's Enabling Act, the Authority Members have a fiduciary obligation to establish such rates of fare as are best adapted to insure sufficient income to meet the cost of its service. Therefore, Mr. Sayers said, unless the Authority has a good basis for projecting an increase in future traffic levels, it is more consistent with their fiduciary obligations to assume that future traffic levels will be the same as past traffic levels, particularly since the financial consequences of overestimating revenues are far worse than the consequences of underestimating revenues. Mr. Sayers also noted that there have been occasions when the staff has projected increases in traffic levels when preparing the budget, such as when the Authority plans to operate additional trips, or the same number of trips but with a vessel that has more capacity, on one of the routes or the following year.

Mr. Davis agreed, and stated that it was the staff's goal to make both its revenue projections and its expense projections as accurate as possible. In this regard, Mr. Davis observed that the Authority consistently has had an issue in projecting its freight revenue and that he particularly wanted to be able to improve those projections.

The Port Council then **voted** unanimously to recommend that the Authority Members adopt the 2018 Budget Policy Statement as proposed by management.

10. Mr. Sayers then reviewed with the Port Council the Open Meeting Law materials he had provided them with his June 1, 2017 memorandum and recommended that, even though it remains his professional opinion that the Port Council is not subject to the Open Meeting Law, they should comply with the Law while he continues to try to reach agreement with the Attorney General's Division of Open Government regarding the applicability of the Law. Mr. Sayers also provided each of the Port Council members with the Attorney General's form Certificate of Receipt of Open Meeting Law Materials, which each Port Council member then filled out and returned to Mr. Sayers. Mr. Sayers also noted that the Port Council members should fill out and return new certificates each time they are appointed to new terms.
11. Mr. Lamson then introduced Treasurer-Elect Gerard J. Murphy, noting that he began his employment with the Authority last week and will be succeeding Mr. Davis as the Authority's Treasurer/Comptroller on July 1st. Mr. Lamson also noted that, among other positions he has held, Mr. Murphy was the former Comptroller for the State of New Hampshire.

12. Finally, Mr. Lamson noted that this will be his last Port Council meeting as the Authority's General Manager, and he thanked each of the Port Council members for all of the support and confidence that they have placed in him and the staff. Mr. Lamson stated that he was certain he will have bittersweet feelings at the end of the month, but that he was confident he is leaving the Authority with a very competent staff in place.

Mr. Lowell expressed his thanks to Mr. Lamson, and said that he wished that Mr. Lamson was the Authority's General Manager for 20 years instead of for only 13 years, observing that Mr. Lamson deserved the credit for resurrecting the Authority to the point where it is now. Mr. Balco agreed and, on behalf of the entire Port Council, thanked Mr. Lamson for his many years of dedicated and invaluable service.

Then, at approximately 11:19 a.m., the Port Council unanimously **voted** to adjourn their meeting that day.

A TRUE RECORD

Edward Anthes-Washburn, Secretary

Documents and Exhibits Used at the Port Council's June 7, 2017 Meeting

1. Agenda for the Port Council's June 7, 2017 Meeting.
2. Business Summary for the Month of April 2017.
3. PowerPoint Presentation of the Progress of the Construction of the Authority's New Administrative Office Building
4. PowerPoint Presentation of the Progress of the Construction of the Woods Hole Temporary Terminal Building.
5. Agenda Item #2(c) - Draft Staff Summary TPF-2017-5, dated May 31, 2017 – Proposed 2018 Winter and Spring Operating Schedules.
6. Table of the Scheduled 5:30 a.m. Freight Trips Leaving Woods Hole, from 2012 through 2018 (proposed).
7. Agenda Item 2(d) – Draft 2018 Budget Policy Statement.
8. Agenda Item 3(a) – Memorandum from General Counsel Steven M. Sayers to the Port Council Members, dated June 1, 2017 – Open Meeting Law Materials.
9. Certificates of Receipt of Open Meeting Law Materials.

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

July 6, 2017

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

Port Council Members present: Chairman George J. Balco (Tisbury); Vice Chairman Nathaniel E. Lowell (Nantucket) (who arrived during the Port Council's discussion of the May 2017 business summary); Secretary Edward C. Anthes-Washburn (New Bedford); Eric W. Shufelt (Barnstable); Frank J. Rezendes (Fairhaven); Robert S. C. Munier (Falmouth) (who participated remotely by telephone conference call); and Robert V. Huss (Oak Bluffs).

Authority Members present: Elizabeth H. Gladfelter (Falmouth).

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

1. After calling the meeting to order at approximately 10:00 a.m., Mr. Balco announced that he had been notified by Mr. Munier that he desired to participate remotely in today's meeting because his geographic distance from Woods Hole made his physical attendance today unreasonably difficult. Mr. Balco stated that he agreed with Mr. Munier and, as the Port Council's Chairman, he had determined that Mr. Munier's physical attendance today was unreasonably difficult due to his geographic distance from Woods Hole and, therefore, that he may participate remotely in this meeting. Mr. Balco noted that Mr. Munier would be doing so by a conference telephone call that enabled him to be clearly audible to each

of the other Port Council members, and each of the Port Council members to be clearly audible to him. Mr. Balco also stated that, as a result of Mr. Munier's remote participation in the meeting, all votes taken by the Port Council that day would be by roll call vote.

2. Mr. Balco also announced that Woods Hole resident Nat Trumbull was making an audio recording of today's meeting.
3. The Port Council then **voted** unanimously (with Messrs. Balco, Anthes-Washburn, Shufelt, Rezendes, Munier and Huss voting in favor) to approve the minutes of their meeting in public session on June 7, 2017.
4. Mr. Murphy reviewed with the Port Council the Authority's Business Summary for the month of May 2017. In response to a question from Mr. Huss, Mr. Davis stated that he expected the Authority to cross the financial threshold from having a net operating loss for the year to date to having a net operating income sometime during the first ten days of July. Mr. Davis noted that ordinarily the Authority crosses that threshold during the last week of July or the first week of August, but that he anticipated that it will cross the threshold earlier this year.

Mr. Murphy noted that, as shown on page 4 of the business summary, the balance of the Authority's Capital Improvement Fund at the end of May 2017 was \$10,379,000 higher than projected, which he stated was attributable to the fact that the Authority had issued Steamship Bonds in March 2017 that the budget had assumed were not going to be issued until September 2017.

In response to a question from Mr. Munier, Mr. Huss stated that he thought the 9.8% increase in truck traffic to Martha's Vineyard in May 2017, compared to the same month last year, was attributable to an increased amount of construction that was taking place on the island. Mr. Anthes-Washburn also observed that the Authority had more truck capacity on the Martha's Vineyard route during May of this year due to the fact that the *M/V Woods Hole* had provided service on that route during the entire month.

5. Mr. Davis reported that the construction of the Authority's new administrative office building was proceeding pretty much on schedule, and that the contractor was continuing to install the Glulam (glued laminated timber) beams into the various floors. Mr. Davis also reported that the contractor had begun installing some of the exterior framework necessary for the siding to be erected. After Mr. Sayers gave a PowerPoint presentation showing the progress of the construction of the new building, Mr. Davis noted that, to date, the Authority had paid the contractor \$3,727,000 towards the project's current estimated cost of \$12,840,000, and that change orders to date had amounted to \$155,000, which was approximately 1.2% of the original contract price.

6. Mr. Davis then reported that the temporary Woods Hole terminal building was by and large completed, although there were some final punch list items still outstanding and the State building inspector still needed to issue the Authority an occupancy permit. Mr. Davis also reported that, over the next six months, the Authority's Maintenance employees will be building out the food concession area inside the building and the MIS employees will be connecting computer servers, as well as communications and other technology systems. After Mr. Sayers gave a PowerPoint presentation showing the progress of the construction of the building, Mr. Davis noted that, to date, the Authority had paid the contractor \$1,613,000 towards the project's current estimated cost of \$2,625,000, and that change orders to date had amounted to \$34,000, which was approximately 1.3% of the original contract price.
7. Mr. Davis then reported that the design team for the Woods Hole terminal reconstruction project had completed the project's design development drawings and that the staff had received an updated cost estimate for the project but had not yet had the opportunity to review it in any detail. Nevertheless, Mr. Davis said, the design team was still working toward a mid-September date for the issuance of an invitation for bids for the marine contract so that the contract can be awarded at the Authority's November meeting, and a separate invitation for bids for the contract to demolish the current General Office building was still expected to be issued in August so that the demolition contract can be awarded at the Authority's September meeting.
8. Mr. Davis reported that, because of problems that had been encountered scanning high-speed ferry passenger tickets on certain smart phones, the staff had transitioned to another type of barcode, known as the Aztec Code, and that the scanning equipment was now having a much higher success rate. Mr. Davis also reported that, during June 2017, the Authority had sold 297 RFID cards for the 46-ride commuter books on the Martha's Vineyard route and that, thus far, 169 of those cards have been reloaded at the Authority's ticket offices and an additional 79 RFID commuter cards were sold for the month of July. Mr. Davis noted that the Authority also replaced several of the RFID commuter cards for various reasons, such as when customers reported losing their cards or punching holes in them, and that the staff will now focus on rolling out RFID cards for the 10-ride adult ticket books, and then the 10-ride senior and children ticket books. Once the staff receives confirmation on the success of the Aztec Code ticket scanning, Mr. Davis said, the Authority will begin selling passenger tickets online for the traditional ferries as well.

In response to a question from Mr. Balco, Mr. Davis stated that the RFID cards will still work even after having been put through a washing machine. Mr. Davis also noted that the Authority's ability to replace lost RFID cards will represent an improvement to its customer service, as the Authority is not able to replace lost paper ticket books.

9. Mr. Davis then introduced Chris Iwerks and Lian Davis of Bertaux + Iwerks Architects, who provided the Port Council with an update on the design alternatives for the Woods Hole terminal building that will be constructed during Phases 5 and 6 of the Woods Hole terminal reconstruction project. However, Mr. Davis cautioned the Port Council that the

alternatives were still a work-in-progress, as the prior week the staff had raised some additional concerns and suggestions regarding the proposed shoreside passenger staging areas for the terminal that might result in further revisions to the terminal building as well.

Messrs. Iwerks and Davis then reviewed with the Port Council their presentation on the design alternatives for the Woods Hole terminal building, pointing out on the site plan how the bike path will be extended towards the water, how the Authority will be able to stage approximately the same number of vehicles at the terminal as it is staging there now, and how up to 11 buses will be able to be located just east of the new terminal building. In response to a question from Mr. Munier about the proposed truck staging area on the south side of the terminal property, Mr. Smith stated that staging the trucks there should minimize the amount of times that trucks will need to back up in order to be staged and loaded onto the ferries.

Mr. Iwerks also noted that there was at least 110 feet between the transfer bridge for new Slip #2 and the platform around the terminal building, which was determined to be the minimum amount of space that trucks will need in order to maneuver on and off of ferries docked in Slip #2. Indeed, Mr. Iwerks said, the location of the terminal building was the result of all of the other operational requirements for the terminal. In response to a question from Mr. Munier, Mr. Sayers then described how passengers will be able to walk between the terminal building and a ferry in each of Slips #1 and #2, both as they leave the ferry and board it, without having to cross any vehicles that are being loaded onto or unloaded from that same ferry.

After Messrs. Iwerks and Davis finished reviewing their presentation, Mr. Huss observed that it was difficult to decide which concept for the terminal building he preferred, although he stated that he did like the saltbox shape more than the flat roof.

10. Mr. Davis then recounted how, earlier this year, the Authority had engaged the services of Tetra Tech, Inc. to investigate the feasibility of barging municipal solid waste from Martha's Vineyard to New Bedford and that, in April he and Mr. Sayers had accompanied Ron Myrick and Christopher Nitchie of Tetra Tech on their site visits to the Oak Bluffs Transfer Station and Packer Marine's Vineyard Haven facilities. Unfortunately, Mr. Davis said, Tetra Tech still has not received all of the information it requested during those site visits and, as a result, it will probably be several more months before it will be able to issue its report, assuming that it promptly receives the information it requested.

In response to a question from Mr. Anthes-Washburn, Mr. Davis stated that, if municipal solid waste were barged from Martha's Vineyard to New Bedford, the barge would leave from Packer Marine's facilities in Vineyard Haven and be unloaded at Packer Marine's facilities in New Bedford, and that a railroad line spur adjacent to those facilities might be used at some point in the future. Mr. Balco also noted that all of the waste would be baled and wrapped.

11. Mr. Davis then recounted how, also earlier this year, the Authority had engaged the services of Craig Johnson of Flagship Management to investigate the feasibility of having a private vessel operator provide freight service between New Bedford and Martha's Vineyard, and he stated that Mr. Johnson was in the process of reviewing properties on the New Bedford Harbor waterfront to determine which ones might be suitable for use as a freight ferry terminal. Mr. Davis also stated that Mr. Johnson might be able to issue his report as soon as the end of July.

Mr. Anthes-Washburn confirmed that Mr. Johnson had met with him to discuss what properties on the New Bedford Harbor waterfront might be suitable as a freight ferry terminal, and that Mr. Johnson was also talking with the Department of Conservation and Recreation about the structural elements of the New Bedford State Pier.

12. Mr. Sayers then recounted how, at last month's meeting, the Port Council had voted (with one abstention) to recommend that the Authority Members approve the staff's proposed 2018 Winter and Spring Operating Schedules, for the period from January 5 through May 10, 2018. Mr. Sayers noted how, at that time, the Authority had placed advertisements of those proposed schedules in newspapers with general circulation in Falmouth, Barnstable, Martha's Vineyard, Nantucket and New Bedford, but that 30 days had not yet passed since the advertisements had been placed.

Mr. Sayers informed the Port Council that, on June 8th, the Authority received a petition with respect to its proposed schedules that was signed by 61 residents of the Town of Falmouth and, therefore, the Authority held a public hearing on the proposed schedules at the Falmouth Public Library on Tuesday, June 20th. Mr. Sayers noted that 90 people signed in at the hearing, whose purpose was to receive testimony regarding the proposed schedule changes to ensure that the Authority gains the benefit of the views of the parties affected.

Mr. Sayers also noted that, during the hearing, no one testified about the Authority's proposed schedules for the Nantucket route, and that the Authority also did not receive any written comments about its proposed Nantucket schedules. Therefore, Mr. Sayers said, the staff asked the Authority Members to approve the proposed 2018 Winter and Spring Operating Schedules for the Nantucket route at their meeting on June 27th, and that the Authority Members did so.

By contrast, Mr. Sayers said, the Authority did receive testimony at the hearing about its proposed 2018 Winter and Spring Operating Schedules for the Martha's Vineyard route, and the staff was currently considering all of that testimony, as well as written testimony that has been submitted. Mr. Sayers further stated that the staff will prepare a draft report recommending either that the Authority maintain those schedules as originally proposed or that it make modifications to those proposed schedules, and that in the draft report the staff will also explain the reasons for their recommendations. Mr. Sayers noted that, when the draft report is prepared, it will be forwarded to the Port Council and the Authority Members, together with all of the written testimony received, and then posted on the Authority's website, and that the staff will also email people to let them know of the

availability of the draft report and written testimony on the website if they have provided the Authority with their email addresses and have asked to be notified. Mr. Sayers also stated that the staff expects the draft report to be finished in time for it to be considered both by the Port Council and the Authority Members at their regular meetings next month.

Mr. Sayers observed that, in their petition, the 61 Falmouth residents object to the continued scheduling of freight service from Woods Hole prior to 6:30 a.m. due to the sleep deprivation caused by the noise impact of early morning Authority-related truck traffic on Falmouth and Woods Hole residents. In this regard, Mr. Sayers noted that, as now proposed:

- The 2018 Winter Operating Schedule, which would operate from January 5th through March 14th, would be essentially the same winter schedule the Authority ran this past year, with two trips from Woods Hole prior to 6:30 a.m., one leaving at 6:00 a.m. and carrying both vehicles and passengers, and the second trip leaving at 6:15 a.m. as a hazardous cargo trip. Mr. Sayers stated that the staff was considering whether that 6:15 a.m. hazardous cargo trip could be moved to 6:30 a.m. and that, while the staff also was looking at whether the 6:00 a.m. trip could leave later, it appears that that trip serves a number of commuters who need to get to the island early in the morning.
- The 2018 Early Spring Operating Schedule, which would operate from March 15th through April 1st, would have only one trip from Woods Hole prior to 6:30 a.m., and that trip would leave at 6:00 a.m. and carry both vehicles and passengers. Mr. Sayers stated again that while the staff was looking at whether the 6:00 a.m. trip could leave later, it appears that that trip serves a number of commuters.
- The 2018 Spring Operating Schedule, which would operate from April 2nd through May 10th, would be essentially the same spring schedule the Authority ran this past year. During that time, Mr. Sayers said, the Authority operated two trips from Woods Hole prior to 6:30 a.m. one leaving at 5:30 a.m. as a hazardous cargo trip and the second trip leaving at 6:00 a.m. and carrying both vehicles and passengers. But Mr. Sayers stated that the staff was considering whether the Authority could instead continue to have the same trips as its proposed 2018 Early Spring Operating Schedule through May 10th, thereby eliminating the 5:30 a.m. trip during this period.

Mr. Sayers then recounted how the Authority first received complaints about its 5:30 a.m. freight trip in the fall of 2015 and he noted that, since then, the Authority has taken a number of measures to reduce the noise associated with that trip as well as all of the Authority's other early morning trips from Woods Hole. Specifically, Mr. Sayers said:

- The Authority has stopped assigning the *M/V Katama*, the *M/V Gay Head*, or the *M/V Sankaty* to operate the 5:30 a.m. freight trip, as all of those boats require trucks to back up, and use their back-up alarms, when they are being loaded onto those boats. The Authority now assigns only the *M/V Governor* or the *M/V Woods Hole* to run that 5:30 a.m. freight trip, because trucks drive forward onto those boats when they are loaded.

- The Authority also has changed its methods of staging trucks at the Woods Hole terminal during the early morning so that they do not have to back up, and again use their back-up alarms, when they are being staged before being loaded onto the ferries.
- Since the fall of 2015, the Authority has sent five letters to its freight customers reminding them that their truck drivers are required to obey the speed limit as they drive down Woods Hole Road, that they should not to use their Jake brakes while they are on the road, and that they cannot idle their engines unnecessarily while they are at the terminal. The Authority also has posted eight “No Idling” signs at various locations around the terminal.
- The Authority no longer allows trucks to arrive at the terminal prior to 5:00 a.m., and has announced that no trucks are allowed at the terminal prior to 5:00 a.m. on its variable message sign on Route 28 leading into Falmouth.

Mr. Sayers stated that, at the public hearing, the Authority did not hear many complaints about the operations at the Woods Hole terminal itself in the early morning, and he declared that he thought that was a tribute to how well Woods Hole Terminal Manager Kevin Smith and the Terminal Agents manage the truck traffic at the terminal. Mr. Sayers noted that he had witnessed it himself a few weeks ago, and the way that Mr. Smith has the trucks maneuver around the property so that they don’t have to back up is almost like a ballet.

But Mr. Sayers acknowledged that the Authority did hear many complaints about the number of trucks coming down Woods Hole Road, pretty much all at the same time, just before the terminal opens at 5:00 a.m., and how trucks that arrive before 5:00 a.m. drive around town until the terminal opens. As a result, Mr. Sayers said, the staff now realizes that the Authority’s decision not to allow any trucks to come onto the property before 5:00 a.m. appears to have created the unintended consequence of trucks that have reservations on the first four trips of the morning that leave at 5:30 a.m., 6:00 a.m., 6:30 a.m. and 7:00 a.m., as well as trucks that want to go standby on any of those trips, all arrive within a short time after 5:00 a.m., almost as if in a caravan.

Therefore, Mr. Sayers informed the Port Council that, starting the following Monday, the Authority will be prohibiting standby trucks from arriving at the Woods Hole terminal until 6:30 a.m., and there will also be new procedures for trucks arriving at the terminal, as follows:

- Only trucks with reservations for the 5:30 a.m. trip will be allowed to show up at the terminal beginning at 5:00 a.m.
- Trucks with reservations for the 6:00 a.m. trip will not be allowed to show up at the terminal until 5:15 a.m.
- Trucks with reservations for the 6:30 a.m. trip will not be allowed to show up at the terminal until 5:45 a.m.
- And trucks with reservations for the 7:00 a.m. trip will not be allowed to show up until 6:00 a.m.

- And all other trucks, including standby trucks, will not be allowed to show up at the terminal until 6:30 a.m.

Mr. Sayers then observed that, while at this point the staff thought that the Authority might be able to eliminate the 5:30 a.m. freight trip during the winter, spring and fall operating schedules, when the Authority provides ferry service between Woods Hole and Martha's Vineyard with three vessels, that trip still appears to be necessary during the summer schedule, when the Authority increases its level of service on this route by adding a fourth vessel. Mr. Sayers stated that, anticipating that the staff will be proposing to operate the 5:30 a.m. freight trip during the 2018 Summer Operating Schedules, those proposed schedules will be advertised in local newspapers during the week of July 17th so that the Port Council will have the benefit of any public comments that are submitted regarding the proposed schedules before being asked at their September 13, 2017 meeting to recommend any schedules for approval by the Authority Members. In addition, Mr. Sayers said, if the Authority is required to hold another public hearing on its proposed schedules, the hearing will also be able to be conducted before the Port Council's September 13th meeting.

Mr. Munier observed that it will be important for the staff to articulate all of the pros and cons of the proposed schedules so that the Port Council and Authority Members can make a good judgment as to whether the reasons for a proposed early morning trip are compelling enough to outweigh its negative impacts on the community.

Woods Hole resident Nan Schanbacher asked if there was any consideration of whether the Authority, instead of adding the 5:30 a.m. freight trip during the summer schedules, could extend the operating day later into the evening. In response, Mr. Sayers stated that the Authority is considering that, but that the people using the ferries generally need to travel earlier in the day. For example, Mr. Sayers said, food shippers need to arrive at their destinations in the morning so that their deliveries are made before restaurants open for lunch, and other freight shippers also need to be able to make their deliveries during business hours instead of during the evening. In addition, Mr. Sayers said, people traveling off-island for medical and other appointments need to travel early in the morning, rather than during the evening, so that they can arrive at their mainland destinations during the business day. Similarly, Mr. Huss noted that people visiting the island need to leave early in the day because, after arriving in Woods Hole, they still usually need to drive long distances before getting home.

Woods Hole resident Nat Trumbull thanked the staff for having an open mind while considering whether any changes can be made to the proposed schedules, and he stated that people were objecting to early morning freight traffic, not automobiles or passengers that the Authority carries during that time of day. Mr. Trumbull also stated that the public wanted to know what the Authority's plan is to handle future growth in traffic to and from Martha's Vineyard over the next five to ten years. Finally, Mr. Trumbull supplemented his prior comments regarding the amount of noise generated by the Authority's operations at the Woods Hole terminal during the early morning hours, including truck drivers revving their engines, using their Jake brakes, and idling their engines, and he stated that the senior staff and Port Council members needed to experience it firsthand.

13. Mr. Davis then noted that the Port Council had been provided with copies of the staff's proposed 2018 Summer Operating Schedules that will be advertised after the July 18th Authority meeting in the local newspapers, and that they were essentially the same as the schedules the Authority is operating this summer except for their beginning and ending dates and the periods when certain vessels are in line service or in repair.

14. Mr. Davis then provided the Port Council with an update on the *M/V Iyanough's* repairs, reporting that it still appeared that the vessel will be able to return to service by July 21st. Meanwhile, Mr. Davis said, the staff was attempting to time charter ferries from SeaStreak to provide substitute high-speed service between Hyannis and Nantucket for as many days as possible until the *M/V Iyanough's* return, using the *M/V SeaStreak – Wall Street* during weekends and the *M/V Vineyard Express* weekdays when those vessels are available. In response to a question from Mr. Balco, Mr. Davis stated that the Authority will be submitting a claim under its insurance policy for the repairs and, in response to a question from Mr. Munier, Mr. Davis stated that he had no update on the cause of the accident beyond what retired General Manager Wayne C. Lamson had reported at the June 27th Authority meeting.

Then, at approximately 11:36 a.m., the Port Council unanimously **voted** (with Messrs. Balco, Lowell, Anthes-Washburn, Shufelt, Rezendes, Munier and Huss voting in favor) to adjourn their meeting that day.

A TRUE RECORD

Edward Anthes-Washburn, Secretary

Documents and Exhibits Used at the Port Council's July 6, 2017 Meeting

1. Agenda for the Port Council's July 6, 2017 Meeting.
2. Minutes of the Port Council's June 7, 2017 Meeting (draft).
3. Business Summary for the Month of May 2017.
4. PowerPoint Presentation of the Progress of the Construction of the Authority's New Administrative Office Building
5. PowerPoint Presentation of the Progress of the Construction of the Woods Hole Temporary Terminal Building.
6. Bertaux + Iwerks Architects' Schematic Design Presentation of the Woods Hole Terminal Building Concepts, dated July 6, 2017.
7. Documents Provided to the Port Council by Woods Hole Resident Nat Trumbull:
 - (a) June 19, 2017 Letter from Susan L. Moran, Chairman, Falmouth Board of Selectmen, to Moira E. Tierney, Chairman, Woods Hole, Martha's Vineyard and Nantucket Steamship Authority.
 - (b) Joint Resolution of the Martha's Vineyard Selectmen and the Falmouth Selectmen/Citizens, dated March 27, 1999.
8. Agenda Item #2(g) – Preliminary Draft of the Proposed 2018 Summer Operating Schedules.

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

August 2, 2017

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

Port Council Members present: Chairman George J. Balco (Tisbury); Vice Chairman Nathaniel E. Lowell (Nantucket); Secretary Edward C. Anthes-Washburn (New Bedford) (who arrived during the Port Council's discussion of the June 2017 business summary); Eric W. Shufelt (Barnstable); Frank J. Rezendes (Fairhaven); Robert S. C. Munier (Falmouth); and Robert V. Huss (Oak Bluffs).

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

Authority Management present: Robert B. Davis (General Manager); Gerard J. Murphy (Treasurer/Comptroller); Mark K. Rozum (Operations Manager); Kimberlee McHugh (Director of Marketing); 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); and Steven M. Sayers (General Counsel).

1. After Mr. Balco 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 July 6, 2017.
2. Mr. Murphy reviewed with the Port Council the Authority's Business Summary for the month of June 2017 and noted that the Authority's operating expenses that month included around \$180,000 that it had cost to charter SeaStreak vessels to replace the *M/V Iyanough* after its June 16, 2017 accident. Mr. Murphy also noted that, although the Authority had not incurred any of the \$294,000 it had budgeted for the *M/V Gay Head's* dry-docking in June 2017, those expenses were expected to be incurred in July 2017.

In response to a question from Mr. Munier as to how much of the Authority's \$4,872,000 positive variance for the first six months of 2017 (of which \$4,632,000 was due to operating expenses being lower than budgeted) was a timing issue, Mr. Davis stated that the current estimate is that, by the end of the year, the variance will be reduced by around \$2,835,000 in maintenance expenses that will be incurred during (but were not budgeted for) the last six months of 2017. Mr. Davis noted that this amount includes around \$630,000 the Authority expects to incur for the *M/V Gay Head's* dry-docking in July 2017 even though those expenses were not included on page 7 of the business summary. Mr. Davis further noted that the variance will also be reduced by the decrease in passenger revenues in July 2017 due to the *M/V Iyanough* being out of service during the first 17 days of that month.

3. Mr. Davis reported that, after last month's Port Council meeting, the contractor for the Authority's new administrative office building had started to install the sheathing for the building's siding, but that it had to stop because there was some deflection in the material when it was fastened to the steel framework. Mr. Davis noted that this confirmed the contractor's previous concerns about the suitability of the product, which had been expressed to the manufacturer, Huber Zip System, at the beginning of the year, and that a manufacturer's representative from Atlanta had agreed that the material was not performing as it should. Mr. Davis stated that the agreed-upon solution was to replace the sheathing with another Huber product that is thinner and to apply it to plywood or another OSB (oriented strand board) structure.

Mr. Davis stated that, unfortunately, the contractor had spent almost ten days installing the sheathing before the decision was made to change the material, and that more time is needed to remove the material and replace it with plywood and the substitute product. As a result, Mr. Davis said, although the Authority is still waiting for a final estimate from the contractor, it appeared that the work will be delayed by two to three weeks and that some of the other trades are being affected as well, such as the electrical subcontractor who is unable to perform its work until the building is weathertight. Meanwhile, Mr. Davis said, the Authority has so far paid the contractor \$5,105,000 (or approximately 40%) towards the project's current estimated cost of \$12,855,000, and change orders have amounted to \$168,000, approximately 1.3% of the original contract price.

In response to a question from Mr. Balco, Mr. Davis stated that Huber has agreed to provide the new sheathing and OSB structure in place of the original product, but that no agreement has yet been reached as to whom will be responsible for the cost of the additional labor. Mr. Davis noted that when the Authority learns what the additional cost is, it will seek reimbursement from Huber for that cost. Meanwhile, Mr. Davis said, construction work is continuing in order to keep the contract on schedule as much as possible.

In response to a question from Mr. Munier, Mr. Cloutier stated that the original product has only been on the market for around 17 months and is a polystyrene foam that usually is glued to a board. Mr. Cloutier observed that, as shown in this instance, the foam itself is not stiff enough to work without a board. Mr. Cloutier also stated that the product had been specified by the architect, that both the architect and the contractor had questioned

Huber about whether it was going to work, and that Huber had assured them that the application would be fine. Indeed, Mr. Cloutier said, this was one of the first things that the contractor had questioned and there were several email communications with Huber about the suitability of the product.

In response to another question from Mr. Munier, Mr. Cloutier stated that the construction contract did not provide for any penalties due to a delay in the contractor's performance because, in his experience, those provisions were very difficult to enforce and usually only ended up driving up the price of the original agreement. Mr. Sayers further noted that, in any event, the delay in this instance is not the contractor's responsibility, but rather the responsibility of the manufacturer of the sheathing system.

4. Mr. Davis then reported that Triumph Modular has completed the temporary Woods Hole terminal building with the exception of some final punch list items that need to be resolved before the State building inspector will issue the Authority an occupancy permit. Mr. Davis also reported that the Authority's Maintenance employees were beginning to build out the food concession area inside the building and that the MIS employees were working to connect the computer servers, phone system, and other technology systems. Meanwhile, Mr. Davis said, the Authority has so far paid the contractor \$2,188,000 (approximately 83%) towards the project's current estimated cost of \$2,625,000, and change orders have amounted to \$34,000, approximately 1.3% of the original contract price. But Mr. Davis noted that there will be at least one more change order for the additional work the site contractor had to perform to connect the building to the Town's sewer system. Mr. Davis stated that Mr. Cloutier and the Authority's clerk of the works, Steven LeBaron, were still negotiating the amount of that change order, so it was still premature to say how much it will be.
5. Mr. Davis then reported that the design team for the Woods Hole terminal reconstruction project were completing some revisions to the project's design development drawings and that the staff had reviewed the updated cost estimate for the project, which would be discussed later in the meeting. Mr. Davis also reported that the design team was still working toward a mid-September date for the issuance of an invitation for bids for the marine contract so that the contract can be awarded at the Authority's November meeting, as well as a separate invitation for bids for the contract to demolish the current General Office building, which was still expected to be issued in August so that the demolition contract can be awarded at the Authority's September meeting.
6. Mr. Davis then reported that the staff was continuing to talk with Skidata about using a "web.wallet" app as an additional optional boarding pass for the Authority's passengers, but that meanwhile the Authority has been issuing RFID cards for:
 - 46-ride commuter books for the Martha's Vineyard route (402 of which have been either sold or reloaded at the terminals) since June;
 - 10-ride adult and senior RFID cards for the Martha's Vineyard (709 and 175 of which, respectively, have been sold) since the previous Wednesday; and

- 10-ride adult and senior RFID cards for the Nantucket route since yesterday.

Mr. Davis stated that the staff hoped that customers will be able to begin reloading those RFID cards on the Authority's website later this month, and that 10-ride child RFID cards will be available for both routes within the next two weeks. However, Mr. Davis cautioned that online sales of passenger tickets may not start until later in the fall because the staff still has to confirm the success rate of the scanning of passenger tickets that have the Aztec Code.

Messrs. Davis and Rozum then provided samples of the 10-ride adult RFID cards, noting that the card for the Martha's Vineyard route has a photograph of the *M/V Island Home* on it, while the card for travel on the Authority's traditional ferries on the Nantucket route has a photograph of the *M/V Eagle*.

7. Mr. Davis then reviewed with the Port Council the most recent cost estimate the Authority has received for Phases 1 through 4 of the Woods Hole terminal reconstruction project, stating that the staff has asked for clarification of some aspects of the estimate. Mr. Davis noted that the cost estimate for these four phases that had been prepared for the project's feasibility study in August 2014, after adjusting it for escalation, was \$51,710,000, while the current cost estimate for these phases after the design development process was now \$51,434,000, around 0.53% lower.

Mr. Davis also reported that the staff had asked Bertaux + Iwerks to see if some additional canopies could be located in the areas between the ferry slips, but had been informed that installing canopies there would be problematic for several reasons, including the changing slope elevations between the slips and potential interference with the substructures (whales and tiebacks) that will be located there. Accordingly, Mr. Davis said, the canopies on the piers will provide more cover for passengers than the single smaller canopy that will be located between Slips 1 and 2. In this regard, Mr. Huss noted that this will be similar to how the Oak Bluffs terminal has a covered walkway down the pier.

8. Mr. Davis introduced Craig Johnson of Flagship Management, whom had been engaged by the Authority earlier this year to investigate the feasibility of a private freight ferry service between New Bedford and Martha's Vineyard. Mr. Davis noted that Mr. Johnson has been busy reviewing the various facilities along the New Bedford waterfront to assess their suitability for a freight ferry operation, as well as talking with some of the key potential stakeholders and the Authority's larger freight customers. Mr. Davis stated that the staff had met with Mr. Johnson the previous day and thought it would be appropriate for him to present some of his preliminary findings to the Port Council in person.

Mr. Johnson then recounted how he had been hired to look at this potential service through the eyes of a private carrier, noting that he previously had operated the freight ferry service between New Bedford and Martha's Vineyard pursuant to an agreement with the Authority. Mr. Johnson stated that he had visited several existing facilities in New Bedford, including the State Pier, which has been the subject of a number of reports and engineering studies

over the past five years, the Marine Commerce Terminal, and the former Shuster property just north of the Marine Commerce Terminal (which is now also operated by the Massachusetts Clean Energy Center). Mr. Johnson observed that the Marine Commerce Terminal has been beautifully beefed up, but that it has been designed to handle ships transporting wind turbines that dock alongside the bulkhead, and it is not designed to have a vehicle ramp extend from its bulkhead (particularly due to its height, which would necessitate a much longer ramp than the 100-foot ramp at the State Pier). Mr. Johnson also stated that while work could be done to the former Shuster property to make it suitable for a ferry facility, he ruled out that property because of the permitting requirements and the need to install a vehicle ramp as well.

Mr. Johnson then recounted how he had previously operated Seabulk's freight ferry service from the State Pier and that, based upon his personal observation, the vehicle ramp and its piles are still in good condition. Mr. Johnson also stated that, while a portion of the pier does need to be repaired to make it safe for trucks, he discussed this subject with Jessica Shahdan, the Pier Operations Manager, and Mr. Anthes-Washburn, who agreed that the repairs needed to allow trucks to be loaded and unloaded from the pier would cost around \$2,000,000 and that all of repairs needed to stage trucks there as well would cost around \$5,000,000.

Mr. Anthes-Washburn agreed that the State Pier would need to be repaired to be used as freight ferry terminal, and he noted that the Massachusetts Department of Conservation and Recreation had just allocated \$5,000,000 to repair another area of the pier that is used for cargo operations. Mr. Johnson then stated that, if the pier were owned by a private entity, he thought the repairs could be completed in six months. In response, Mr. Anthes-Washburn stated that the New Bedford Harbor Development Commission also could complete the repairs, except that there were still a lot of questions over who will be managing the pier.

Mr. Johnson then reported that he has talked with several potential vessel operators, noting that there were currently 936 offshore supply vessels tied up along the coast of the Gulf of Mexico between Galveston, Texas, and Tampa, Florida. Mr. Johnson stated that, based upon his discussions, he thought anywhere from five to ten carriers might submit bids to operate the service if they are able to be in control of their own finances and keep all of the revenues generated by the service. In this regard, Mr. Johnson stated that, while each carrier has its own vessels and data, he expected that a carrier would operate a vessel that has 200 to 230 feet of clear deck that is around 45 feet wide. Mr. Johnson further stated that there is plenty of interest from carriers about operating the service, and their questions pertained to how long the contract would be, how reservations would be handled, how many round trips they would be able to make per day, what limitations there would be on their operating hours, whether the carrier would be able to use the Authority's Vineyard Haven terminal, and when the service would start (in 2018, 2019 or 2020).

Mr. Johnson also stated that previous studies he had reviewed indicated that 50% of the Authority's freight customers drove by way of New Bedford and that this percentage still seemed to be accurate. In this regard, Mr. Johnson noted that, based upon the Authority's

reports for 2016, its 25 largest freight customers were responsible for 80% of its freight traffic to and from Martha's Vineyard and that, during his recent conversations with some of them, they were pretty positive about using a freight ferry service from New Bedford. In particular, Mr. Johnson said, a customer that transports hazardous cargo indicated that it would be willing to use the service if the sailing schedule worked for it, while other customers who did not think they would use the service themselves still supported it because it would result in them obtaining better reservations from Woods Hole. However, Mr. Johnson stated that many of the customers (except those that carry hazardous cargo) had asked whether they would be allowed to drop off their trailers instead of having their drivers go on the vessels, and that he had told them he did not see why that couldn't happen.

Mr. Johnson noted that a freight vessel should be able to carry a maximum of 12 tractor trailer trucks, and four to five of them would have to be staged at the terminal. Mr. Johnson also noted that the carrier would have to design its sailing schedule to carry trucks to Martha's Vineyard early in the morning and then allow the freight shippers up to 1-½ hours to make their deliveries before carrying them back to New Bedford. With that schedule, Mr. Johnson said, the Authority's largest freight customers stated that they would consider using the service and might even use the vessel's second daily trip. Mr. Johnson stated that, due to this overwhelming positive response from the freight customers, he thought that they would in fact use the service if it were provided.

In response to a question from Mr. Balco, Mr. Johnson stated that a one-way trip between New Bedford and Martha's Vineyard could be scheduled to take two hours and fifteen minutes and that the amount of time it takes to travel on that route was less important to the freight customers than the fare that will be charged. In this regard, Mr. Johnson noted that while a private carrier should be able to establish its own fares, he felt that the freight shippers would be more likely to use the service if the fares were the same amounts as the Authority's fares from Woods Hole. Mr. Johnson also recounted how, while some freight customers stated that they would not mind paying a little more, at least one asked if it could pay a lower fare than what the Authority is currently charging from Woods Hole.

Mr. Anthes-Washburn then noted that he had been working with Mr. Johnson on this matter for a few months and that, although New Bedford Mayor Jonathan F. Mitchell liked the concept of the service in theory, facilities other than the State Pier might make more sense, particularly given the questions surrounding the pier's development and management. Despite those concerns, Mr. Anthes-Washburn said, he and Mr. Johnson are going to meet with the Mayor's Chief of Staff next week.

In response to a question from Mr. Balco, Mr. Johnson stated that he hoped to complete his report by August 15th and that he was going to see Greg Carroll and Ralph Packer next week as well. Mr. Munier then observed that a private carrier's proposed fares for the service will be the key element that will influence whether freight shippers will be willing to take the service. Mr. Johnson agreed and noted that the private carrier will have to cover its own costs, which will be different depending upon the carrier due to the number of variables involved. In this regard, Mr. Johnson recounted how his operating costs were

around \$4,200 per day when he provided the service 17 years ago, and he noted that the cost of a crew's wages have not increased substantially since then.

Mr. Anthes-Washburn then noted that he and Mr. Johnson were assuming that a private carrier would charge the same fares to travel between New Bedford and Martha's Vineyard as the Authority charges to travel between Woods Hole and Martha's Vineyard, and that the only customers who would be charged more are those carrying hazardous cargo. But Mr. Balco observed that in reality it will cost two or three times as much for a carrier to operate from New Bedford as it does to operate from Woods Hole, and he therefore questioned whether a carrier would be able to charge the same fares as the Authority. In response, Mr. Johnson stated that he thought a carrier will have to charge the same fares because it will have to be competitive and that, based on his personal experience, a carrier would be able to do so. In this regard, Mr. Johnson noted that he previously had calculated that Seabulk would reach the breakeven point for its previous service, charging the same fares as the Authority, if it operated at 75% of the vessel's capacity of 12 tractor trailers. In addition, Mr. Johnson observed that this model for the service was one that would cost the Authority nothing and instead would place all of the financial risk on the private carrier.

Mr. Munier noted that Mr. Johnson's model did not seem logical, observing that the route between New Bedford and Martha's Vineyard is identical to the route between Hyannis and Nantucket, and that the Authority's Nantucket fares are substantially higher than its Martha's Vineyard fares. But Mr. Munier stated that, even if one were to assume that a private carrier's cost structure may be completely different, the biggest question was how low its fares needed to be before freight customers will use the service.

However, Mr. Johnson stated that another incentive for some of the freight customers will be the time it saves them from driving between New Bedford and Woods Hole, assuming that they are able to drop trucks off at New Bedford and have drivers pick them up on Martha's Vineyard, and vice versa. Mr. Johnson noted that this was a big problem when Seabulk operated the service, and the customers' ability to drop off their freight trucks will be critical to the success of this operation. Mr. Johnson also noted that the service only had to attract a few of the Authority's largest freight customers, as they would use 50% of the vessel's capacity by themselves.

Mr. Johnson then recounted how he had tried to envisage whether private carriers would be interested in providing the service, and he concluded that right now they would. In this regard, Mr. Johnson observed that long-term agreements at reasonable rates are currently available, and that offshore drilling in the Gulf of Mexico continues to decrease every month.

Mr. Davis stated that after Mr. Johnson finalizes his report and presents it to the Authority Members, the staff intends to discuss this subject with various stakeholders to determine what requirements they have. For example, Mr. Davis said, if the New Bedford State Pier is going to be used for the service, it has to be determined how its repairs will be funded. In this regard, Mr. Davis noted that the Authority in its feasibility study last year already

has taken the position that it should not bear any of these additional costs in order to provide service from New Bedford.

Mr. Lowell observed that no one can make New Bedford any closer to Martha's Vineyard, that it will remain just where it is, and that service from New Bedford is going to cost more money no matter what. Mr. Lowell also agreed with Mr. Johnson that freight customers will need to be able to drop their trucks at one terminal and pick them up at the other terminal in order for any freight service from New Bedford to succeed, but he noted that this is a far more extensive operation than it seems, and that companies who do it on the Nantucket route have to have drivers both on the mainland and on the island. In addition, Mr. Lowell noted that a private carrier will need to use the Authority's slips on Martha's Vineyard, as it will not be able to find any other location on the island from which to operate.

But Mr. Lowell emphasized that freight customers need their ferry service to be reliable, that they have to know that the boats on which they have reservations are going to sail, and that they need this consistency because they have to make their plans as much as a year in advance, particularly for the summer season. Mr. Lowell then suggested that Mr. Johnson review the staff's analysis of the effectiveness of the Authority's rate structure to cover each route's cost of service for passengers, automobiles and trucks, which is updated on an annual basis, to get a better idea of how much any New Bedford service will cost. In this regard, Mr. Lowell noted that the current round-trip fare for a gasoline truck on the Nantucket route is \$1,360 and even that fare only covers around 90% of its cost of service, which means that the service would not even break even charging those fares.

Nevertheless, Mr. Lowell stated that he appreciated Mr. Johnson's honesty and he noted that his report was not just politics. Rather, Mr. Lowell said, this subject needed to be discussed in terms of reality, which comes down to comparing a seven-mile route to one that is three times as long. Mr. Lowell also stated that a private service would not be able to operate from New Bedford during the winter, observing that the Authority repeatedly cancels trips on the Nantucket route during that time of year. Mr. Johnson agreed, saying that his report would also discuss those aspects of the operation and how the service has to be reliable.

9. Mr. Sayers reviewed the draft report that had been provided to the Port Council explaining the staff's recommended reasons for making certain modifications to the Authority's proposed 2018 Winter and Spring Operating Schedules, noting that the staff's principal recommended modifications to those schedules were the following:
 - during the proposed 2018 Winter Operating Schedule (January 5 through March 14, 2018), changing the departure time for the first freight trip from Woods Hole from 6:15 a.m. to 6:30 a.m.; and
 - during the proposed 2018 Spring Operating Schedule (April 2 through May 10, 2018), berthing the freight boat overnight at Vineyard Haven instead of Woods Hole so that its first departure from Vineyard Haven would be at 5:30 a.m. and its first departure from Woods Hole would be at 6:30 a.m. instead of 5:30 a.m.

The Port Council then **voted** unanimously to recommend that the Authority Members issue management's recommended report on the proposed 2018 Winter and Spring Operating Schedules, and that they also approve management's recommended modifications to those schedules for the reasons explained in that report.

10. Mr. Davis then reviewed the chart that had been provided to the Port Council comparing the delivered prices of the Authority's vessel fuel oil with its monthly average hedge caps and monthly budget estimates, noting that the chart shows historical amounts from July 1, 2016 through June 30, 2017, and then continues to show the Authority's monthly budget estimates through December 2017 and its monthly average hedge caps through July 2018. Mr. Davis also provided the Port Council with a more detailed chart of the Authority's vessel fuel oil pricing and hedging activities that showed the individual transactions from January 2009 through the present. Mr. Davis noted that, as shown on that chart, there were hedges in four of the first six months of 2017 that ended up being in the money and that the Authority ended up receiving \$41,000 on those options. Mr. Davis also reported that the Authority had its hedges in place for the first nine months of 2018, and that the staff will be reviewing the forecasts for the rest of the year to determine when and at what amounts the Authority's remaining hedges for 2018 should be executed.
11. Mr. Davis then reported that the *M/V Iyanough* has been back in service since July 18th, and that Mr. Murphy and Assistant Treasurer Courtney Oliveira were preparing a report on the financial impact of the vessel's accident. Mr. Davis noted that, during the time that the vessel was out of service, the Authority carried approximately 40,000 fewer high-speed passengers and realized around \$1,000,000 less in passenger revenues than projected in its operating budget, with the revenues from the SeaStreak charters making up only a portion of that amount. Therefore, Mr. Davis said, although the report is not yet finished, it was safe to say that the financial impact of the accident may include up to \$1,500,000 of lost revenue, including lost parking and food concession revenue.

Mr. Davis also reported that, with respect to the expenses attributable to the accident, all of the repairs should be covered by insurance except for the \$50,000 deductible. However, Mr. Davis noted that the Authority authorized the shipyard to pay overtime to its employees in order to get the vessel back into service as soon as possible, and that the insurance company probably will not pay for those incremental overtime costs.

In response to a question from Mr. Huss, Mr. Davis stated that ridership on the vessel has rebounded and that the Authority thankfully has seen a return of its customer base. Then in response to questions from Mr. Munier, Mr. Davis stated that the insurance company had been notified of the accident the same night it happened, and that the Authority since has been submitting some of its vessel repair invoices directly to the insurance company for payment. Mr. Davis noted, however, that the Authority does not have any insurance coverage for its loss of revenue during the time the vessel was out of service, and that its only insurance coverage is for its out-of-pocket expenses. Finally, Mr. Davis stated that

the Authority has not yet received any word about when it can expect the United States Coast Guard's final report on the incident.

12. Mr. Davis then reviewed with the Port Council his proposed goals for the upcoming year (July 1, 2017 through June 30, 2018), noting that he had not included certain other matters, such as the renewal of the licenses of all of the Authority's licensed private ferry operators, because they are the types of matters that need to be done as part of his general oversight of the Authority's operations. Mr. Lowell stated that he thought Mr. Davis's proposed goals were good ones, observing that while there are other issues that need to be addressed, they were all relatively small matters.

For example, Mr. Lowell said, the Authority needs to revise its preferred space reservation policies somehow so that island residents no longer have to show up at the Nantucket terminal when it opens at 5:00 a.m. just to sit there until 6:31 a.m. in order to make a preferred space reservation for the next day. In response, Mr. Rozum stated that he would look into that issue, although he noted that the problem primarily arises during the month of August when many more people want to leave the island. But Mr. Huss disagreed, saying that Martha's Vineyard residents line up at the Vineyard Haven terminal early in the morning year round to obtain their preferred space reservations, and he observed that it is much easier for them to travel off-island than it is for Nantucket residents.

In response to a question from Mr. Lowell, Mr. Davis stated that the staff was currently in the process of going around each of the terminals to identify any areas that need to be repaired or otherwise addressed, and that corrective plans for those areas will then be included in Maximo and reflected in the staff's proposed 2018 Operating Budget. Indeed, Mr. Davis said, that afternoon the staff will be walking around the Hyannis terminal to identify any areas of that terminal that need to be repaired.

In response to a question from Mr. Balco, Mr. Davis stated that the General Manager's goals traditionally have been established for periods beginning July 1st and ending June 30th to coincide with the evaluation periods for nonunion employees, and that evaluations of the General Manager's performance traditionally have been conducted at the June monthly meetings of the Port Council and Authority Members.

In response to a question from Mr. Huss, Mr. Walker stated that, during the midlife refurbishment of the *M/V Martha's Vineyard*, the Authority will be moving the pole on the vessel's freight deck as Mr. Huss had requested. Mr. Walker noted that, even though the moving of the pole had not been included in the original contract, the Authority did some more engineering and authorized a change order to have it moved.

The Port Council then **voted** unanimously to recommend that the Authority Members adopt Mr. Davis's proposed General Manager's Goals for the year July 1, 2017 through June 30, 2018.

13. Mr. Davis then informed the Port Council that, within the next few weeks, the Authority will be encountering some operational issues due to the Martha's Vineyard Agricultural Fair that will probably also need to be addressed in the 2018 Summer Operating Schedules. Specifically, Mr. Davis said, livestock for the fair have to be transported on open-deck vessels and, while they were transported last summer on the *M/V Woods Hole*, this summer the Authority instead is operating the *M/V Nantucket* on that route. In addition, Mr. Davis noted that last summer the need to transport the livestock coincided with the arrival on Martha's Vineyard of then President Obama and his Secret Service entourage, and he stated that the Authority did not anticipate that it would need to transport any Secret Service vehicles again this year. But Mr. Davis stated that he had just been informed that morning that Mr. Obama would be returning to Martha's Vineyard this summer and that his vacation there will once again coincide with the Agricultural Fair. Accordingly, Mr. Davis said, the staff will be crewing the *M/V Sankaty* to provide some additional trips on the Martha's Vineyard route to transport the livestock and take care of those additional travel needs, and more additional trips may be required during certain peak travel periods as well.

Then, at approximately 10:55 a.m., the Port Council unanimously **voted** to adjourn their meeting that day.

A TRUE RECORD

Edward Anthes-Washburn, Secretary

Documents and Exhibits Used at the Port Council's August 2, 2017 Meeting

1. Agenda for the Port Council's August 2, 2017 Meeting (updated August 1, 2017).
2. Minutes of the Port Council's July 6, 2017 Meeting (draft).
3. Business Summary for the Month of June 2017.
4. Comparison of Cost Estimates for Phases 1-4 of the Woods Hole Terminal Reconstruction Project (Marine Work) and the Phase 2-4 DD Cost Estimate for the Woods Hole Ferry Terminal Redevelopment (dated June 20, 2017).
5. Draft Staff Summary and Report on the Authority's Proposed 2018 Winter and Spring Operating Schedules (agenda item 2(d)).
6. Chart of the Delivered Prices of the Authority's Vessel Fuel Oil, Average Hedge Cap and Budget Estimate (2016-2018).
7. Chart of the Authority's Vessel Fuel Oil Pricing and Hedging Activities (January 2009 through December 2017).
8. General Manager's Goals (Proposed) for the Year July 1, 2017 through June 30, 2018.

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

September 13, 2017

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

Port Council Members present: Chairman George J. Balco (Tisbury); Vice Chairman Nathaniel E. Lowell (Nantucket) (who arrived during the presentation on the construction of the new administrative office building); Secretary Edward C. Anthes-Washburn (New Bedford) (who arrived after the approval of the minutes of the August 2, 2017 meeting); Eric W. Shufelt (Barnstable); Frank J. Rezendes (Fairhaven); Robert S. C. Munier (Falmouth); and Robert V. Huss (Oak Bluffs).

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); Mark K. Rozum (Operations 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); Phillip J. Parent (Director of Human Resources); and Steven M. Sayers (General Counsel).

1. After Mr. Balco called the meeting to order at approximately 10:00 a.m., the Port Council **voted** unanimously to approve the minutes of their meeting in public session on August 2, 2017.

2. Mr. Sayers then announced that the Port Council was then conducting the Authority's first public hearing on the proposed renewal of the following license agreements:
 - the Authority's license agreement with Cape and Islands Transport, Inc., d/b/a Falmouth-Edgartown Ferry, to operate a passenger-only ferry service between Falmouth and Martha's Vineyard (Edgartown);
 - the Authority's license agreement with Freedom Cruise Line, Inc. to operate a passenger-only ferry service between Harwichport and Nantucket;
 - the Authority's license agreement with Hyannis Harbor Tours, Inc., d/b/a Hy-Line Cruises, to operate passenger-only ferry services between Hyannis and Nantucket, between Hyannis and Martha's Vineyard (Oak Bluffs), and between Nantucket and Martha's Vineyard (Oak Bluffs); and
 - the Authority's license agreement with SeaStreak, LLC to operate passenger-only ferry services between New Bedford and Martha's Vineyard (Oak Bluffs) and between New Bedford and Nantucket.

After Mr. Sayers noted that the public can view and download all of the licensed operators' current license agreements, as well as their requests for the renewal of those agreements, by going to the Authority's website, he recognized Manager Mark Jones of Falmouth-Edgartown Ferry in the audience, who briefly described the history and license renewal request of its ferry service. Mr. Sayers then recognized Vice President R. Murray Scudder, Jr. of Hy-Line, who similarly described the history and license renewal requests of its ferry services and also noted that, as a result of the amount of service provided by both the Authority and Hy-Line under its current license agreement, the two boat lines now complement each other pretty well and, as demonstrated over the past two years, are able to accommodate the traveling public's fast ferry traffic demands even when one of them encounters vessel scheduling problems.

Mr. Sayers then asked if anyone in the audience would like to comment on any of the license renewal requests. When no one responded, he noted that the Authority would be holding its second and final public hearing on the requests as part of its regularly scheduled monthly meeting on September 26, 2017 on Nantucket.

3. Mr. Murphy reviewed with the Port Council the Authority's Business Summary for the month of July 2017. In response to a question from Mr. Munier, Mr. Murphy stated that the principal reason for the significant decline in the number of passengers carried during the month was the fact that the *M/V Iyanough* was out of service until July 18, 2017, observing that there was a 51% decrease in the number of fast ferry passengers carried that month even though the Authority provided substitute service by chartering SeaStreak's fast ferries during that time period. Mr. Davis also noted that the decline in the number of fast ferry passengers continued after July 18, 2018, probably because people already had made their reservations for the following few weeks. But Mr. Davis stated that ridership on the fast ferry since has been slowly building back to its previous levels.

4. Mr. Davis reported that the construction of the Authority's new administrative office building has been progressing pretty much on the revised schedule that had been developed after the sheathing issue had arisen, and that the contractor, G&R Construction, had replaced the sheathing with another Huber product, but this time had applied it to plywood or another OSB (oriented strand board) substructure. Mr. Davis also reported that the building's windows were almost finished being installed. Meanwhile, Mr. Davis said, the Authority has so far paid the contractor \$5,793,000 (or approximately 45%) towards the project's current estimated cost of \$12,935,000, and change orders have amounted to \$248,000, approximately 2.0% of the original contract price. Mr. Sayers then gave a PowerPoint presentation on the progress of the building's construction.

5. Mr. Davis then reported that the State Building Inspector had issued an occupancy permit for the temporary Woods Hole terminal building the previous Friday, that the Authority's Maintenance employees were working on the build-out of the food concession area inside the building, and that its MIS employees were working to connect the computer servers, phone system, and other technology systems. Meanwhile, Mr. Davis said, the Authority has so far paid the contractor \$2,188,000 (approximately 83%) towards the project's current estimated cost of \$2,625,000, and change orders have amounted to \$34,000, approximately 1.3% of the original contract price. But Mr. Davis noted that there will be at least one more change order for the additional work the site contractor had to perform to connect the building to the Town's sewer system, and that Mr. Cloutier and the Authority's clerk of the works, Steven LeBaron, were still negotiating the amount of that change order.

Mr. Davis noted that, after the food concession area is finished and the building's wiring is completed, the staff planned to move the Woods Hole ticket selling operations to the building during the week of November 13th (the week before the week of Thanksgiving), but that if the building is not ready by then, to delay the move until after the Thanksgiving holiday weekend. Mr. Davis also stated that, even after the ticket selling operations are moved to the temporary building, the Authority will keep the lobby in the existing terminal building open as a waiting area for customers until that building has to be closed for demolition.

6. Mr. Davis then reported that the design team for the Woods Hole terminal reconstruction project was finalizing the project's design development drawings and specifications so that the invitation for bids for the construction of Phases 2 through 4 of the project can be issued on September 21, 2017, and that the contract can then be awarded by the Authority Members at their November 21, 2017 meeting. In response to questions from Mr. Munier, Mr. Cloutier stated that he has talked with a couple of marine contractors who have expressed interest in bidding on the project, and Mr. Sayers stated that both the marine and the geotechnical engineers for the project have assured the Authority that contractors will have sufficient time to prepare their bids before the November 7, 2017 deadline for their submission.

7. Mr. Davis then reported that the staff was continuing to talk with Skidata about using a “sweb.wallet” app as an additional optional boarding pass for the Authority’s passengers, but that meanwhile the Authority has been issuing the following RFID cards:
 - 46-ride commuter cards for the Martha’s Vineyard route (around 300 cards each month for the past four months, with 80% of the cards now being reloaded);
 - 10-ride adult, child and senior cards for both routes (around 6,600 cards, with 15% of those cards having been reloaded at least once).

Mr. Davis further reported that customers are now able to reload all of those cards on the Authority’s website, as well as in person at its ticket offices, and that the cards can also be tied to a customer’s profile. Mr. Davis also stated that the staff was working to educate the Authority’s customers about the cards with posters at the terminals and informational business cards for ticket sellers to hand out. Mr. Davis noted that any ticket seller can reload a customer’s card, and he observed that it is a much quicker process than issuing a new paper book. Mr. Davis also stated that he has seen many cards being used, including all of the Falmouth Academy students who ride on the ferries, and that the cards seems to be working well, with many people not even taking them out of their wallets when using them.

However, Mr. Davis stated that online sales of passenger tickets will not start until later in the fall because the staff was still working to improve the success rate of the scanning of passenger tickets that have the Aztec Code. Mr. Davis noted that, while the Authority was using the Aztec Code to scan customers’ high-speed ferry tickets, there were still some issues when there is bright sunlight or a customer’s smartphone has a cracked screen.

8. Mr. Davis then recounted how, towards the end of each summer season, there have always been large numbers of people who travel on a standby basis from Nantucket, and that the Authority has had difficulty accommodating all of those customers at the terminal when they return to see where they stand on the standby list for each vessel trip. In order to address that problem, Mr. Davis said, later this week the Authority will be launching a new “Standby Notification System” for the Nantucket terminal that will allow customers to go to the Authority’s website to see where they stand in the Nantucket standby line, and also to receive text messages or emails that tell them when it is time to return to the terminal.
9. Mr. Davis reviewed with the Port Council the staff’s proposed 2018 Summer Operating Schedules for the Nantucket route, observing that they are similar to the 2017 Summer Operating Schedules except for minor changes in their starting and ending dates, and the replacement of one freight boat with another during certain periods of the schedules. In this regard, Mr. Davis noted that the staff was waiting to review the traffic statistics for the 2017 late summer schedule before deciding whether the *M/V Katama* or the *M/V Woods Hole* should be assigned to the route during that time period.

Mr. Lowell noted that he had talked with the staff about which vessel should be assigned to the Nantucket route during the late summer schedule and stated that he did not think, theoretically, that the *M/V Woods Hole* needs to be assigned to the route at that time of year. Nevertheless, Mr. Lowell stated that he appreciated the staff looking into the issue.

Mr. Davis then stated that the staff was hoping that the Members will approve the 2018 Summer Operating Schedules for the Nantucket route at their next meeting on September 26, 2017 so that the staff can begin processing summer bulk freight reservations for that route. In this regard, Mr. Davis noted that the Authority had advertised these proposed schedules in all of the local newspapers for public comment and had even held a public hearing on them on August 28, 2017, and that no comments were received with respect to any of the proposed schedules for the Nantucket route.

The Port Council then **voted** unanimously to recommend that the Authority Members approve the 2018 Summer Operating Schedules for the Nantucket route as proposed by management.

10. Mr. Davis then updated the Port Council on the report that the staff was preparing with respect to the proposed 2018 Summer Operating Schedules for the Martha's Vineyard route as a result of public hearing that the Authority had held on August 28, 2017 and the written comments it has received. Mr. Davis noted that Falmouth residents again have expressed concern over the Authority's 5:30 a.m. freight trip from Woods Hole during the summer, and he stated that the staff was trying to determine what alternative options the Authority might have to alleviate that concern. In this regard, Mr. Davis stated that one option may be to operate a fifth vessel during that schedule, which would be an additional freight boat. But Mr. Davis observed that this alternative would still be problematic, as the Authority would be condensing the trips so that more left later in the morning, which would result in more congestion that time of the day than if the trips were more spread out. In addition, Mr. Davis said, the staff was concerned that, because the additional boat would be tied up in Slip 3 over the weekends, customers would begin asking the Authority to operate it during those periods as well, and the Authority also had to make certain that it has sufficient officers and crewmembers to operate the vessel.

Mr. Davis stated that the staff was also looking at whether the Authority could switch the sailing times of some of the trips, but that was problematic given the limitations of both the *M/V Governor*, which cannot go to Oak Bluffs and was difficult to load even though it is a drive-through vessel, and the *M/V Nantucket*, which cannot accommodate all of the trucks carrying hazardous cargo. Nevertheless, Mr. Davis said, the staff was looking at all of the options to see if they can come up with a solution.

Mr. Davis further reported that around 20 people had provided public comments about the proposed schedules, including freight shippers who have expressed concern over the impact that any schedule changes will have on their ability to make deliveries. On the other hand, Mr. Davis said, the staff was cognizant of the community's concerns about the noise generated by the Authority's freight operations. Mr. Davis stated that the staff anticipated

that it will be presenting a draft report in October along with their recommendations as to whether any changes should be made to the original proposed schedules.

Although Mr. Munier acknowledged that the time for making these decisions was short, he stated that it would be helpful for the Port Council to have more data about noise and traffic levels, rather than being asked to make any decisions based only on personal opinions, so that the decision-making process can be as unbiased as possible. Indeed, Mr. Munier suggested that it might be a good idea to have the information assembled independently by an outside consultant, particularly to assess whether the Authority's various mitigation efforts have been successful. Mr. Munier also observed that this was a long-term issue and raised the question of whether the nature of the Authority's operations will evolve over a period of time in a manner that has greater impacts on its neighbors, and he suggested that the Authority should take a strategic look at that issue.

In any event, Mr. Munier said, he would like to have data to show whether the numbers of passengers, automobiles and trucks carried by the Authority have increased or decreased over the years. Mr. Munier also observed that truck traffic had increased by around 3.5% this year and he noted that, over time, that rate of growth adds up to a significant increase in traffic. Mr. Munier declared that the Authority needed to balance any increase with the needs and wants of its neighbors and, indeed, the Authority had to consider those needs and wants even if the data were to demonstrate that the increase in noise level is only incremental. Mr. Munier also declared that the Authority has to be able to articulate the need for a 5:30 a.m. freight boat from Woods Hole in a manner that everyone can understand, and that it should be self-evident to everyone why that trip has to be operated and why it is crucially important to the Authority's wellbeing.

Mr. Balco then observed that the Authority's freight traffic was cyclical and that the island was probably getting to the end of another building cycle. Mr. Davis also stated that the traffic statistics posted on the Authority's website somewhat overstate the growth in truck traffic over the years because, for internal purposes, the Authority originally had classified certain types of vehicles as automobiles and then had reclassified them as trucks. However, Mr. Davis stated that the Authority had just posted updated traffic statistics that note when those vehicles were reclassified at certain times.

Mr. Lowell observed that the Authority's traffic statistics combine 20-foot pickups with semis, and that they all should not be counted as trucks. Mr. Lowell also stated that people were beginning to leave automobiles on Nantucket instead of traveling back and forth with them, noting that the Authority had carried 700 fewer cars on the Nantucket route in August 2017 than it had carried during the same month in 2017.

Mr. Lowell also questioned whether an outside consultant could sufficiently understand the Authority's operations to assist in any decision-making, observing that the Authority's operations are quite complicated, with vessels being required to operate on an 18-hour day and trips arriving and departing every fifteen minutes. Mr. Lowell suggested that, instead, the Authority's staff was going to have to figure this out.

Woods Hole Community Association Co-President Catherine Bumpus then stated that everyone should know that Mr. Rozum had sent an email to all of the Authority's freight shippers encouraging them to attend the public hearing, which she said raised the question of whether his actions had been a violation of the open meeting law. Ms. Bumpus also stated that there were no freight shippers at the hearing from the south or west, and she noted that the issue of whether New Bedford should be used for some of the Authority's freight traffic cannot be considered without their input as well.

Ms. Gladfelter noted that she was at the public hearing and that she thought the Authority appropriately had contacted its freight shippers to let them know that the Authority was considering whether to keep the 2018 Summer Operating Schedules as originally proposed or to modify any of those proposed schedules. Ms. Gladfelter further stated that, while a couple of those freight shippers stated that they were against freight ferry service from New Bedford, the Authority was not saying that and, indeed, was considering New Bedford.

Mr. Lowell then observed that the last thing long-distance freight shippers want is a longer boat trip. Instead, Mr. Lowell said they want to get to their destination in the most timely and reliable manner possible, regardless of where they are from. Woods Hole resident Anne Halpin then declared that the Authority needed to think about innovation, saying that there have to be more efficiencies available in 2017 than there had been in years past.

11. Mr. Davis then reviewed with the Port Council the staff's proposed 2018 Fall Operating Schedules, noting that the Port Council did not need to take any action with respect to the proposed schedules at this time because they had only been advertised in all of the local newspapers the previous week. In response to a question from Mr. Lowell, Mr. Davis confirmed that the staff was proposing to assign the *M/V Nantucket* to the Nantucket route during the entire fall schedule instead of the *M/V Eagle* because the *M/V Eagle* was scheduled to be dry-docked from October 23, 2018 through December 6, 2018 and then in repair until January 8, 2019. However, Mr. Davis noted that from November 16, 2018 through December 3, 2018 the staff was proposing to assign the *M/V Woods Hole* to that route instead of the *M/V Gay Head* to accommodate people traveling for the Thanksgiving holiday and the Nantucket Christmas Stroll.
12. Mr. Davis then noted that, at the next Authority meeting, the staff would be asking the Authority Members to approve modifications to the Authority's bulk freight reservation program to reduce the number of reservations each freight shipper may receive (from 110% of its previous year's actual usage to 100% of its previous year's actual usage) during the first round of processing bulk freight reservations. Mr. Davis stated that the staff was recommending this change because shippers whose reservations are processed later in the first round were receiving less desirable times to travel, although he noted that this change would not apply to shippers carrying hazardous, septic or trash because of the limited number of vessels and trips on which those shippers can travel. Mr. Davis also reported that the staff had discussed this proposed change with the Authority's freight customers at two freight shipper meetings that had been held in August, and that none of the customers at either of those meetings objected to it.

The Port Council then **voted** unanimously to recommend that the Authority Members approve management's proposed modifications to the Authority's bulk freight reservation program.

13. Mr. Murphy reviewed with the Port Council the preliminary draft of the staff's proposed 2018 Operating Budget, noting that he had provided the Port Council with a revised document showing a more appropriate comparison of the projected revenue and expenses in the proposed 2018 Operating Budget with 2016's actual revenues and expenses, the 2017 budgeted revenues and expense, and an adjusted estimate of 2017's revenues and expenses. Mr. Murphy stated that the adjusted estimate of 2017's revenues and expenses now included repair projects that the staff had originally planned to complete earlier this year but had been postponed, as well as repair projects that the staff originally had planned to undertake next year, but had been accelerated to begin later this year. In response to a question from Mr. Balco, Mr. Davis stated that the Authority had not yet fully hedged its vessel fuel prices through 2018 because option prices had increased due to certain events that had taken place in the Gulf of Mexico. Mr. Davis also noted that, while the staff would be proposing a few housekeeping revenue adjustments, they were not planning to ask for any general rate increases.
14. Mr. Davis reviewed with the Port Council his goals for the upcoming year (July 1, 2017 through June 30, 2018) in the form approved by the Authority Members at their August 15, 2017 meeting. Mr. Davis stated that his proposed goals apparently had not been sufficiently ambitious enough, as he now has ten goals instead of the eight goals that he had proposed. But Mr. Davis noted that one of those additional goals had been included with another of his proposed goals, and that his tenth goal was to continue to pursue the possibility of a freight ferry service and/or barge service between New Bedford and Martha's Vineyard.
15. Woods Hole resident Anne Halpin stated that Catherine Bumpus had to leave the meeting earlier but had asked her to ask whether the Authority will be encouraging the Woods Hole terminal reconstruction project's contractors to barge demolition debris and other materials off-site instead of transporting them by truck. In response, Mr. Sayers stated that the Authority's plans were the same as they had been described in its Environmental Notification Form (ENF) for the project and in its responses to the public comments that had been submitted regarding its application for a Chapter 91 Waterways License and Combined Chapter 91 Dredge Permit and 401 Water Quality Certification for the project.

Then, at approximately 11:31 a.m., the Port Council unanimously **voted** to adjourn their meeting that day.

A TRUE RECORD

Edward Anthes-Washburn, Secretary

Documents and Exhibits Used at the Port Council's September 13, 2017 Meeting

1. Agenda for the Port Council's September 13, 2017 Meeting (posted September 8, 2017).
2. Minutes of the Port Council's August 2, 2017 Meeting (draft).
3. Business Summary for the Month of July 2017 (draft).
4. PowerPoint Presentation of the Progress of the Construction of the Authority's New Administrative Office Building.
5. Draft Staff Summary #TPF-2017-8 on the Proposed 2018 Nantucket Summer Operating Schedules.
6. Draft Staff Summary #TPF-2017-10 on the Preliminary Version of Proposed 2018 Fall Operating Schedules.
7. Draft Staff Summary #TPF-2017-9 on the Proposed Changes to the Bulk Freight Policies.
8. Draft Staff Summary #A-615 on the Preliminary Draft of the Proposed 2018 Operating Budget
9. General Manager's Goals (Approved) for the Year July 1, 2017 through June 30, 2018.

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

October 4, 2017

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

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

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

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); Mary T. H. Claffey (Director of Information Technologies); Carl R. Walker (Director of Engineering and Maintenance); Kimberlee McHugh (Director of Marketing); Phillip J. Parent (Director of Human Resources); and Steven M. Sayers (General Counsel).

1. Mr. Balco called the meeting to order at approximately 9:30 a.m. and asked for a moment of silence for the great tragedy that had occurred in Las Vegas. Mr. Balco then announced that, pursuant to Section 20(f) of the Open Meeting Law, anyone who wishes to make a video or audio recording of the meeting that day was required to notify him so that, at the beginning of the meeting, he can inform other attendees of any recordings being made. In this regard, Mr. Balco noted that no one had notified him that they wanted to make any video or audio recording of today's meeting.

2. Mr. Balco then announced that he had been notified by Mr. Munier that he desired to participate remotely in today's meeting because his geographic distance from Hyannis made his physical attendance today unreasonably difficult. Mr. Balco stated that he agreed with Mr. Munier and, as the Port Council's Chairman, he had determined that Mr. Munier's physical attendance today was unreasonably difficult due to his geographic distance from Hyannis and, therefore, that he may participate remotely in this meeting. Mr. Balco also noted that Mr. Munier would be doing so by a conference telephone call that enabled him to be clearly audible to each of the other Port Council members, and each of the Port Council members to be clearly audible to him. Mr. Balco further announced that, due to Mr. Munier's remote participation in the meeting, all votes taken by the Port Council today will be by roll call vote.
3. The Port Council then **voted** unanimously (with Messrs. Balco, Lowell, Shufelt, Munier and Huss voting in favor) to approve the minutes of their meeting in public session on September 13, 2017.
4. Mr. Murphy reviewed with the Port Council the Authority's Business Summary for the month of August 2017. Mr. Murphy noted that the Authority was now reporting a year-to-date net operating income and, in response to a question from Mr. Huss, he stated that the Authority will also end the year with a net operating income. Mr. Murphy also observed that the Authority's cash balances were slightly behind where the staff thought they would be, but he nevertheless was optimistic that the Authority will make up that shortfall over the next few months.

Mr. Davis also noted that, on page 7 of the Business Summary, the cost estimate for the *M/V Governor's* dry-dock that will take place later this year had been increased from \$400,000 to \$650,000. Although Mr. Davis acknowledged that the amount of the Authority's contract with the shipyard is \$1,750,000, he stated that \$1,100,000 of that amount is for generator replacements that will be paid from the Authority's Replacement Fund. In response to a question from Mr. Lowell, Mr. Walker stated that those generators absolutely will be able to be installed in other boats if necessary.

5. Mr. Davis reported that the construction of the Authority's new administrative office building has been progressing, with the third floor rough plumbing, electrical and HVAC inspections completed so that the contractor can install the insulation on that floor's exterior walls. Mr. Davis stated that work also continues on the second floor so that it similarly can pass its inspections, and that the building's windows have by and large been installed except for those in the stair towers and the lobby area. Meanwhile, Mr. Davis said, the binder coat on the parking area around the building has been applied, which will allow the trades to lay out their material there.

Mr. Davis further reported that so far the Authority has paid the contractor \$5,793,000 (or approximately 45%) towards the project's current estimated cost of \$12,957,000, and that change orders have amounted to \$270,000, approximately 2.0% of the original contract price. In addition, Mr. Davis stated that the building was then expected to be completed

by January 23, 2018, although the Authority was expecting a revised construction schedule later that week.

Mr. Davis also reported that the staff was continuing to work on the furniture requirements with W. B. Mason, which has a state contract to provide such furnishings. Mr. Davis noted that the staff was waiting for an updated cost estimate for all of the furniture and that he anticipated seeking approval from the Authority Members later that month to purchase it. In this regard, Mr. Davis stated that, after the furniture is ordered, it will take six to eight weeks before it will be delivered. Although Mr. Davis acknowledged that the budget for the building had included a \$250,000 back-of-the-envelope estimate for the cost of the furniture, it appeared that the furniture will ultimately cost around \$500,000, which he did not believe was unreasonable given that the Authority expects to use it for the next 25 years.

6. Mr. Davis then stated that there was not much new to report since the Port Council's last meeting regarding the temporary Woods Hole terminal building, that the Authority's Maintenance employees were continuing to work on the build-out of the food concession area inside the building, and that its MIS employees were working to connect the computer servers, phone system, and other technology systems. Mr. Davis noted that Mr. Rozum was also laying out the building's furniture requirements, including benches for customers, and that the staff was still planning to move the Woods Hole ticket selling operations to the building during the week of November 13th (the week before the week of Thanksgiving). Meanwhile, Mr. Davis said, the Authority so far has paid the contractor \$2,591,000 (approximately 94%) towards the project's current estimated cost of \$2,625,000, and change orders have amounted to \$34,000, approximately 1.3% of the original contract price. But Mr. Davis noted that there will be at least one more change order for the additional work the site contractor had to perform to connect the building to the Town's sewer system.
7. Mr. Davis then reported that, on September 21, 2017, the design team for the Woods Hole terminal reconstruction project had issued the invitation for bids for Phases 2-4 of the project, which consists of all of the project's waterside work, including the reconstruction of all three ferry slips and the construction of two passenger loading piers, over the next four years. Mr. Davis noted that the invitation for bids package consists of 171 pages of drawings and a 1,454-page Project Manual, and he stated that 19 contractors already have requested and received the entire package. Mr. Davis observed that the deadline for the submission of bids is November 7, 2017 so that the Members can award the contract at their November 21, 2017 meeting. Mr. Sayers also noted that Friday, October 6, 2017, was the deadline for the submission of bids for the separate contract to demolish the existing Woods Hole terminal building and that the staff anticipated asking the Authority Members to award that demolition contract at their October 17, 2017 meeting.

8. Mr. Davis then reported that the staff was continuing to talk with Skidata about using a “sweb.wallet” app as an additional optional boarding pass for the Authority’s passengers, but that meanwhile the Authority has been issuing the following RFID cards:
- 46-ride commuter cards for the Martha’s Vineyard route (around 300 cards each month for the past four months, with 80% of the cards now being reloaded);
 - 10-ride adult, child and senior cards for both routes (around 6,600 cards, with 15% of those cards having been reloaded at least once).

Mr. Davis further reported that customers are now able to reload all of those cards on the Authority’s website, as well as in person at its ticket offices, and that the cards can also be tied to a customer’s profile. In addition, Mr. Davis said, the Authority already has replaced almost 50 cards that were reported lost, and all of those lost cards had been for travel on the Martha’s Vineyard route.

9. Mr. Davis reported that, last week, the Authority had launched a new “Standby Notification System” for the Nantucket terminal that allows customers to receive text messages or emails to tell them when it is time to return to the terminal to travel standby on the next trip off-island. However, Mr. Davis stated that the Authority’s programmers were still working on providing customers with the ability to go to the Authority’s website to see where they stand in the Nantucket standby line.
10. Mr. Davis then reported that, on September 7, 2017, the *M/V Martha’s Vineyard* had left the Authority’s Fairhaven Vessel Maintenance Facility for Senesco Shipyard’s facility in Quonset Point, Rhode Island, to begin the shipyard portion of its mid-life refurbishment project. Mr. Davis stated that the contract’s current total price was \$16,297,000, representing the original contract amount of \$16,006,000 and \$291,000 of change orders, and that the Authority already had paid \$4,242,000 (or about 26%) of that amount.

Mr. Walker then gave a PowerPoint presentation of the *M/V Martha’s Vineyard* Mid-Life Refurbishment Project, stating that the vessel had been in the shipyard for 3-½ weeks and that he was very impressed with Senesco’s manning, efficiency and planning. Mr. Walker also noted that all of the equipment had been ordered and either had been delivered or had been scheduled to be delivered when needed during the project. During the presentation, Mr. Walker noted:

- By 11:00 a.m. on the first day of the project, the overhead and seating already had been ripped out of the 02 passenger cabin, and all of the overhead of the mezzanine decks also were ripped out that day.
- The decking also has been ripped out, and wires for the new lighting and ventilation systems were wrapped up and hung so that they can be reinstalled later during the project.
- The crew spaces also have been gutted.

- The vessel's old pilot house was cut off during the first week and the new one, which was already prefabricated, is currently welded in place. The new pilot house, which is steel, has a much better window arrangement and will provide better visibility for the licensed deck officers and crew.
- Five feet of the passenger cabin has been cut off and the cabin will be extended aft to cover the two dog houses on the 02 deck so that passengers will be under cover when they leave and enter the stairwells. The extended passenger cabin will also be able to contain additional interior seats.
- There will be a ladder aft to the upper deck which will be open all of the time, and there will be a railing behind the pilot house to stop passengers from going forward on that deck.
- The Authority knew that the vessel's windows were rotten around the edges, so the contractor will have to replace the steel in its entirety along the mezzanines. The new windows will also be clamp style instead of being bolted in place.
- The prefabricated food concession island in the 02 deck will be in the center of the cabin rather than being on the side so that passengers can walk around it fore and aft both port and starboard.
- The tracks for the bow door arrived a few weeks ago and the new doors will no longer be hydraulic but will be high-grade stainless steel clam-shell doors similar to the doors of the *M/V Island Home* and the *M/V Woods Hole*.
- Senesco is replacing steel in the 02 deck under the food concession area where the deck was rotten. The ventilation voids had not been accessible because they had been covered by insulation.

Mr. Walker reported that the Authority was not doing as well as he had hoped with respect to change orders, and that there currently were approximately \$700,000 worth of change orders primarily for steel work in areas that had not been accessible or were due to old sliding windows on the mezzanine decks that had leaked over the years. But Mr. Walker stated that the schedule was going well and that Senesco had not requested an additional time due to the additional steel replacement. Indeed, Mr. Walker said, Senesco had requested only a one-day extension of the contract time due to Hurricane Jose when it had to take the gangways off because of the wind and weather.

Mr. Lowell noted that there are now ways to prevent rust in dark spaces and he asked what the Authority was doing to prevent more rust in the future. In response, Mr. Walker stated that all the areas will be sprayed with new primers that are a lot better than they were years ago to keep the areas thermally insulated and prevent them from sweating.

Finally, Mr. Walker reported that the pole on the freight deck which had been a problem for the Authority's customers over the years was in the process of being moved, and that at a later meeting he should have a photograph of it in its new location.

11. Mr. Davis reported that the staff had prepared a draft report on the Authority's proposed 2018 Summer Operating Schedules for the Martha's Vineyard route after considering the testimony that had been given at the August 28, 2017 public hearing on those schedules. Mr. Davis noted that the hearing had been held because the Authority had received a petition from 52 Falmouth residents regarding those schedules and that 16 people had provided testimony at that hearing, both in favor of and against eliminating the 5:30 a.m. freight trip from Woods Hole.

Mr. Davis stated that the staff had reviewed what the impacts of eliminating the 5:30 a.m. freight trip would be to the Authority's operations and what other options the Authority might have to alleviate the Falmouth residents' concerns, and that the principal problem was the Authority's need to operate four vessels on the Martha's Vineyard route during the summer operating schedules in order to provide adequate service. In this regard, Mr. Davis noted that all four of those vessels need to be in operation in order to avoid conflicts on the water and to reduce congestion in each terminal's staging area.

Mr. Davis also recounted how Falmouth resident Nat Trumbull had asked the Authority to look at off-peak pricing strategies to provide freight shippers with an incentive to travel later in the day. Accordingly, Mr. Davis said, the staff also was recommending that the Authority offer a discount to freight shippers who make reservations for larger trucks during the bulk freight reservation process for evening trips during the summer schedule, and that the discounted fare be available Mondays through Thursdays and be the same fare as the fare for a 3-space truck that is less than 40 feet in length. Mr. Davis noted that, as a result, the discount would be around \$20 for a 40-foot truck and more than \$100 for a 60-foot truck. But Mr. Davis emphasized that the discount would only be available for travel on specific trips and that freight shippers traveling on those discounted fares would not be allowed to travel earlier in the day on a standby basis.

Mr. Lowell then asked if the Authority had the technology to ensure that freight shippers with discounted fare reservations do not travel on earlier trips during the day. In response, Mr. Davis stated that the necessary programming changes could be made to the Authority's reservation system. Mr. Davis also confirmed that the discounted fares would be available only to those freight shippers who otherwise would travel at the Authority's regular fares, and that they would not be available for shippers carrying hazardous cargo or trash.

In response to a question from Mr. Munier, Mr. Davis stated that while he did not really have a sense of how much interest freight shippers may have in such discounted fares, there may be some shippers who might travel later in the day if they are assured that they can return during that same evening on a discounted fare. After Mr. Lowell observed that trucks which are 40 or more feet in length are mostly those that carry lumber and other freight that can be broken down, he asked whether the Authority could offer drive-on/drive-off services for trucks on the Martha's Vineyard route as it does on the Nantucket route. In response, Mr. Davis stated that the terminals on the Martha's Vineyard route did not have the available space to offer those services and, in any event, the Authority did not have the requisite number of terminal employees with commercial driver's licenses at those terminals.

Mr. Davis then noted that, because of evidence indicating that larger trucks make more noise than smaller trucks, the staff was recommending that the Authority not allow larger trucks to travel on the 5:30 a.m. freight trip but to require them to travel later in the day. In this regard, Mr. Davis stated that the Authority could accomplish this relatively easily during the early and late summer operating schedules because the 5:30 a.m. freight trip was not scheduled to be a hazardous cargo trip, but that during the peak summer season the 5:30 a.m. freight trip was scheduled to be a hazardous cargo trip because of the limitations of the vessels assigned to the route during that time period. Therefore, Mr. Davis reported that in order to carry those hazardous cargo trucks later than 5:30 a.m. but not too late in the morning when traffic congestion increases the risk of an accident, the Authority would have to assign the *M/V Sankaty* as the fifth vessel on that route, which could then be scheduled to provide three trips per day (with a fourth trip available) Mondays through Fridays, and with its first trip scheduled to leave Woods Hole at 6:45 a.m. as a hazardous cargo trip.

Mr. Davis noted that allocating the 5:30 a.m. freight trip with smaller trucks would also result in many of the trucks carried on that trip being food trucks that need to make multiple stops on the island early in the day before there is greater traffic congestion. Therefore, Mr. Davis said, there were a number of reasons to allocate the 5:30 a.m. freight trip with smaller trucks and assign the *M/V Sankaty* to the Martha's Vineyard route as a fifth vessel during the peak summer schedule, although assigning that vessel will create other issues. For example, Mr. Davis stated that the Authority will have to make certain that it has a sufficient number of officers and crewmembers to man that vessel as well as all of its other vessels, and there will undoubtedly be customers who will want the Authority to also operate the *M/V Sankaty* on weekends when it is tied up in Slip No. 3 at the Woods Hole terminal.

Mr. Davis also noted that, in order to accomplish all of this, the *M/V Nantucket's* 6:30 a.m. trip from Woods Hole would go to Oak Bluffs instead of Vineyard Haven so that the *M/V Sankaty's* 6:45 a.m. hazardous cargo trip can go to Vineyard Haven. Mr. Davis observed that, as a result, the number of weekday hazardous cargo trips also would be reduced from two to one, and that there would be a net two additional trips to and from Vineyard Haven each weekday morning available for passengers that would be scheduled midway between the trips of the *M/V Island Home* and the *M/V Governor*.

Mr. Lowell agreed that smaller trucks should make less noise early in the morning than larger trucks, particularly since, because of the lower weight of those trucks, their drivers don't need to use their engine (Jake) brakes. But Mr. Lowell observed that allocating the 5:30 a.m. freight trip only with smaller trucks and adding a fifth boat to the peak summer operating schedule in order to accomplish this was a huge concession to the concerns that had been expressed by Falmouth residents.

Mr. Davis agreed, and also observed that, as a result of assigning the *M/V Sankaty* to the route during the peak summer operating schedule, the Authority would not have a spare boat available during that time period in the event another vessel has to be taken out of

service. Nevertheless, Mr. Davis said, if such a situation were to occur, the Authority would still have the *M/V Sankaty* available later in the day on weekdays and all weekend to provide substitute service. Mr. Davis also noted that it will cost around \$250,000 to provide the additional service with the *M/V Sankaty* and that the staff was not anticipating that the additional service will result in any increase in revenues, as they felt it will mostly result simply in trucks traveling later in the morning that otherwise would travel earlier in the day.

In response to a question from Mr. Munier with respect to how the Authority would manage which trucks are carried on the 5:30 a.m. freight trip, Mr. Davis stated that the Authority would change the allocations in its reservation system for that trip so that only trucks less than 40 feet in length will be able to obtain reservations on that trip. Mr. Munier then asked whether it might be possible to discontinue the 5:30 a.m. trip earlier in October, observing that the vessels' capacity utilization on that route during that time of year was not as high as during the rest of the summer. In response, Mr. Sayers noted that the capacity utilization statistics used in the draft report were based upon the Authority's 2016 summer operating schedules, and that the staff did not yet know what the vessels' capacity utilization on that route will be this year. Nevertheless, Mr. Sayers observed that the staff was still proposing to end the four-boat operating schedule earlier in the 2018 (October 22, 2018) than in 2017 (October 27, 2017), which meant that the 5:30 a.m. freight trip would end earlier next year as well.

But Mr. Sayers also observed that it appeared the Authority needed to assign four boats to the route during the entire later summer operating schedule in order to provide adequate service from the island, even though not as many trucks travel to the island during that period, and that as long as there are four boats assigned to the route, the 5:30 a.m. freight trip needed to operate to avoid potential safety issues that the Captains on the *M/V Island Home* had raised about the *M/V Governor* sticking too far out in the water when it is docked in Slip 2. Mr. Munier then asked whether this meant that the Authority might be able to eliminate the 5:30 a.m. freight trip earlier in the year after the Woods Hole terminal reconstruction project is completed and it is able to dock the *M/V Governor* in Slip 3. In response, Mr. Sayers stated that, while that option is not available to the Authority next year, the staff would explore that possibility after the Woods Hole terminal reconstruction project is completed.

The Port Council then **voted** unanimously (with Messrs. Balco, Lowell, Shufelt, Munier and Huss voting in favor) to recommend that the Authority Members issue the staff's draft report on the proposed 2018 Summer Operating Schedules, approve the staff's proposed 2018 Summer Operating Schedules for the Martha's Vineyard route, and adopt the staff's proposed new operating policies. Mr. Munier also asked that the staff continue to work towards providing enough data and clarity to justify the Authority's operation of the 5:30 a.m. freight trip.

At this time, Mr. Munier ended his remote participation in the meeting.

12. Mr. Davis then reviewed with the Port Council the 2018 reservation opening dates when members of the traveling public will be able to make vehicle reservations during the Authority's 2018 summer and fall schedules, as well as the "reservation-only" dates for the Martha's Vineyard route during 2018. Mr. Davis noted that next year's dates were almost identical to this past year's dates, except that the staff was proposing to add Thursday, June 28th, and Tuesday, July 3rd, as "reservation-only" days so that the Authority will be able to manage traffic better at the Woods Hole terminal during those days.
13. Mr. Sayers then reported that the staff was recommending that the Authority's license agreements with all of its currently licensed private ferry operators be renewed for another three years, observing that the staff had received no comments about any of those proposed renewals from any members of the public in response to advertisement requesting public comment that the Authority had placed in the local newspapers and two public hearings that the Authority had held regarding those proposed renewals.

The Port Council then **voted** unanimously (with Messrs. Balco, Lowell, Shufelt and Huss voting in favor) to recommend that the Authority Members authorize the General Manager to enter into new license agreements with all of the Authority's licensed ferry operators as proposed by management.

14. Mr. Murphy reviewed with the Port Council a revised draft of the staff's proposed 2018 Operating Budget, noting the following revisions that had been made to the proposed budget from the preliminary version which he had given them at their meeting last month:
 - The estimate of the Authority's 2017 operating expenses had been increased by \$250,000 to reflect the increase in the estimated cost of the *M/V Governor's* dry-dock later this year.
 - The projected 2018 operating expenses now include the staff's proposed additional assignment of the *M/V Sankaty* to the Martha's Vineyard route during the height of the 2018 summer season, which was estimated to cost \$280,000, but the staff was assuming that the additional service provided by the *M/V Sankaty* will not result in any additional revenues.

As a result of those revisions, Mr. Murphy said, the staff was projecting that the Authority's operating expenses will increase by \$4,306,000 (or 4.6%) in 2018. However, Mr. Davis noted that the staff still had some additional work to do with respect to the budget, including determining which routes the *M/V Woods Hole* and the *M/V Katama* should be assigned to during the 2018 Late Summer Operating Schedules and including a partial year of depreciation for the cost of the *M/V Martha's Vineyard* mid-life refurbishment project. In this regard, Mr. Davis stated that while particular budget amounts will change somewhat, the staff would not be requesting any rate increases as a means to increase revenues and the budget that will be presented to the Authority Members for approval will be essentially what has been provided to the Port Council that day.

The Port Council then **voted** unanimously (with Messrs. Balco, Lowell, Shufelt and Huss voting in favor) to recommend that the Authority Members adopt the Authority's 2018 Operating Budget as proposed by management.

15. Mr. Lowell asked whether, even though the *M/V Sankaty* might be assigned to the Martha's Vineyard route during the peak summer season, the Authority will still be dry-docking one of its freight boats during the summer each year, including dry-docking the *M/V Katama* next summer. In response, Mr. Walker stated that the Authority will continue to have one of its freight boats dry-docked every summer and that, as a result, one freight boat will not be available to provide any service during that time. Mr. Davis also noted that the *M/V Katama* was scheduled to be in dry-dock next year from May 23 through July 9, 2018. In response to another question from Mr. Lowell, Mr. Walker stated that, while the *M/V Gay Head's* vibration had not been fixed, it had been improved.
16. Mr. Davis then advised the Port Council that, while the staff would not be requesting any rate increases for the purpose of generating any additional revenues to cover the Authority's cost of service, he anticipated that next month the staff will be asking the Port Council and the Authority Members to consider a couple of rate adjustments that he characterized as housekeeping items.

Then, at approximately 10:48 a.m., the Port Council unanimously **voted** (with Messrs. Balco, Lowell, Shufelt and Huss voting in favor) to adjourn their meeting that day.

A TRUE RECORD

Edward Anthes-Washburn, Secretary

Documents and Exhibits Used at the Port Council's October 4, 2017 Meeting

1. Agenda for the Port Council's October 4, 2017 Meeting (posted September 29, 2017).
2. No Video or Audio Recording Announcement.
3. Statement to be Read at the Beginning of the Meeting (Remote Participation).
4. Minutes of the Port Council's September 13, 2017 Meeting (draft).
5. Business Summary for the Month of August 2017 (draft).
6. PowerPoint Presentation of the *M/V Martha's Vineyard* Mid-Life Project Update for the Steamship Authority Port Council Meeting, dated October 4, 2017.
7. Draft Staff Summary on the Report on the Authority's 2018 Summer Operating Schedules, and Approval of Those Schedules as Modified.
8. Draft Memorandum on the Proposed 2018 Reservation Opening Dates.
9. Draft Staff Summary on the Proposed License Agreement Renewals with Private Ferry Operators.
10. Statement of Revenues & Expenses – Proposed 2018 Operating Budget vs. 2017 Adjusted Estimate; Income Statement – 2018 Preliminary Operating Budget; and Net Income from Operations – By Routes (2018 Proposed Budget).

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

November 8, 2017

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

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

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

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); Mary T. H. Claffey (Director of Information Technologies); Carl R. Walker (Director of Engineering and Maintenance); Kimberlee McHugh (Director of Marketing); William J. Cloutier (Woods Hole Terminal Reconstruction Project Manager); and Steven M. Sayers (General Counsel).

1. After Mr. Balco called the meeting to order at approximately 10:00 a.m., the Port Council **voted** unanimously to approve the minutes of their meeting in public session on October 4, 2017.
2. Mr. Murphy reviewed with the Port Council the Authority's Business Summary for the month of September 2017, noting that both routes had experienced a 7.0% decrease in the number of passengers carried that month compared to the same month in 2016, and that there also had been declines in automobile and truck traffic that month. Mr. Murphy stated that the reason for this decline clearly had been the hurricane that came through the area during the third week of September, causing all service on the Nantucket route to be

cancelled for three days. Indeed, Mr. Murphy said, in September 2017, the Authority had cancelled 96 trips on the Martha's Vineyard route and 80 trips on the Nantucket route for weather-related reasons.

In response to a question from Mr. Huss, Mr. Murphy stated that he expected the Authority to end up with a net operating income for 2017 of around \$10,000,000, but Mr. Davis noted that this projection does not factor in delayed maintenance projects that are now scheduled to take place later this year, which should reduce the Authority's net operating income to somewhere between \$8,000,000 and \$9,000,000. Nevertheless, Mr. Davis said, this amount will still be greater than the net operating income that had been projected in the 2017 Operating Budget, which was around \$7,600,000.

In response to a question from Mr. Balco, Mr. Murphy stated that the Authority has not yet completed purchasing all of its anticipated fuel price hedge options for the fourth quarter of 2018, but that the staff fully intended to do so. Mr. Murphy also confirmed that, for the past two or three months, fuel prices had exceeded the strike prices of the Authority's hedge options, resulting in the Authority being in the money during those months.

3. Mr. Davis reported that the construction of the Authority's new administrative office building was progressing well, with the third floor getting closer to a finished state as the drywall and glass partitions are all installed, the restroom tiling is being worked on, the insulation of piping and HVAC is ongoing, and the stone veneer on the elevator shaft is completed. Mr. Davis also reported that the drywall and glass partitions are similarly installed on the second floor, but that more work needs to be done with respect to the insulation of piping and HVAC and that, on the first floor, the electricians are working on wiring the computer room.

After Mr. Davis further reported that all of the building's windows have by and large been installed, he stated that the electricians are working overtime to keep ahead of the other trades, and that 50 workers were now at the site on a daily basis. Mr. Davis also noted that, so far, the Authority has paid the contractor \$7,960,000 (or approximately 61%) towards the project's current estimated cost of \$13,477,000, and that change orders have amounted to \$360,000, approximately 2.8% of the original contract price.

Mr. Davis also stated that the building was then expected to be completed by January 17, 2018, and that the staff had placed the Authority's order for the building's furniture with W.B. Mason, which has a state contract for office furnishings and will start to install the furniture the week of December 18, 2017. Mr. Davis noted that the furniture will be installed by floor, beginning with the third floor, and that the installation will take a week to ten days for each floor.

In response to a question from Mr. Munier, Mr. Davis that the Authority had authorized the electricians' overtime so that the project can meet its current construction schedule, which has been extended by almost a month due to delay in getting the building enclosed as a result of the deficiency of the building's original sheathing that had been supplied by Huber Zip System. Mr. Davis noted that the Authority's architects, not the contractor, had

specified the use of that product based upon representations made by Huber Zip System regarding its suitability and that, even after the contractor had expressed concerns about the product, Huber Zip Systems had provided the Authority with further assurances that it would work. Accordingly, Mr. Davis said, after the building is completed, the staff will evaluate how much of the Authority's additional costs are attributable to the failure of that original sheathing and will seek to recover those costs from Huber Zip System.

4. Mr. Davis then stated that the Authority's Maintenance employees were continuing to work on some minor final items for the temporary Woods Hole terminal building, and that its MIS employees were wrapping up the installation of the technology systems, but that the staff had realized that the positioning of the building's lobby doors would allow too much cold air in the building during the off-season. Therefore, Mr. Davis said, the contractor will be coming back later this month to install air curtain units above the doors and the staff had decided to wait until that work is completed before moving the Woods Hole ticket selling operations to the building, which was now targeted for the week after Thanksgiving.

Meanwhile, Mr. Davis said, the Authority so far has paid the contractor \$2,585,000 (approximately 98%) towards the project's current estimated cost of \$2,627,000, and change orders have amounted to \$36,000, approximately 1.3% of the original contract price. But Mr. Davis noted those amounts do not include one more change order for the additional work the site contractor had to perform to connect the building to the Town's sewer system, which will be somewhere in the range of \$60,000 to \$65,000.

5. Mr. Davis then reported that around 50 firms and individuals had requested the invitation for bids package for the Woods Hole terminal reconstruction project's waterside work (Phases 2-4) contract and that, to date, the Authority's design team had issued six addenda to that package. Mr. Davis also reported that, due to the number of questions and the scope of the project, the staff had decided to extend the deadline for the submission of bids from November 7, 2017 to November 28, 2017, and to ask the Authority Members to award the contract at a special meeting that is now scheduled for December 5, 2017.
6. Mr. Davis then reported that the current total contract price for the *M/V Martha's Vineyard* mid-life refurbishment contract then stood at \$17,844,000, which represented the original contract amount of \$16,006,000 and \$877,000 of change orders, and that the Authority already had paid \$6,054,000 (or about 34%) of that amount. However, Mr. Davis said, there will be some more change orders to the contract in the future.

Mr. Walker then reported that the work was progressing well, that the shipyard had rounded the corner from "destruction" work to "construction" work, and that the steel replacement was mostly complete, although there was still some more sandblasting to be done which may uncover more steel that needs to be replaced. Mr. Walker also reported that:

- the windows have been installed on the vessel's pilot house and upper deck;
- the flooring was being installed in the crew areas, and the shipyard will begin installing flooring in the passenger areas the following week;

- the tracks for the bow doors have been installed and the doors themselves will be installed near the end of the project;
- the main gear boxes have returned from Louisiana where they were repaired; and
- the two generators have been removed and will be replaced, and the vessel will also have a third generator.

Mr. Walker further reported that he now expected all of the change orders to end up around \$1,250,000, although he noted that \$250,000 of those change orders will be maintenance expenses instead of capital expenditures. In addition, Mr. Walker said, although Senesco had expressed some concerns about the schedule, it had not asked for any extensions other than for the two days when it was required to stop work during Hurricanes Jose and Philippe. Finally, in response to a question from Mr. Huss, Mr. Walker stated that the pole on the freight deck which had been problematic for drivers has been moved.

7. Mr. Davis then reported that the staff would be recommending that the Authority renew its transportation agreement with the Martha's Vineyard Regional High School District for school-related approved transportation for the period from July 1, 2018 through June 30, 2019. Mr. Davis noted that, every year, the Authority enters into the agreement to establish a fixed price for the transportation of student groups, teachers, administrators and game officials on school-approved travel for the District's upcoming fiscal year (beginning July 1st), and that the fixed price is intended to reflect approximately a 50% discount over applicable tariff rates (which is the discount normally given to island schools, including the Nantucket public schools). Mr. Davis also noted that, for each of the last seven years, the agreement has established a fixed price of \$60,000, which has reflected approximately a 50% discount over applicable tariff rates. Mr. Davis stated that the staff is recommending that the fixed price under the new agreement be reduced to \$55,000, as the amount of school-approved travel has decreased the past few years and the staff was not proposing any rate adjustments for 2018.

In response to a question from Mr. Shufelt, Mr. Huss stated that the students travel for school-related purposes outside of the normal academic year for summer sessions in July and August, and that teachers and administrators often have to travel during those months as well. In response to another question from Mr. Shufelt, Mr. Davis stated that the Authority also provides a steeply discounted fare for mainland school groups who travel to the islands, which he thought was around \$5.00 for a round trip between Woods Hole and Martha's Vineyard, and around \$14.00 for a round trip between Hyannis and Nantucket. Mr. Davis noted that Hy-Line also allows school groups to travel on its ferries for the same fares, and that they apply regardless of whether the trip is on a traditional or high-speed ferry.

The Port Council then unanimously **voted** to recommend to the Authority Members that the Authority's transportation agreement with the Martha's Vineyard Regional High School District for school-related approved transportation be renewed as proposed by management (with corrections in paragraph 3 of the agreement to reflect the correct annual and monthly payment amounts of \$55,000 and \$5,500, respectively).

8. Mr. Sayers recounted how, for the last four years, the Authority has allowed Island Commuter Corp. (“ICC”) to provide additional service with the *M/V Island Queen* by beginning its summer schedule one week earlier in June, and he stated that last year ICC also had been allowed to provide one additional round trip between Falmouth and Oak Bluffs on Mondays through Thursdays during its spring and fall schedules. Mr. Sayers noted that those additional trips during ICC’s spring and fall schedules had addressed complaints from the public about the lack of service being provided by the *M/V Island Queen* after Labor Day when, on Mondays through Thursdays, there previously had been no afternoon trips from Falmouth or morning departures from Oak Bluffs. Therefore, Mr. Sayers said, the staff was proposing that the Authority enter into another license agreement with ICC that will allow it to provide similar additional trips during 2018.

The Port Council then unanimously **voted** to recommend that the Authority Members authorize the General manager to execute a license agreement with ICC allowing the *M/V Island Queen* once again to start its summer schedule one week earlier in June 2018 than it otherwise would be allowed under the Authority’s enabling act, and also allowing it to provide, on Mondays through Thursdays of the *M/V Island Queen*’s spring and fall schedules, two more daily trips between Falmouth and Oak Bluffs so that there is at least one morning trip from Oak Bluffs and one afternoon trip from Falmouth, as proposed by management.

9. Mr. Davis then reported that the staff would be asking the Authority Members to authorize him to execute a memorandum of understanding with the Cape Cod Regional Transit Authority (CCRTA) regarding certain grant funds received by the CCRTA from the Federal Transit Administration (FTA). Mr. Davis noted that, in late 2015, the CCRTA had asked the Authority to take steps to become eligible to participate in the National Transit Database (NTD) program for possible funding opportunities from the FTA and that, with the CCRTA’s assistance and guidance, the Authority applied for and was accepted to participate in that program beginning with its 2015 activities related to its shuttle bus service and its three ferry routes between Woods Hole and Vineyard Haven, Woods Hole and Oak Bluffs, and Hyannis and Nantucket.

Mr. Davis further reported that, as a result of financial and traffic data submitted by the Authority to the FTA related to its 2015 activities, the CCRTA, as the designated recipient for Barnstable Urbanized Area (UZA) grant funds, received an additional \$3,142,840 of grant funds from the FTA based principally on a combination of the number of miles operated by the Authority and the number of passengers carried. In turn, Mr. Davis said, the CCRTA was offering to enter into a memorandum of understanding with the Authority pursuant to which it would provide the Authority 50% of those grant funds (or \$1,571,420) to help finance certain of the Authority’s projects and services in and around the Barnstable UZA.

Mr. Davis noted that the Authority will be able to use those funds for a variety of projects, including capital projects and preventative maintenance. At this point, Mr. Davis said, he was planning to target the funds for maintenance expenses because, for example, if the Authority were to purchase shuttle buses with the funds, the buses would have to be owned

by the CCRTA and then leased to the Authority, and the Authority would not be able to apply for the grant money until after the buses are purchased. Mr. Davis also noted that, regardless of how the Authority spends the money, the funds will eventually make their way to the Authority's Replacement Fund and will not increase the Authority's net operating income because they will be reported on the Authority's financial statements after the Authority's net operating income is determined in the same manner as the Authority's other capital grants and contributions.

In response to a question from Mr. Munier, Mr. Davis stated that he would like to become more familiar with this process before considering whether the Authority should seek to become a designated recipient of grant funds from the FTA. Mr. Davis stated that the Authority would have much more reporting and audit responsibilities if it were such a designated recipient, and he also noted that the CCRTA is being more generous with the Authority than it is with bus companies that submit their data under the NTP program, as it is offering the Authority 50% of the additional grant funds it receives due to the Authority's reports while it retains 75% of grant monies it receives as a result of the bus companies' reports. In addition, Mr. Davis said, if the Authority continues with the NTP Program for seven years, it will receive potentially 50% more in grant funds as a reporting entity.

In response to another question from Mr. Munier, Mr. Davis stated that he did not think the Authority would be able to use the grant funds to pay for a study of a potential freight ferry service from New Bedford, as the funds are to be used for capital projects or preventative maintenance expenses. (Mr. Davis also noted that New Bedford is in a different UZA than Barnstable.) However, Mr. Davis observed that, to the extent the Authority uses the funds for maintenance expenses it would incur anyway, the receipt of those funds will make more of the Authority's revenues available for other purposes.

The Port Council then unanimously voted to recommend that the Authority Members authorize the General Manager to execute a memorandum of understanding with the CCRTA regarding certain grant funds received by the CCRTA from the FTA for the Authority's 2015 reported activities, as proposed by management.

10. After noting that Centerplate Senior Vice President David Oberlander and General Manager Chris Ball were in the audience, Mr. Davis recounted how Centerplate (formerly known as Boston Concessions Group) has been the Authority's food concessionaire since 1993, and he stated that its current five-year contract would be expiring at the end of this year. Accordingly, Mr. Davis said, earlier this year the staff issued a request for proposals (RFP) from food concessionaires interested in a new five-year contract beginning January 1, 2018 (with an option to extend that contract for another five years if both parties agree), and that Centerplate was the only firm that asked for the RFP documents and submitted a proposal in response to the RFP. Mr. Davis noted that this was the third time Centerplate had been the only firm that had submitted a proposal in response to the Authority's RFP for a new food concession contract, which he attributed to the complexity of the operation and the need for the food concession to have facilities on each of the islands as well as a centralized office to manage everything.

Mr. Davis then noted that Centerplate has served the Authority well over the years and that it recently also had been awarded the food concession contract for the Washington State Ferries, and Messrs. Oberlander and Ball were instrumental in Centerplate's ability to obtain that contract. Accordingly, Mr. Davis said, the staff was recommending that Centerplate be awarded another five-year contract (with an option to extend the contract for another five years if both parties agree) to serve as the Authority's food concessionaire on terms similar to those contained in its current contract.

Mr. Oberlander thanked Mr. Davis for his comments and then stated that Centerplate was very excited about the possibility of moving forward with the Authority and was also happy that the new contract would contain an option to extend its terms for yet another five years. Mr. Oberlander also noted that Centerplate has a rather aggressive approach to its food service, that it recruits the right people to employ and then tries to build value for its employees. In addition, Mr. Oberlander said, Centerplate has individualized approaches for its menus, including offering smaller portions on the Martha's Vineyard route because that route's trip is only 45 minutes long.

Mr. Balco also noted that, because Centerplate provides the food service for a number of ski resorts, its employees who work at those resorts during the winter then work the summer on the Authority's ferries. Mr. Lowell also observed that it would be very difficult for another firm to acquire all of the facilities necessary to provide the service, and that was probably the reason why no one else had submitted a proposal. Finally, Mr. Huss stated that everyone really likes Centerplate's clam chowder.

The Port Council then unanimously **voted** to recommend that the Authority Members award the Authority's new food concession contract (Contract No. 06-2017) to Centerplate, as proposed by management.

11. Mr. Davis then reviewed the staff's proposed 2018 Fall Operating Schedules and the 2018 High-Speed Operating Schedules, noting that the Authority had not received any comments on them from the public after they had been advertised in local newspapers in September. Mr. Davis also noted that, during the entire proposed fall schedule for the Martha's Vineyard route, the freight boat would berth overnight on the island and its first departure from there would be at 5:30 a.m., and that only the *M/V Island Home* would berth overnight in Woods Hole (with its first departure at 6:00 a.m.) due to the anticipated construction that will be taking place there. As a result, Mr. Davis said, there would be no 5:30 a.m. freight boat from Woods Hole during that entire schedule.

The Port Council then unanimously **voted** to recommend that the Authority Members approve the Authority's 2018 Fall Operating Schedules and the 2018 High-Speed Operating Schedules as proposed by management.

12. Mr. Davis then informed the Port Council that, when the staff revised the Authority's 2018 Summer Operating Schedules for the Martha's Vineyard route in response to the public comments that had been received about those schedules, they omitted designating two of the *M/V Governor's* trips on Saturdays during the peak summer season (June 19, 2018 through September 7, 2018) as hazardous cargo trips, and that the staff was now proposing to correct that error. But Mr. Davis noted that those freight trips are already scheduled to operate on Saturdays and that the only proposed change is to designate them as hazardous cargo trips, not to change the schedule by adding more trips.

Mr. Davis informed the Port Council that the staff also has subsequently realized that the 8:00 a.m. freight trip from Nantucket on Saturdays during the 2018 Summer Operating Schedules similarly has to be designated as a hazardous cargo trip, and that the staff was proposing to correct that error as well. Again, Mr. Davis said, those freight trips are already scheduled to operate on Saturdays and that the only proposed change is to designate them as hazardous cargo trips, not to change the schedule by adding more trips.

In response to a question from Mr. Shufelt, Mr. Davis stated that trucks carrying hazardous cargo on Saturdays on the *M/V Governor's* 7:30 a.m. trip from Woods Hole will have enough time to make their deliveries and return to Vineyard Haven in time to travel back to the mainland on the *M/V Governor's* 11:05 a.m. trip from there.

The Port Council then unanimously **voted** to recommend that the Authority Members approve the designation of certain freight trips as hazardous cargo trips during the 2018 Summer Operating Schedules, as proposed by management.

13. In response to a question from Climate Foundation Executive Director Brian von Herzen, Mr. Davis stated that the staff plans to follow up on Flagship Management's Initial Report on the Possibility of a Freight Ferry Service between Martha's Vineyard and New Bedford after finishing a few other pressing matters. In this regard, Mr. Davis said, the staff intends to meet with some of the stakeholders in New Bedford and find out what their vision is for the New Bedford waterfront and how such a freight service would fit in with that vision.

Then, at approximately 11:08 a.m., the Port Council unanimously **voted** to adjourn their meeting that day.

A TRUE RECORD

Edward Anthes-Washburn, Secretary

Documents and Exhibits Used at the Port Council's November 8, 2017 Meeting

1. Agenda for the Port Council's November 8, 2017 Meeting (posted November 2, 2017).
2. Minutes of the Port Council's October 4, 2017 Meeting (draft).
3. Business Summary for the Month of September 2017 (draft).
4. Draft Staff Summary on the Proposed Transportation Agreement with the Martha's Vineyard Regional High School District.
5. Draft Staff Summary on Island Commuter Corp.'s Request for a License Agreement to Provide Additional Service.
6. Draft Staff Summary on the Proposed Memorandum of Understanding with the Cape Cod Regional Transit Authority.
7. Draft Staff Summary on the Authority's Request for Proposals for a New Food Concession Contract (Contract No. 06-2017).
8. Draft Staff Summary on the Proposed 2018 Fall Operating Schedules and 2018 High-Speed Operating Schedules.
9. Draft Staff Summary on the Proposed Designation of Additional Trips during the 2018 Martha's Vineyard Summer Operating Schedules as Hazardous Cargo Trips.

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

December 6, 2017

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

Port Council Members present: Chairman George J. Balco (Tisbury); Vice Chairman Nathaniel E. Lowell (Nantucket); Secretary Edward C. Anthes-Washburn (New Bedford) (who arrived during the staff's report on the construction of the Authority's new administrative offices); Eric W. Shufelt (Barnstable); Frank J. Rezendes (Fairhaven); and Robert V. Huss (Oak Bluffs).

Port Council Members absent: 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); Gina L. Barboza (Reservations and Customer Relations Manager); Mark K. Rozum (Operations Manager); Mary T. H. Claffey (Director of Information Technologies); Carl R. Walker (Director of Engineering and Maintenance); Kimberlee McHugh (Director of Marketing) (who arrived during the staff's report on the mid-life refurbishment of the *M/V Martha's Vineyard*); William J. Cloutier (Woods Hole Terminal Reconstruction Project Manager); Phillip J. Parent (Director of Human Resources); and Steven M. Sayers (General Counsel).

1. After Mr. Balco called the meeting to order at approximately 9:30 a.m., the Port Council **voted** unanimously (with Mr. Rezendes abstaining) to approve the minutes of their meeting in public session on November 8, 2017.

2. Mr. Davis informed the Port Council that, on Sunday afternoon, a ten-year employee of the Authority, Jack Hayes, had passed away in the Palmer Avenue parking lot while on duty as a shuttle bus driver. Mr. Davis stated that everyone's thoughts and condolences were extended to Mr. Hayes' family, friends and co-workers, and he asked everyone to join him in a moment of silence in Mr. Hayes' memory.
3. Mr. Murphy reviewed with the Port Council the Authority's Business Summary for the month of October 2017. In response to a question from Mr. Huss, Mr. Murphy stated that he expected the Authority to end up with a net operating income for 2017 of somewhere between \$9,000,000 and \$10,000,000, which will be almost \$2,000,000 more than the \$8,300,000 net operating income for the year that had been projected in the 2017 Operating Budget.
4. Mr. Davis then reported that the current total cost of the *M/V Martha's Vineyard* mid-life refurbishment project then stood at \$17,600,000, which represented \$450,000 for the project's design and engineer, \$16,006,000 for the amount of the original shipyard contract, \$942,000 of change orders, and \$200,000 of additional costs (including on-site project representation). Mr. Davis also reported that the Authority already had paid \$7,242,000 (or about 40%) of that amount.

Mr. Walker then reported that the work was progressing well, that the shipyard had rounded the corner to where it was putting the vessel back together so that it looks like a boat again, and that the steel replacement was mostly complete except for one last steel insert in the hull. In response to a question from Mr. Balco, Mr. Walker stated that all of the stubs for electrical outlets also had been installed at all of the passenger seats, and that all of the tables along the bulkheads similarly will have receptacles.

Mr. Walker further reported that he now expected that all of the change orders will approach the budgeted amount of \$1,600,000, and that most of them were steel related. Nevertheless, Mr. Walker said, the staff was doing their best to control the amounts of those change orders and were still negotiating some of them.

5. Mr. Davis then reported that the construction of the Authority's new administrative office building was progressing well, noting that:
 - finishing work (*e.g.*, tiling the restrooms) was being performed on the third floor, and power had been turned on there for the lighting fixtures which have been installed;
 - on the second floor, the wall board and glass partitions were in place and the Gyp-Crete (Gypsum concrete) flooring was poured after the water barrier was installed above the first floor's server room; and
 - on the first floor, the electricians were working on wiring the computer room, and the wall board has gone up.

After Mr. Davis reported stated that the electricians were working overtime to keep ahead of the other trades and that 50 to 60 workers were now at the site on a daily basis, he also noted that, so far, the Authority has paid the contractor \$8,380,000 (or approximately 64%) towards the project's current estimated cost of \$13,051,000, and that change orders have amounted to \$364,000, approximately 2.9% of the original contract price.

Mr. Cloutier further reported that the contractor expected to finish the paving work at the site the following week, that the outside of the front "barn" was pretty much finished, and that while the contractor hoped to get the exterior painting done before colder weather, the landscaping would not be done until next spring. In response to a question from Mr. Balco, Mr. Cloutier also stated that the whole building was now weathertight. Finally, Mr. Davis noted that W.B. Mason, the vendor which has a state contract for office furnishings, was planning to begin delivering and installing the furniture on December 18, 2017, that the furniture will be installed by floor-by-floor, beginning with the third floor, and that the installation will take a week to ten days for each floor, with the installation of the second floor's furniture beginning January 8, 2018 and the installation of the first floor's furniture on January 22, 2018.

6. Mr. Davis then reported that yesterday the Authority Members had awarded a contract to Jay Cashman, Inc. for the Woods Hole terminal reconstruction project's waterside work (Phases 2-4) in the amount of \$43,143,280, and that the Authority had received seven bids for the contract ranging up to \$65,702,020. Mr. Davis also reported that the Authority's design team had met with Jay Cashman, Inc. last Thursday to review the basis for its bid and had concluded that the bid was a responsible one based upon Jay Cashman, Inc.'s experience.

Mr. Davis also stated that the Authority has established a budget of almost \$55,000,000 for the project's waterside work (Phases 2-4), including its design and engineering costs, construction administrative services, testing services, and owner representation. In this regard, Mr. Davis noted that the Authority Members also had approved two change orders to the Authority's design contract with Bertaux + Iwerks Architects yesterday, one for construction phase testing services for these three phases of the project, and another for construction administration services during these phases with respect to all disciplines involved in the project (architectural, marine engineering, geotechnical engineering, civil engineering, environmental engineering, structural engineering, electrical/telecommunications/plumbing engineering, and landscape architecture). In addition, Mr. Davis said, the Authority will have its own representatives (William Cloutier and Steve LeBaron) at the site.

7. Mr. Davis then reported that the Authority's temporary Woods Hole terminal building had opened at 5:00 a.m. this past Monday, December 4, 2017, after Triumph Modular had returned to complete the wiring for the air curtain units which were expected to be delivered next week. With the wiring completed, Mr. Davis said, the Authority will be able to install the air curtain units relatively quickly one at a time while keeping the building open for operations. Mr. Davis also noted that, until a better solution is found to keep the decking

from being slippery, the staff would be installing some indoor/outdoor carpeting on the decking as a temporary measure over the winter.

Meanwhile, Mr. Davis said, the Authority so far has paid the contractor \$2,585,000 (approximately 98%) towards the project's current estimated cost of \$2,627,000, and change orders have amounted to \$36,000, approximately 1.3% of the original contract price. But Mr. Davis noted that those amounts still do not include one more change order for the additional work the site contractor had to perform to connect the building to the Town's sewer system, which will be somewhere in the range of \$60,000 to \$65,000.

8. Mr. Sayers reported that he, Mr. Davis and the Authority's consultant, Christopher Nitchie of Tetra Tech, would be meeting with Tisbury Town Administrator John W. (Jay) Grande on Wednesday, December 13, 2017, to discuss how to proceed with the Authority's study of the feasibility of barging municipal solid waste from the island the Martha's Vineyard to New Bedford. Mr. Sayers recounted how, in 2012, consultants for the Towns of Tisbury and Oak Bluffs had advised them that it would be financially impracticable to barge their waste compared to continuing to carry it in trucks on the Authority's ferries, but that the staff had serious questions about several of those consultants' assumptions. Mr. Sayers also noted that, in April 2017, he and Messrs. Davis and Nitchie had met with Ralph Packer of Tisbury Towing and Transportation Co. and Greg Carroll of Bruno's Rolloff, Inc., at which time Mr. Nitchie had requested information from them that he needed to compare the estimated costs of the two transportation alternatives, but that Mr. Nitchie still had not received the information. Accordingly, Mr. Sayers stated that Messrs. Packer and Carroll, as well as Oak Bluffs Town Administrator Robert Whritenour, also have been invited to attend the meeting.
9. Mr. Sayers then recounted how, in August 2017, Craig Johnson of Flagship Management, Inc. had issued his initial report on the feasibility of a freight ferry service between New Bedford and Martha's Vineyard, and how his report was consistent with the report that the staff had issued in April 2016 regarding the operating parameters for the potential service. Mr. Sayers also observed that Mr. Johnson similarly had identified the New Bedford State Pier as a possible freight ferry terminal for the service, although he also had observed that it needs substantial repairs before it could be used for this purpose.

Mr. Sayers then noted that, at the time Mr. Johnson had issued his report, management of the New Bedford State Pier was being transferred from the Massachusetts Department of Conservation and Recreation to the Massachusetts Development Finance Agency (known as "MassDevelopment"), and that since then MassDevelopment had issued a request for proposals from maritime business and operations consultants to assist in the transition of the New Bedford State Pier's management and provide strategic analysis and advice regarding current pier operations, improving pier physical conditions, and attracting additional maritime activity and revenue. Mr. Sayers stated that proposals in response to the RFP are due by December 11, 2017, that he had been informed that Mr. Johnson would be one of the consultants submitting a proposal, and that MassDevelopment anticipated selecting one or more consultants by January 9, 2018.

Accordingly, Mr. Sayers stated that, while the staff plans to discuss the possible use of the New Bedford State Pier for freight ferry service with the New Bedford Harbor Development Commission and MassDevelopment, it seemed premature to do so until MassDevelopment selects the consultant(s) on whom it will rely for advice regarding this subject. Mr. Anthes-Washburn agreed and stated that he would attempt to schedule such a meeting for some time in January 2018.

10. Mr. Davis reviewed with the Port Council the staff's proposed revisions to the Authority's Customer Handbook and its Rules and Regulations Governing Public Conduct on Terminal Property to prohibit the "vaping" or other use of e-cigarettes in the same manner as the Authority already prohibits smoking, and also to prohibit the smoking or other use of marijuana anywhere in or upon any Authority vessel or on any Authority property. In response to questions from Mr. Balco, Mr. Davis stated that the Authority has had problems with both customers and employees "vaping" on Authority property and that, in his opinion, "vaping" gives off more smoke than ordinary cigarettes. Indeed, Mr. Davis said, he has watched passengers "vape" as they disembark from the Authority's vessels, leaving clouds that people behind them then have to walk through.

In response to another question from Mr. Balco, Mr. Sayers stated that the Authority is still able to prohibit people from smoking or otherwise using marijuana on its property even though it may be legal under state law to smoke marijuana. In this regard, Mr. Sayers noted that the Authority does not want anyone to be under the influence of marijuana on its property due to safety concerns. Mr. Lowell agreed, observing that just because smoking marijuana may be legal does not mean that people can smoke it wherever they want.

Mr. Sayers also noted that, while the proposed policy revisions would prohibit smoking marijuana anywhere on Authority property, they would only prohibit the "vaping" of e-cigarettes where the smoking of regular cigarettes is similarly prohibited. In this regard, Mr. Sayers observed that customers are allowed to smoke cigarettes in designated areas at the Authority's terminals away from other passengers, although they are not allowed to smoke anywhere on any of the Authority's ferries or in any of the Authority's buildings.

The Port Council then **voted** unanimously to recommend that the Authority Members revise the Authority's Customer Handbook and its Rules and Regulations Governing Public Conduct on Terminal Property as recommended by management.

11. Mr. Balco then announced that he and Mr. Jones had been discussing whether the Authority could sell hats at its terminals and on its ferries with the names of the Authority's ferries on them, selling them either itself or through Centerplate. Mr. Balco observed that it would be simple to sell hats this way and that there is a demand for them. In addition, Mr. Balco said, it would be good marketing, and people might want to collect all of the Authority's different hats.

Mr. Jones agreed, observing that the Town of Barnstable's John F. Kennedy Memorial Trust Fund Committee has been selling hats for a number of years and that they bring in a respectable amount of income. Mr. Jones also noted that only 250,000 people visit the Memorial each year and that, by comparison, the Authority carries around 3,000,000 passengers every year, which means that it has many more potential buyers. Mr. Jones further observed that people love to buy hats to take home with them, that selling them is a low-impact sales operation, and that he thought the Authority's last merchandising venture failed because tourists do not want to buy high-class Vineyard Vine products. Ultimately, Mr. Jones said, if selling hats can be done easily, it is worth giving it a try.

Mr. Davis then recounted how the Authority has attempted to sell merchandise several times over the years, including setting up kiosks in the terminal lobbies 12 to 15 years ago, and having push carts on board the *M/V Eagle* and *M/V Martha's Vineyard*, with its own employees manning those locations and trying to sell various products. Mr. Davis also noted that, more recently, the Authority had an online merchandise program with Scarborough & Tweed, pursuant to which it attempted to sell Vineyard Vine products at Vineyard Vine's suggested retail prices. However, Mr. Davis said, the Authority ended up discounting those prices by various methods, including offering free shipping, and that it ultimately discontinued the program after five years.

Mr. Davis also recounted how the Scarborough & Tweed program included selling hats that were not Vineyard Vine products, noting that the Authority had bought them in gross (144 at a time), that they cost just under \$15.00 per hat, and that the Authority attempted to sell them for \$20.00. In addition, Mr. Davis said, the Authority worked with Centerplate to sell the hats at the food concession areas as well. But Mr. Davis noted that, over a six-year period, the Authority sold a total of only eleven hats (both online and on the vessels).

After Mr. Davis stated that the staff was still happy to look at this again, Mr. Balco asked him how many *M/V Woods Hole* hats the Authority had given away, observing that they were very popular with island residents. In response, Mr. Davis stated that the Authority possibly had given away as many as 2,000 of those hats.

Mr. Balco emphasized that he was suggesting that the Authority undertake a rather simple effort. Mr. Lowell agreed, observing that the hats had to have the names of each of the Authority's ferries on them, not the name of the Authority itself. Mr. Lowell also stated that, if the sale of hats turned out to be successful, the Authority should then consider selling flat-bottom tote bags, as he had suggested before. Mr. Huss also agreed, observing that people will be more inclined to buy items that are inexpensive, and that people might buy hats when it is sunny and they have forgotten to bring their own.

In response to a question from Mr. Balco, R. Murray Scudder, III, of Hy-Line stated that, while Hy-Line had discussed merchandising programs, it did not currently sell any merchandise.

Mr. Shufelt then stated that he also likes to buy hats, but that the hats that he buys are of the destinations he visits, not of the airlines that get him there, and he suggested that the staff consider whether, while the public might want to buy hats to remind them of the islands, they will not similarly want to buy hats to remind them of the Authority. Mr. Davis further noted that the Authority also has tried to be sensitive to the concerns of merchants in its host communities, who are actively engaged in selling hats. In response to a question from Mr. Lowell, Ms. McHugh stated that the Authority has not tried to sell any hats through any local merchants. Mr. Balco then ended the discussion by saying that this subject would be presented for consideration by the Authority Members and that the Port Council would then see where it goes from there.

12. With respect to the election of officers for the year 2017, Mr. Sayers noted that the Port Council's by-laws prohibited Mr. Lowell from being Chairman next year because the Nantucket Authority member, Robert F. Ranney, would be the Authority's Chairman during 2018, and that the by-laws also prohibited Mr. Balco from serving a second successive year as Chairman. Mr. Sayers further observed that whomever is elected to be the Port Council's Chairman would be expected to attend not only Port Council meetings, but Authority meetings as well in order to give the Port Council's report on their monthly meetings to the Authority Members. Then, upon separate nominations and votes, the Port Council unanimously **voted** to:

- (a) elect Robert V. Huss to serve as the Port Council's Chairman for the year 2018;
- (b) elect Edward C. Anthes-Washburn to serve as the Port Council's Vice Chairman for the year 2018; and
- (c) elect Eric W. Shufelt to serve as the Port Council's Secretary for the year 2018.

13. The Port Council then unanimously **voted** to approve their 2018 Port Council meeting schedule, as proposed in a memorandum provided to the Port Council dated November 22, 2018, except that the Port Council agreed to decide later:

- whether their July 2018 monthly meeting will take place on either Thursday, July 5, 2018, or Wednesday, July 11, 2018; and
- whether their August 2018 monthly meeting will take place on Wednesday, August 1, 2018, or Wednesday, August 8, 2018.

The Port Council also agreed that their monthly meetings would continue to start at 9:30 a.m. when they are held in Hyannis and at 10:00 a.m. when they are held in Woods Hole or Falmouth.

14. All of the Port Council members joined Mr. Lowell in thanking Mr. Balco for the excellent way he had presided over the Port Council meetings this past year and for his dry humor, and they also expressed their great appreciation for his attendance at all of the Authority meetings as well as all of the Port Council meetings.

15. Falmouth Selectman Douglas C. Brown thanked the Port Council and the Authority's staff for continuing to investigate the feasibility of a freight ferry service from New Bedford, and he asked, in the event the City of New Bedford did not want a freight ferry terminal, that the Authority still consider whether automobiles could be carried to and from New Bedford. In this regard, Mr. Brown observed that Falmouth was overwhelmed with traffic and that even carrying cars to and from New Bedford would reduce some of the congestion.

Then, at approximately 10:32 a.m., the Port Council unanimously **voted** to adjourn their meeting that day.

A TRUE RECORD

Edward Anthes-Washburn, Secretary

Documents and Exhibits Used at the Port Council's December 6, 2017 Meeting

1. Agenda for the Port Council's December 6, 2017 Meeting (posted November 30, 2017).
2. Minutes of the Port Council's November 8, 2017 Meeting (draft).
3. Business Summary for the Month of October 2017 (draft).
4. Draft Staff Summary on the staff's proposed revisions to the Authority's Customer Handbook and its Rules and Regulations Governing Public Conduct on Terminal Property to prohibit the "vaping" or other use of e-cigarettes in the same manner as the Authority already prohibits smoking, and also to prohibit the smoking or other use of marijuana anywhere in or upon any Authority vessel or on any Authority property.
5. Proposed 2018 Port Council Meeting Schedule, dated November 22, 2018.