

# STAFF SUMMARY

Date: December 16, 2018

File # GM-708



TO:		FOR:		FROM:	
	General Manager		Vote	Dept.:	General Manager
				Author:	Robert B. Davis
X	Board Members	X	Information	Subject:	Comprehensive Review of the Steamship Authority's Operations

## PURPOSE:

To present the report produced by HMS Consulting, Glosten Associates and Rigor Analytics in response to our May 2018 request for proposals ("RFP") for a comprehensive review of the Authority's operations. The review was to cover five (5) topics: vessel operations, fleet maintenance, management structure, information technology systems and public communications. As indicated in the report, the public communications portion of the study will follow in a supplemental document.

## BACKGROUND:

Following the June 12, 2018 Board meeting, the Members received eight (8) proposals that were responsive to the RFP; at the June 19, 2018 meeting, the Members reviewed and discussed the proposals and ultimately voted to authorize the General Manager to enter into a contract with HMS Consulting, which had partnered with Glosten Associates Inc. and Rigor Analytics LLC to assist them in their review.

The Steamship Authority is an organization that always strives to improve its operations and service to the public, and the report produced by HMS Consulting, Glosten Associates and Rigor Analytics will only help us in that regard. We thank the team behind the report for their thorough work and professionalism throughout this process, and we look forward to continuing to use the report as a guide for the future.

In reviewing the report, I am encouraged to see that HMS has recognized the Authority's commitment to provide reliable transportation service and the dedication exhibited by our employees every day from top to bottom. I am also gratified that the report notes the Authority's unique funding structure, in that the Authority does not rely on annual government subsidies and that our roughly \$100,000,000 budget is supported nearly entirely by our fares. Since 1962, the Authority has had only four annual operating deficits and we have not had to assess our port communities for monetary support since 1963.

That dedication to fiscal responsibility has been a source of pride for our employees, and we have maintained that fiscal prudence while still spending substantial amounts of funds in the crucial areas

of maintenance and training. In the last three years, for example, we have spent an average of \$9,950,000 per year (excluding labor costs, which averaged nearly \$4,850,000 a year) on maintenance and an average of \$337,000 per year on training our employees. Where our fiscal strategy has affected us, which is demonstrated in the report, is in not adding resources where we have needed them, especially in our management structure.

The Authority has a great deal of work to do, but we have already made significant progress on a number of areas identified in the report and I want to share some of them with you.

### **Safety and Training**

- We meet and often exceed U.S. Coast Guard standards for training. Each vessel holds routine safety drills on weekly, monthly and quarterly schedules.
- We crew our vessels at or in excess of U.S. Coast Guard requirements. For example, we require a chief engineer and oiler on board the *M/V Katama* and *M/V Gay Head* although Coast Guard regulations do not require these positions.
- We have begun work on vessel-specific manuals, starting with the *M/V Woods Hole*. That document, which includes check lists, performance standards along with photographs and videos of emergency and operational procedures, will be used as a template to make the remaining work flow to create other vessels' manuals in the coming months that much smoother.
- Within the first year of being hired, typically all ordinary seamen new to the organization go through an International Convention on Standards of Training, Certification and Watchkeeping ("STCW") weeklong training program at the Massachusetts Maritime Academy. The certification, which is good for five (5) years and is **not** required by the U.S. Coast Guard, is offered to up to sixty (60) employees per year and covers topics such as first aid, firefighting, personal safety and personal survival techniques.
- We offer regular CPR and first-aid training for our landside and vessel personnel.
- We offer or fund over two dozen professional development opportunities for our personnel, including those interested in obtaining licensing as pilots or captains.

### **Vessel Maintenance**

- Beginning last spring, we implemented a new policy whereby additional sea trials are performed by our personnel on vessels that are coming out of repair periods to identify potential problems with performance before having the vessels inspected by the U.S. Coast Guard.
- For the past ten (10) years, we have followed a policy in which our vessels are dry-docked every two (2) years, which is above the Coast Guard standard for "H" classed vessels of two (2) dry-docks every five (5) years, with not more than three (3) years in between dry-dockings.

## **Operations**

- We have begun the process of establishing an Operations and Communications Center at our Palmer Avenue administrative office building, which will serve as a nerve center for communications between our vessels, terminals and to our employees and customers.
- We are implementing a new accounting system, Microsoft Dynamics NAV (Navision) Enterprise Resource Planning, that will replace our legacy, 40-year-old system and allow for seamless interfacing between time clocks, payroll and, human resources.
- We are replacing Maximo, our legacy system for tracking maintenance assets and work orders, with TAG, an off-the-shelf product that is being customized for our needs. TAG will allow for integration with our new accounting and inventory systems and will allow the vessels and terminals greater ability to access the system, even while out of range of wireless systems.

## **Information Technology**

- We moved to govDelivery for our monthly e-News and trip alert emails to allow for better management and delivery of our messages to customers who have signed up for the services.
- We have performed load testing with an external firm to determine the maximum user capacity of our website reservations system and continue to test our system regularly to its breaking point.
- We are working to develop a smartphone app that will augment the offerings on our mobile website to include ticketing on our traditional ferries and other new offerings.
- We have redesigned our general internet opening plans for the summer 2019 sailing schedule to start accepting reservations on each route on different days to make the customer experience as smooth as possible.

## **Internal Information Management**

- Using a template created for the accounting department, all departments will be working to document their policies and procedures to allow for more efficient transitions of institutional knowledge between long-tenured employees and new hires.
- As previously stated, we have begun work on vessel-specific manuals, accompanied by photographs and videos, to document operational and safety procedures for crew members who may not be familiar with a particular vessel.

Although the Public Communications portion of the study is not included in this release, I also want to highlight several strides we have taken in that regard, including creating a communications director position and hiring Sean F. Driscoll to fill the role; creating an Operations and Communications Center; and establishing a social media presence on Facebook and Twitter which adds more direct communications with our customers. Management had identified those areas as ones needing development before to the events of March and April 2018.

I would be remiss if I did not thank our employees for their dedication and desire to make the Steamship Authority the best it can be on a daily basis. Many employees took time from their busy schedules to speak honestly and frankly with the survey team about their roles at the Authority and their viewpoints of the organization, and their participation was invaluable to the process.

Now that the report has been released, it falls to the Authority's management team, its Port Council and its Board to continue to review the document and determine which recommendations to implement and on what timetable. Some of the suggestions are easier to implement than others are and many carry significant costs, both in terms of dollars and logistics; however, while those are very realistic factors that we need to consider, we must not allow them to impede our progress.

The process of hiring HMS Consulting to perform this study was born from one of the most challenging periods in the Steamship Authority's history, but I believe that our operations will benefit from the insight contained in the final product.

**RECOMMENDATION:**

The Staff is presenting this summary for informational purposes and no vote is requested.



Robert B. Davis

General Manager

Attachment