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

January 6, 2016

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

Port Council Members present: Chairman; Robert V. Huss (Oak Bluffs); Vice Chairman George J. Balco (Tisbury); Secretary Robert S. C. Munier (Falmouth); Robert R. Jones (Barnstable); Nathaniel E. Lowell (Nantucket) (who arrived during the discussion of the business summary for the month of November 2015); and Edward C. Anthes-Washburn (New Bedford).

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

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

Authority Management present: Wayne C. Lamson (General Manager); Robert B. Davis (Treasurer/Comptroller); Kimberlee McHugh (Director of Marketing); Mark K. Rozum (Operations Manager); Carl R. Walker (Director of Engineering and Maintenance); Gina L. Barboza (Reservations and Community Relations Manager) (who arrived after the approval of the minutes); Mary T.H. Claffey (Director of Information Technologies) (who also arrived after the approval of the minutes); William J. Cloutier (Project Manager for the Woods Hole Terminal Reconstruction Project); Kevin Smith (Woods Hole Terminal Manager); and Steven M. Sayers (General Counsel).

1. After Mr. Huss called the meeting to order at approximately 9:45 a.m., the Port Council unanimously approved to approve the minutes of their meeting in public session on December 2, 2015.
Mr. Davis then reviewed with the Port Council the Authority’s Business Summary for the month of November 2015. In response to a question from Mr. Balco, Mr. Davis stated that the Authority’s annual operating revenues and other income in 2015 would probably exceed $100,000,000 for the first time in its history. Then, in response to a question from Mr. Huss, Mr. Davis stated that the Authority’s net operating income for 2015 would probably end up being around only $6,400,000 higher than budgeted (instead of being $7,454,000 higher than budgeted as it was for the first eleven months of 2015), but that he still had to find out from Mr. Walker what work was completed during December 2015 on various repair and maintenance projects, including the Nantucket terminal pier work and the overhaul of the M/V Martha’s Vineyard.

In response to a question from Mr. Balco, Mr. Davis stated that the Authority’s fuel oil prices already have been hedged through the first quarter of 2017 and that the average price of the hedges (including the cost of the options, taxes and delivery) was around $2.68 per gallon. Mr. Davis also stated that he had met with the Authority’s consultant, Richard Larkin of Hedge Solutions, about the possibility of rolling down the Authority’s hedges, but that they had concluded that there was not much of market for the Authority’s current hedges. However, Mr. Davis said, he and Mr. Larkin had worked out a scenario where they assumed some of the hedges could be sold and around $350,000 worth of new hedges could be bought, which would decrease the Authority’s effective cap prices by $500,000. But Mr. Balco agreed with Mr. Davis that such a transaction would not produce a big enough trade-off to make it worthwhile. In addition, Mr. Davis stated that, before rolling down any of the Authority’s hedges, he wanted an opinion from the Authority’s independent accountants, RSM LLP (formerly known as McGladrey LLP), confirming that those transactions would not be considered speculative investing and therefore would be exempt from being required to be reported as derivatives.

Mr. Munier observed that the Authority was heading towards a very exceptional year-end result, and he asked Mr. Davis what the reasons were for such a large positive variance from the Authority’s 2015 operating budget. In response, Mr. Davis stated that half of the variance was attributable to lower vessel fuel oil prices than budgeted, and that the other half was due to traffic levels (primarily passenger and freight traffic) being higher than projected. In this regard, Mr. Davis noted that, when preparing the following year’s operating budget, the Authority does not project any increases in traffic levels, but rather uses the actual traffic statistics for the then most recent twelve-month period. In addition, Mr. Lamson that the traffic increases were higher on the Nantucket route than they were on the Martha’s Vineyard route, which increases the Authority’s revenues even more.

Mr. Lamson then reported that, on December 9, 2015, he and Mr. Walker had attended a progress meeting with Conrad Shipyard and reviewed an updated and enhanced project schedule that included all of the connecting tasks and identified what items were driving or delaying the critical path schedule towards the completion and delivery of the M/V Woods Hole. Mr. Lamson noted that it had been a productive meeting, that Conrad had considered all of the Authority’s questions, comments and concerns, and that Conrad had
provided the Authority with a revised schedule the following week that projected a new delivery date for the vessel prior to the Memorial Day weekend. Mr. Lamson stated that the staff feels there may be additional opportunities over the next four months to shorten that timeline every further and hopefully get back closer to the vessel’s original delivery date of April 29, 2016.

But Mr. Lamson informed the Port Council that, last week, the Governor of Louisiana had declared a state of emergency due to the imminent threat of flooding along the Mississippi River and other state bodies of water, including the Atchafalaya River where Conrad’s Morgan City shipyard is located and the M/V Woods Hole is being constructed. Mr. Lamson also reported that the National Weather Service was forecasting that Morgan City will have a six-foot flood stage later this week, and that the flood waters will crest close to 9-½ feet in two or three weeks. Mr. Lamson then noted that, at a flood stage near nine feet, Conrad’s Morgan City shipyard will be underwater.

Accordingly, Mr. Lamson said, in order to minimize any delay and to keep things moving along, this past Monday Conrad towed the vessel to its Deepwater shipyard in Amelia, Louisiana, and he was told that there was only 2-½ feet of clearance when the vessel was towed under the old highway bridge. But Mr. Lamson noted that the good news is that the vessel is now out of Conrad’s Morgan City shipyard and that there are no other bridges to deal with between Conrad’s Deepwater shipyard and the Gulf of Mexico. In addition, Mr. Lamson said, all of the Authority’s equipment is similarly being moved to Conrad’s Deepwater shipyard because, once the protection wall is closed, there will be no way to gain access to Conrad’s Morgan City shipyard except from the river.

Mr. Lamson stated that, at this point, Conrad cannot predict what impact this will have on its construction schedule for the vessel, although due to the early move, the vessel’s pilot house and exhaust stacks are already in the process of being installed. Mr. Lamson also noted that the next progress meeting at the shipyard is scheduled for the following Wednesday, that he was planning to attend that meeting with Mr. Walker and Captain Edward Jackson, and that he will be able to provide a further update on the status of the project at the Authority’s next meeting on January 19, 2016.

In response to a question from Mr. Munier, Mr. Lamson stated that Conrad had notified the Authority that it considered the Governor’s declaration of a state of emergency to be a Force Majeure event under the contract. But Mr. Lamson noted that the staff still sees opportunities even in the latest schedule where work can be accomplished differently and more quickly than projected. Although Mr. Lamson stated that some of Conrad’s delay claims may be legitimate, he noted that it was entirely unable to substantiate any need for the 70-day delay it initially requested. Mr. Lamson also reported that Conrad is receiving great cooperation from its employees and subcontractors and that, while items such as the windows and switchboard have been delayed, Conrad has started pulling wires anyway.

Mr. Walker agreed, and stated that although there has been a delay, Conrad had not presented anything that was a reason for the Authority to given it an extension under the contract. Further, Mr. Walker stated that the latest Force Majeure notice was just for
informational purposes and Conrad has not asked for any further delay in the vessel’s delivery date. Rather, Mr. Walker said, the notice just states that there is a potential for delay. Mr. Munier surmised that there might be an opportunistic aspect to Conrad’s latest Force Majeure notice, and he observed that Conrad still has the obligation to mitigate any delay that might result from a Force Majeure event.

4. Mr. Lamson recounted how the Authority had filed its Notice of Intent (NOI) for the Woods Hole Terminal Reconstruction Project with the Falmouth Conservation Commission and how, at the November 18, 2015 hearing on the NOI, the Commission had decided to engage the services of a consultant to review the plans. Mr. Lamson stated that the Commission’s administrator was then in the process of selecting a consultant and that the staff did not know how long it will take before the Commission will schedule another day of hearing on the NOI, although he hoped it could remain on the schedule for early February. Mr. Lamson also reported that the staff was meeting with the project’s architects and engineers this Friday to review the schedule for obtaining the remaining permits and proceeding with the schematic design for the project.

Mr. Cloutier informed the Port Council that the second day of hearing on the NOI had been originally scheduled for January 6, 2016, but had been moved to February 3, 2016, and that hopefully the Commission will be able to maintain that schedule.

5. Mr. Lamson then reviewed with the Port Council the draft staff summary that had been prepared regarding the Schematic Design Report for the Authority’s new General Offices at the Palmer Avenue parking lot. Mr. Lamson noted that, based upon the current schematic design and a very detailed cost estimate, the estimated cost of the building was $10,820,000, that the estimated site work cost was another $1,370,000, and that both cost estimates included a projected price escalation factor of 7.63% and a design contingency of 7%. Mr. Lamson also noted that a lot of the building’s cost was being driven by the Authority’s information technology (IT) needs, especially given how the Authority’s reliance on that technology has increased substantially over the past ten to twenty years.

Mr. Lamson stated that there were basically two ways to reduce the projected cost of the building:

- Reducing the size of the building, which could possibly save around $680,000 if the building were shortened by 20 feet; and

- Changing the interior design to a more open office plan instead of having individual offices, which could save perhaps $1,000,000 by eliminating interior partitions and doors and having the only enclosed spaces be restrooms, conference rooms, and the offices of the General Manager, General Counsel and Director of Human Resources.
Mr. Lamson stated that the staff had compared the estimated cost of this building with the estimated costs of other public buildings of similar sizes, and that the per-square-foot estimated cost of this building appeared to be at the lower end of the range. Nevertheless, Mr. Lamson said, the staff was continuing to consider ways to reduce the building’s estimated cost in a responsible manner and also to consider whether to recommend that the Authority undertake to have the building LEED certified, which he noted would result in an increase in cost. Mr. Lamson also stated that the staff believes the building is of an appropriate size, observing that it has not been designed with a lot of room for growth and that reducing its size now may cost the Authority more in the long term.

Mr. Huss agreed, observing that it would not be a wise decision to reduce the size of a building that is going to last for 50 years just to save $680,000. Mr. Balco then moved that the Port Council recommend that the building plan be maintained in its current configuration, and that the Authority not attempt to reduce its cost by decreasing its size or increasing the amount of interior open space.

After Mr. Balco’s motion was seconded, Mr. Jones asked Mr. Lamson whether the staff had received any feedback from any office employees about what type of interior space they would like to work in, observing that the Authority should have a pulse on what the employees prefer. In response, Mr. Lamson stated that the layout had been discussed only at the staff level, but he noted that the design would result in the interior having a lot more daylight. Mr. Davis also observed that the largest group of office employees was comprised of Accounting Department employees, who already were working in an open-space cubicle environment.

Mr. Lowell stated that he agreed with Mr. Balco’s motion, but that he also wanted the Port Council to discuss whether the building should be LEED certified. Mr. Lowell then asked Mr. Cloutier whether the building would have a geothermal heating system and expressed his approval when Mr. Cloutier said it would not, observing that such a system would be extremely expensive. Mr. Lowell also noted that, if the building is properly built in accordance with today’s energy efficiency code requirements, it will essentially meet LEED standards and there is no need to undergo the additional expense that would be necessary to get it LEED certified.

In response to a question from Mr. Lowell, Mr. Lamson stated that the employees of the Authority’s Reservation and Marketing Departments will not be relocated to this building but will continue to work at their current location in Mashpee, Massachusetts. In this regard, Mr. Lamson recounted how there had been discussion to relocate them to a new building along with the other office employees, but that would have increased the cost of the building considerably. Mr. Lamson also noted that, if the Mashpee property were to come up for sale, there was also the possibility of the Authority buying that property.

Mr. Jones then observed that the Authority recently had upgraded a lot of mainframes and other IT equipment and he asked what will happened to all of that equipment that the Authority already owns. In response, Mr. Lamson stated that the Authority will need to buy new equipment and then switch over from the old to the new equipment, but that the
old equipment might then be able to be used to improve the Authority’s back-up capabilities. Mr. Sayers and Ms. Claffey also noted that some of the current equipment in the existing General Offices could replace older equipment that the Authority currently is using at the Reservations Office in Mashpee.

After Mr. Lamson stated that the schedule calls for the new building to be completed by the summer of 2017, Mr. Munier stated that the building’s estimated cost appeared to be in the correct range, observing that the Woods Hole Oceanographic Institution (WHOI) had just completed a 26,000 square-foot building at a cost of around $12,000,000. While Mr. Munier noted that WHOI’s building was LEED certified at the Silver level, he agreed that there was a trade-off between the cost to obtain and maintain that certification and the value of that certification. Mr. Munier further noted that a building can be built with a lot of cost saving features that do not count as credits towards its LEED certification, and he stated that he would be happy to introduce the staff to the WHOI personnel who were responsible for deciding to have WHOI’s building LEED certified.

Mr. Munier also noted that WHOI’s building is a two-story building that can have a third story added to it in the future, and he stated that he felt the Authority should build a building with a layout that fits its present and anticipated future needs, and that it should not cut a few corners now to save what for the long term is a relatively small amount of money.

Mr. Anthes-Washburn stated that the Authority needed to focus on what its employees need to perform their jobs, and he noted that it was also important to have flexibility in the building’s design because the employees’ needs might be totally different 20 years from now. Mr. Jones agreed, and observed that the building should be designed so that, in the future, the Authority can expand it by either going up or sideways.

The Port Council then unanimously voted to recommend to the Authority Members that the building plan be maintained in its current configuration, and that the Authority not attempt to reduce its cost by decreasing its size or increasing the amount of interior open space.

Mr. Lamson then recounted how the Port Council previously had asked for a rendering of the new building, and he showed them a photograph of the existing barn at the Palmer Avenue parking lot and a rendering of how the new building will be reminiscent of the barn after it is completed. In response to a question from Mr. Lowell, Mr. Lamson stated that the entire Woods Hole terminal reconstruction project will be accomplished in phases during the off-seasons over a six-to-seven year period, and that before the existing General Offices building can be demolished and Slip #3 reconstructed at that location, the Authority will need to construct a temporary ticket office, which he said will most likely be of modular construction.
6. Ms. Claffey then reported on the improvements that were being made to the Authority’s information technology systems, as follows:

(a) The Authority has reviewed all of the changes that were made by its consultant, Aquitas, to the automated fix that it received from IBM for the upgrades to its Maximo computerized maintenance management information system. Additional in-house testing indicated that some of the items still needed to be resolved, and the Authority sent a list of those items to Aquitas. After the Authority receives a status report from Aquitas on those items, the staff will see when all of the changes can be pushed out to the live Maximo system and the Authority can proceed with additional user training.

(b) Last month, the Authority implemented the programming changes that now allow customers the option of extending the time during which their wait list requests continue to be processed from up to 48 hours in advance of their scheduled sailing to until noon the day before their scheduled sailing. Since then, this option has proven to be very popular, with more than half of the Authority’s customers who choose to be on the waitlist selecting it (including 85% of the customers who make their reservations online). It is also the only option that allows customers on the waitlist to take advantage of the space that is opening up when freight shippers cancel their truck reservations by 6:00 a.m. the day before their scheduled sailing in order to avoid a cancellation penalty.

In response to a question from Mr. Jones, Ms. McHugh stated that the Authority informs its customers of their waitlist options through its e-news, by posting it on the Authority’s website, and by mentioning it in its various brochures. Mr. Lamson also noted that when customers make vehicle reservations online, they are automatically presented with the option of being placed on the wait list and can select how long they want their wait list requests to continue to be processed.

7. Mr. Lamson reported that the Authority was still experiencing problems with stormwater runoff at its Thomas B. Landers Road parking facility and that he and Mr. Walker would be meeting that afternoon with the Authority’s engineer and contractor to review the results of their soil borings and discuss what potential solutions they may have. In this regard, Mr. Lamson noted that, at this time, the Authority did not know what those potential solutions might be or who may be paying for them.

8. Mr. Lamson then reported that the Authority recently had received some complaints from its neighbors in Woods Hole that trucks have been idling their engines while waiting for ferries at the Woods Hole terminal, and he stated that the Authority has posted additional “no-idling” signs so that there are now eight such signs posted around the terminal advising customers of the Massachusetts “no-idling” law. (Mr. Lamson also noted that the law applies not just to trucks, but to all types of motor vehicles.) Thus, Mr. Lamson
said, he thought the issue was being addressed with this additional signage and hopefully the Authority will receive the cooperation of its customers.

Mr. Jones suggested that language be added to customers’ vehicle tickets informing them that they are not allowed to idle their engines, observing that the Authority will be better off the more it reminds its customers of their obligations. Mr. Jones also stated that he thought the Authority’s Hyannis terminal employees do pretty well in telling truck drivers to shut their engines off.

Mr. Lamson then observed that an idling engine is even more noticeable during the early morning hours, and he noted that many freight shippers who travel on the Authority’s early morning trips are regular customers who travel with the Authority as often as five times per week. Accordingly, Mr. Lamson said, Mr. Rozum had recently sent a letter to all of the Authority’s freight shippers reminding them not to idle their engines at the terminals or use their engine brakes (also known as “Jake” brakes) on Woods Hole Road. However, Mr. Lamson noted that there is an occasional customer who arrives at the terminal without having received that letter.

Mr. Lowell observed that the so-called “10-gallon hat” truck drivers are the ones who leave their switches on so that every time they take their feet off the accelerators their engine brakes connect for a second. Mr. Lowell noted that this is not the proper use of an engine brake, that those drivers are just doing it for fun, and that they should be stopped.

Mr. Lowell also agreed that signage is the best way to deal with the excessive idling of engines at the Authority’s ferry terminals, observing that while truck drivers who are idling their engines should be told to stop, he did not believe that the Authority should police customers who are in their cars and leave their engines on for air conditioning or heat, especially when a child is in the car. Mr. Lowell further noted that, as a result of technological improvements, refrigerated trucks no longer have to leave their truck engines on to continue operating their refrigeration systems; rather, only their reefer engines need to be running.

9. Mr. Lamson then reported that the Authority has received complaints from Woods Hole resident Nat Trumbull about excessive noise from trucks idling and backing up (with their back-up alarms) onto the first freight boat trip at 5:30 in the morning. Mr. Lamson noted that, although the first freight boat trip is now not scheduled to depart until 6:15 a.m. during the winter operating schedule, it is scheduled to resume leaving at 5:30 a.m. at the beginning of the early spring operating schedule on March 16, 2016. Mr. Lamson stated that the staff was therefore investigating what could be done to lessen the impact of the Authority’s early morning operations on its Woods Hole neighbors, particularly with respect to this first freight trip, until mid-May, when the M/V Governor returns to service and, as a result, trucks will no longer have to back up when being loaded onto the vessel for the first freight trip in the morning.
Mr. Lamson noted that one possible way to reduce the noise in the early morning would be to change the time of the first freight trip from 5:30 a.m. to 6:15 a.m., but he stated that reservations for that trip already have been confirmed and that he did not know what impact changing the time of that trip would have on the freight shippers who have reservations for that trip. Nevertheless, Mr. Lamson said, now that the staff was aware of these complaints, they were working with Mr. Trumbull to try to address some of these issues, and Ms. Gladfelter has been directly involved as well.

Mr. Trumbull stated that, while he might be a somewhat distant neighbor of the Woods Hole terminal across Little Harbor, even sound that is not loud in terms of decibels moves across the water when it is different from the ordinary background noise. Mr. Trumbull then stated that he was trying to investigate how the 5:30 a.m. freight trip was added to the Authority’s operating schedule, and he provided the Port Council with written comments from five of the terminal’s neighbors. Mr. Trumbull also noted that, four years ago when the 5:30 a.m. freight trip was first proposed, S. Eric Asendorf, who was Falmouth’s Port Council member at the time, asked that a condition of that trip be that the Authority remains sensitive to the noise that is generated by its terminal operations.

Mr. Trumbull also observed that, after the 5:30 a.m. trip was approved only for the summer operating season, it was extended much further into the year through a sort of “mission creep.” In addition, Mr. Trumbull noted, the trip initially was going to be provided by the M/V Governor, which is a drive-through vessel, and now that has changed so that trucks have to back up onto other freight boats.

Mr. Trumbull recounted how, when the Authority began operating the 5:30 a.m. freight trip, it was supposed to be sensitive to its neighbors, and he then provided the Port Council with a map of Woods Hole showing the number of residences within one quarter of a mile from the Woods Hole terminal, saying that there were 120 residences within one half mile from the terminal. Mr. Trumbull stated that a survey of those neighbors would show that there is a lot of noise from the terminal, which is not compatible with being sensitive to them, and the situation is not helped by having boats operate the first trip in the morning which are not drive-through vessels.

Mr. Lamson noted that, during the upcoming summer operating schedule, the first freight trips of the day will be leaving both Woods Hole and Vineyard Haven at 5:30 a.m., but at that time both of those freight boats will be drive-through vessels (the M/V Governor and the M/V Woods Hole). Mr. Lamson also noted that this past fall was the first time that the Authority had operated the 5:30 a.m. freight boat from Woods Hole during the fall operating schedule, and that in 2016 that trip will be provided by the M/V Woods Hole instead of the M/V Katama, so there will be no longer any need for trucks to back up onto the vessel. Therefore, Mr. Lamson said, the Authority only needs to correct the problem during the spring operating schedule when trucks have to back onto the freight boat and, even though the Authority is probably locked into that 5:30 a.m. trip this upcoming year, the staff wants to look at the possibility of changing it. Mr. Lamson also noted that the 5:30 a.m. freight trip has resulted in adding another early morning trip from Vineyard Haven, which has helped island residents immensely.
Mr. Lamson recounted how the Authority previously had received complaints from another Woods Hole neighbor about noise due to trucks backing up at the terminal, and he stated that the Authority had tried to address it. Mr. Lamson also noted that the Authority similarly had worked with its neighbors to address lighting issues and other noise issues, and he stated that he thought the staff has done a pretty good job.

Mr. Lowell stated that he used to drive an old gas truck and that, after 15 years he figured out that if he put a switch on the dashboard to shut off the back-up alarm, he could deliver gas at homes at any time without disturbing anyone. But Mr. Lowell stated that he could not turn off the back-up alarms because it is illegal; therefore, those alarms are going to keep on going off when trucks back up so that people don’t get killed.

Nevertheless, Mr. Lowell stated that Mr. Rozum can work with the Authority’s frequent freight shippers to reduce the amount of backing up and to lower the decibels on their trucks’ back-up alarms; but he observed that the alarms will never be 100% eliminated. Mr. Lowell also agreed that everyone would like to have all of its freight boats be drive-through vessels and he noted that, thanks to the staff, the Authority is keeping the M/V Governor for a while. However, Mr. Trumbull observed that the M/V Governor will only be operating during the summer season, and he stated that he just did not understand why it was necessary to operate the 5:30 a.m. freight trip during the other times of year.

10. Mr. Lamson reported that the staff was continuing to work through the issues regarding the possibility of providing freight service between New Bedford and Martha’s Vineyard, and that Mr. Davis would be updating the analysis that had been prepared a few years ago of what the cost would be if the Authority were to provide such a service. Mr. Lamson also reported that last month he, together with Dukes County Authority Member Marc. N. Hanover and Messrs. Balco and Sayers, had a good meeting with Ralph Packer about the possibility of barging trash from the island to New Bedford, but that the Town Managers of both Oak Bluffs and Tisbury, Robert Whritenour and John (Jay) Grande, had expressed concern about the cost of such a barge service. However, Mr. Lamson noted that the study which had been commissioned by the Towns to estimate the cost of such a barge service did not address the actual situation where Mr. Packer’s barges are already carrying freight from New Bedford and can “backhaul” trash from the island at a lower price.

Mr. Balco agreed, and also noted that the study had been prepared when the price of diesel had been almost four times the price it is today. But Mr. Balco again emphasized that the efficiency of Mr. Packer’s barge operation was due to the possibility of carrying trash to New Bedford as a backhaul, observing that Mr. Packer is already bargeing substantial freight already to the island from New Bedford and backhauling trash to New Bedford will improve the economics of his freight barge operation as well. In addition, Mr. Balco noted that Mr. Packer would be able to unload the trash at his own facilities in New Bedford. For all of these reasons, Mr. Balco said, he had a lot of questions about the Towns’ study and he did not find the study’s financial analysis to be satisfactory.
Mr. Lamson then stated that the staff would continue to talk with Mr. Packer and would also reach out to Mr. Anthes-Washburn to find out what facilities might be available in New Bedford if the freight service were to be provided by the Authority or a private carrier. In this regard, Mr. Lamson noted that the staff had also asked SeaStreak if it might be interested in providing the service and, if so, what it would like from the Authority (such as ticketing and reservation services). Finally, Mr. Lamson observed that the staff would like to complete its analysis by April 2016 so that they can then review all of the issues with the Port Council and the Authority Members.

Mr. Jones observed that the subject was a complicated one and that the staff was making it even more complicated by trying to analyze all of the issues. Mr. Jones suggested that the staff instead see if there is a private carrier who might be interested in developing the route, which would help ensure that the service is market-driven.

But Mr. Balco noted that barging trash from the island provided additional flexibility to the economics of the service because, if the trash can be baled, it would represent a back haul for Mr. Packer. Mr. Anthes-Washburn expressed his support for exploring this possibility, and he asked Mr. Balco to include him in the discussion when the proposal gets more clarity.

Mr. Lamson then noted that a financially successful freight service from New Bedford might have to depend upon the Authority restricting certain commodities from being shipped from Woods Hole, and he stated that this and a number of other policy issues will have to be discussed and considered by the Port Council. But Mr. Jones again suggested that the Authority ask a private carrier to identify what it wants from the Authority so that the service is as much market-driven as possible. Mr. Jones observed there is no need to make this project so complicated. Nevertheless, Mr. Huss stated that the Authority needed to be able to identify all of the potential consequences from any proposed freight service, and he observed that the staff therefore had to consider all of these issues.

Mr. Balco emphasized that the possibility of barging trash from the island should be looked at very closely because it would enhance existing freight service by making it even more economically competitive. Then, after Mr. Anthes-Washburn also noted that the study has to take into account the benefit of taking traffic off of Woods Hole Road, Mr. Munier observed that the Authority needed to approach this subject holistically and keep an open mind to see what other opportunities might come out of it. Mr. Lamson agreed that all of these issues need to be considered and that, even though merely listing the issues sounded negative, the staff had done so because all of them need to be addressed.

Mr. Lowell declared that this was the most stupid conversation he had ever heard, and that the Authority cannot create an “affirmative action” freight business. Mr. Lowell noted that the cost of providing freight service from New Bedford to Martha’s Vineyard will be about the same as the cost of providing freight service between Hyannis and
Nantucket, because the distances were approximately the same. Mr. Lowell also stated that Nantucket had attempted to barge trash off-island, but that it had cost a lot more money because of all of the handling expenses in loading and unloading the containers. Mr. Lowell observed that barging trash off-island also had not taken any trucks off of the ferries because the same trucks that take trash off-island carry gravel to the island. As a result, Mr. Lowell said, when Nantucket attempted to barge trash off-island, the trucks simply left the island empty instead of backhauling trash.

Mr. Lowell also noted that the Authority receives a steady revenue stream from all of those garbage trucks, as well as from fuel trucks, both of which continue to make trips when the economy tightens up. Mr. Lowell expressed his concern that the Authority appeared to want to get off its boats all of the commodities that pay its bills. Mr. Lowell declared that he did not want to see the Authority go out of business simply to get a few trucks off of Woods Hole Road, particularly when no one would see a difference in the amount of traffic there.

Then, at approximately 11:15 a.m., the Port Council unanimously voted to adjourn their meeting that day.

A TRUE RECORD

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Robert S. C. Munier, Secretary
MINUTES
OF THE
PORT COUNCIL
OF THE
WOODS HOLE, MARTHA’S VINEYARD
AND NANTUCKET STEAMSHIP AUTHORITY

February 3, 2016
Second Floor Meeting Room
Hyannis Terminal
141 School Street, Hyannis, Massachusetts

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

Authority Management present: Wayne C. Lamson (General Manager); Robert B. Davis (Treasurer/Comptroller); Kimberlee McHugh (Director of Marketing) (who arrived during the discussion of the M/V Woods Hole); Mark K. Rozum (Operations Manager); Carl R. Walker (Director of Engineering and Maintenance); Gina L. Barboza (Reservations and Community Relations Manager); Lawrence S. Ferreira (who arrived during the discussion of the Thomas B. Landers Road parking lot); and Steven M. Sayers (General Counsel).

1. Mr. Huss called the meeting to order at approximately 9:30 a.m. and recounted how, when he was on vacation this past month in Southeast Asia, he had met a couple who have a summer home on Martha’s Vineyard. Mr. Huss stated that they had told him that the Authority was the greatest and best run organization they had ever encountered, and he said that he thought he should pass that comment on to everyone at the Authority.

2. The Port Council then unanimously voted to approve the minutes of their meeting in public session on January 6, 2016.
3. Mr. Davis reviewed with the Port Council a draft of the Authority’s Business Summary for the month of December 2015, noting that he was still working with the Authority’s auditors to arrive at the appropriate figures to reflect the Authority’s pension funding obligations in accordance with GASB Statement No. 68, but that he hoped to have those figures finalized later that day. Mr. Davis also noted that the Authority had not incurred as much of the Nantucket dolphin and dock repair expenses during the month of December 2015 as expected and that, as a result, the Authority’s net operating loss for that month turned out to be substantially lower than he had anticipated. Mr. Davis further noted that he had made a credit entry to the Authority’s bond interest expense that month in the amount of around $1,000,000 because he previously had neglected to capitalize the interest on the bonds that were issued for the _M/V Woods Hole_ during its construction period.

In response to a question from Mr. Jones, Mr. Davis stated that the $517,000 spent on engine parts for the _M/V Iyanough_ in December 2015 were parts that will be used during the vessel’s repair and overhaul period this winter. Mr. Munier then observed that the $8,357,000 positive variance in the Authority’s net operating income for 2015 compared to what had been projected in its 2015 operating budget appeared to be principally attributable to three items: vessel fuel oil expense, which was $4,051,000 lower than projected for the year; operating revenues, which were $5,070,000 higher than projected; and pension, health and welfare expenses, which were $1,405,000 lower than projected. Mr. Davis agreed, although he noted that there will be some changes to the pension, health and welfare expense figures as a result of his discussions with the Authority’s auditors.

Mr. Lowell also observed that the principal reason the Nantucket route accounted for 64.2% of the Authority’s net operating income for the year, even though it accounted for only 44% of the revenues, was the drop in vessel fuel oil prices. Mr. Lowell noted that, while vessels on the Nantucket route make at most only three trips per day, compared to the seven trips per day vessels on the Martha’s Vineyard route can make, they sail more miles and use more fuel.

4. Mr. Lamson then reported that the last progress meeting with Conrad Shipyard with respect to the construction of the _M/V Woods Hole_ had taken place on January 13, 2016, that Mr. Walker had attended that meeting in person, and that Mr. Lamson and Captain Jackson had participated in the meeting by conference call. Mr. Lamson also reported that, on January 15, 2016, Conrad had provided the Authority with its fourth revised construction schedule and that the staff has raised several questions about dependencies of certain tasks on other tasks shown on the schedule, as well as the time shown on the schedule required for certain tasks. Mr. Lamson stated that, according to Conrad’s fourth revised schedule, the vessel’s anticipated delivery date is June 6, 2016, and that the staff was continuing to work with Conrad to see how close the delivery date can get back to Conrad’s contractual delivery date of April 29, 2016.
For example, Mr. Lamson noted that the revised schedule provides twelve calendar days for the vessel’s dock trials with the United States Coast Guard, but that such dock trials usually take only two to three days. In addition, under the revised schedule, the vessel’s sea trials don’t begin until four days after the completion of its dock trials, when they ordinarily would begin immediately thereafter. But the biggest item, Mr. Lamson said, was Conrad’s provision of six weeks for the receipt from the Coast Guard of the vessel’s stability letter and Certificate of Inspection after submission of the results of the vessel’s incline test, and Mr. Lamson stated that the staff felt that the time could be substantially reduced by providing the Coast Guard with a preliminary trim and stability analysis in advance. Mr. Lamson noted that, after Conrad provides the actual data from the incline test, the Coast Guard can compare those results with the preliminary analysis and, if they are reasonably similar, no further review should be necessary.

Mr. Lamson observed that there are a number of ways that the construction schedule can be accelerated, that Conrad has to get to a more realistic schedule or explain why it needs this extra time, and that the staff will be discussing this subject with Conrad at the next progress meeting. After Mr. Huss said that it appeared that Conrad was just padding the schedule, Mr. Munier asked Mr. Lamson how much time Conrad’s original schedule had shown for these tasks. In response, Mr. Lamson stated that the original schedule had shown them to be of the same duration, and that only the dates had been changed.

Mr. Walker then stated that Conrad was working on accelerating the schedule and was cooperating with the Authority, but that it had not yet changed the schedule because it wants confirmation from the Coast Guard that the turnaround time for the vessel’s stability letter will be two weeks if the results of the incline test are comparable to the preliminary trim and stability analysis. In this regard, Mr. Lamson noted that, at last week’s Passenger Vessel Association conference, he had met with the Commanding Officer of the Coast Guard’s Marine Safety Center, who said that the Center’s average turnaround time for submittals was now 18 days, and Mr. Lamson stated that the turnaround time for stability letters may be even shorter, especially if Conrad were to submit the preliminary trim and stability analysis in advance.

Mr. Walker also noted that Conrad was ahead of schedule with respect to certain other tasks. Specifically, Mr. Walker said, next week Conrad was going to dry-dock the vessel ahead of schedule. Mr. Walker further stated that all of the vessel’s equipment was at the shipyard except for the pilot house console, which is due to be shipped in ten days and was not holding up the schedule in any event, and that most of the windows similarly were at the shipyard, with the remaining ones being shipped this week.

In response to a question from Mr. Munier, Mr. Lamson confirmed that the Authority had not accepted Conrad’s revised schedule. Mr. Lamson further noted that, in addition, Conrad has never provided the Authority with any information to substantiate its earlier request for a 70-day delay in the vessel’s delivery date,
5. Mr. Lamson recounted how the Authority had filed its Notice of Intent (NOI) for the Woods Hole Terminal Reconstruction Project with the Falmouth Conservation Commission and how, at the November 18, 2015 hearing on the NOI, some questions had been raised about the Authority’s plans and the Commission had voted to engage the services of a consultant to review them. Mr. Lamson stated that the Authority since has provided supplemental information to the Commission and was awaiting word as to who the Commission’s consultant is. Mr. Lamson also stated that the Authority had requested to be on the agenda for the Commission’s meeting that night to find out what the reason is for their delay in proceeding on the Authority’s NOI. In this regard, Mr. Lamson noted that the delay could affect the project’s schedule by a year if the Authority ends up not having all of its permits in time to start construction at the beginning of the fall season.

Mr. Lamson also reported that the Authority had filed its application for a Chapter 91 License and a Water Quality Certificate from the Massachusetts Department of Environmental Protection, as well as its application for a permit from the United States Army Corps of Engineers. Mr. Lamson observed that, after the Authority receives those approvals, it will be able to proceed with the project’s final design.

6. Mr. Lamson then reported that, at the January 19, 2016 Authority meeting, New Bedford Authority Member Moira Tierney had asked the staff to consider having a more open interior layout for the Authority’s new General Offices building in order to create a better working environment for the employees. Mr. Lamson stated that, in response to that request, the staff revisited the interior layout plans and eliminated some individual offices, in particular those that had been designated for computer technicians in the Authority’s Information Technologies Department. In other areas, Mr. Lamson said, either there already was a significant amount of open space (such as in the Accounting Department) or the staff decided that it would more efficient for the employees working in the area to have individual offices for confidentiality purposes and to reduce the surrounding noise.

7. Mr. Lamson reported that Director of Information Technologies Mary T.H. Claffey was unable to be there that day, but that she and her staff were reducing the list of open items with respect to the upgrade to the Authority’s Maximo computerized maintenance management information system. Accordingly, Mr. Lamson said, the Authority would be scheduling training classes that will take place next month for employees who use the system (including the Senior Captains and the Senior Chief Engineers) so that the Authority can take advantage of the upgraded system and have the benefits of its better reporting features.

8. Mr. Lamson reported that the Authority was still experiencing problems with stormwater runoff at its Thomas B. Landers Road parking facility and that he and Mr. Walker would be meeting the following day with the Authority’s lead engineer and contractor to see what steps can be taken to fix those problems, such as the possible installation of subsurface infiltration structures or the creation of a small retention pond at the east end.
of the parking lot, or a combination of different measures. Mr. Lamson stated that the staff was hoping to have the matter resolved before the lot reopens this year.

Mr. Lamson noted that the engineer and the contractor were blaming each other for the problems, but that both of them were willing to share in the attempt to fix the problems. For example, Mr. Lamson said, the engineer had put in significant additional time and had conducted an investigation into the problems, including taking additional borings, and the contractor had expressed its willingness to make some modifications to the parking lot. Similarly, Mr. Lamson noted that the Authority already had contributed to the solution by paying for additional catch basins.

Mr. Lamson also noted that the engineering firm was looking for some additional money, claiming that, because it did not have an engineer present at the site during the entire construction process, it does not know how the soils were compacted or how they were moved around. But Mr. Lamson noted that the soils had passed all of the required tests that were taken as construction proceeded and that, accordingly, the Authority had not committed to anything.

Mr. Jones stated that, based upon his observation of the lot on July 1, 2015, it appeared that the water could not percolate into the porous pavement fast enough during a heavy rain event to prevent it from running over the pavement, and he suggested that the staff consider having some barriers to stop the flow of water. In response, Mr. Lamson stated that it appears the water is able to infiltrate about two feet below the pavement, but at some point below that depth it runs underneath the pavement to the east end of the parking lot and then percolates back up. Mr. Lamson stated that the solution may be to stop that movement of water, possibly by digging trenches that are ten-to-twenty feet deep mid-way through the lot and then filling them up with some other material before paving over them.

9. Mr. Lamson reported that the staff was continuing to work through the issues regarding the possibility of providing freight service between New Bedford and Martha’s Vineyard, and that Mr. Davis was updating the cost estimates for various potential alternatives if the Authority were to provide the service itself using the spare vessel it has during the summer. But Mr. Lamson noted that using the Authority’s spare vessel for that purpose would have ramifications beyond the additional cost of providing the service.

Accordingly, Mr. Lamson noted that the staff also has been investigating what it might take for a private carrier to provide the service, and that they already have talked with one carrier and planned on talking with a second carrier. But he observed that providing such a service would represent a big commitment on the part of any carrier and that the service may not present enough of a reward for any of the private carriers to take that risk on its own. Instead, Mr. Lamson said, a carrier may prefer to charter a vessel to the Authority and have the Authority take care of providing the service, including establishing the rates of fares and handling the reservations and ticketing. Mr. Lamson also observed that, while the Authority could issue a request for proposals (RFP) from private carriers to provide the service, if the Authority already has enough information indicating that the
service would not be financially sustainable, issuing an RFP might just end up being a futile process.

Mr. Jones observed that, while there may be a demand to get traffic off the streets, there does not appear to be an economic demand for the service itself, because otherwise a private carrier already would have approached the Authority about the possibility of providing the service. Mr. Jones also stated that he felt having a passenger ferry operate out of New Bedford would be far more economically beneficial for New Bedford than having a freight boat operate from there, but he nevertheless expressed his interest in seeing what the staff comes up with in terms of a study.

Mr. Lamson stated that he hoped the staff would have the study completed in time for the Port Council to discuss it at their April 2016 meeting, and that it will also include an analysis of potentially barging trash off-island to New Bedford. However, Mr. Lamson noted that the trash-barging option would depend upon a commitment from either several towns on Martha’s Vineyard or the entire county of Dukes County itself, as the Authority cannot force any community on the island to barge its trash.

In response to a question from Mr. Anthes-Washburn, Mr. Lamson stated that all of the potential options would be discussed in one report, and that the report will include estimates of each option’s potential impact on truck and automobile traffic on Woods Hole Road. In response to a question from Mr. Jones, Mr. Lamson stated that the study will also include estimates of each option’s impact on the Authority’s finances, including the amount of revenues it may lose and how long it will take to “backfill” empty spaces that are created on the Woods Hole-Martha’s Vineyard route due to the provision of service between New Bedford and Martha’s Vineyard. In this regard, Mr. Lamson noted that trucks that now travel later in the day may move their reservations to earlier trips, which may then open up more space in the middle of the day. Finally, Mr. Lowell asked that the study also include a discussion of how the Authority should make up the difference that it will cost to have freight service between New Bedford and Martha’s Vineyard.

10. The Port Council then voted unanimously to recommend to the Authority Members that they reauthorize the Authority’s Debt Issuance and Debt Management Policy in the form proposed by the management staff, after Mr. Davis confirmed that the only change in that policy from the previous version was the updating of the amount of the Authority’s bond limit and the amount of its outstanding bonds as of December 31, 2015.

11. In response to a question from Mr. Munier as to whether there was anything more to report with respect to early morning noise from the Woods Hole terminal, Mr. Lamson stated that the staff had looked to see whether the Authority could make any adjustments to its 2016 Early Spring and Spring Operating Schedules (when the M/V Sankaty and then the M/V Katama are the freight boats assigned to the Woods Hole-Martha’s Vineyard route) to see whether the 5:30 a.m. trip could be moved to 6:15 a.m., but had concluded that, due to the number of reservations that already have been made for trips during those
two schedules, it was too late to make such a change. However, Mr. Lamson stated that
the staff was looking at the possibility of changing the trip to 6:15 a.m. during the 2016
Fall Operating Schedule even though a drive-through freight boat, the M/V Woods Hole,
is scheduled to be operating at that time, although that would mean that island residents
would have one less trip in the morning to travel off-island.

Mr. Lamson noted that one of the reasons the Authority changed the 6:15 a.m. freight trip
to 5:30 a.m. during the fall schedule was to respond to island residents’ concerns that
they were not able to obtain reservations to travel off-island during that time of year. But
Mr. Lamson observed that, since then, the Authority has changed the time when freight
shippers have to cancel their reservations in order to be able to do so without penalty (to
6:00 a.m. the day before their reserved sailing) and also has extended the time when
customers’ wait list requests can continue to be processed (to noon the day before their
requested sailing), and he stated that those changes should result in more morning
reservations becoming available for island residents.

Mr. Lamson further reported that the staff had talked to the freight shippers to see
whether they can lower the decibel levels of their trucks’ back-up alarms and to find out
what other options there may be to reduce noise at the terminal, particularly with respect
to that first early morning trip. In this regard, Mr. Lamson noted that the staff was also
looking into whether trucks are even required to use their back-up alarms if there is an
observer present to safely guide them when they back up.

Woods Hole Community Association Co-President Catherine Bumpus then stated that
she thought the Authority was doing a great job trying to limit the terminal noise during
the morning, but she declared that the problem was not just noise from the terminal. In
addition, Ms. Bumpus said, there was noise from the trucks driving down Woods Hole
Road early in the morning and that Woods Hole residents don’t like hearing trucks at
4:00 to 4:30 a.m. Nevertheless, Ms. Bumpus repeated that the Authority was doing a
great job at limiting the terminal noise, which people noticed more this fall when the 5:30
a.m. freight trip continued to run after everyone expected things to quiet down.

Mr. Jones then observed that the Authority’s ability to control noise from trucks driving
down Woods Hole Road was limited, as that road is a State Highway. Mr. Lamson also
noted that there is other traffic on that road besides trucks heading for the Woods Hole
terminal, such as trucks making restaurant deliveries. Indeed, Mr. Lamson said, trash
trucks have received permission from the Town of Falmouth to pick up trash in Woods
Hole as early as 2:00 in the morning, and that this permission is unique to Woods Hole.
But Ms. Bumpus stated that the trash truck situation has changed and that there is nothing
open in Woods Hole at that time of the morning except for the Authority.

Mr. Lamson also observed that most trucks with reservations for the 5:30 a.m. freight trip
don’t drive down Woods Hole Road at 4:00 to 4:30 in the morning, as the Authority
doesn’t allow any trucks on its terminal property until a half-hour before the first trip.
But Mr. Lamson noted that this change has just transferred the problem from Woods
Hole to another part of town where the trucks stop along the way and idle their engines
waiting to proceed to the terminal. Further, Mr. Lamson said, when they do go down on Woods Hole Road, they now essentially travel in a caravan because they all want to arrive at the terminal when it opens.

Mr. Lamson also recounted how this subject started with one Woods Hole resident who lives 1,200 yards away from the terminal complaining about noise from the terminal due to trucks idling their engines and using their back-up alarms there, and he observed that now the complaints about noise have expanded all the way north up Woods Hole Road to West Falmouth. Mr. Lamson noted that there are other trucks that travel into Falmouth at this time of the morning and that there are neighbors who live next to those other locations as well, and he didn’t know if the Town of Falmouth was going to doing something to stop all traffic from coming into town until after 8:00 in the morning.

Although Mr. Jones stated that he sympathized with people’s concerns over noise, he observed that he was not sure that the Authority could do enough to make people happy. In response, Ms. Bumpus stated that the 5:30 a.m. freight boat was a challenge for many people in Woods Hole, and she noted that former Falmouth Authority Member Robert S. Marshall and former Falmouth Port Council member S. Eric Asendorf had stated that the Authority would have to be cautious about noise for the neighbors.

In response to a question from Mr. Munier, Mr. Lamson stated that the 5:30 a.m. freight trip usually carries around eight trucks, and that the next trip is at 6:00 a.m. Mr. Lamson also noted that the Authority previously had scheduled the first freight trip in the morning to leave at 5:45 a.m., but that had created a number of operational issues due to vessels arriving and leaving slips too close in time to each other. Mr. Lamson further observed that, before last fall, the Authority had been operating the 5:30 a.m. freight trip for three years and had not heard any complaints about the trip from any of its neighbors, and when the Authority had heard complaints about trucks’ back-up alarms, it revised its early morning vehicle staging operations to eliminate the need for trucks to back up except when they have to back up onto a freight boat.

Mr. Lowell observed that straight trucks generally don’t have Jake brakes; rather, the semis are the ones that have Jake brakes and he stated that 99% of that noise was coming from the semis. Mr. Lowell also noted that, while there are certain roads with weight limits that don’t allow the use of Jake brakes under certain conditions, generally using a Jake brake is something that drivers do. But Mr. Lowell stated that drivers are able to turn off their Jake brakes so that they don’t engage whenever they take their feet off the gas pedals. Mr. Lowell further observed that this discussion was about a number of different things, and that it was impossible for the Authority to mitigate everything, which is why the Authority has to focus on keeping all of the issues separate, because they are not all the same, and making whatever individual improvements it can.

12. Ms. Bumpus then stated that there had been some disconnect between what the Authority has stated about the Woods Hole terminal reconstruction project in its NOI before the Falmouth Conservation Commission and what it previously had stated in its feasibility study for the project. Specifically, Ms. Bumpus said, the Authority had stated in the
feasibility study that it would consider barging dredge spoils from the site so that they did not have to go in trucks up Woods Hole Road, but that possibility is not mentioned at all in the Authority’s NOI. Ms. Bumpus stated that the construction methodology described in the NOI also differs from that which was described in the feasibility study, although that was more of a community issue which is outside the scope of the Conservation Commission’s jurisdiction.

In response to a question from Mr. Lowell, Mr. Walker stated that, with respect to dredging operations, the usual practice is for dredge spoils to be placed onsite with a barrier around them where they are left to drain and that, after the spoils are dewatered, they are hauled off by truck.

Then, at approximately 10:33 a.m., the Port Council unanimously voted to adjourn their meeting that day.
1. After calling the meeting to order at approximately 9:45 a.m., Mr. Huss announced that he had been notified by Mr. Lowell 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. Huss stated that he agreed with Mr. Lowell and, as the Port Council’s Chairman, he had determined that Mr. Lowell’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. Huss noted that Mr. Lowell 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. Huss, Balco, Jones, Lowell and Anthes-Washburn voting in favor) to approve the minutes of their meeting in public session on February 3, 2016.

3. Mr. Davis then reviewed with the Port Council the Authority’s Business Summary for the month of January 2016, noting that while the summary indicated that the Authority’s net operating loss for the month had been around $2,610,000 lower than projected, most of that variance was attributable to timing issues. Mr. Davis then provided the Port Council with an additional page to the Business Summary (page 7) showing how the Authority was expected to incur around $2,799,000 more in repair and maintenance expenses during the months of February through May 2016 than what had been projected in the 2016 Operating Budget.

Mr. Davis also noted that the Authority’s wages expense for the month of January 2016 were significantly lower than projected primarily because the 2016 Operating Budget had included a full week of wages for the Authority’s vessel employees for the first work week of the year when, because that work week ended on January 1, 2016, it should have included only one day of wages. Further, Mr. Davis said, while another error in the budget with respect to how vessel employees’ vacation time is accrued will work itself out at the year progresses, that one-time wage expense error, which amounted to around $285,000, will not correct itself during the course of the year. As a result, Mr. Davis stated that, when combined with the $2,799,000 of unbudgeted repair and maintenance expenses that will incurred from February through May, the Authority will eventually be back on budget in a few months assuming its other revenues and expenses meet all of the other budget projections for the remainder of the year.

Mr. Davis also noted that the beginning balance of the Authority’s Operations Fund had been more than $6,000,000 higher than projected and that, as a result, he expected that $22,483,000 will be transferred to the Authority’s special purpose funds this year instead of the $17,571,000 that had been budgeted. Mr. Davis noted that the additional money will be available for future capital projects that the Authority otherwise would have to defer or finance through the issuance of bonds.

In response to a question from Mr. Balco, Mr. Davis stated that, in addition to the amount required to satisfy the Authority’s bond principal and interest payment obligations on March 1, 2016, all of the transfers already had been made to meet the Authority’s bond interest payment obligations on September 1, 2016. Therefore, Mr. Davis said, some funds already had been transferred to the Replacement Fund this year. In response to another question from Mr. Balco, Mr. Davis stated that he did not believe that any of the Authority’s outstanding bonds were callable at this time, but that he would look again to confirm the situation. Mr. Balco noted that, if any of the Authority’s bonds are callable, management should at least consider retiring a portion of them to provide the Authority
with more long-term financial flexibility. But Mr. Lamson observed that, assuming that none of the bonds are callable at this time, the only way the Authority could retire any of them would be to purchase them on the open market.

In response to a question from Mr. Jones, Mr. Davis stated that around one-half of the Authority’s outstanding bonds had been issued to finance the construction of the M/V Woods Hole, and that the cost of the vessel’s design and engineering was being paid out of the Replacement Fund. Mr. Davis also noted that the Authority had approximately $71,000,000 of bonds outstanding as of December 31, 2015 and that, after having made another $6,000,000 bond principal payment on March 1, 2016, it now has approximately $65,000,000 of bonds outstanding.

4. Mr. Lamson then reported that the Authority had received an updated project schedule from Conrad Shipyard late last week for the construction of the M/V Woods Hole that continues to show an expected vessel delivery date of June 6, 2016, which represents a 38-day delay from the original contractual delivery date of April 29, 2016. As a result, Mr. Lamson said, the Authority was looking at recovering liquidated damages of around $500,000.

In response to a question from Mr. Jones as to whether Conrad was objecting to the liquidated damages, Mr. Lamson stated that Conrad had put the issue aside. Mr. Lamson then recounted how, when Conrad had provided the Authority with some of the reasons for its estimated delay, the Authority had responded by saying that it did not see how any of those reasons had any effect on the delivery date. But Mr. Lamson noted that the parties will also be discussing this matter when they meet again next week. Nevertheless, Mr. Lamson stated that if Conrad does not put more manpower into the project and accelerate the delivery date, then this is what the Authority is looking at.

In response to Mr. Munier’s question as to how Conrad will be required to pay liquidated damages, Mr. Lamson stated that, even after the vessel’s delivery, the contract calls for the Authority to hold onto a retainage amount for possible warranty work, and that the liquidated damages would be withheld from that retainage. Mr. Lamson further observed that, while he had hoped this situation would be avoided because Conrad’s schedule appeared to show how certain work items could be accelerated to bring the project back closer to schedule, Mr. Walker had informed him that there was a lot of work remaining to be completed with respect to the vessel that is not represented on the project schedule. Mr. Lamson also noted that the parties had now increased the frequency of their progress meetings to once every three weeks instead of once per month.

Mr. Walker then gave a presentation on the status of the construction of the M/V Woods Hole, showing slides of, among other things:

- The pilot house console installation – Mr. Walker stated that EMS Marcon, Bardwell Electronics and Prime Mover Controls, Inc. were scheduled to perform all of the wire pulls and install the equipment, and that everything was now at the shipyard, including the windows.
• Electronics and wiring – In response to a question from Mr. Munier, Mr. Walker stated that the pilot house console equipment will be wired and installed using plugs, and that it will take two days to have the console completely wired and ready to go. Mr. Walker also stated that the equipment was still in New Jersey, where it was undergoing a factory acceptance test.

• A view of the vessel before the exterior was painted, and a view after the exterior was painted.

• A view of the vessel’s stern in dry-dock showing the new controllable pitch propellers and Becker rudders. Mr. Walker noted that the Authority already has installed Becker rudders on the M/V Island Home and the M/V Eagle.

• Underwater painting – Mr. Walker stated that the vessel would be subject to the UWILD inspection program in lieu of dry-docking so that the Authority can skip every other dry-docking by doing underwater surveys of the vessel with divers and video.

• The vessel going back to Conrad’s aluminum shipyard, where Mr. Walker stated it will remain for the remainder of the project.

5. Mr. Lamson then reported that the Authority was continuing to work through the process to obtain an Order of Conditions from the Falmouth Conservation Commission for the Woods Hole Terminal Reconstruction Project and that it had been more than three months since the Commission’s first day of hearing on the Authority’s Notice of Intent. Most recently, Mr. Lamson said, the Commission had voted to continue the hearing once again to obtain an opinion from Falmouth Town Counsel as to whether he agrees with Mr. Sayers’ opinion that the Authority is not subject to Falmouth’s Wetlands Protection Bylaw. However, Mr. Lamson noted that this has given the Authority the opportunity to provide supplemental information to the Commission about the lack of potential impacts that the proposed grading at the site will have adjacent properties during flooding events.

Mr. Lamson observed that the reconstructed terminal will result in a much better situation than what currently exists in terms of stormwater management, and that all of its other improvements will similarly be appreciated by the community. Finally, Mr. Lamson reported that, while this process continues before the Commission, the Authority is also working with Department of Environmental Protection and the United States Army Corps of Engineers to obtain the other necessary licenses and permits for the project.

6. Ms. Claffey recounted how it previously had been reported that she and her staff were very close to resolving the remaining items for the upgrade to the Authority’s Maximo computerized maintenance management information system and that the Authority had intended to conduct training classes this week for employees who use the system (including the Senior Captains and the Senior Chief Engineers). But Ms. Claffey informed the Port Council that the Authority had postponed the training classes because the upgrade was not yet ready to go live. Ms. Claffey also stated that the Authority had determined to ask its consultant, Aquitas, for immediate assistance, to involve everyone in the process to make certain all of the outstanding issues are resolved, and to have its
key person provide on-site support when the system goes live. Finally, while Ms. Claffey acknowledged that significant items still needed to be resolved, she hoped that the Authority would soon be able to reschedule the training classes so that, at next month’s Port Council meeting, she can report that they either have been conducted or at least have been scheduled.

7. Ms. Claffey then reported that the Authority’s customers continue to exercise their new ability to have their waitlist requests processed until 12:00 noon the day before their scheduled sailing, and that 13,000 of the 16,000 customers who have since chosen to be on the waitlist have selected that option. In addition, Ms. Claffey said, more than 29,000 customers have signed up to receive text messages when the Authority successfully finds matches for their wait list requests.

8. Mr. Lowell asked if there was any way the Authority could provide WiFi service for passengers while they are on the freight decks of the larger passenger/vehicle ferries, observing that customers would like to have WiFi service when they are still in their cars. In response, Mr. Lamson stated that the staff would look into the matter and see what it would take to expand the Authority’s WiFi service to the ferries’ freight decks.

9. Mr. Lamson reported that the Authority, together with its engineers and contractor, was zeroing in on a final plan and design to fix the stormwater runoff problems at its Thomas B. Landers Road parking facility, but that the Authority still had to receive the cost estimate for the work, which he expected to be somewhere between $450,000 and $500,000. Mr. Lamson also noted that the engineers were designing a system with the capability to handle a 10-year theoretical storm of five inches of rainfall over a 24-hour period, and that the work was expected to be completed by mid-May 2016.

After Mr. Jones observed that he thought some storms will still result in stormwater runoff, Mr. Lamson stated that he believed the engineers had built in enough safety factors into the system to handle large rain events, including:

- a 14,000 square-foot sand infiltration basin five to seven feet deep beneath the entire north-to-south length of the parking lot that will be capable of capturing all of the stormwater runoff from the upper two-thirds of the lot;
- lateral drains coming from the ring road that will redirect runoff coming down the road underground toward the center of the lot where there is better infiltration; and, if all that fails,
- a pump at the eastern end of the lot with a pipe that goes underground and back up past the infiltration basin.

Mr. Lamson stated that this appeared to be a very conservative design and that the engineers had told the Authority that they were confident it is going to take care of the problem. After Mr. Munier observed that the system sounded as if it will have a lot of
capacity, Mr. Lamson agreed and stated that the staff believed that it will be able to handle most rain events.

10. Mr. Lamson reported that the staff was continuing to work through the issues regarding the possibility of providing freight service between New Bedford and Martha’s Vineyard, and that he and Mr. Sayers were looking into various alternatives, including the Authority entering into a bare-boat charter or a time charter for a vessel to provide the service itself, or having a private carrier provide the service and, if so, at what cost. Mr. Lamson also reported that Mr. Anthes-Washburn had shown him and Mr. Sayers around the New Bedford State Pier and that the staff was trying to get in touch with the appropriate official in the Massachusetts Department of Conservation and Recreation to find out what the current condition of the pier is and when the state is planning to make renovations to it. In this regard, Mr. Lamson noted that the ferry slip on the pier appeared to be in satisfactory condition, but that there were weight restrictions on the pier itself where freight trucks would have to drive in order to get onto and off of the ferry. Mr. Lamson stated that if the pier cannot handle the freight trucks’ weight, then the staff will have to see if there are any other sites available in New Bedford and what it will take to modify them so they can be used for this purpose.

Mr. Lamson also reported that he and Mr. Sayers had had discussions with the Greater New Bedford Regional Refuse Management District about the possibility of baled solid waste being transported to the Crapo Hill Landfill. Mr. Lamson noted that the District currently has a contract to accept solid waste from the Towns of Oak Bluffs and Tisbury, but that it was unlikely that the District would accept solid waste from other towns on Martha’s Vineyard, as the additional waste would reduce the expected life of the landfill, which was being operated primarily for the benefit of the City of New Bedford and the Town of Dartmouth. In response to a question from Mr. Huss, Mr. Lamson stated that, while the District could accept baled waste, the bales would then have to be broken up with a front-end loader and distributed over the landfill. But Mr. Balco observed that the volume of the waste would still be smaller than other waste due to the fact that it will have been compressed.

Mr. Balco reported that the Towns of Oak Bluffs and Tisbury were also looking to see what options there are to ship solid waste off-island, and he noted that it would make a big difference to the Authority if trash trucks did not have to ride on the ferries. However, Mr. Balco observed that the two towns needed a lot of infrastructure for such an operation, including a baler and the means to handle the baled waste after it is unloaded on the mainland. Mr. Balco estimated that a baler would cost around $250,000, but he noted that it would pay for itself over time because compressing the waste would substantially reduce the number of trips needed to carry the waste off-island. Mr. Balco further stated that baling the waste also prevents odor from being a problem, although Mr. Jones observed that he would not want to be the person who unwraps the bales on the mainland.
Mr. Balco also noted that transporting the trash off-island would represent a backhauling opportunity for barges carrying freight to the island from New Bedford, which he said will improve the economics of freight barge transportation as well. But it was observed that some of the trash trucks leaving the island already backhaul freight when they return, and barging their trash would result in them leaving the island empty and returning full.

Mr. Lowell stated that trailers are now being made that are capable of carrying gravel, and he noted that two freight shippers on Nantucket already have some. Mr. Lowell noted that, as a result, trucks carrying trash from the island can backhaul gravel when they return. Mr. Lowell also observed that this backhaul capability also results in fewer trucks being on the ferries, although the trailers of these trucks are longer than the dump trailers they are replacing.

Mr. Lowell then questioned whether the Authority would be successful in its efforts to change the entire solid waste industry, which is set up to access loose trash, to a baling operation, observing that the only items currently being baled are plastic. But Mr. Balco stated that baling trash was not a particularly new idea and that it has been around for quite a while. Then, when Mr. Lowell observed that handling baled trash on barges was less efficient due to the need to handle it three times, Mr. Balco stated that the increased density of the trash will increase the efficiency of the operation because fewer trips will be needed to transport the trash.

Mr. Lamson then stated that he hoped the staff would have their study completed in time for the Port Council to discuss it at their April 2016 meeting.

11. Mr. Davis reviewed with the Port Council the Authority’s unaudited operating results for the year ended December 31, 2015, as presented in a memorandum from Mr. Davis to the Authority Members and Port Council members, dated February 19, 2016. Mr. Davis also stated that the Authority’s independent auditors had completed their field work the prior Monday and that they hoped to finalize their report by March 24, 2016.

Mr. Munier observed that last year’s operating results were extraordinary, and he asked Mr. Davis whether he thought there was anything about the way the budget is modeled that should be done differently in the future. In response, Mr. Davis stated that, although the 2015 Operating Budget had significantly underestimated the Authority’s operating revenues, he still felt that those revenues should continue to be projected based upon the Authority’s traffic figures for the most recent 12-month period; and, observing that the Authority’s vessel fuel oil costs had been responsible for the largest variance between budgeted and actual expenses, Mr. Davis noted that the fuel oil price projections already were based upon forecasts from as many as 20 different experts in the industry.

Mr. Jones observed that it would hardly make a difference even if the Authority were to change the way it projects its anticipated operating revenues based upon the rolling average of its traffic levels. Mr. Davis agreed, and noted that the Authority’s operating budget customarily projects a net operating income of only three to four percent of its operating revenues. Mr. Huss then observed that part of the Authority’s financial results
are also weather-related and that one or two hurricanes could result in the Authority being financially worse off by a couple of million dollars.

Mr. Lowell stated that the Authority carried a larger number of fuel and oil trucks on the Nantucket route last year because of the cold weather, and he cautioned that there will be fewer of those trucks this year because the winter has been warmer. Mr. Lowell then contrasted that traffic with the consistent number of food and trash trucks the Authority carries each year, observing that they don’t vary with the weather, and he asked whether the staff could provide a report showing the number of fuel and oil trucks carried each year, which he said might be based upon how many trucks pay the hazardous rate of fare.

Finally, Mr. Davis stated that the Authority’s traffic levels may have been higher last year not only because of the nice weather last summer, but also because Labor Day fell as late in September as possible.

12. Mr. Lamson reported that the staff had reviewed whether the Authority should change its approved 2016 Fall Operating Schedule for the Martha’s Vineyard route, which provides for the first boat to leave at Woods Hole at 5:30 a.m., in light of complaints that had been made by neighbors in Woods Hole during the 2015 fall season about early morning noise being generated at the Woods Hole terminal. Mr. Lamson recounted how the principal complaints were about the backup alarms of trucks while they were being loaded on the M/V Katama, and he noted that this complaint should be addressed this year by instead assigning the M/V Woods Hole to the route, which will allow trucks to be driven straight onto the boat instead of requiring them to back up.

Mr. Lamson also noted that, since receiving the neighbors’ complaints, the Authority has taken additional measures to remind truck drivers not to unnecessarily idle their engines, to obey the speed limits, and not to use their Jake brakes on Woods Hole Road. Further, Mr. Lamson said, the Authority has delayed the opening time of the Woods Hole terminal until one-half hour before the first scheduled daily departure.

Mr. Lamson observed that the Authority changed the time of the first freight trip from Woods Hole from 6:15 a.m. to 5:30 a.m. last fall to address complaints the Authority had received from island residents during the 2014 Fall Operating Schedule that the Authority was not providing sufficient space for them to travel off-island in the morning. In order to maintain this level of off-island service in the morning, Mr. Lamson said, the staff had looked at whether the freight boat could be triple-crewed and berthed in Vineyard Haven overnight so that it could depart there at 6:30 a.m. without having to leave Woods Hole at 5:30 a.m. But Mr. Lamson stated that this alternative would cost an additional $150,000 and $200,000 during the fall schedule.

Mr. Lamson also stated that the staff had looked at whether the Authority could change the time of the first freight trip back to 6:15 a.m. at some point during the fall schedule, but he noted that the demand for early morning off-island travel remained pretty steady during the entire 2015 fall season, so the staff did not think that this would be an option either.
Accordingly, Mr. Lamson said, the staff was recommending that the Authority maintain the 2016 Fall Operating Schedule as it was approved last year. While Mr. Lamson noted that the staff was aware of the neighbors’ complaints, he assured the Port Council that the staff was continuing to try to address their concerns. Mr. Lamson also noted that, by delaying the hazardous cargo trip until later in the morning, there would be fewer large fuel trucks arriving at the terminal in the early morning and that, instead, the Authority would be carrying smaller trucks at that time. Mr. Lamson also observed that the first three trips from Woods Hole will be spread out over 90 minutes, instead of being compressed within the same hour, which will also result in fewer trucks arriving at the terminal at the same time.

Mr. Huss cautioned that the staff needs to keep reminding the truck drivers to not use their Jake brakes on Woods Hole Road and to turn them off as they come into Falmouth. In response to a question from Mr. Munier, Messrs. Lamson, Rozum and Smith stated that none of them had received any further complaints about early morning noise at the Woods Hole terminal since they had taken these additional measures to address the neighbors’ concerns. But Woods Hole Community Association Co-President Catherine Bumpus noted that the 5:30 a.m. freight trip has not been operating for the last several months.

Mr. Jones stated that he thought the staff has done more than required by due diligence and that the Authority cannot create a perfect scenario, observing that sometimes the Authority has to say that it will do its best and try as much as it can to make the situation livable. Mr. Jones also observed that the Authority cannot change the laws that require truck drivers to use backup alarms when they back up and that also allow truck drivers to use their Jake brakes on state highways.

In response to a question from Mr. Munier, Mr. Lamson stated that the Authority needed to decide this month whether it was going to maintain the approved 2016 Fall Operating Schedule because it needs to send the schedule to its freight shippers so that the Authority can receive and process their bulk freight reservation requests before reservations for the schedule are opened to the general public. Mr. Lamson also noted that, if the Authority were to change the schedule, it would then have to advertise the change at least 60 days before it went into effect.

Mr. Jones then observed that the Authority has taken as many noise mitigation measures as possible and that there is just so much that the Authority can do. Comparing this situation to the noise generated by the Barnstable Municipal Airport, Mr. Jones stated that at least the Authority is sympathetic to its neighbors’ concerns. Mr. Huss also noted that the Authority will be able to see how it goes with a drive-through vessel, the M/V Woods Hole, assigned to the route instead of the M/V Katama.
The Port Council voted (with Messrs. Huss, Balco, Jones, Lowell and Anthes-Washburn voting in favor, and Mr. Munier abstaining) to recommend that the Authority maintain its 2016 Fall Operating Schedule as previously approved while continuing its efforts to address its neighbors’ concern about early morning noise at the Woods Hole terminal.

13. The Port Council then unanimously voted (with Messrs. Huss, Balco, Munier, Jones, Lowell and Anthes-Washburn 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 April 1, 2016 through April 15, 2016. Mr. Lamson also noted that the M/V Iyanough is scheduled to resume service this year on April 12, 2016.

14. Mr. Lowell thanked the staff for operating the freight boat on the Nantucket route this winter with a double crew instead of one or two single crews, which he said was absolutely brilliant. Mr. Lowell stated that having the freight boat double-crewed addressed a number of problems that arise every year, and he declared that this change had worked incredibly well.

15. Mr. Lowell also thanked Messrs. Lamson and Davis for the report that they had sent out on the amount of passenger embarkation fees each of the Authority’s port communities has received. Mr. Lowell noted that the amount of the passenger embarkation fee, as well as whether passengers traveling on multiple ticket books should have to pay the fee and, further, how the towns should spend the fees they receive, had become a subject of discussion on Nantucket, and he stated that he hoped everyone would come to an agreement on all of these issues.

Then, at approximately 11:13 a.m., the Port Council unanimously voted (with Messrs. Huss, Balco, Munier, Jones, Lowell and Anthes-Washburn voting in favor) to adjourn their meeting that day.

A TRUE RECORD

Robert S. C. Munier, Secretary
MINUTES
OF THE
PORT COUNCIL
OF THE
WOODS HOLE, MARTHA’S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

April 6, 2016
Second Floor Meeting Room
Hyannis Terminal
141 School Street, Hyannis, Massachusetts

Port Council Members present: Chairman; Robert V. Huss (Oak Bluffs); Vice Chairman George J. Balco (Tisbury); Robert R. Jones (Barnstable); and Nathaniel E. Lowell (Nantucket).

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

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

1. After Mr. Huss called the meeting to order at 9:30 a.m., the Port Council unanimously voted to approve the minutes of their meeting in public session on March 2, 2016.

2. Mr. Davis then reviewed with the Port Council the Authority’s Business Summary for the month of February 2016, noting that last year’s bad weather had resulted in a decrease in traffic figures for February 2015, and that half of this February’s increase in traffic figures represented a return to 2014 traffic levels. In addition, Mr. Davis said, this year the month of February had 29 days due to it being a leap year. In response to a question from Mr. Balco, Mr. Davis stated that the 2016 Operating Budget had taken into account the fact that there were 29 days in February this year (as opposed to 28 days in 2015), but
the budget had not been adjusted to project higher traffic levels than what the Authority had experienced last year due to the unusually bad winter weather.

3. With respect to the construction of the *M/V Woods Hole*, Mr. Lamson reported that, since the last Port Council meeting, Mr. Walker had twice traveled to Conrad Shipyard and that Mr. Lamson himself had been there once. Mr. Lamson also reported that the project’s progress meetings were now taking place every two weeks. This week, Mr. Lamson said, Conrad was painting out the voids and all work below deck has been stopped to allow them to do that painting. But Mr. Lamson noted that Conrad was continuing to work above deck and in the pilot house.

Mr. Lamson stated that he will be participating in the next progress meeting by telephone the following week, and that Mr. Walker will attend the meeting in person. Mr. Lamson also noted that, while Conrad’s latest progress schedule still shows an expected vessel delivery date of June 6, 2016, he and Mr. Walker were continuing to press that going forward. In this regard, Mr. Lamson reported that all the work above the freight deck seems pretty well in hand, but that there was still a lot of work left to do below deck.

Mr. Lamson also reported that a preliminary report on the vessel’s predicted stability results had been submitted to the United States Coast Guard four or five weeks ago, and that the Coast Guard was reviewing that report. Then, Mr. Lamson said, when the Authority receives the results of the incline tests, which are being taken on April 29th, the Coast Guard hopefully will be able to compare those results with what was predicted and, if they are comparable, promptly issue a stability letter for the vessel.

Mr. Balco stated that he hoped the Authority will schedule an open house on Martha’s Vineyard and Nantucket to allow the public to see and tour the vessel, observing that many people have been on a freight boat only occasionally and prefer to ride on the larger passenger/vehicle ferries. Accordingly, Mr. Balco suggested that the open houses be made as public as possible.

Mr. Balco also asked if the Authority could publish the vessel’s trips on the Authority’s website, as well as on its mobile website, so that people can see them as an alternative to taking the larger ferries. In addition, Mr. Balco asked Mr. Lamson to consider the possibility of offering a $1.00 passenger discount on the vessel’s fare for a short time (perhaps only during weekdays) as an incentive for people to become familiar with this very passenger-friendly boat and see what it has to offer. In this regard, Mr. Balco observed that the vessel will offer passengers a wider range of schedules and choices.

Mr. Lamson stated that the staff does want to have a commissioning ceremony for the vessel, which will probably take place in Woods Hole, and that the vessel will be berthed in Fairhaven after it arrives until it goes into line service. Mr. Lamson stated that, during that time period, the staff was also hoping to have open houses at Vineyard Haven and on Nantucket on two separate days.
Mr. Lamson noted that the Authority’s Dukes County Member, Marc N. Hanover, also has talked with him about publishing the vessel’s trips on the Authority’s website, and that the staff has discussed it. Mr. Lamson observed that the vessel’s trips should not be published when passengers will not be able to travel on them, such as when the vessel is carrying hazardous cargo or its draft is expected to exceed a depth threshold that results in it not being allowed to carry more than 16 passengers; but the staff was planning to publish the vessel’s other trips and see how it works.

Mr. Lowell observed that the Authority will have a lot to deal with after the vessel arrives in order to get it into line service by June 17th, and he stated that the staff should focus on what needs to be done rather than on having an open house for the vessel on Nantucket. Mr. Lowell also noted that the Authority would be criticized for sailing the vessel to Nantucket without any vehicles on it, and he suggested that it might be better for it to stop along the way at Hyannis so that it can be loaded with vehicles for its trip to the island. Indeed, Mr. Lowell stated that he thought it would be better to have something for the vessel on Nantucket in September rather than in June.

However, Messrs. Lamson and Walker both noted that having the vessel take a trip to Nantucket would also allow the crew to become familiar with the vessel and receive more training on it, and that the Authority should have the vessel go in and out of all the slips before starting regular service. Mr. Lamson also observed that the Authority was trying to get the vessel delivered earlier, which would provide more time to visit different ports before June 17th. In this regard, Mr. Lamson noted that the Authority originally had planned to deploy the marine evacuation slide after the vessel arrived in Fairhaven, but that the slide is now going to be deployed at the shipyard.

In response to a question from Mr. Lowell, Mr. Walker stated that Centerplate will have access to the vessel from the time it arrives in Fairhaven. Mr. Lamson also noted that the staff was working with the Woods Hole Museum to install panels about Woods Hole’s history and its institutions in the vessel’s passenger areas.

4. Mr. Lamson then reported that, last month, the Falmouth Conservation Commission had voted to issue an Order of Conditions for the Woods Hole Terminal Reconstruction Project and that the order will include requirements to monitor eelgrass beds and a beach that are just south of the terminal, as well as to monitor structures in the area during pile driving activities, to have an environmental monitor on site during the construction phases who will provide weekly reports to the Commission, and to provide the Commission with more detailed dewatering plans before starting any excavation or dredging work.

Mr. Lamson also reported that the Massachusetts Department of Environmental Protection has scheduled a hearing on the Authority’s application for a Chapter 91 license and water quality certificate for Thursday, April 14th, at 7:00 p.m., at the Falmouth Public Library. Mr. Lamson noted that, while the Authority was moving in the right direction with respect to obtaining the necessary permits and approvals for the project, the process was behind schedule, which anticipated that all of the project’s permits and approvals
would be obtained by this time. Mr. Lamson therefore expressed his hope that there will not be any more permitting setbacks.

Mr. Lamson also reported that the Authority had received the schematic design report for the waterside and landside portions of the project, as well as for the temporary terminal building (but not including the permanent new terminal building, its surrounding plaza or the new equipment storage building), and that it included a very detailed cost estimate of $59,500,000 for those portions of the project. Mr. Lamson noted that the cost estimate includes an escalation factor to the mid-point of construction of 4% per year for the landside construction and 3% per year for the waterside construction, as well as a 15% design (estimating) contingency for the landside work and a 10% design (estimating) contingency for the waterside work. But Mr. Lamson also noted that the estimate does not include any contingency for unforeseen events that may be encountered during construction.

Mr. Lamson further reported that the staff has projected how the Authority will be able to fund the project through transfers to its replacement fund and occasionally issuing bonds for it, and that everything looks doable through 2023. Mr. Lamson also noted that those projections also include funds for the M/V Martha’s Vineyard mid-life refurbishment and another vessel replacement within the next five or six years.

5. Mr. Lamson reviewed the list of the Authority’s outstanding bonds as of January 1, 2016 that had been provided to the Port Council, showing that none of the bonds will be callable for another three years and that only the Authority’s 2009 Series bond will then be callable. Mr. Lamson noted that, in early 2019, the Authority can compare the then-current market interest rate with those bonds’ coupon rate to see whether it will make sense to call those bonds at that time.

6. Ms. Claffey reported that, since the last Port Council meeting, the Authority had made a lot of progress on the upgrade to the Authority’s Maximo computerized maintenance management information system. Specifically Ms. Claffey stated that all of the changes that the Authority had requested had been applied to the live system and that a significant amount of training had since taken place for the Authority’s Senior Captains and the Senior Chief Engineers, which has resulted in an increased use of Maximo by those employees.

Ms. Claffey also reported that the Authority was asking its consultant, Aquitas, to return to help the Authority configure and deploy computer tablets so that they can also be used with Maximo, which is a key feature of the upgrade. Ms. Claffey stated that she hoped the Authority will soon be able to get those tablets deployed, as that is the last critical piece of the upgrade.
7. Mr. Lamson reported that the Authority had come up with a way to allow customers to buy passenger tickets on their mobile devices and then simply show their mobile devices to the terminal employees who are collecting tickets as they are boarding the vessel, and that the Authority would be launching this technology for passengers traveling on the *M/V Iyanough* when it resumes service on April 12, 2016. Mr. Lamson further noted that customers will be able to use this technology for tickets on electronic coupon ticket books as well.

Mr. Lamson stated that customers will be instructed to activate their tickets on their mobile devices when they are ready to board the vessel, that they will then show their devices to the terminal employees who are collecting tickets for a visual inspection, and that they will then be allowed to board the vessel. Mr. Lamson noted that the Authority will not have to scan any customer’s mobile device and that, once a mobile device is activated to allow a customer to board, it remains active (and valid) for only a limited period of time. Mr. Lamson also noted that customers will be able to buy tickets on their mobile devices while they are riding the shuttle buses to the terminal so that they can then walk right on the boat. In response to a question from Mr. Huss, Mr. Rozum stated that customers will not be able to activate their tickets by accident when they are not at the terminal ready to board, and that if someone were to activate his or her ticket and does not board the vessel, the Authority will be able to issue a refund.

Mr. Lamson then reported that, after this technology is used for the *M/V Iyanough*, in a couple of months the Authority will allow passengers on its traditional ferries to use it as well. Mr. Lowell stated that the Authority also needs to have electronic ticket books for the traditional ferries, and Mr. Rozum stated that the staff was hoping to have them available by June 2016.

8. Mr. Lamson then reported that last week Lawrence-Lynch Corp. had started the work for the improvements to fix the stormwater runoff problems at the Authority’s Thomas B. Landers Road parking facility, and that the staff expected those improvements to be completed within a month. After Mr. Lowell questioned whether the improvements will work, Mr. Walker stated that he thought they would, observing that the improvements will include both an underground storage area using plastic structures and a pump station at the lower end of the lot to pump stormwater, if necessary, back up to a large-capacity sand bed where the infiltration rate is very high.

9. Mr. Lamson then reported Hy-Line’s Vice President, R. Murray Scudder, Jr., had emailed him last month to inform the Authority that the delivery of Hy-Line’s new high-speed passenger ferry, the *M/V Grey Lady IV*, was going to be delayed until the middle of June 2016 and that, as a result, Hy-Line was proposing certain changes to its schedules until the new vessel is able to begin service. Mr. Lamson also noted that, during this time, Hy-Line was proposing to operate the *M/V Lady Martha* as a substitute for the *M/V Grey Lady IV* on the route between Hyannis and Nantucket but to still make the same number of daily trips.
But Mr. Lamson stated that, with respect to the route between Hyannis and Martha’s Vineyard, Hy-Line was proposing to reduce the number of daily round trips from four to three from May 27, 2016 through June 24, 2016, as well as to change some of those trips’ arrival and departure times. Further, with respect to the inter-island route, Mr. Lamson stated that Hy-Line was proposing to use the M/V Vineyard Lady instead of the M/V Lady Martha to operate only one daily round trip from May 27, 2016 through June 24, 2016 instead of three daily round trips it was licensed to operate around Memorial Day weekend and two daily round trips thereafter.

Mr. Lamson noted that, although he is authorized to approve Hy-Line’s proposed changes to its arrival and departure times, as well as its proposed substitution of the M/V Lady Martha for the M/V Grey Lady IV on the route between Hyannis and Nantucket, only the Authority Members can authorize Hy-Line’s proposed reduction in the number of daily round trips on the two other routes during this time period and the substitution of the M/V Vineyard Lady for the M/V Lady Martha on the inter-island route, and that the staff was recommending that they do so. Mr. Lamson stated that the staff’s only concern is whether the Authority will have enough passenger capacity on its traditional ferries on the route between Hyannis and Nantucket over the Memorial Day weekend, as Hy-Line’s M/V Great Point will no longer be in service. However, Mr. Lamson stated that it looks as if there will be sufficient capacity, although there may be some passenger cutoffs on some trips of the Authority’s traditional ferries and customers may have to travel later in the day than they originally planned.

In response to a question from Mr. Lowell, Mr. Lamson stated that the M/V Iyanough will be making five daily round trips over the Memorial Day weekend. Mr. Huss then stated that he was sorry that Hy-Line would not have more than one round trip between the two islands during this time period, but that he was sure the public could wait another month to be able to make a day trip between the two islands. Mr. Scudder stated that Hy-Line also was obviously disappointed by the situation, and that it was dealing with many of the same issues the Port Council had discussed earlier that day. Mr. Scudder also thanked Mr. Lamson for approving as many of Hy-Line’s proposed schedule changes as he could to mitigate the impacts of the M/V Grey Lady IV’s delayed delivery, and he also thanked everyone who helped Hy-Line transport infrastructure back and forth between Hyannis and Nantucket the prior week.

The Port Council then unanimously voted to recommend that the Authority Members approve Hy-Line’s proposed schedule changes from May 27, 2016 through June 24, 2016, as recommended by management.

10. Mr. Lamson then informed the Port Council of the changes in vessel assignments that were being made due to need to replace one of the M/V Katama’s reduction gears when it was discovered to have a cracked tooth and is therefore inoperable until the repairs are completed. Mr. Lamson stated that it is now estimated that the M/V Katama’s repairs will not be completed until May 17th and that, beginning April 12th the Authority does not have a spare vessel that can be used in her place to provide freight service between Woods Hole and Martha’s Vineyard.
Mr. Lamson stated that, although the staff thought of putting the *M/V Governor* back into line service during this period, it is not expected back from the shipyard until May 1st. Therefore, Mr. Lamson stated that, until that time, the *M/V Island Home* will be brought out of repair status and used on the Martha’s Vineyard route in place of the *M/V Nantucket*, and that the *M/V Nantucket* will be used in place of the *M/V Katama*. Then, when the *M/V Governor* is able to go into line service, the *M/V Island Home* will go back into repair.

Mr. Lamson pointed out how this situation shows the need for the Authority to have a spare vessel, and he noted that new parts for the gear have to manufactured and then shipped to Louisiana with other parts that have been taken out of the vessel. In response to a question from Mr. Jones, Mr. Walker stated that the *M/V Katama* has Reintjes gears and 8-cylinder 645 turbocharged EMD engines, and that while the engines were rebuilt around 1998 and 1999, the gears were new at that time. Mr. Walker also stated that, although the gear could have run for another couple of months after the broken tooth was discovered during a routine inspection, the continued operation of the vessel also posed the risk of a catastrophic failure.

11. Mr. Lamson reported that the Authority’s five-year lease with the Martha’s Vineyard Airport Commission for space for the Authority’s reservations office at the Martha’s Vineyard Airport expires on November 30, 2016, and that the staff was exploring whether the reservations office instead could operate out of the rooms in the second floor of the Vineyard Haven terminal that are no longer used for crews quarters, which would give the reservation clerks a better work environment than they now have at the airport. Mr. Lamson also noted that the reservation clerks on the island now process an average of only around 40 counter transactions per day due to more customers making their own reservations on line, and he felt that the Authority’s ticket sellers could handle those transactions without much more traffic at the Vineyard Haven and Oak Bluffs terminals.

Mr. Balco observed that, after the Authority moved the Martha’s Vineyard reservation office to the airport in 2011, the number of counter transactions dropped off, but that since 2012 they have remained rather steady. However, Mr. Jones noted that continuing the office to handle counter transactions costs the Authority an average of $23.20 per transaction.

In response to questions from Mr. Balco, Ms. Barboza stated that only a few customers are physically at the office at any point in time, and that the largest number of customers go to the office in December to renew their profiles. Mr. Lamson also stated that the staff was attempting to analyze whether moving the office from the airport would result in additional traffic at Vineyard Haven. Mr. Huss suggested that the staff consider using the Oak Bluffs terminal to handle reservations earlier and later in the season, observing that there is plenty of parking there when the boats are not at the terminal. Mr. Huss also noted that people from Edgartown would then be able to make their reservations at Oak Bluffs and stay out of Vineyard Haven.
In response to a question from Mr. Balco, Mr. Lamson stated that the Authority will keep the reservations office at the Martha’s Vineyard airport until the lease terminates at the end of November. Mr. Balco then asked Mr. Lamson to make certain that the proposed move is widely publicized before making any decision so that island residents know what the future will be. In response, Mr. Lamson stated that the staff was raising the subject at this time to obtain some feedback and that no decision needed to be made this month. But Mr. Lamson observed that the staff will need direction on how to proceed by the Authority’s May 2016 meeting.

Mr. Jones stated that it didn’t make sense at the time to move the reservations office to the Martha’s Vineyard airport and that it doesn’t make a lot of sense now, observing that keeping the airport office is hardly a good use of the Authority’s money. Mr. Lamson noted that part of the problem is that the office is located in the airport’s terminal next to the baggage claim and that employees have to wear jackets to keep warm. Mr. Lamson stated that the staff felt the Authority should find a better location for the reservation clerks and add their counter sales to the transactions that are already being handled by the ticket sellers at the terminals. Mr. Lamson also noted that customers who want to make advance reservations at the Vineyard Haven terminal might be able to use short-term parking spaces which could be located near the end of Water Street.

12. Mr. Lamson then reported that the staff was continuing to work on ways to improve the level of the Authority’s customer service, including coming up with a better way to notify people on the standby list at the Nantucket terminal where they stand on the list so that they don’t have to return to the terminal to meet each ferry. Mr. Lamson stated that the staff was hoping to tie those customers’ places on the standby list to their reservations (or their open tickets) and then send them text messages, while at the same time allowing the customers to see how the list is progressing and where their places are on the list.

13. Mr. Lowell then thanked Mr. Walker for the paint on the stacks of the M/V Eagle, and stated that getting them back to their original color was very nice. Mr. Lamson noted that the Authority’s Nantucket Members, Robert F. Ranney, had called him and asked if it could be done, observing that it was something that was important to the island residents.

Then, at approximately 10:36 a.m., the Port Council unanimously voted to adjourn their meeting that day.

A TRUE RECORD

Robert S. C. Munier, Secretary
MINUTES
OF THE
PORT COUNCIL
OF THE
WOODS HOLE, MARTHA'S VINEYARD
AND NANTUCKET STEAMSHIP AUTHORITY

May 4, 2016

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

Port Council Members present: Chairman; Robert V. Huss (Oak Bluffs); Secretary Robert S. C. Munier (Falmouth) (who participated remotely by telephone conference call); Robert R. Jones (Barnstable); Frank J. Rezendes (Fairhaven); Nathaniel E. Lowell (Nantucket) (who arrived during the discussion regarding the construction of the M/V Woods Hole); and Edward C. Anthes-Washburn (New Bedford).

Port Council Members absent: Vice Chairman George J. Balco (Tisbury).

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

1. After Mr. Huss called the meeting to order at approximately 9:45 a.m., he announced that he had been notified that Mr. Munier desired to participate remotely in today’s meeting because his geographic distance from Woods Hole made his physical attendance that day unreasonably difficult. Mr. Huss stated that he agreed with Mr. Munier and that, as the Port Council’s Chairman, he had determined that Mr. Munier’s physical attendance that day was unreasonably difficult due to his geographic distance from Woods Hole and, therefore, that he may participate remotely in this meeting, which included voting on all matters as well. Mr. Huss noted that Mr. Munier would be doing so by a conference
telephone call that enables him to be clearly audible to each of the other Port Council members, and for each of the other Port Council members to be clearly audible to him. Mr. Huss also announced 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. The Port Council then unanimously voted (with Messrs. Huss, Munier, Jones, Rezendes and Anthes-Washburn voting in favor) to approve the minutes of their meeting in public session on April 6, 2016.

3. Mr. Davis then reviewed with the Port Council a draft of the Authority’s Business Summary for the month of March 2016.

4. Mr. Lamson then reported that the last progress meeting with Conrad Shipyard with respect to the construction of the M/V Woods Hole had taken place on April 27, 2016, and that Mr. Walker, Captain Jackson and himself had attended that meeting in person. Mr. Lamson also reported that Conrad’s revised construction schedule was continuing to show an anticipated delivery date of June 6, 2016 but that Mr. Walker had stated that it is possible that the vessel may be delivered a few days earlier than that, depending on the outcome of sea trials currently scheduled for May 24, 2016. Mr. Lamson also noted that a christening ceremony for the M/V Woods Hole is scheduled to take place at Conrad’s shipyard in Amelia, Louisiana on Friday, May 20, 2016 and that Elizabeth H. Gladfelter, the Authority’s Chairman, will be participating in the event, including the ceremonial breaking of a bottle of champagne against the vessel.

Mr. Walker then gave a slide presentation on the status of the construction of the M/V Woods Hole, showing slides of, among other things:

- A view of the starboard side of the vessel.
- A view of the port side of the vessel.
- A view of the aft exterior passenger seating area.
- A view of the foredeck interior passenger seating area.
- A view of the aft interior passenger seating area.
- A view of the concession area.
- A view of the pilot house, which Mr. Walker stated was a work in progress.
- A view of different areas and void spaces below the freight deck.
- A view of the freight deck looking toward the bow of the vessel.

Mr. Lowell then asked if the Authority were going to wait to paint the various lines on the freight deck until after there is a little more experience with the loading of the vessel, particularly with trucks. Mr. Walker stated that the staff had already done a mock layout of the freight deck with cones in a parking lot to make sure that the deck arrangement can
 accommodate ten 65-foot trucks. Therefore, Mr. Walker reported that they are planning to paint the lines for the five car lanes with 6” white stripes and that the four truck lanes will be delineated by having all of the truck tie-down sockets painted yellow, which will provide a visual cue to the truck drivers. Mr. Walker also stated that arrangements were being made with Conrad to paint the stacks on the M/V Woods Hole in a buff color similar to what was recently added to the M/V Eagle, with a black transition stripe at the bottom and a black cap on top, and to apply a decal with the Authority’s logo on the side of both stacks.

Mr. Walker then reported that all of the work to fix the stormwater runoff problems at the Authority’s Thomas B. Landers Road parking facility was nearing completion and that the staff expected those improvements to be completed before the end of the week.

Mr. Walker then gave a slide presentation on the status of the work at the lot, showing slides of, among other things:

- A view of the newly-installed sand infiltration bed toward the lower end, or east end, of the lot.
- A view of the 36” diameter force main pipe that will be used to move any excess stormwater during heavy rain events from the eastern most end of lot, back up some 732 feet, into the sand infiltration bed for additional holding capacity and better infiltration into the groundwater below.
- A view of the final grading over the sand infiltration bed and the laying of the base asphalt coat.

In response to a question from Mr. Anthes-Washburn, Mr. Lamson stated that all of the modifications were in the process of being completed under a change order to the original construction contract with Lawrence-Lynch Corporation.

Mr. Huss then asked Mr. Lamson if it had been determined who was going to pay for the required modifications. In response, Mr. Lamson stated that it had not yet been determined who will ultimately pay for this work and he suggested that this would be an appropriate matter to discuss in executive session.

Mr. Lamson stated that the comment period in response to the Authority’s application for a Chapter 91 License and a Water Quality Certificate from the Massachusetts Department of Environmental Protection for the Woods Hole terminal reconstruction project was closing that day and that the Authority would be asked to respond to all of the comments that are received. Mr. Lamson then stated that the Department of Environmental Protection would review the Authority’s proposed project and issue a draft license initially, subject to 21-day waiting period, and then hopefully a final license by this summer.

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Mr. Lamson also reported that the Authority had received the Falmouth Harbormaster’s approval, as part of the Order of Conditions issued by the Falmouth Conservation Commission, for the design and installation of a submerged bulkhead immediately offshore to the south of the proposed new slip #1. In response to a question from Mr. Anthes-Washburn, Mr. Lamson noted that the submerged bulkhead would not affect the Authority’s vessels operating into the new slip #1.

7. Ms. Claffey then reported that she and her staff were reducing the list of open items with respect to the upgrade to the Authority’s Maximo computerized maintenance management information system. Ms. Claffey stated that it was taking longer than expected but that they were moving ahead with the upgrade. Accordingly, Ms. Claffey said, the Authority would be scheduling additional training classes that will take place this month for employees who use the system (including the Senior Captains, Senior Chief Engineers and Terminal Managers) so that the Authority can take advantage of the upgraded system, including the use of computer tablets to enter information into Maximo while working on the boats, even though they might not have any connectivity to the system at the time, and that the information will then be recorded automatically in the system when the employees subsequently connect to it.

Ms. Claffey also reported that the Authority is now allowing customers to buy high-speed passenger tickets for the M/V Iyanough on their mobile devices and then simply show their mobile devices to the terminal employees who are collecting tickets as they are boarding the vessel. As a result, Ms. Claffey stated, the Authority will no longer need to scan any customer’s mobile device.

Ms. Claffey then reported that the Authority now has over 42,000 customers who have signed up to receive text messages immediately when they receive matches for their wait list requests and that more than half have opted to have their wait list requests continue to be processed up to 12:00 noon the day before their scheduled sailings, instead of only up to 48 hours before their scheduled sailings with the recent technology improvements that have implemented.

8. Mr. Walker then gave an update on the repairs being made to one of the reduction gears on the M/V Katama. Mr. Walker stated that a new bull gear and two pinion gears had been recently manufactured and shipped from Germany to New Orleans, Louisiana where the entire reduction gear will be rebuilt and then shipped to Fairhaven to be reinstalled in the vessel. Mr. Walker reported that he was looking to have the installation of the rebuilt reduction gear and the U.S. Coast Guard-required sea trials completed by May 16, 2016. In response to a question from Mr. Munier, Mr. Walker stated that he thought the cost of the replacements parts, shipping and labor would be in the vicinity of $250,000.

9. Mr. Walker reported that the dolphin repairs at the Nantucket terminal would be completed within two weeks.
10. Mr. Lamson then summarized the options and recommendations contained in the staff’s preliminary report on the feasibility of providing freight service between New Bedford and Martha’s Vineyard. Mr. Lamson reported that, in the staff’s view, any potential freight service between New Bedford and Martha’s Vineyard should depend on repairs or improvements being made to a suitable pier facility in New Bedford and the subsidization of the operation by an entity or group of entities other than the Authority. Mr. Lamson further stated that, in order to provide the best chances for success, the service should be provided in accordance with the following parameters:

- The service should include two round trips a day on weekdays during approximately a 22-week summer season, with the potential to also operate the service, if the Authority chooses, on weekends and holidays.
- The service should be provided using a suitable freight vessel pursuant to a time charter agreement with a private carrier.
- Reservation and ticketing services should be provided by the Authority for the freight service so that customers traveling to and from Martha’s Vineyard can make reservations in one direction by way of New Bedford and in the other direction by way of Woods Hole.
- The first one-way trip from New Bedford to Martha’s Vineyard should be designated as a “hazardous cargo” trip.
- Customers traveling between New Bedford and Martha’s Vineyard with their vehicles (both trucks and automobiles) should be allowed to make reservations on that route the same way they are able to make reservations on the Authority’s other freight trips.
- The Authority should allow customers traveling with their automobiles to travel standby on the freight trips between New Bedford and Martha’s Vineyard in the same manner that they are able to travel standby on the Authority’s other freight trips.
- The Authority should allow shippers to ship their trucks between New Bedford and Martha’s Vineyard without their drivers if the Authority is assured that each “driverless” truck on the vessel is physically met at the ferry terminal by its driver when the vessel arrives there so that the truck can be immediately driven off the vessel.
- The Authority should establishing the same rates of fare for the New Bedford route as it establishes for the Woods Hole route.
- The service should operate for an initial three-year period, with the potential to extend the operating season if the Authority so chooses.

Mr. Jones stated that the Authority had implemented a freight service between New Bedford and Martha’s Vineyard on a pilot basis in 2000 and 2001 and the staff’s report points out that the Authority lost over $600 per truck carried on that route in the first year and lost around $400 per truck in the second year. Mr. Jones also stated that the pilot program in 2000 and 2001 demonstrated that the service was not economically feasible
and that neither the islands nor the Authority should subsidize the service. Mr. Jones noted that the City of New Bedford and the Town of Falmouth have a right to ask the Authority to divert some of the freight trucks going through the port of Woods Hole to a New Bedford route but that there was no market for such a service and that it needs to be able to stand on its own. Mr. Jones then stated not to forget the Town of Barnstable if the Authority was going to request outside funding for freight service from New Bedford. Mr. Jones wanted to be on the record that if it was fair to subsidize a freight service from New Bedford for the benefit of Falmouth, it should also include a benefit for the Town of Barnstable.

Mr. Jones further stated that the Authority has not lived up to its agreements with the Town of Barnstable.

Mr. Lamson then stated that he had to respectfully disagree with Mr. Jones’ statement that the Authority had not lived up to its agreements with the Town of Barnstable. Mr. Lamson noted that the Authority Members had previously voted to designate the New Bedford State Pier as a preferred location for an off-Cape freight terminal facility and that the Authority’s assurances and agreements to endeavor to return Hyannis freight traffic to a level that does not exceed 1997 freight traffic levels were made subject to reasonable modifications due to legal, engineering, economic and environmental infeasibility.

Mr. Huss stated that the New Bedford to Martha’s Vineyard freight route was not going to work and that, as far as he knows, there is no way to make it work.

Mr. Lowell stated that no one is going to notice a reduction of seven or eight trucks not coming to Woods Hole. Mr. Lowell further stated that the map on the last page showing the proposed route through Quick’s Hole demonstrated how much longer the route would be between New Bedford and Martha’s Vineyard compared to the current Woods Hole route. Mr. Lowell also stated that New Bedford already has high-speed passenger service to Martha’s Vineyard and Nantucket which was being provided in a reasonable manner.

Mr. Anthes-Washburn noted that this feasibility study of providing freight service from New Bedford was not a New Bedford request and that there was already bulk freight being shipped from New Bedford to Martha’s Vineyard by barge. Mr. Anthes-Washburn also stated that the city had recently released a redevelopment plan for the waterfront and the shipment of solid waste trucks through New Bedford does not align with any of the plan’s goals and objectives.

Mr. Lowell then stated that freight service from New Bedford gets looked at as being so simple but in order to be most efficient, all of the service needs to be at the same place.

Mr. Lamson stated that the staff would wait another month or so to see what comments are received from interested parties before finalizing the feasibility report, and that no further action or vote by the Port Council was necessary at this time.
11. Mr. Walker gave a presentation on the proposed *M/V Martha’s Vineyard* mid-life refurbishment project which included, among other items, extending the 02 passenger cabin to enclose the aft stair towers, creating a center island for the restrooms and food concession counter, removing and replacing all of the joiner work in the passenger cabins on the 02 and mezzanine decks, an upgrade of the bow door, the replacement of the ship’s switchboard and emergency switchboard, installation of a third ship service generator, installation of an additional elevator on the port side of the mezzanine deck to the 02 passenger deck, replacement of all exterior windows, relocation and replacement of the rescue boat and davit, complete sandblasting and recoating of all exterior surfaces and the freight deck, water blasting and recoating the void spaces as necessary, installation of a new Marine Evacuation Slide system (MES), upgrade of the steering system controls, the replacement of steel plating as necessary, pilothouse modifications and an increase of interior and exterior passenger seating on the vessel.

In response to a question from Mr. Lowell, Mr. Walker stated that it would be a huge undertaking to bring the engine exhaust up through the stacks and it would require taking away space on the freight deck and in the passenger seating areas. Mr. Huss suggested that the staff look at relocating a stanchion located portside aft on the freight deck which makes it a very tight squeeze for the loading and unloading of average-sized vehicles down the side wing lane. In response to a question from Mr. Huss, Mr. Walker stated that all of the restrooms currently located on the mezzanine decks will be moved to the 02 passenger deck to make room for more seating on the mezzanine decks. In response to a question from Mr. Jones as to the need to replace the pilothouse, Mr. Walker stated that it needs new joiner work, flooring, a new console for added equipment and new windows and supports. Mr. Walker explained that, in order to save time, the pilothouse could be fabricated beforehand and installed when the vessel arrives at the shipyard.

Mr. Walker stated that a number of shipyards, from New England to the Gulf Coast, have expressed interest in bidding on the project. In response to a question from Mr. Munier, Mr. Walker stated that Gilbert Associates of Boston, Massachusetts was preparing the plans and specifications for the bid package. Mr. Walker also stated that the Invitation for Bids would be issued by no later than June 1, 2016 and that the bid opening was being scheduled for July 8, 2016 so that the award of a contract to the lowest eligible and responsible bidder could be voted at the Authority meeting that is currently scheduled for July 19, 2016.

The Port Council then unanimously voted (with Messrs. Huss, Munier, Jones, Rezendes, Lowell and Anthes-Washburn voting in favor) to recommend that the Authority proceed with an Invitation for Bids for the mid-life refurbishment of the *M/V Martha’s Vineyard* as proposed by management.

12. Mr. Lamson then presented management’s recommendation to relocate the Authority’s Reservation Office at the Martha’s Vineyard Airport to the Vineyard Haven terminal (and the Oak Bluffs terminal during the summer schedule) after the Authority’s lease with the Martha’s Vineyard Airport Commission expires on November 30, 2016. Mr. Lamson stated that the crews’ quarters on the second floor of Vineyard Haven terminal, which are
no longer utilized, could be converted to office space for use as a replacement for the current call center space at the airport. In addition, Mr. Lamson stated that over-the-counter transactions could be handled at the respective ticket offices in Vineyard Haven and Oak Bluffs, since the number of transactions by reservation clerks at the airport counter had dropped to an average of only 40 per day last summer with more Martha’s Vineyard residents now making their vehicle reservations online or by telephone.

Mr. Lamson further noted that there had not been a lot of press coverage regarding this proposal and that, as a result, he had heard from only one resident of Martha’s Vineyard about it. Mr. Huss then suggested that earlier hours be considered for reservation activities at the Oak Bluffs terminal.

The Port Council then unanimously voted (with Messrs. Huss, Munier, Jones, Rezende, Lowell and Anthes-Washburn voting in favor) to recommend that the Authority’s reservation office on Martha’s Vineyard be relocated to the Vineyard Haven terminal after the Authority’s current lease at the Martha’s Vineyard Airport expires on November 30, 2016, as proposed by management.

13. 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 2015 calendar year, noting that the methodologies used in the analysis were the same as those that have been used for the previous eleven years.

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

(a) In 2015, total vessel operating costs increased by $515,000, or 2.1%; total indirect non-vessel costs increased by $1,200,000, or 5.2%, principally due to the cost of dry-dock expenses for the M/V Governor and the M/V Island Home, the cost of traffic circulation improvements at the Vineyard Haven terminal, and higher depreciation expenses in connection with recent improvements to the Authority’s offsite parking lots located on Palmer Avenue and on Thomas B. Landers Road in Falmouth; and, as a result, the overall cost of service for the Martha’s Vineyard route increased by $1,715,000, or 3.6%, from 2014.

(b) The total number of trips operated increased by 189 in 2015, with a total capacity for the year increasing by 6,300 car-equivalent unit spaces. The number of spaces occupied increased by 13,187, 2.2%, from 2014, resulting in an increase of the occupancy rate from 80.8% in 2014 to 81.9% in 2015.

(c) The estimated cost of a car-equivalent unit space was $51.35 in 2015, down from $52.32 in 2014. On average, automobiles covered 94.4% of their allocated cost of service, with the standard fare automobiles covering 125.9% and excursion fare automobiles covering 38.9%. By comparison, on average, trucks covered 111.7% of their allocated cost of service.
With respect to the Nantucket Route, Mr. Davis noted that:

(a) In 2015, total vessel operating costs decreased by $174,000, or 1.1%, primarily due to a decrease in dry-dock and fuel expenses; total indirect non-vessel costs increased by $1,022,000, or 9.5%, principally due to the cost of dock and dolphin repairs at the Nantucket terminal; and, as a result, the overall cost of service for the Nantucket route increased by $848,000, or 3.3%, from 2014.

(b) The total number of trips operated increased by 149 in 2015, with a total capacity for the year increasing by 6,150 car-equivalent unit spaces. The number of spaces occupied increased by 8,328, or 4.9%, from 2014, resulting in an increase of the occupancy rate from 82.7% in 2014 to 84.2% in 2015.

(c) The estimated cost of a car-equivalent unit space was $113.16 in 2015, down from $117.35 in 2014. On average, automobiles covered 134.8% of their allocated cost of service, with the standard fare automobiles covering 171.0% and excursion fare automobiles covering 48.0%. By comparison, on average, trucks covered 102.8% of their allocated cost of service.

Mr. Lamson noted that, over the past ten years, the allocated revenues and cost of service for the Martha’s Vineyard route represented 57.3% and 57.2%, respectively, of the Authority total operating revenues and cost of service, whereas the allocation of revenues and cost of service on the Nantucket route were 42.7% and 42.8%, respectively, of the Authority’s overall operating revenues and cost of service, observing 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.

14. Mr. Parent then reviewed with the Port Council the process and form that the staff was proposing be used by the Port Council and the Authority Members at their June meetings when evaluating the performance of the General Manager over the past year. Mr. Parent noted that the form, which is the same as the previous year’s performance evaluation form, had been updated to include the General Manager’s ten goals for the past year. Mr. Huss stated that all of the Port Council members’ individual performance evaluations should be forwarded to him and that he will then prepare the Port Council’s consolidated evaluation of the General Manager’s performance over the past year and present it to the Authority Members for their consideration at the Authority meeting on June 21, 2016.

Mr. Jones inquired into what had happened with the subcommittee, consisting of Port Council members and Authority Members, which was supposed to come up with a different evaluation form for this year. Mr. Huss responded that the idea had not been pursued and that a subcommittee was never formed.
Mr. Davis then reported that, at the next Authority meeting, the staff would be seeking the appointment of RSM US LLP (formerly known as McGladrey LLP) as the Authority’s independent auditors for the years ending December 31, 2016, 2017 and 2018. Messrs. Huss and Jones recounted how they had recently attended a presentation by RSM on the results of their 2015 audit of the Authority’s financial statements and how impressed they were with the extensiveness of their work, including a review of the Authority’s information technology general controls.

The Port Council then unanimously **voted** (with Messrs. Huss, Munier, Jones, Rezendes, Lowell and Anthes-Washburn voting in favor) to recommend that the Authority Members reappoint RSM US LLC as the Authority’s independent auditors for the years ending December 31, 2016, 2017 and 2018, as proposed by management.

Then, at approximately 11:28 a.m., the Port Council unanimously **voted** (with Messrs. Huss, Munier, Jones, Rezendes, Lowell and Anthes-Washburn voting in favor) to adjourn their meeting that day.
MINUTES
OF THE
PORT COUNCIL
OF THE
WOODS HOLE, MARTHA’S VINEYARD
AND NANTUCKET STEAMSHIP AUTHORITY

June 1, 2016

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

Port Council Members present: Chairman; Robert V. Huss (Oak Bluffs); Vice Chairman George J. Balco (Tisbury); Secretary Robert S. C. Munier (Falmouth); Robert R. Jones (Barnstable); Frank J. Rezendes (Fairhaven); and Nathaniel E. Lowell (Nantucket).

Port Council Members absent: Edward C. Anthes-Washburn (New Bedford).

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

1. After Mr. Huss called the meeting to order at 9:30 a.m., the Port Council unanimously voted to approve the minutes of their meeting in public session on May 4, 2016.

2. Mr. Lamson then reviewed with the Port Council the Authority’s operations over the Memorial Day weekend, observing that things went pretty well, especially considering how busy the Authority was over the weekend. With respect to operations on the Nantucket route, Mr. Lamson noted that the Authority had chartered SeaStreak’s vessel (the M/V SeaStreak Wall Street) to provide an additional trip from Nantucket to Hyannis on Monday before it returned to Nantucket later that day to make its return trip to New
York, and that the Authority’s ferries were pretty much sold out all day on their trips from the island. Mr. Lamson observed that the staff had been concerned about whether the Authority would be able to handle all of the traffic demand that day due to the delay in the delivery of Hy-Line’s new ferry and the fact that the *M/V Great Point* is no longer providing service on the route, but he stated that the Authority kept things moving along pretty well.

In response to a question from Mr. Lowell, Mr. Rozum stated that, although the passenger counts have not yet been audited, SeaStreak’s vessel carried 387 passengers that day, that there were passenger cutoffs on the *M/V Eagle*’s 12:00 noon trip (which carried 778 passengers with 150 people turned away) and on the *M/V Nantucket*’s 2:45 p.m. trip (which carried 650 passengers with 50 people turned away). Mr. Rozum also observed how time sensitive the Authority’s passenger traffic is, noting that, while that day the *M/V Nantucket*’s 9:15 a.m. trip and the *M/V Eagle*’s 5:30 p.m. trip had carried 664 and 466 passengers, respectively, the *M/V Eagle*’s 6:30 a.m. trip had carried only 362 passengers and the *M/V Nantucket*’s 8:00 p.m. trip had carried only 63 passengers.

Mr. Rozum stated that there had been a similar trend on the Martha’s Vineyard route, and that a couple of trips off-island in the morning had a thousand passengers on them because many people left the island in the morning due to the weather. Mr. Rozum also noted that, while the number of cars parked in the Authority’s Falmouth parking lots over the Memorial Day weekend had increased by only 1% this year, revenues from those lots over the weekend had increased by 30%, which meant that the cars stayed longer in the lots this year. Mr. Rozum stated that these figures were consistent with other statistics showing that more people arrived at the lots on Friday instead of Saturday this year than the previous year. By contrast, Mr. Rozum said, the number of cars parked in the Authority’s Hyannis parking lots over the Memorial Day weekend had increased by 11%, while the revenues from those lots over the weekend had increased by 15%.

In response to another question from Mr. Lowell, Mr. Rozum stated that, in addition, the *M/V Iyanough* had pretty much operated at capacity on Memorial Day, carrying between 365 passengers and 380 passengers on each of its trips from the island. Mr. Lowell then asked Mr. Rozum to provide this information to Melissa Murphy, the Director of Culture and Tourism for the Town of Nantucket. In response, Mr. Rozum stated that he would provide the information after he receives the audited numbers and that he would also provide her with Hy-Line’s passenger counts for the weekend, which the Authority should receive by June 10th.

Mr. Lowell then asked Mr. Rozum whether he expects that the Authority will see the same traffic demand on July 4th. In response, Mr. Rozum stated that there might be less demand from the island on that day, as many people might stay on Nantucket for the entire week instead of returning home after a long holiday weekend.

Mr. Lamson reported that Hy-Line’s Vice President of Operations R. Murray Scudder, Jr. had informed him that Hy-Line’s new boat, the *M/V Grey Lady IV*, will not commence service on the Nantucket route until August 1st. Mr. Lamson noted, however, that Hy-
Line’s website still allows the public to make reservations on that boat during the month of July (indeed, even over the July 4th weekend) even though it will not be in service then. Mr. Lamson also stated that the staff will continue to monitor the passenger traffic on that route and, if necessary, take extra steps to ensure that there is enough capacity on that route to meet the demand. In this regard, Mr. Lamson stated that Hy-Line was looking for another vessel to provide additional service on the inter-island route during the month of July and that Mr. Scudder had advised him that Hy-Line would be submitting a proposal to the Authority within the next two weeks about how it plans to provide service through July.

Mr. Huss stated that the only complaint he had received from Martha’s Vineyard residents about the delayed delivery of Hy-Line’s ferry was that they are still not able to take a day trip to Nantucket. Mr. Lowell also stated that he did not think there would be any need for the Authority to charter another boat to make extra trips during the months of June and July, except possibly the July 4th weekend, and that the passenger traffic was going to spread out and take care of itself, with the M/V Iyanough carrying a few more passengers than it carried last year.

3. Mr. Davis then reviewed with the Port Council the Authority’s Business Summary for the month of April 2016. In response to a question from Mr. Balco, Mr. Davis stated that the Authority had extended its fuel price hedging program through the first six months of 2017, but that the Authority’s consultant had recommended that the Authority hold off for the moment extending it any further. Mr. Davis also confirmed that the current price of vessel fuel is still lower than the Authority’s cap price for this time period.

4. Mr. Lamson then reported that the M/V Woods Hole had left Louisiana around 8:30 p.m. the previous night, that it was on its way to the Authority’s Vessel Maintenance Facility in Fairhaven, and that the trip will take five or six days depending upon weather and sea conditions. Mr. Lamson also reported that there had been a christening ceremony for the vessel on May 20th with Authority Chairman Elizabeth H. Gladfelter, Mr. Walker and himself, as well as officials from Conrad Shipyard and the United States Coast Guard, in attendance at the shipyard.

Mr. Lamson stated that the Authority was also planning a commissioning ceremony for the vessel at 11:00 a.m. on June 13th, followed by an open house until 1:00 p.m. and then another open house in Vineyard Haven from 2:00 p.m. to 3:30 p.m. Mr. Lamson further stated that the vessel would go to Nantucket the following day for another open house from 1:00 p.m. to 2:30 p.m., that each night it would tie up in Fairhaven, and that there were no plans to take it to Hyannis this month.

In response to Mr. Lowell’s question as to whether the open house on Nantucket will be “big fluff” or “little fluff,” Ms. McHugh stated that it would be medium size. Mr. Lowell also noted that it will be a work day that day and that the 1-½ hours the vessel will be docked there should be sufficient time for people to see it. Mr. Lamson also stated that the Authority will be advertising the commissioning ceremony and open houses in the
local newspapers, including the *Falmouth Enterprise*. Finally, Mr. Lowell suggested that the Authority might want to have another event on Nantucket in September when the vessel begins providing service on the Nantucket route, although he acknowledged that it will not be able to stay at the dock for a long period of time because it will then be operating on a regular schedule.

Mr. Walker then gave a slide presentation, showing several slides of the exterior of the vessel:

- A view of the vessel away from the dock. Mr. Walker noted that, during the one-day shakedown leaving the shipyard, the vessel was a little light and had between 8.5 and 9 feet of draft.
- A view from the pilot house during the vessel’s sea trials. Mr. Walker stated that there was some wake when the vessel was sailing at 14.5 knots, but that it was a very smooth ride.
- Another view aft from the pilot house, showing the visibility that the vessel’s Captain will have. Mr. Walker stated that the vessel sailed at 16.4 knots with a 94% load on the engines, and that it will approach a 100% load when the vessel is loaded with ten 100,000-pound trucks. Mr. Walker also stated that the “crash test” had gone well, and that the vessel stopped within 1.5 to two boat lengths. Indeed, Mr. Walker said, with a hard left or hard right maneuver, the vessel stopped within one boat length.
- Mr. Walker also stated that Senior Captain Albert Brox was also on board the vessel during the sea trials and that he was very happy with its performance. Mr. Walker further reported that Captain Brox, who has been at the shipyard for a couple of months, and Senior Chief Engineer John Stanton, who has been there for six months, have done a great job.
- In response to a question from Mr. Munier, Mr. Walker stated that it was difficult to estimate what the vessel’s fuel consumption rate is, but that it appeared the vessel was consuming around 150 gallons per hour when sailing at 13 knots.

After Mr. Munier offered his congratulations and observed that the vessel looks good, he asked about the status of the negotiations with respect to Conrad’s liability for liquidated damages due to the delay in the vessel’s delivery date. In response, Mr. Lamson stated that, since the last Port Council meeting, the staff has received some documentation from Conrad in support of its claim that cites three suppliers. Mr. Lamson further stated that the staff was going to review that documentation and make a recommendation to the Authority Members at the next Authority meeting in executive session.

Mr. Lamson reported that the Authority’s application for a Chapter 91 license and water quality certificate in connection with the Woods Hole terminal reconstruction project remained pending before the Massachusetts Department of Environmental Protection, that the deadline for the public to submit comments on the Authority’s application had passed, and that the Authority had received copies of all of those comments the prior week. Mr. Lamson noted that the Authority has until June 17th to respond to those comments, but that the staff hoped to submit its responses before that date. Mr. Lamson

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stated that DEP will then start its technical review of the Authority’s application and issue a draft license later this summer.

Mr. Sayers also reported that the Authority had filed its application for a variance from the Massachusetts Architectural Access Board with respect to the 24-foot gangways that will be located on the terminal’s piers for side passenger loading onto the Authority’s larger ferries. Specifically, Mr. Sayers said, the Authority will need a variance for those gangways so that they can be steeper than the maximum slope for ramps (1:12) during high-tide conditions.

Finally, Mr. Sayers reported that the Authority had also filed its application for a variance from the State Appeals Board so that the first floor elevation of the temporary terminal building can be lower than the 13-foot base flood elevation for the site. Mr. Sayers noted that, although the Authority cannot yet file its application for a variance for the first floor elevation of the new terminal building so that it can be lower than 16 feet above sea level (because the State Building Code has not yet been amended to require the building’s first floor elevation to be two feet plus the necessary one-foot of freeboard height above the 13-foot base flood elevation), the staff was planning to discuss the Authority’s future need for this additional variance during the hearing on its application for a variance for the temporary terminal building.

6. Ms. Claffey then reported that the Authority was continuing to work with its consultant, Aquitas, to finalize the upgrade of the Authority’s Maximo computerized maintenance management information system, and that the only item left was to configure and deploy computer tablets so that they can be used by the Authority’s Senior Captains, Senior Chief Engineers, and a small core group of supervisors. Ms. Claffey also noted that the Authority was creating a work order approval module to provide more flexibility and streamline the work order approval process. In response to a question from Mr. Huss, Ms. Claffey stated that 25 computer tablets had been purchased and that, after the tablets are deployed, they will be assigned to particular vessels and used by whichever Captains and Chief Engineers are working on those vessels, just as the Authority currently assigns laptops to be used on particular vessels.

7. Mr. Lowell suggested that the Authority should try to implement a system as quickly as possible that allows people to make passenger reservations on the Authority’s traditional ferries and then counts people (by scanning or using visual boarding) as they board the ferries. In response, Mr. Lamson stated that the staff had discussed this subject and agreed that e-boarding would be easier for both the Authority and the traveling public. But Mr. Lamson observed that many issues still had to be worked out due to differences between the Authority’s routes, the number of boats and trips, and the possible need for two lines (one for passengers with reservations and one for those without reservations). Nevertheless, Mr. Lamson stated that the staff would continue to work on such a system, particularly for traditional ferry trips on the Nantucket route.
8. Ms. Claffey then reported that the Authority now has over 50,000 customers who have signed up to receive text messages immediately when they receive matches for their wait list requests and that most of them have chosen to have their wait list requests continue to be processed up to 12:00 noon the day before their scheduled sailings.

9. Ms. Claffey reported that the new visual boarding system the Authority has implemented for the M/V Iyanough already has become very popular. Mr. Rozum noted that customers who use the e-boarding system receive an email one-half hour before their reserved sailing time and that the email contains a link that the customers can click on to activate their boarding passes. As a result, Mr. Rozum said, around 30% of the customers traveling on the M/V Iyanough are buying their high-speed passenger tickets on their mobile devices and then simply showing their mobile devices to the terminal employees who are collecting tickets as they are boarding the vessel, while another 30% are having their e-tickets scanned. After Mr. Rozum also reported that this new visual boarding process was being very well received, Mr. Huss agreed, saying that he was amazed by the number of people who were already using it when he traveled on the M/V Iyanough the previous month to attend the Authority meeting on Nantucket. Ms. Claffey also noted that Ms. McHugh was promoting the new visual boarding system as “Show and Sail.”

10. Mr. Lamson then reported that, before the Memorial Day weekend, Lawrence-Lynch Corp. had completed the improvements to fix the stormwater runoff problems at the Authority’s Thomas B. Landers Road parking facility, but that there had not yet been a rain event significant enough to test the improvements. In response to a question from Mr. Balco, Mr. Rozum stated that the parking lot had been full over the Memorial Day weekend with around 1,800 cars.

11. Mr. Lamson reported that the staff had changed its plans with respect to how to proceed with the M/V Martha’s Vineyard mid-life refurbishment project after having received approval for the project at the last Authority meeting, and that the change in plans had been prompted when, due to the long lead times for certain owner-furnished equipment, he had been asked whether the Authority could award contracts for that equipment prior to the award of the shipyard contract. Ultimately, Mr. Lamson said, the staff realized that the Authority was running out of time to accomplish the entire project and have the vessel back in line service by next spring. Therefore, Mr. Lamson stated that the staff now planned to have only the dry-dock work performed this fall, including the required hull work, keel cooler replacements, and painting of the exterior of both the hull and superstructure. Mr. Walker stated that the work would also include the overhaul of the bowthruster, the foundation work for the third generator, and the installation of the new rescue boat and davit.

Mr. Lamson stated that then, around January 2017, the Authority would award the contract for the remaining work, all of which can be accomplished without dry-docking the vessel, which he observed should result in more shipyards submitting bids for the contract and potentially better prices. Mr. Lamson also stated that awarding the second contract at that time will also allow the shipyard to order all of the equipment so that it
will be on hand when the vessel is delivered to the shipyard the following fall. In response to a question from Mr. Munier, Mr. Lamson stated that this would eliminate the need to have any owner-furnished equipment and that the contract would require the shipyard to provide all of the equipment needed for the project.

In response to another question from Mr. Munier, Mr. Walker stated that he had not yet estimated how much each of the phases would cost, but that a normal dry-docking would cost around $1,000,000. Therefore, Mr. Walker said, his guess was that the first phase of the project would cost somewhere between $1,000,000 and $2,000,000. Mr. Lamson noted, however, that completing the project in these two phases should not increase the cost estimate that the Authority already has received for the project, especially since it might increase the number of shipyards who bid on the project and give them more time to schedule it. In response to a question from Mr. Huss, Mr. Walker stated that the item with the longest lead time will be the vessel’s new doors.

Mr. Lamson then reported that the change in plans for the *M/V Martha’s Vineyard* mid-life refurbishment project allows the Authority to revise its vessel maintenance and repair schedule for the upcoming fall, as there will now be an opportunity to bring the *M/V Woods Hole* into repair from December 8, 2016 through January 3, 2017. As a result, Mr. Lamson said, the staff is proposing to change the 2016 Fall Operating Schedule for the Martha’s Vineyard route that already has been approved.

Specifically, Mr. Lamson stated that the staff was now proposing to maintain the approved 2016 Fall Operating Schedule for the Martha’s Vineyard route from October 12, 2016 through December 7, 2016, the time period that the *M/V Woods Hole* will be assigned as the freight boat on that route, and that during this time period the *M/V Woods Hole*’s first trip from Woods Hole would be at 5:30 a.m. However, after the *M/V Woods Hole* is replaced on that route by the *M/V Gay Head* on December 8, 2016, the staff was recommending that the *M/V Gay Head*’s first trip from Woods Hole be at 6:15 a.m. instead of 5:30 a.m., because trucks will have to back up to be loaded onto the *M/V Gay Head*. Mr. Lamson further stated that both vessels would continue to be double-crewed during this time period, and that the *M/V Gay Head*’s schedule will be similar to the freight boat’s trips during the Authority’s winter operating schedule.

The Port Council then unanimously voted to recommend that the Authority Members approve the revised 2016 Fall Operating Schedule for the Martha’s Vineyard route as proposed by management.

Mr. Davis then reviewed with the Port Council the staff’s proposed 2017 Budget Policy Statement. Mr. Munier observed that, since he became a Port Council member, the Authority’s financial performance has repeatedly exceeded budget expectation by large margins, and he asked whether the Authority’s budget projections have been more accurate in the past and whether any changes should be made to the budget process so that they more accurately predict the Authority’s financial performance in the future.
In response, Mr. Davis stated that, because the staff had not proposed any rate increases during last year’s budget process, he did not scrutinize the expense projections as closely as he had in previous years. As a result, Mr. Davis said, there were expense items included in this year’s budget that already had been completed in 2015 and other expenses that more appropriately should have been included in the Capital Budget. But Mr. Davis stated that these items will be corrected in the staff’s proposed 2017 Operating Budget and that the greatest uncertainty will be how much the Authority will spend on vessel fuel oil during the year, although he noted that the financial risk already had been mitigated by having extended the Authority’s fuel price hedging program through the first six months of 2017.

Mr. Balco also observed that, in his experience, the Authority’s approach to its budget process had been very cautious and that, as a result, it works very well during bad economic times. Mr. Huss further noted that the Authority’s fuel price hedging program had eliminated much of the uncertainties in the budget process, and he recounted how, before that program had been implemented, the Authority had to raise rates during the middle of 2008 in order to cover the increased cost of fuel. The Port Council then unanimously voted to recommend that the Authority Members adopt the 2017 Budget Policy Statement as proposed by management.

The Port Council agreed that, as in past years, Mr. Huss would prepare the Port Council’s consolidated performance evaluation of the General Manager and that Mr. Huss would present it to the Authority Members for their consideration at the next Authority meeting. The Port Council members then gave their individual evaluations of Mr. Lamson’s performance over the past year.

Mr. Huss stated that, as he feels almost every year, it seems that Mr. Lamson walks on water. Mr. Huss also observed that, although some of Mr. Lamson’s goals had not been completed, those results were not Mr. Lamson’s fault and that his performance should not be judged on them. Rather, Mr. Huss said, Mr. Lamson had done an excellent job and was continuing to do so, and that his staff and the entire organization appeared to have improved and was working well together. Finally, Mr. Huss noted that he receives only positive comments from the public about all aspects of the Authority.

Mr. Lowell stated that it was very simple, namely, that if it were not for Mr. Lamson, things would not be so unanimous and that, while nobody is perfect, Mr. Lamson is damn close. Mr. Lowell stated that he also appreciated how the staff was congenial and how Mr. Lamson had staff meetings every week, observing that the Authority feels like a family, that everyone knows each other, and that there is always somebody to call, all of which are unusual in a public entity. Mr. Lowell further stated that he did not consider the delay in the delivery of the M/V Woods Hole to be an issue, as it was a very complicated project, and he suggested that the Authority schedule the delivery of its next vessel for September so that no one will care if it arrives a few months late. Ultimately, Mr. Lowell said, the important thing is that the Authority is receiving the right product, which is a huge move forward for both islands. Finally, Mr. Lowell commended the staff.
and observed that, while he does not agree with everything they do, everything was damn close to being perfect.

Mr. Munier observed that he had to balance his feelings with the analytical approach required by the form used to evaluate Mr. Lamson’s performance, but that the bottom line is really the same. Indeed, Mr. Munier said, he felt that there was something wrong with the form because, if the form’s procedures were strictly followed, the fact that a couple of Mr. Lamson’s goals were either not met or only partially met would preclude him from receiving a 90% to 95% rating that Mr. Munier believed he deserved. Mr. Munier also noted the second part of the form similarly required Mr. Lamson to walk on water in order to obtain a rating greater than 80%. Nevertheless, Mr. Munier acknowledged that there is some merit in looking at those objects and seeing what was achieved.

Mr. Munier then stated that he thought the Authority should be very businesslike in finalizing its approach with Conrad Shipyard and that, even assuming the Authority is happy with the vessel, there should still be some recognition that it was delivered late. Mr. Munier also noted, while Mr. Lamson was not at fault for the problems with the Thomas B. Landers Road parking facility, the buck stops there; and that while he loves receiving reports for several years in a row showing that the Authority’s financial performance is far better than projected, that probably indicates that the projections are not accurate enough.

Nevertheless, Mr. Munier stated that his bottom line was the same as the other Port Council members, namely, that Mr. Lamson was doing a great job, and he observed that the Authority was managed so well because of the integrity with which Mr. Lamson operates, his team, and the fact that the Port Council and Authority Members are provided with the facts they need to assess things.

Mr. Jones stated that he agreed with everything that had been said and that he was not overly enthusiastic with the performance evaluation form itself. Mr. Jones also stated that Mr. Lamson’s performance should receive at least a 95% rating, that he works in a professional and timely manner, and that the delays which have been encountered were beyond his control, observing that the Authority’s numerous ongoing capital projects had required extra effort by both Mr. Lamson and the staff. Further, Mr. Jones said, it has been Mr. Lamson’s leadership and exemplary performance that has ensured that all of the work has gotten done. Finally, Mr. Jones stated that he was also more than comfortable to recommend that Mr. Lamson be given a meritorious raise in whatever amount the Authority Members may determine, and that he felt the staff similarly deserved high marks because Mr. Lamson could not succeed without them.

Mr. Rezendes then stated that he similarly agreed with 99% of what had been said, although he had used different words to describe Mr. Lamson’s performance. Indeed, Mr. Rezendes said, Mr. Lamson’s general performance had been better than expected, especially considering the myriad of unfinished projects that required his attention. In these circumstances, Mr. Rezendes observed that an 80% rating for the completion of his goals was quite respectable. Mr. Rezendes further stated that he felt Mr. Lamson
deserved at least a 90% rating on all of the elements of management, which he noted was higher than most managers. Finally, Mr. Rezendes declared that Mr. Lamson’s overall performance and management of the Authority were close to perfection.

Mr. Balco stated that he wanted to briefly add his praise for Mr. Lamson’s performance and that, when going through the performance evaluation form, Mr. Lamson repeatedly scored at the top or close to the top of each category. Mr. Balco noted that Mr. Lamson does a very good job and has gathered a team that also does a very good job. Mr. Balco also stated that Mr. Lamson has been excellent in communicating and responding to the number of public concerns and questions that have arisen this past year in a very detailed and positive manner, which Mr. Balco observed was extremely rare, if nonexistent, in the public sector. Finally, Mr. Balco declared that Mr. Lamson had done an excellent job.

In response, Mr. Lamson thanked the Port Council members for all of their feedback and noted that he and the staff strive for continuous improvement because nothing is perfect. Mr. Lamson noted that he receives comments from Authority customers every day and that those comments are distributed to the appropriate department heads. Mr. Lamson observed that everyone on the staff is dedicated to paying attention to all of the details of this organization, and that they were a great group.

Woods Hole Community Association Co-President Catherine Bumpus also observed that Mr. Lamson has been quite available for public comment, which is appreciated, and she recounted how she had participated in a meeting the prior week with Mr. Lamson as well as Mr. Rozum and Woods Hole Terminal Manager Kevin Smith that was a good communication effort. Mr. Lamson then noted that the meeting was prompted due to a car carrier that had arrived at the terminal with no advance notice and had proceeded to unload its cars on the road. Mr. Lamson observed that the staff is still discussing how the staff can address these types of situations so that they do not impact the Authority’s neighbors.

Mr. Rezendes recounted how he and New Bedford Authority Member Moira E. Tierney had attended a reception on May 16, 2016 that was held by SeaStreak, LLC to celebrate the start of the passenger ferry service between New Bedford and Nantucket, and that they had ridden on the M/V Whaling City Express around New Bedford harbor with a number of public officials, including New Bedford Mayor Jonathan F. Mitchell and State Representative William M. Straus.

Then, at approximately 10:59 a.m., the Port Council unanimously voted to adjourn their meeting that day.

A TRUE RECORD

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Robert S. C. Munier, Secretary