MINUTES:

Steamship Authority Members'
Meeting of Dec. 17th/87
At Woods Hole

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Thurs., Dec. 17th/87

NOTE TO NEWSMEN: Following should be helpful in your coverage of today's meeting of Steamship Authority Members. Press questions will be fielded by the Members and management at the close of the open session. Happy Holidays!!!

The Members: Chairman James H. Smith of Falmouth;
Vice Chairman Bernard D. Grossman of Nantucket; and
Secretary Robert L. Stutz, of Dukes County

The Financial Advisory Board: William R. Andrews of Falmouth;
Norman F. Beach of Nantucket; and
Robert C. Murphy of Dukes County

Management personnel most likely to speak: General Manager Ronald G. Eastman; Treasurer/Comptroller Wayne C. Lamson; Asst. General Manager Donald L. Hoffer; Operations Manager Phillip J. Parent and Diane M. Speers, marketing supervisor. Counsel Laurence S. Fordham (Boston) may also speak.

An executive session could be called to discuss a legal opinion sought by the Members; potential real estate acquisition; and union negotiations.

Public agenda:

1: Election of Officers for 1988
2: Review of minutes of Nov. 19th/87
3: Action on bills: $4,945.48 to Fordham & Starrett (Boston) for October
$2,668.46 to Fordham & Starrett for November legal services
$293.25 to Taylor Risk Management (Marion) re insurance
$3,277.50 to Paris, Fagan, Goldrick & McManus (Falmouth)
4: Action on bids sought
5: Status report on M/V Eagle
6: Report of Treasurer: Financing Eagle's construction
On safe harbor lease
On food service improvements
7: Report of General Manager: On sale of S/S Naushon
On request of Hy-Line
On proposed change in '88 summer schedule
On "preferred reservations for islanders"
On Harvard Business School's executive program

Traffic Update: Year-long traffic records have already been set in all four categories.

From Jan. 1st through Dec. 7th, 1,880,302 passengers were carried overall. That's up 8% over last year's record. On Vineyard runs (1,485,654 persons) the increase is 7.4%. On Nantucket runs (376,064) the increase is 9.6%. (Balance of passengers were carried inter-island.)

Autos carried (309,630) up 8% overall; up 7.9% on Vineyard runs (257,976 autos) and up 8.4% on Nantucket runs (51,494). Trucks carried (81,063) up 10.9% overall--up 10.1% on Vineyard runs (57,324) and up 12.6% on Nantucket runs (23,715).

Freight carried (324,640.4 tons) up 13.1% overall--up 10.9% on Vineyard runs and up 16.8% on Nantucket runs.

STEAMSHIP AUTHORITY MEMBERS' final meeting of 1987 took place at Woods Hole on Dec. 17th under the Chairmanship of James H. Smith, the Falmouth Member. The open meeting began at 10:30 a.m. promptly.

Present were the three Members: Mr. Smith; Vice Chairman Bernard D. Grossman of Nantucket and Robert L. Stutz of Dukes County, Secretary, completing his first year as Member.

William R. Andrews of Falmouth and Robert C. Murphy of Dukes County were present as Financial Advisory Board members but Norman F. Beach of Nantucket was unable to attend.

Management personnel present were: General Manager Ronald G. Eastman; Treasurer/Comptroller Wayne C. Lamson; Assistant General Manager Donald L. Hoffer; Diane M. Speers, supervisor of marketing; and Ray Martin, public information officer and recording secretary to the Members. Attorney Laurence S. Fordham was present for both public and executive sessions.

Attending the public session only--in addition to area newsmen--were: Tisbury Selectman Suzan Custer; Falmouth Selectmen John Gumbleton and Raymond Labossiere; Dukes County Commissioner Robert T. Morgan; Nancy Johnson, president of the Falmouth Chamber of Commerce; Steve Hibbard of the Bank of Boston; Attorney Richard Olson of Palmer/Dodge, bond counsel to the Authority; Ms. Ann Scriver of the Martha's Vineyard Commission; Attorney Joan Ioge (representing, she said, the Martha's Vineyard Chamber of Commerce); Captain James Hocking and Chief Engineer Howard Foster.

Public agenda: 1: Election of officers for 1988
2: Action on minutes of Nov. 19th meeting
3: Action on bills
4: Action on bids sought
5: Status report on M/V Eagle
6: Report of Treasurer Wayne C. Lamson
--on financing M/V Eagle's construction
--on safe harbor lease
--on food service
--on Hy-Line request
7: Report of General Manager Ronald G. Eastman
--on sale of S/S Naushon
--on 1988 summer schedule
--on preferred reservations for islanders
--on Harvard School of Business program
--on employee bonuses
--on Acting General Manager

An executive session would go into the legalities of "preferential treatment" for islanders; C.E. Maguire negotiations; real estate opportunities and labor relations matters concerning the National Maritime Union and the Masters, Mates & Pilots union.

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What follows is a compilation of Members' decisions:

ITEM #1 (Elections): Mr. Smith pointed out that, under law, Chairmanship for 1988 would rotate automatically to the Nantucket Member, Mr. Grossman, who served throughout 1987 as Vice Chairman.

Mr. Grossman moved (seconded by Mr. Smith) that Mr. Stutz move up to Vice Chairman. The VOTE:

AYES: Messrs. Smith and Grossman
NAYS: None

(Mr. Stutz did not vote.)

Mr. Grossman then nominated Mr. Smith to fill the role of Secretary. Mr. Stutz seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

Mr. Grossman nominated Wayne C. Lamson to continue as Treasurer. Mr. Stutz seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Mr. Smith has served as Falmouth Member since June, 1963; Mr. Grossman as Nantucket Member since January, 1983; Mr. Stutz as Dukes County Member since January, 1987; and Mr. Lamson as Treasurer since March, 1982.

(Although the agenda prepared by the General Manager at this point called for consideration of the appointment of an Acting General Manager--because Mr. Eastman would be retiring on Dec. 31st, the final day of his contract--Members agreed to first complete the regular business agenda.)

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ITEM #2 (Minutes): Mr. Grossman moved (seconded by Mr. Stutz) acceptance of the prepared minutes of the Nov. 19th meeting. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

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ITEM #3 (Bills): Mr. Grossman moved payment of two bills (both motions seconded by Mr. Stutz) submitted by Fordham & Starrett (Boston) for legal services--one for $4,945.48, the other for $2,668.46. The VOTES:

AYES: Messrs. Grossman and Stutz
NAYS: Mr. Smith

(Mr. Smith said he has explained his year-long opposition to Fordham & Starrett bills to Mr. Fordham.)

Mr. Grossman then moved payment of $293.25 to Taylor Risk Management, the Authority's insurance consultant. Mr. Stutz seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

A bill for $3,277.50, submitted by the Falmouth law firm of Paris, Fagan, Goldrick & McManus, was before the Members again.

At their Nov. 19th meeting, Members voted to pay the bill provided the firm assured the Authority no further costs would come before the Authority on the suit in question.

That assurance was not forthcoming--hence payment was not made and the invoice was before the Members again. It was explained that the plaintiff in the action had served notice of appeal and that further legal costs were inevitable.

The legal action had its start back in 1982 and evolved from a criminal case into a civil action. Involved is a current employee who, in '82, was an outside contractor: he managed the Authority's Woods Hole and Falmouth parking lots. The Authority paid all expenses related to parking lot operations. The Authority took over full control of parking lots--including management-- in 1983.

Only in recent months, said the Treasurer, was management advised of the suit and mounting legal bills which the Authority's insurance carrier refused to pay because the time limit for such claims had long since passed.

A question Members want answered: did the defendant properly notify the Authority of the pending action against him back in 1982 or just recently? Members agreed to table the bill until they receive that answer.

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Continuing with bills:

Mr. Stutz moved payment of two bills from Carter Browne (Boston) for computer consulting services during November. Bills totalled $7,579.90. Mr. Grossman seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

Mr. Grossman moved payment of "an annual bill" from Attorney John S. Spillane (Worcester) for legislative services in the amount of $10,273.47, per "our agreement with Mr. Spillane," the General Manager said. Mr. Stutz seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

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ITEM #4 (Bids): Mr. Grossman moved (seconded by Mr. Stutz) that Cambridge Meat Packing Co., as lone qualified bidder, be awarded the contract to supply fresh meats aboard the vessels for $24,892.97. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

On a second round of bidding, Mr. Grossman moved (seconded by Mr. Stutz) that Garrity Oil Co. (Somerville, MA) supply lubricating oil as low bidder. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Higher prices were sought by Texaco Refining & Marketing Co. of Moorestown, NJ, and by R.M. Packer Co. of Vineyard Haven.)

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ITEM #5 (Status of M/V Eagle): The Authority's newest vessel had been tied up alongside the Authority's headquarters building for less than 24 hours by the time Members met for their Dec. 17th meeting.

Mr. Hoffer, the Assistant General Manager, reported that in coming days the Authority would play host, on consecutive days, to the public of Falmouth, Martha's Vineyard and Nantucket aboard the Eagle. Christening would take place at Woods Hole on Dec. 21st with Ms. Tracy Smith (daughter of the Chairman) doing the honors.

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By nightfall of Dec. 23rd, the Eagle would be in service between Nantucket and Hyannis, it was reported.

Ship's officers, Mr. Hoffer said, reported the new vessel performed very well on its 1,900-mile run to Woods Hole from the McDermott Shipyard in Morgan City, LA.

Mr. Hoffer said he is working on a request of Mr. Grossman: that Members have a list of work done on the Eagle over and above that originally contracted for plus an assessment by management as to costs possibly attributed to oversights of the architect or the contractor.

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ITEM #6 (Treasurer's Report): As of Nov. 30th, Mr. Lamson said, 95 percent of the adjusted price for Eagle's construction ($7,584,228) had been paid to the McDermott Shipyard.

By contract, Mr. Lamson said, the Authority would withhold payment of the five percent balance for 12 months. Further, he said, some $160,000 involved in change orders remains unpaid.

On safe harbor leasing:

Attorney Richard Olson of Palmer & Dodge (bond counsellors) was present to explain Federal tax laws and where the Authority stands in current negotiations to take advantage of its right--as a tax-exempt entity--to sell off depreciation rights to tax-paying corporations.

Mr. Lamson told Members he hopes to complete those negotiations on Dec. 28th--certainly before the year ends.

Mr. Grossman moved (seconded by Mr. Stutz) a Palmer & Dodge-prepared statement (to be signed by the Secretary, Mr. Stutz) certifying the Members' approval of the safe harbor leasing. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(The statement Mr. Stutz would sign would read:

("I, Robert Stutz, Secretary of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority, hereby certify that, at a meeting of the Authority, acting under the provisions of Chapter 701 of the Acts of 1960 as amended, duly called and held on the 17th day of December, 1987,

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at which a quorum was present, the following vote was adopted:

("VOTED: That the Authority hereby approves a Qualified Leased Property Lease (being an agreement for purposes of Internal Revenue Code Section 168 (f) (8)) with Iowa-Illinois Investment Company or any other lessor satisfactory to the Chairman, General Manager and Treasurer/Comptroller, to be dated no later than December 31, 1987, substantially in the form presented to this meeting, providing for a payment to the Authority of at least 15 percent of the Authority's aggregate adjusted basis in the M/V Eagle, the M/V Katama and the M/V Gay Head, on the terms and conditions described therein; and,

("FURTHER VOTED: That the Chairman, General Manager and Treasurer/Comptroller is authorized to execute the same, in the name and on behalf of the Authority with such changes as the signer may approve, including without limiting the generality of the foregoing; the identity of the lessor and any changes in the indemnification provisions contained therein, his signature being conclusive identification of the document as the agreement (with approved changes, if any) authorized by this vote; and,

("FURTHER VOTED: That the Secretary is authorized to certify this vote immediately after the close of this meeting.")

Mr. Olson explained that "one of the conditions of this safe harbor leasing tax benefit" is that the Authority's vessels must have been purchased, in part, by tax-exempt obligations or bonds. Both the Eagle and Katama were so financed--but some $6,000 in operations funds was used in the purchase of the Gay Head, the balance from the replacement fund.

To fully qualify M/V Gay Head for safe harbor leasing benefits, Mr. Olson suggested a motion that the Authority reimburse its operations fund $6,000 by borrowing (through bond issuance) $6,000 from the First Bank of Boston for one year at 6.25 percent interest. That, Mr. Olson said, would satisfy the Internal Revenue Service that the Gay Head was purchased, at least in part, through tax-exempt obligations.

Mr. Grossman moved issuance of the $6,000 bond. Mr. Stutz seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

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On food service:

The Treasurer asked that the subject be picked up at the Members' next meeting when more information will be available. At recent meetings, Members (particularly Mr. Grossman) had asked that ways be sought to improve food service on the vessels.

On finances:

November's net operating loss was some $225,000 less than expected, the Treasurer reported.

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ITEM #7 (Report of General Manager Ronald G. Eastman)

On sale of S/S Naushon:

Mr. Grossman moved (seconded by Mr. Stutz) to sell the 31-year-old S/S Naushon to Joseph Pallotta of Boston for $150,001--the lone offer before the Members in the year since Members gave their most recent go-ahead to seek a buyer. The VOTE:

AYES: Messrs. Grossman and Stutz
NAYS: Mr. Smith

(Mr. Smith said the offer was "ridiculously low".

(Settlement terms go beyond the purchase price. Coast Guard regulations call for drydocking and certain repairs in February 1988 if the vessel is to be recertificated for service by the Coast Guard. Mr. Pallotta's offer included payment to the Authority for drydocking and other work--an expense that could be in the $150,000 range.

(Further, Mr. Pallotta stipulated the Authority could operate the Naushon until M/V Nantucket returns from its own extensive drydocking sometime around the 1988 Memorial Day Weekend. Management had figured the cost to lease a passenger-vehicle ferry--in the event M/V Nantucket hasn't returned to service by Memorial Day--at about $5,000 a day.

(Mr. Grossman said: "I agree it seems like a ridiculously low price but I think, to try to stop our own costs running, I'd like to move that we go forward" with the sale--"with the stipulation that it be the buyer's responsibility to do the drydocking and that we shall take no responsibility for incurring any beauty treatment or anything of the sort for the few weeks we may use it next summer."

(Mr. Stutz said: "I have to share the bewilderment over the $150,000 price but, as a practical matter, what we are getting...

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is not $150,000 but rather something between 350 and $400,000 when you consider what it's going to cost to drydock in February.")

On request from Hy-Line:

Present were Hy-Line President Richard M. Scudder and his son, Murray, Hy-Line operations manager, to request the right to operate an additional 84 round trips throughout the summer between Hyannis and Martha's Vineyard.

The Scudders maintained the requested additional round trip daily (for most days of summer) would not add much to people traffic going to the Vineyard but it would be a service to Vineyarders who want to return to their island home in late afternoons from the Hyannis area. Otherwise, they said, islanders in the Hyannis area in late afternoons must use their autos more to get from Woods Hole to Hyannis and back for the Authority's Woods Hole-Vineyard sailings.

Without a vote, Members agreed to reject the Hy-Line request but indicated permission would be granted if Hy-Line sought to operate in early December--at the time of Nantucket's popular Christmas Stroll.

On the 1988 summer schedule:

Members unanimously adopted the 1988 schedule of summer sailings between mainland ports and Martha's Vineyard and Nantucket at their Nov. 19th meeting--with Mr. Grossman reserving the right to question freight service.

The General Manager said the proposal is to have M/V Auriga make two round trips daily between Hyannis and Nantucket in lieu of a daily freight-passenger round trip between Woods Hole and Nantucket. Mr. Grossman said truckers prefer leaving from Hyannis and there could be cost-savings to the people of Nantucket if all freight service to Nantucket began at Hyannis.

Mr. Smith said the proposal would eliminate a historic connection between Woods Hole and Nantucket. Mr. Stutz said: "The operations people worked long and hard on (the '88 summer schedule), we accepted it and I think we should stay with it."

Mr. Grossman moved the management proposal. There was no seconder. The VOTE:

AYES: Mr. Grossman
NAYS: Messrs. Smith and Stutz

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On preferred reservations:

Mr. Stutz moved (seconded by Mr. Grossman) management's plan for an expanded, more liberalized preferred reservations policy for persons departing the islands that would (1) increase the number of such reserved deck spaces for autos throughout the summer schedule from the Vineyard and (2) permit persons travelling on such excursions up to five days to complete their round trips--instead of having to do it all in one day. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Ms. Speers, speaking for management, said the plan was in response to a 4,400-signature petition from Vineyarders given to Mr. Stutz, the Vineyard Member. Present policy, petitioners said, was inadequate during busy summer months.

(The original policy was adopted in the late 1970s to help islanders meet emergency situations: to get off their island and back home in one day, even in summer months when most vessels' deck space has been sold out. All such trips had to originate from the islands.

(That original policy set aside 15 round-trip preferred auto spaces on weekdays and five on weekends from the Vineyard and six such car spaces daily from Nantucket. All round trips had to be completed in a day.

(That policy remains unchanged except for the summer schedule.

(Under the more flexible program urged by Mr. Stutz in his motion, throughout the summer schedule 60 car spaces daily--10 on each trip of M/V Eagle--will be set aside for preferred travel from and back to Martha's Vineyard. The six daily from and back to Nantucket will remain unchanged but those travelling from both islands will have up to five days to complete their round trips.

(Mr. Stutz thanked Ms. Speers "and the others who worked on this proposal. I think it shows great insight into some of the things we've been talking about here for the last six or eight months. I think it's imaginative and I think it responds in a very generous way to the needs that were expressed by the petitioners...")

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On guaranteed standby policy:

Mr. Smith moved (seconded by Mr. Stutz) that the Authority continue its guaranteed standby policy during summer months between Woods Hole and Martha's Vineyard except there would be no guarantee of passage of unreserved vehicles from Woods Hole on Fridays, Saturdays and Sundays. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(The guarantee would be lifted from Woods Hole only on a year's trial basis in an effort urged by Falmouth's Board of Selectmen to help alleviate vehicle traffic pressure. The policy would remain in effect daily throughout the summer from Vineyard Haven back to Woods Hole.)

On Harvard Business School:

Mr. Grossman moved (seconded by Mr. Stutz) that the Authority take advantage of Harvard Business School's expedited program for development of management personnel by permitting Operations Director Phillip J. Parent to attend the 12-week course beginning in early 1988 and to finance his studies. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(The operations director would continue on salary. The General Manager said tuition cost and other fees would total $24,450.

(Mr. Grossman said the Harvard program can "better qualify our key employees to perform their functions and meet their responsibilities...This is an excellent opportunity for one of our key young people to go forward and get a broadening educational status.")

It was further moved by Mr. Grossman (seconded by Mr. Stutz) that the Authority enter into a contract with Mr. Parent "which will insure his continued services to the Authority for at least three years after he has completed this (Harvard) program." The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(By this agreement, Mr. Parent would reimburse the Authority $24,450 should he decide to leave the employ of the Authority within three years of completing the Harvard course.)

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On year-end rewards:

Based on facts and figures supplied by the Treasurer, Mr. Stutz moved (seconded by Mr. Grossman) that the Authority, as a Christmas present, give all permanent fulltime employees $200 and all temporary fulltime employees $100. The VOTE:

AYES: Messrs. Grossman and Stutz
NAYS: None

(Mr. Smith turned the Chair over to Mr. Grossman and did not participate in the decision or discussion. He said he has kin who would benefit from the decision.

(The Treasurer put the total cost of the gesture at $77,000. Members and management thanked employees for their role in what is predicted to be the most financially successful year in the Authority's history.)

In a companion motion suggested in the Treasurer's report, Mr. Grossman moved (seconded by Mr. Stutz) that Authority gratitude also be extended to travellers: all passengers would travel free to and from both Nantucket and Martha's Vineyard on Christmas Day and the day before. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

On Acting General Manager:

Mr. Stutz moved (seconded by Mr. Smith) that Wayne C. Lamson, the Treasurer/Comptroller, take on the position of Acting General Manager as of Jan. 1st "for a temporary period not to exceed three months during which time the Members would give further consideration to filling the General Manager's job on a permanent basis." The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(For some months, Mr. Eastman has been on record stating his intention to retire as of Dec. 31st--the expiration date of his contract.

(Mr. Grossman thought the duration of Mr. Lamson's new assignment should be for up to six months to ease the way through "dislocations" (he mentioned Mr. Parent's absence to attend Harvard for three months). Members agreed the three-month limit in the motion could always be extended in light of future developments.)

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(Earlier in the session, Mr. Smith said the record should show the Authority's appreciation of Mr. Eastman's years of service going back to 1972 and "the record should also show we wish you well in the future--and all good success.")

On questions and comments:

The regular agenda completed, Mr. Smith accepted questions from newsmen. Brief comments to the Members were made by Falmouth Selectmen Raymond Labossiere and John Gumbleton; Ms. Kay Mayhew, president of the League of Women Voters of Martha's Vineyard; Ms. Carol Skydell, town clerk of Chilmark; and Tisbury Selectman Suzan Custer.

At 12:37 p.m., Members agreed unanimously to close the public session and go into executive session respectful of the General Laws, Chapter 30, Section 11a-1/2 which governs executive sessions. It was announced that union negotiations, legal matters and real estate opportunities would be subjects for discussion.

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[redacted]

At 1:22 p.m., Members voted to end the day's proceedings.

A true record

ROBERT L. STUTZ, Secretary

Ray Martin

RAY MARTIN, Recording Secretary

MINUTES:

Steamship Authority Members'
Meeting of Nov. 19th/87
At Woods Hole

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MEMBERS OF THE STEAMSHIP AUTHORITY met Nov. 19th, 1987, at the Authority's Woods Hole headquarters building beginning at 10:30 a.m., as announced publicly.

Present were the three Members: Chairman James H. Smith of Falmouth; Vice Chairman Bernard D. Grossman of Nantucket; and Robert L. Stutz of Dukes County, Secretary.

William R. Andrews of Falmouth, Norman F. Beach of Nantucket and Robert C. Murphy of Dukes County also attended both public and executive sessions as members of the Financial Advisory Board.

Management personnel present were: General Manager Ronald G. Eastman; Treasurer/Comptroller Wayne C. Lamson; Assistant General Manager Donald L. Hoffer; Diane M. Speers, marketing supervisor; and Ray Martin, communications supervisor and recording secretary to the Members.

In addition to area newsmen present for the public session only were: Dukes County Commissioner John S. Alley; Falmouth Selectman Virginia Valiela; Anne Scriver of the Martha's Vineyard Commission; Louise Blackhall of the Martha's Vineyard League of Women Voters; Daniel Horn, liaison for the Barnstable Board of Selectmen; Stephen Hibbard of the Bank of Boston; Captain James Hocking; Engineer Howard Foster; and Steve Hoss, president of Cape Cod Express Lines.

The announced public agenda called for:

1: Action on minutes of Oct. 29th meeting
2: Action on bills
3: Report on M/V Eagle's construction progress
4: Report of Treasurer Wayne C. Lamson
   --on periodic payments for M/V Eagle
   --on 1988's proposed operating budget
   --on 1988's proposed capital budget
   --on safe harbor leasing
   --on monthly financial status
5: Report of General Manager Ronald G. Eastman
   --on Gifford Street (Falmouth) parking expansion
   --on sale of S/140 computer equipment
   --on final payment to P. Gioioso & Sons
   --on request of Martha's Vineyard Transit Authority
   --on Members' 1988 meeting dates
   --on 1988 summer and early fall schedules
   --on advertising policy and budget
   --on proposed General Manager

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An executive session would follow the public session, the Chairman said, to consider (1) the status of union negotiations and (2) real estate opportunities to enhance Authority services.

# # #

MR. SMITH called the public meeting to order at 10:30 a.m.

ITEM #1 (minutes): Mr. Grossman moved acceptance of the prepared minutes of Oct. 29th with four suggested language changes. Mr. Stutz seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(The four changes suggested by Mr. Grossman: (1) that "M/V Naushon"--on page seven, line six--be changed to M/V Nantucket"; (2) that the statement that M/V Auriga "must be sold" be changed to "may be sold" on page seven; (3) that, also on page seven, the statement that "Mr. Smith said he wanted all the traffic capacity insurance he could get..." be changed to "Mr. Smith said he wanted all the traffic capacity assurance..."; and (4) that the word "fretted" on page eight be changed to "expressed serious concern".)

# # #

ITEM #2 (bills): Mr. Grossman moved payment of $728.05 to the Maguire Group (formerly C.E. Maguire, Inc.) as recommended by the General Manager. Mr. Stutz seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

Mr. Grossman then moved payment of $13,049.72 to the legal firm of Fordham & Starrett (Boston) for services during September. Mr. Stutz seconded the motion. The VOTE:

AYES: Messrs. Grossman and Stutz
NAYS: Mr. Smith

(Mr. Smith said his opposition is based on previously stated reasons.)

Mr. Grossman then moved payment of $87.50 to Foley, Hoag & Eliot of Boston. Mr. Stutz seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

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Mr. Stutz moved (seconded by Mr. Grossman) payment of $3,500 to Deloitte, Haskins & Sells (Boston) for auditing services. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

Mr. Grossman moved payment of $3,277.50 to the Falmouth legal firm of Paris, Fagan, Goldrick & McManus for services in a suit against the Authority and an employee. Mr. Stutz seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

Finally on bills, Mr. Stutz moved for payment of two invoices totalling $8,029.30 to Carter Browne Consulting Services (Boston) related to the Authority's computer system. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

# # #

ITEM #3 (M/V Eagle status): Mr. Hoffer reported the new vessel has completed her dock trials in Louisiana with Steamship Authority captains and engineers on hand. The shipyard (McDermott, Inc.) is concentrating on remedying the keel-cooler system which is not keeping the main engines and generators at a low enough temperature.

Mr. Grossman said he hoped passenger areas would have "proper thermostatic controls" for maximum comfort.

(Members and management hope to have M/V Eagle in service before mid-December and M/V Nantucket on its way to the same Louisiana shipyard for extensive work already approved by the Members.)

# # #

ITEM #4 (Treasurer's report): Mr. Lamson said some 70 percent of M/V Eagle's contract price has been paid and that "it appears that we'll have enough in the capital improvement fund to pay all the authorized costs."

On the 1988 preliminary operating budget:

As recommended by Mr. Lamson, Mr. Grossman moved (seconded by Mr. Stutz) acceptance of the prepared budget for 1988 with an

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outside limit of $17,762,352 in operating expenses. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Speaking for the Financial Advisory Board, Mr. Murphy said the advisors endorse the budget advanced by Mr. Lamson.

(That budget, said Mr. Lamson, sees operating expenses up for 1988 by $1.8 million, some nine percent over the revised 1987 budget estimates but with sufficient monies generated (without an increase in rates) to meet debt service requirements through March 1, 1989, and to allow an estimated $1,084,000 to be transferred to the replacement fund.)

On the proposed 1988 capital budget:

Mr. Stutz moved (seconded by Mr. Grossman) management's proposed capital budget and the Treasurer's request that authorization be given to transfer $2,025,160 from the bond redemption account to the replacement fund. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Included as previously authorized capital expenditures for 1988 were (1) $390,405 for M/V Eagle, (2) $48,490 for a new pilot house for M/V Uncatena, (3) $1,076,520 to repower M/V Nantucket and (4) $24,250 to air-condition the Authority's Woods Hole general offices.

(To that $1,539,665 already approved expenditure for '88, Mr. Lamson's budget included an additional $875,900 for an additional 17 projects that ranged from 12 new baggage carts to improved parking lot lighting to replacing the Woods Hole telephone system to instaling automated parking lot equipment at both Falmouth and Hyannis.

(Mr. Lamson explained that the $2,025,160 he hoped would be moved from the bond redemption account were "excess revenues" earned during the year. The Enabling Act, he said, permits such funds to be used for retiring bonds, purchasing bonds "or for any purpose for which bonds may be issued.")

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On "safe harbor" leasing:

Mr. Lamson said he has talked to seven possible bidders and that more likely will respond by the Nov. 23rd bidding deadline to claim certain depreciation deductions which the Steamship Authority, itself, cannot claim because of its non-taxable status.

The winning bidder, Mr. Lamson explained, will pay the Steamship Authority for the right to claim the Authority's depreciation as tax credits. Income would be treated as revenue, he said.

Mr. Lamson said the Steamship Authority became a beneficiary of the IRS' ruling when IRS extended its provisions to ferries as a mass transit vehicle.

Mr. Beach pointed out that the Authority must still have M/V Eagle in service before 1987 expires to benefit fully from Mr. Lamson's endeavors.

On finances:

The Treasurer said the Authority's net operating income for October was expected to be about $295,000 higher than projected in the 1987 revised operating budget--and some $305,000 higher than that for October of 1986, all traceable to higher traffic.

On King Neptune contract:

As requested by Mr. Lamson, Mr. Stutz moved (seconded by Mr. Grossman) to authorize the Chairman to sign an agreement extending the vessel concessionnaire's contract some 14 months--until Feb. 28th, 1989. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Members voted unanimously at their Oct. 29th public meeting to so expand King Neptune's contract beyond its Dec. 15th expiry date.)

# # #

ITEM #5 (the General Manager's report):

On Gifford Street parking:

As requested by Mr. Eastman, Mr. Grossman moved (seconded by Mr. Stutz) that the Members sign a grant of permission extended by Commonwealth Electric Co., granting the Authority use for parking

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purposes of an area of the Gifford Street parking lot owned by the Authority but subject to the utility firm's powerline right-of-way. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Mr. Eastman said Operations Manager Phillip J. Parent has been trying to gain permission to use the land for most of the past three years. The expanded area will be graded, then fenced to protect parked vehicles. An estimated 75 to 100 autos could fit into the enlarged area.)

Sale of computer equipment:

Mr. Grossman moved management's recommendation to sell the outmoded S/140 accounting computer system for $1,300. Mr. Stutz seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Mr. Eastman explained that the system has already been replaced, that it took extensive searching to locate any firm interested in its purchase. "Some periphery equipment that was with this system" will be kept and integrated into the new system, Mr. Eastman said.)

On agreement with P. Gioioso & Sons:

Mr. Grossman moved, seconded by Mr. Stutz, to reaffirm an earlier telephone vote of the Members whereby, by agreement, the Authority and P. Gioioso & Sons relinquish any and all claims against each other arising out of the 1983-85 reconstruction of the Nantucket terminal. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Mr. Eastman negotiated the settlement terms. With the settlement, the Authority would release $18,000 it had been holding as final payment together with some $2,300 interest on that amount.)

On request of Martha's Vineyard Transit Authority:

On the General Manager's recommendation, Mr. Stutz moved that the Martha's Vineyard Transit Authority be permitted space available,

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free transportation of MVTA vehicles that must leave the island for periodic maintenance and servicing--and that similar accommodations be given Nantucket vehicles that provide island transportation to the elderly and/or disabled when those vehicles must make trips to the mainland. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Dukes County Commissioner John S. Alley was present to support Mr. Stutz' urging such a new accommodation. The MV Transit Authority, he said, could use the County voucher system and be monitored by the County.

(On Nantucket, Mr. Grossman said vehicles are operated by Elder Services of Cape Cod and the Islands and by the Nantucket Senior Citizens Center.)

On Members' meetings in 1988:

Members agreed, without taking a vote, to 12 suggested dates for Authority monthly meetings during 1988. As during 1987, eight such meetings will be held at Woods Hole with two public meetings on Nantucket and two public meetings of Martha's Vineyard.

On the S/S Naushon:

This was a late entry onto the General Manager's report list because, Mr. Eastman said, he had received word on a new offer to purchase S/S Naushon too late to include in memo form to the Members.

But before the offer was reviewed, Members voiced consternation that Naushon's last running day (Oct. 29th) saw thefts from the vessel by memento-seekers. It was the day Members, management and the Financial Advisory Board were in a public meeting on Nantucket.

State Police are investigating the theft of articles which, in value--it later turned out--totalled some $500.

At their Oct. 29th meetings, Members rejected a $150,000 offer from one Joseph Pallotta for S/S Naushon. Since then, Mr. Eastman said, no better offers have been received but Mr. Pallotta has agreed to pay the same $150,000 plus remunerate the Authority for what could be another $100,000 or more that the Authority must spend on drydocking and repairs, probably in February of next year.

Further, the General Manager said, Mr. Pallotta is prepared

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to allow the Authority full use of S/S Naushon until late May ('88) or so at which time M/V Nantucket should be back in service.

One reason Members gave for rejecting Mr. Pallotta's original offer was the worry that M/V Nantucket might not return from extensive shipyard work in time for the start of 1988's busy season--in which case Naushon could substitute.

Members agreed to address the subject of Naushon's possible sale at their Dec. 17th meeting at Woods Hole.

On 1988 summer-fall schedules:

Because inter-island service is part of the Authority's broader summer schedule to and from both Nantucket and Martha's Vineyard, it was agreed to again take up the request of John M. Hess of West Barnstable to operate a passenger vessel between the islands during the summer months.

(Members rejected Mr. Hess' application for a grant of permission at their Oct. 29th meeting.)

Mr. Eastman told Members that Mr. Hess has agreed to increase his guaranteed yearly payment to the Authority.

On Mr. Eastman's recommendation, Mr. Grossman moved that Mr. Hess be permitted to operate a vessel between islands on a one-year trial basis, the Authority to receive from Mr. Hess the greater of $100,000 or 25 percent of gross ticket sales. Mr. Stutz seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Originally, Mr. Hess had offered $75,000 or 25 percent of gross ticket sales--whichever amount is greater. In his operation, Mr. Hess would be permitted to use the Authority's docking facilities at Oak Bluffs and Nantucket. Authority personnel at those terminals would handle ticket sales.)

By turning inter-island service over to Mr. Hess, the Authority's M/V Uncatena (normally on the inter-island run in summer months) became free for other service spelled out in proposed operating schedules before the Members.

For management, Diane M. Speers (marketing supervisor) explained various alternative schedules the Members could adopt--with M/V Uncatena playing a different role than in past years.

(more)

Mr. Stutz then moved management's recommended summer schedule. Mr. Grossman seconded the motion "without withdrawing my statement about the freight service". The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Under the adopted schedule, M/V Uncatena would make three round trips daily to Nantucket out of Hyannis--running in conjunction with M/V Nantucket which would begin her day at Nantucket.

(Mr. Grossman questioned the need for Uncatena's passenger capacity. More important, he said, was freight capacity out of Hyannis--rather than out of Woods Hole--by either M/V Katama or M/V Gay Head, both of which can carry up to 150 passengers as well.

(Shippers operating out of Woods Hole face higher operating costs and pass those higher costs on to Nantucket residents, Mr. Grossman said.

(Management pointed out that it had long been a goal of the Authority to compete more effectively for passenger traffic out of Hyannis--and Uncatena's availability gives the Authority that opportunity.

(M/V Gay Head would make one round trip daily between Woods Hole and Nantucket, under the adopted schedule. Total freight space and total passenger capacity to both islands, under the adopted schedule, would be greater than ever, management pointed out.

(Because of rising freight space demands, Mr. Grossman said Members' decision to sell M/V Auriga--upon purchasing M/V Gay Head--should be reconsidered until the Fall of '88. The General Manager said the Authority still has full use of the Auriga: no offers have been received for the vessel.)

Mr. Stutz then moved approval of the recommended Sept. 15-Nov. 1 fall schedules. Mr. Grossman seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

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On advertising policy:

Mr. Stutz moved the Financial Advisory Board's recommended advertising budget with respect to advertising placement and customer service, providing the $12,000 set aside for Cape and Island radio advertising is deleted. Mr. Grossman seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Mr. Beach, speaking for the Financial Advisory Board, said, in part:

("The Financial Advisory Board has not changed its recently expressed opinion that our advertisements have been an important factor in maintaining, not to say recovering, our share of the market. Nor do we believe that eliminating some aspects of our program would have any effect whatever on the total volume of traffic to the islands, in view of the active promotions of our competitors and of all other categories of businesses whose livelihood depends upon the traffic flow.

("Nevertheless, in view of what we see to be the Members' wish to see if any favorable result would obtain if we were to cut back on our advertising, we now propose a substantially reduced plan as follows:

("Advertising placement at 25 percent reduction; paid Cape radio advertising at 50 percent reduction; and the same amount for customer service projects for a total of $89,000 instead of $121,000. This total is the amount upon which we solicit your vote."

(Mr. Stutz said that since the Members' meeting of Aug. 20th, it was his belief that Members "decided we were going to have a one-year moratorium on all radio and TV advertising--and I would still like us to hold to that earlier decision on a one-year basis.")

Mr. Stutz then moved "that we continue the policy of printing and distributing brochures--and offering them to appropriate outlets for display and distribution--with no consideration in terms of free (passenger) tickets or half-price tickets." Mr. Grossman seconded the motion for discussion purposes only. The eventual VOTE:

AYES: Messrs. Smith and Stutz
NAYS: Mr. Grossman

(more)

(Mr. Grossman earlier had urged in a motion that wasn't seconded that the Authority "continue with a selective placement of brochures in appropriate places and that, in exchange for the right to place such brochures, (passenger) tickets be made available at a reduced price to the owner of the place of business."

(He said that without some inducement most businesses will not display important Steamship Authority informationals.

(Said Mr. Andrews: "If you eliminate the policy of rewarding people who display our brochures then, perhaps, we shouldn't print anywhere near the brochures that are in print--because we're going to be awash in brochures.")

On Vineyard service; Falmouth-Woods Hole traffic:

Mr. Stutz said he'd been presented with a petition signed by 4,446 Martha's Vineyard residents "requesting the establishment of a policy for all boats between Woods Hole and the Vineyard whereby a percentage of the car spaces--with a minimum of 10 spaces--will be reserved for bonafide residents on trips originating on the island, beginning with the 1988 early spring schedule."

Mr. Stutz asked management to attempt to develop such a service (during spring and summer months).

The request would increase preferred auto reservation spaces for islanders from 15 daily to some 150 daily.

The General Manager said a program would be devised for consideration by the Members at their Dec. 17th meeting.

The Chairman returned to the subject of the guaranteed standby policy, raised at the Aug. 20th meeting when he urged that there be a stop to advertising the policy.

Mr. Smith said the combination of (1) the schedules just adopted and (2) reduced general advertising--including no advertising of the guaranteed standby policy--could result in less traffic circling the Woods Hole-Falmouth area waiting for a place in the guaranteed standby lines. Still, he said, he and the Falmouth Board of Selectmen would like to see the Authority (on a year's trial basis) limit the guaranteed standby policy to Mondays through Thursdays and "leave it to the discretion of the agent and put a time limit on when no more boats will run."

(more)

Mr. Smith said Falmouth respects the wishes of what appears to be a majority of Vineyarders: that the guaranteed standby policy could continue seven days a week from the Vineyard. But, he said, the policy from the mainland has to change--at least experimentally.

Mr. Murphy argued that any constriction of the policy would penalize Vineyarders attempting to return home on weekends. He said the Authority should concentrate on locating new property and dedicating it as a staging area from which drivers could advance to a shortened standby line at Woods Hole.

Compounding the traffic scene at Woods Hole, Mr. Smith said, is the fact that there are thousands more autos on the Cape Cod mainland than on the island and that many sightseers "drift into Woods Hole". Not all Woods Hole vehicle traffic is island-bound.

Falmouth-to-Woods Hole vehicle traffic has reached the point, Mr. Smith said, that "a public emergency in that area could turn into a public disaster."

Said Mr. Stutz: "...I'm very perplexed by this issue of the guaranteed standby. I understand the arguments from those who want to see it continued in terms of making it possible for guests at the inns and hotels, and so on, to get to the island. By the same token, I'm hearing what I construe to be the vast majority of the people on the island saying: 'Please, not so many cars.'

"I understand it's not the Steamship Authority's role to determine what the demand is for our service. We're supposed to provide adequate transportation for people--and the necessities of life. Now, whether guaranteed standby is a necessary ingredient in adequate transportation is not for me to say."

It was agreed to wait until the Dec. 17th meeting to decide what form the policy would take.

On Hyannis traffic problems:

Mr. Grossman said the Authority has traffic problems in Hyannis as well that must be addressed.

The General Manager said that he, Mr. Smith and Mr. Hoffer in recent days met with Town of Barnstable selectmen and with State Dept. of Transportation officials who have control of a large railway yard in Hyannis, suitable for auto and truck parking.

The same State officials have control of railway property in Falmouth that would help alleviate traffic. Mr. Eastman said the State

(more)

"in the near future" would be asking for proposals from the Steamship Authority as well as town governments on ultimate use of the properties.

On succession to General Manager:

Since he became General Manager (Aug. 28th, 1986), Mr. Eastman has made it clear he would serve in that capacity only until the last day of 1987 at which time he planned to retire.

In a memorandum to the Members, Mr. Eastman recommended that Assistant General Manager Donald L. Hoffer be made General Manager.

Mr. Smith said he'd prefer that more time be taken on succession, that Treasurer Wayne C. Lamson become Acting General Manager and that the naming of a General Manager to succeed Mr. Eastman be put off until early in 1988.

On Mr. Stutz' suggestion, Members agreed to interview Messrs. Lamson and Hoffer individually (one Member to one nominee) and make their decision at the Dec. 17th meeting.

# # #

FOLLOWING BRIEF remarks by Falmouth Selectman Virginia Valiela and Dukes County Commissioner John S. Alley, the Chairman accepted questions from newsmen.

At 1:43 p.m., it was VOTED unanimously to go into executive session under State rules (General Laws, Ch. 30, Section 11a--1/2) to discuss trade union negotiations and real estate opportunities that could improve Steamship Authority service.

# # #

[redacted]

A TRUE RECORD

ROBERT L. STUTZ, Secretary

Ray Martin

RAY MARTIN, Recording Secretary

MINUTES:

Steamship Authority Members'
Meeting of Oct. 1st/87
At Tisbury

FILE COPY FILE COPY

STEAMSHIP AUTHORITY MEMBERS met at noon, this date, in executive session in Tisbury and in open meeting beginning at 1 p.m. With some 160 persons present, it was by far the largest public turnout in memory.

The "issue" on the minds of the audience: overcrowdedness of their island, particularly during the summer months.

Members present were: Chairman James H. Smith of Falmouth; Vice Chairman Bernard D. Grossman of Nantucket; and Robert L. Stutz of Dukes County, Secretary. The full Financial Advisory Board was present: William R. Andres of Falmouth, Norman F. Beach of Nantucket and Robert C. Murphy of Dukes County.

Management personnel on hand were: General Manager Ronald G. Eastman; Treasurer Wayne C. Lamson; Donald L. Hoffer, Assistant General Manager; Phillip J. Parent, director of operations; Diane M. Speers, customer services manager; and Ray Martin, public information officer and recording secretary to the Members.

Area newsmen were present for the public session as were the following elected officials: Robert T. Morgan, Dukes County Commissioner and legislative liaiason officer; Tisbury Selectman Cora Medeiros; Oak Bluffs Selectmen Roger L. Wey, Jack Law and Linda Marinelli; Edgartown Selectmen Edith Potter and Fred Morgan; Chilmark Selectmen Jonathan Mayhew and Mrs. Pamela Goff and Chilmark Town Clerk Carol Skydell; and Falmouth Selectmen Raymond Labossiere and John Gumbleton.

Executive agenda:

1: The Nantucket dolphin situation
2: Report on real estate opportunities
3: Report on union negotiations

Public agenda:

1: Action on minutes of Aug. 20th and Sept. 1st
2: Action on bills
3: Action on bids
4: Report on M/V Eagle construction progress
5: Report of Treasurer Wayne C. Lamson
   --on M/V Eagle payments
   --on revised operating budget for 1987
   --on safe harbor leasing
6: Report of General Manager Ronald G. Eastman
   --on license requests of John M. Hess and Joseph Pallotta
   --on school bus parking in Falmouth
   --on Nantucket terminal vending machine agreement
   --on J.L. Caputo Co.
   --on traffic and guaranteed standby policy

(more)

MR. SMITH CALLED the meeting to order at 12:13 p.m. and pointed out that a vote was required to go into executive session under the rules of the General Laws, Chapter 30, Section 11A-1/2, on the advertised agenda. Votes taken in executive session, he said, would be announced in resumed open session.

Mr. Grossman so moved to go into executive session. Mr. Stutz seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

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to [redacted]

. . .

[redacted]

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. . .

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AT 1 p.m., Mr. Smith called the public meeting to order, extended the Members' welcome to the audience and said:

> "...What we're trying to do today in the item that you're interested in is kind of handle the traffic that is getting to all of us...We have selectmen here from Falmouth... I think the Vineyard and Falmouth have a historical and strategic relationship and by working together we can overcome some of these irritating problems that come up as a result of these (high traffic) days."

The Chairman said the Members and management are prepared to hear all speakers once the regular business agenda is completed. With that, Members turned to the regular agenda:

ITEM #1 (minutes of Aug. 20th and Sept. 1st): In both instances, Mr. Grossman moved acceptance of the minutes, seconded by Mr. Stutz. The VOTES:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Members agreed the report that was the subject at their Sept. 1st meeting should be made part of the official record.)

# # #

ITEM #2 (bills): Two invoices totalling $6,684 submitted by Carter Browne (Boston) for computer services were moved for approval by Mr. Grossman, seconded by Mr. Stutz. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

Mr. Grossman moved payment of $2,111.01 to the New Orleans law firm of Deutsch, Kerrigan & Stiles which did much of the necessary paperwork in the Authority's purchase of M/V Gay Head. Mr. Stutz seconded Mr. Grossman's motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

Mr. Grossman moved, seconded by Mr. Stutz, approval of invoices going back 12 months, submitted by the engineering firm of Fay, Spofford & Thorndike (Boston). The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(more)

(Mr. Eastman said Fay/Spofford bills the past two months seem to be coming in thick and fast--covering work back to a year ago--because the firm has had trouble with its computer billing system. Charges, he said, are still within original estimates when Members first discussed desired work on Woods Hole Slip #3 in mid-1986.

(Mr. Smith said no more engineering work should be devoted to Slip #3 (1) until Members have a clearer idea of how Slip #3 can be used and (2) until most recent Fay/Spofford studies are compared with the same firm's studies for the same slip 10 years ago.

(The General Manager pointed out portions of Fay/Spofford's bills relate to the assigned study of engineering work by C.E. Maguire, Inc., before and during Nantucket terminal reconstruction. To Mr. Andrews, Mr. Eastman said Fay/Spofford so far has issued only a draft report on Maguire.

(Mr. Grossman asked the Treasurer to compile engineering and legal costs incurred since Nantucket dolphins were first criticized in 1984.)

Mr. Grossman moved payment of a Fordham & Starrett (Boston) bill for July in the amount of $21,225.97. Mr. Stutz seconded the motion. The VOTE:

AYES: Messrs. Grossman and Stutz
NAYS: Mr. Smith

(Mr. Smith said his opposition is based on "previously stated reasons".)

Mr. Grossman moved payment of $9,044 to Towers, Perrin, Forster & Crosby (Boston), wage consultants first employed on Nov. 25th, 1985. Mr. Stutz seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Mr. Grossman asked for a top management "evaluation...as to the effect of this innovative program...on the morale of employees, the work standards and so on.")

# # #

ITEM #3 (bids): Mr. Grossman moved confirmation of a telephone vote awarding a fresh meats contract to Pleasant Beef Co. (Lynn, MA) in the amount of $13,872.32. Mr. Stutz seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(more)

(Other bidders: Cambridge Meat Packing of Boston sought $13,927.49 and Weston-Thurston of Boston asked $13,945.35.)

On Mr. Grossman's motion, seconded by Mr. Stutz, Cirelli Foods (Brockton) was declared proper low bidder to supply processed foods for $22,290.61. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

Nautical Design Corp. was reaffired as proper low bidder to supply adult and children's lifejackets for $22,698 by motion submitted by Mr. Stutz, seconded by Mr. Grossman. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Two other suppliers--Manset Marine and C.G. Edwards Co.--had asked $30,269.20 and $30,387.50, respectively. Nautical Design is based in Newark, NJ.)

# # #

ITEM #4 (new construction progress): Mr. Hoffer, Assistant General Manager, reporting as temporary maintenance and construction manager, said he would be spending time next week at the McDermott shipyard in Morgan City, LA, where M/V Eagle's construction nears completion.

To date, said Mr. Hoffer, there have been three amendments to the original contract (for $7,808,055) amounting to some $125,000. These, he said, appear to be "legitimate extras which one would expect on a job of this scope." Mr. Hoffer said he would be able to report to Members more fully after his next week meetings with McDermott yard officials.

# # #

ITEM #5 (Treasurer's report): Through September, Mr. Lamson said, $5,465,000 has been paid to McDermott, Inc. That represents some 70 percent of the contract price to have M/V Eagle built.

As requested by management, Mr. Stutz moved (seconded by Mr. Grossman) acceptance of Mr. Lamson's revised operating budget for 1987. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(more)

(Mr. Grossman commended management, noting in the revised budget that expense levels are largely unchanged despite heightened service to meet traffic demands considerably greater than originally expected.

(At $24,470,691, year-end receipts are now seen as $1,856,362 greater than expected when the 1987 operating budget was adopted in late 1986. At an anticipated $19,698,537, expenses are just $361,160 greater than originally forecast. Almost all of the increased revenue will flow to the bond redemption account which--at year's end--is expected to reach $1,362,960.

(The Treasurer pointed out that the revised budget also takes into account major cost factors not expected when the original budget was prepared: addition of M/V Gay Head and the cost of its operation, longer use of S/S Naushon and earlier shipyard work on M/V Nantucket.)

Mr. Lamson also reported on his continuing "exploration" of Authority chances to take advantage of entering into "safe harbor lease" agreements, as permitted by Internal Revenue Service. IRS, Mr. Lamson said, allows until 1988 the "sale" by tax-exempt mass transit entities of depreciation deductions to private, tax-paying corporations "willing to pay the Authority for the value of the deductions."

Mr. Lamson said: "It is possible that we may be able to sell certain tax benefits relating to the M/V Gay Head and M/V Eagle for an estimated sale price in excess of $1 million."

"Needless to say," Mr. Lamson wrote the Members, "it is a very complex transactions requiring the coordination and assistance of various lawyers, accountants and other professionals, the total estimated cost of which could be $50,000-$100,000."

Without taking a vote, Members praised Mr. Lamson's efforts and indicated he should keep on exploring.

On King Neptune Caterers:

Pointing out that the concessionnaire's three-year contract expires Dec. 12th, Mr. Lamson said management is prepared to publish an invitation for proposals unless Members wish to extend the King Neptune agreement.

The General Manager pointed out that if proposals are to be sought, advertising should begin in two weeks' time so there would be no interruption in concession service for travellers--and to be prepared for concession service aboard the new M/V Eagle, now in its final construction stage.

(more)

Without taking a vote, Members agreed with the General Manager that management should seek to extend King Neptune's current contract for 60 days during which time (with Mr. Grossman taking the lead on the subject) food service consultants can advise on ways to improve food service aboard the vessels.

# # #

In closing his report, the Treasurer said net operating income during August was some $322,000 higher than projected in the '87 operating budget and was some $331,000 higher than that reached during August of a year ago. The higher figures, said Mr. Lamson, were due to increased traffic levels.

# # #

ITEM #6 (report of General Manager): At the Chairman's suggestion, Mr. Eastman's six-point report was taken out of order so that subjects affecting traffic to the islands could be taken up at the end, just before public comments were invited on the general subject of traffic to the islands.

On J.L. Caputo Co.: Mr. Eastman reported receiving an unexpected $6,750 from the bankruptcy court.

(The Caputo firm failed to perform on its contract to supply two transfer bridges to the Vineyard Haven terminal back in 1981. The Caputo firm ended up in bankruptcy; the Authority sought redress from Caputo's insurers.)

On bus parking: As recommended by management, Mr. Grossman moved to renew an agreement whereby public school buses are parked at the Authority's Gifford Street lot. Mr. Stutz seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

On the 1988 winter-spring schedule: Mr. Stutz moved the management-recommended schedule (Jan. 7th to March 15th) in serving Martha's Vineyard. Mr. Grossman seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

Mr. Grossman moved the proposed winter-early spring schedule as it relates to Nantucket service, reserving the right "to have further discussion with management" re freight service during those months. Mr. Stutz seconded Mr. Grossman's motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(more)

On the vending machine agreement at the Nantucket terminal:

As recommended by management, Mr. Stutz moved (seconded by Mr. Grossman) that the agreement be renewed. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(A three-year agreement with Harris Vending, Inc., was about to expire.)

On license requests:

Two persons were present to ask Members for a grant of permission to operate passenger ferry services: John M. Hess of West Barnstable and Joseph Pallotta, principal in Bay State-Provincetown Lines. Following their presentations, Members agreed to take their applications under advisement.

(Mr. Hess asked to run a vessel in summer months between Hyannis and Martha's Vineyard or between islands--or a combination of both--for which he offered to pay the Authority a yearly fee of $75,000 or 25 percent of gross ticket sales.

(Mr. Pallotta--who said he already owns and operates 10 vessels--proposed his company run a "high-speed passenger ferry service" that would link Boston to Vineyard Haven during summer months, beginning next year.

(He said he would not request use of Authority docks or facilities and would pay the Authority "a minimum of $100,000 a year." He would, he said, time his vessel's arrival daily at Vineyard Haven so as not to conflict with the presence of Authority vessels.

(Mr. Stutz said, in part: "...If I am to be consistent, I have to express concern for another tens of thousands of visitors to the island--on top of the million and a half that the Steamship Authority carries to the island...I think we'd better go very slowly on making it possible for more people to create more problems for the island.")

# # #

WITH THAT, Mr. Smith invited Vineyarders to speak their piece: 37 persons--men and women--identified themselves and spoke up.

In large majority, they said--particularly in summer months--

(more)

their island is overwhelmed, their community services (designed and maintained for a much smaller year-round population)--in a crisis state.

Most said too many people are brought over; all said too many vehicles are brought over.

All said the Authority must design ways (again in summer months) that would allow islanders more freedom to travel to and from the mainland.

All said the island somehow must develop its own mass transit system that would reduce the need for autos on the island.

Most expressed pleasure that Falmouth selectmen were present--because rising vehicle traffic plagues both ends of the Authority's Woods Hole-to-Vineyard runs.

And some voiced appreciation that the Steamship Authority's leadership wants to cooperate in resolving the traffic dilemma.

A true report.

ROBERT L. STUTZ, Secretary

Ray Martin

RAY MARTIN, Recording Secretary

MINUTES:

Steamship Authority Members'
Special Meeting of Sept. 1st/87
At Woods Hole

FILE COPY FILE COPY

to
Members
9/21/87

STEAMSHIP AUTHORITY MEMBERS met in special session on Sept. 1st, 1987, at the Woods Hole headquarters building.

It was announced in advance that Members would meet first in public session and there take a vote on going into executive session on (1) the District Attorney for Barnstable County's report to the Members, dated Aug. 19th; (2) on labor relations matters; and (3) on most recent developments in the Nantucket dolphins situation which could lead to litigation.

Attending the opening session (begun at 10:02 a.m.) were the three Members: Chairman James H. Smith of Falmouth; Bernard D. Grossman of Nantucket, Vice Chairman; and Robert L. Stutz of Dukes County, Secretary.

Also attending were General Manager Ronald G. Eastman, Assistant General Manager Donald L. Hoffer and Ray Martin, public information officer and recording secretary to the Members.

One newsman was also present.

Mr. Smith opened by saying the Members received the District Attorney's report of Aug. 19th on Aug. 20th, the day of the Members' previous monthly meeting. On Aug. 20th, the Chairman said, Members had not had time to read the report and, therefore, could not consider it.

Today's meeting, Mr. Smith said, was the earliest the Members could meet since receiving the report. He said the Members should respond to the report.

Mr. Grossman then moved (seconded by Mr. Stutz) to go into executive session under the provisions of the General Laws, Chapter 30, Section 11A-1/2 to discuss the report as well as strategy with regard to collective bargaining and other matters of potential litigation. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

[redacted]

At 12:21 p.m., the Chairman reopened the public session with two newsmen in attendance.

Mr. Smith announced the District Attorney's report had been discussed "fully" with the General Manager and that Members had decided "to take no formal action on that report."

He said the Office of the District Attorney would be so advised by letter.

Whereupon, on Mr. Grossman's motion, Mr. Smith ended the day's proceedings.

A true report

ROBERT L. STUTZ, Secretary

Ray Martin

RAY MARTIN, Recording Secretary

MINUTES:

Steamship Authority Members'
Meeting of Aug. 20th/87
At Woods Hole

FILE COPY FILE COPY

To
Members
8/31/87

STEAMSHIP AUTHORITY Members met Aug. 20th, 1987, at the Authority's Woods Hole headquarters building. The public session, begun at 10:30 a.m., was followed by an executive session which concluded at 1:09 p.m.

Present were the three Members: Chairman James H. Smith of Falmouth; Vice Chairman Bernard D. Grossman of Nantucket; and Robert L. Stutz of Dukes County, Secretary.

Two of the three Financial Advisory Board members attended: Norman F. Beach of Nantucket and Robert C. Murphy of Dukes County. William R. Andrews of Falmouth was unable to attend.

Management personnel present throughout were: General Manager Ronald G. Eastman; Treasurer/Comptroller Wayne C. Lamson; Assistant General Manager Donald L. Hoffer and Ray Martin, public information officer and recording secretary to the Members.

THE PUBLIC AGENDA:

1: Action on minutes of July 16th meeting
2: Action on bills
3: Action on bids to repower and retrofit M/V Nantucket
4: Report on M/V Eagle construction progress
5: Reporter of the Treasurer
--on financing the cost of M/V Eagle
--on non-union long-term disability insurance program
--on Nantucket motorcycle rates (per petition)
6: Report of the General Manager
--on Seaman's Bethel, Vineyard Haven
--on M/V Eagle passenger seating
--on Friends of Nobska proposal
--on "advertising policy/marketing strategy"

THE EXECUTIVE SESSION AGENDA:

1: Report on Nantucket dolphin situation
2: Report on union negotiations
3: Report on real estate matters

Others present for the public session, in addition to area newsmen: Falmouth Selectman Raymond Labossiere; Daniel Horn, liaison officer for Barnstable Board of Selectmen; Louise Blackhall of Martha's Vineyard League of Women Voters; Chaplain Gene Landry of Boston Seaman's Friends; Robert Cleasby of Friends of Nobska; Capt. Barry Fuller and Capt. James Hocking; Howard Foster and Joseph Dawicki, Authority vessel engineers; Robert Healy, National Maritime Union business agent, and NMU Member Richard LeRoux.

(more)

MR. SMITH CALLED the public meeting to order promptly at 10:30 a.m.

ITEM #1 (minutes): Acceptance of the minutes of the Members' meeting of July 16th was moved by Mr. Grossman, seconded by Mr. Stutz. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

# # #

ITEM #2 (bills): Mr. Grossman moved payment of $1,366.86 to Taylor Risk Management (Mattapoisett) for advisory work on insurance. Mr. Stutz second the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

Mr. Stutz moved payment of $14,424 to Towers, Perrin, Foster & Crosby (Boston) for consultant work in the administration of non-union wages and salaries. Mr. Grossman seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Mr. Grossman questioned the amounts paid to Towers/Perrin. The General Manager said the $14,424 is around the $15,000-to-$18,000 estimated cost approved by the Members. Mr. Smith said he intends raising "this personnel program of theirs" in executive session.)

Mr. Grossman moved, seconded by Mr. Stutz, payment of $13,897.60 to Fordham & Starrett (Boston) for legal services. The VOTE:

AYES: Messrs. Grossman and Stutz
NAYS: Mr. Smith

(Mr. Smith again said the rates are too high. Mr. Grossman noted legal costs associated with the Authority's granting an operating license to Vineyard Express Lines and said, in future, the Authority shouldn't be burdened with legal costs while granting licenses to operate in competition with the Authority.)

Mr. Stutz moved, seconded by Mr. Grossman, payment of three bills totalling $110,743.38 to Fay, Spofford & Thorndike (Boston) for engineering services in advance of hoped-for reconstruction of Slip #3 at Woods Hole. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(more)

(Mr. Grossman said he was surprised at the size of the billing. "In all such arrangements," he said, "we should have some sort of not-to-exceed figure determined in advance." The eventual project, Mr. Eastman said, depending on the degree of undertaking, would be close to $2 million.)

Mr. Stutz moved payment of two bills, totalling $4,235.86, submitted by Carter Browne (Boston), computer consultant. Mr. Grossman seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

# # #

ITEM #3 (bids): As recommended by management, Mr. Grossman moved--seconded by Mr. Stutz--McDermott, Inc. (Morgan City, LA) qualified low-bidder on a basic contract to drydock and retrofit M/V Nantucket with more powerful engines, new fore and aft freight deck doors and other specified changes and improvements. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(McDermott's bid on the basic contract asked $690,916. A runnerup bidder, Newport Offshore, Ltd. (Newport, RI) sought $867,435 for the roughly seven-month project.

(One element of total cost, Mr. Eastman said, would be crewing up M/V Nantucket for delivery of the vessel and its return. It's roughly a 1,900-mile voyage from Woods Hole to the Louisiana shipyard.

(McDermott sought $50,000 for that delivery and return operation. Mr. Eastman said it could cost upwards of $80,000 to man the vessel with Authority officers and crewmen.

(Representatives of all three maritime unions--Masters, Mates & Pilots, Marine Engineers and National Maritime Union--were present to press their contention that union contracts call for the use of Authority personnel to man any such operation.

(All three Members said the General Manager should meet with representatives of the three unions on manning M/V Nantucket as well as M/V Eagle, due in Woods Hole from the same Louisiana shipyard in late October.

(more)

(By their vote to have McDermott begin work on M/V Nantucket in early November, Members--in effect--amended the Nov. 1st-Jan. 6th schedule they approved July 16th. That schedule called for M/V Nantucket to be in Woods Hole-Vineyard service until Jan. 6th and then proceed to a shipyard for prolonged work.

(Mr. Eastman explained that the earlier start on M/V Nantucket work was necessary (1) because of substantial increases in work expected of the shiyard and (2) to assure the vessel would be delivered back to Woods Hole in time for Memorial Day '88 service.)

Mr. Stutz moved management's recommendation that certain optional work detailed in the bid specifications --some $95,000 for a handicapped passenger elevator, $15,600 for a handicapped toilet facility and other optional items--be included in work to be done by the McDermott yard. Mr. Grossman seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Here, again, Mr. Eastman said the McDermott prices were lower than those sought by Newport Offshore, the other bidder.)

Mr. Eastman was authorized to take a telephone vote of the Members on Sept. 9th when bids will be opened on a request for proposals to supply lifejackets for M/V Eagle.

# # #

ITEM #4 (new construction report): Mr. Eastman reported that M/V Gay Head was delivered to Woods Hole the previous day and that it should see first service within a few days.

Further, he said, M/V Eagle now is afloat at Morgan City, LA. All materials necessary to completion of the project have been delivered to the McDermott yard and the shipyard has reported delivery of the new ferry to Woods Hole should be on Oct. 23rd.

# # #

ITEM #5 (Treasurer's report): Mr. Lamson told Members that $4,684,833 has been paid to date to McDermott, Inc., an amount roughly 60 percent of the contract price to build M/V Eagle.

(more)

Mr. Stutz moved Mr. Lamson's recommendation that the Chairman be empowered to sign an agreement whereby non-union employees' long-term disability insurance will be handled by Mutual Benefit Life. Mr. Grossman seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Members voted to shift the coverage from Union Mutual to Mutual Benefit Life--formerly Bankers' Life--at their June 18th meeting.)

Mr. Grossman moved Mr. Lamson's recommendation that round-trip excursion rates for motorcycles originating on the islands be adjusted to 55 percent of regular round-trip rates. Mr. Stutz seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Review of rates was urged by petition filed with the Members at their July 16th meeting. A Mr. John Digi had said rates from Nantucket were excessive in comparison with auto rates.

(Mr. Lamson since reviewed rates and said an adjustment "is appropriate." The excursion rate, in-season, permitting two passengers, would drop from $70.50 to $58.50 for trips beginning on Nantucket and would drop from $44 to $40 for one-day excursions.

(To equalize rates as a percentage of regular rates between the two islands, Mr. Lamson said the in-season motorcycle excursion rate from Martha's Vineyard would increase from $16 to $19.)

Mr. Lamson said he would have a revised operating budget for the balance of 1987 for Members' consideration at their Oct. 1st meeting. Revision, he said, is due to income greater than expected.

As of July 31st, the Treasurer reported, net operating income so far during 1987 is some $393,000 higher than for the first seven months of last year. Recent changes in the operating schedule also necessitate new budget figures, he said.

# # #

ITEM #6 (General Manager's report): Mr. Eastman and Mr. Stutz reported on most recent developments concerned the Seaman's Bethel, located at the heart of the Authority's Vineyard Haven terminal.

(more)

Mr. Grossman moved that the Bethel lease held with Boston Seaman's Friend Society--due to expire Oct. 1st and requiring 60 days' notice of intent to cancel or alter--be extended on a month-to-month basis until the Society, the Town of Tisbury and the Authority reach agreement on its future. Mr. Stutz seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

Mr. Stutz then moved to consider donating the Bethel building to either the Town of Tisbury or the Society (depending on the outcome of negotiations), said building to be moved to a nearby site at no cost to the Authority; further, that should the Town or Society later re-sell the structure to other than a non-profit organization, there would be negotiated payment to the Authority. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(At the Members' July 16th meeting, Mrs. Suzan Custer--chairman of the Tisbury Board of Selectmen--described the Town's hopes for properly preserving the Bethel. The Town, she said, is not yet prepared to assume ownership and responsibility for moving the building to another location.

(Mr. Smith said before there is any transfer of ownership, the law should be checked to see if the Authority has the legal right to donate the building to another entity.)

After examining samples of snap-on cushions that could make seating on the new M/V Eagle more comfortable, Mr. Grossman moved--seconded by Mr. Stutz--for a type that will cost no more than $15,000 over the installed seating. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

Mr. Grossman moved that management's recommendation be followed: that Friends of Nobska's second offer to purchase S/S Naushon and put it into service under at least a 10-year license be rejected. Mr. Stutz seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(more)

(Friends of Nobska's initial proposal was rejected by the Members at their July 16th meeting.

(Mr. Eastman's memo to the Members said: "...If the Authority were to license the operation of the Naushon as (Friends of Nobska) proposed, it would invite litigation and/or adverse action by the legislature, in view of the fact that our Enabling Act, as amended, limits our other competitors, particularly the Schamonchi, currently operating between New Bedford and Martha's Vineyard; (2), The license fee payment proposed by Friends of Nobska would in no way justify the potential loss in revenue to the Authority. (3) The potential for disruption of Authority service to our Oak Bluffs terminal, as a result of structural damage to the ferry slip by Naushon exists, notwithstanding appropriate insurance coverage. There exists also the potential for controversy as to which vessel using the facility is responsible for which part of 'normal' progressive damage.")

On "advertsing policy/strategy":

On recommendation of the Financial Advisory Board, Mr. Grossman moved--seconded by Mr. Stutz--to retain for another year the advertising agency of Moore/ Isherwood of New Bedford. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

Mr. Stutz moved that "we eliminate all radio and TV advertising for 1988." Mr. Grossman seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

At the Chairman's request, Mr. Stutz moved--seconded by Mr. Grossman--that there be a halt to advertising the Authority's guaranteed standby policy.

(On this motion, Mr. Smith agreed with Mr. Murphy of the Financial Advisory Board: it would be best to withhold a vote and hear first from Vineyard residents certain to attend the Members' Oct. 1st meeting on the Vineyard.

(Mr. Smith sought to make it clear that he is not opposed to carrying standby vehicles and their passengers--but it is the "advertising of our guaranteed standby policy" that leads to traffic problems in both Woods Hole and Vineyard Haven.)

Mr. Stutz then moved--seconded by Mr. Grossman--that "we declare a moratorium on the present brochure/complimentary ticket arrangement for

(more)

the Year 1988, with the understanding that brochures will be produced and made available to limited resources, such as travel agencies, hotels and motels" and such other locations recommended by management and approved by the Members--with no complimentary tickets involved in any such promotional activity. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Mr. Stutz served notice at the July 16th meeting that he intended taking the pulse of the Vineyard on the "crisis of over-crowdedness" and would advance suggestions he said he hoped the Members would support. His island, he said, "is under siege. We cannot--and I repeat--we cannot accommodate safely and conveniently the numbers that are being delivered to the Vineyard shores, not only by the Steamship Authority but by other means."

(He said the "Steamship Authority is not the cause of the Vineyard's problems. I know that the developers are the major culprits."

(What the Authority Members can do today, he said, would be "symbolic" of the Authority's concern and sympathy with the island towns faced with crushing problems.)

On a somewhat related matter--the difficulty Vineyarders experience getting off their island in summer months because of filled reservations--Mr. Stutz moved that the preferred space program of some years standing be broadened to include weekends in-season. Mr. Grossman seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(The year-round preferred space policy previously was limited to weekday trave from the Vineyard. Fifteen auto spaces were set aside daily for Vineyard residents. Five additional spaces on Saturdays and Sundays now will be set aside for Vineyard residents. As applied to Nantucket residents, the program always was in effect seven days a week but with fewer spaces held available daily.)

# # #

(more)

On Mr. Eastman's recommendation, Mr. Grossman moved that "legitimate, non-profit organizations be permitted to effect displays (inside vessels) which will add rather than detract from the appearance of the vessel." Mr. Stutz seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Appropriate scenery so displayed would be properly framed within shatter-proof glass and be located where management believes most suitable.)

# # #

THE PUBLIC SESSION completed, Mr. Smith accepted a motion from Mr. Stutz--seconded by Mr. Grossman--to go into executive session, under the rules of Chapter 30, Section 11A (½), to discuss matters in or that could lead to litigation, trade union matters and real estate offerings. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(In the press question-answer session that preceded the executive session, most questions concerned the Members' decision to restrict advertising and other promotional efforts during '88.)

# # #

[redacted]

[redacted]

# # #

In a brief, reopened public session, Mr. Smith announced the single vote taken in executive session whereupon, on Mr. Stutz' motion to adjourn, seconded by Mr. Grossman, the day's proceedings ended.

A TRUE REPORT

ROBERT L. STUTZ, Secretary

Ray Martin

RAY MARTIN, Recording Secretary

MINUTES:

Steamship Authority Members'
Meeting of July 16th/87
At Woods Hole

FILE COPY FILE COPY FILE COPY

STEAMSHIP AUTHORITY MEMBERS met at Woods Hole on this date with the following public agenda:

1: Action on minutes of June 18th meeting
2: Action on bills
3: Action and report on bids
4: Report on progress of new construction
5: Report of Treasurer Wayne C. Lamson
6: Report of General Manager Ronald G. Eastman
--on Seaman's Bethel, Tisbury
--on Friends of Nobska offer to purchase S/S Naushon
--on Vineyard Express Lines agreement
--on fencing needs at Nantucket terminal
--on US Environmental Protection Agency
--on late fall operating schedules
7: Press and public questions and comments

It was announced an executive session would take up:

1: The Nantucket dolphins situation
2: Real estate matters
3: Communique from the State re available properties
4: Trade union matters

ATTENDING WERE the three Members: Chairman James H. Smith of Falmouth; Vice Chairman Bernard D. Grossman of Nantucket; and Robert L. Stutz of Dukes County, Secretary.

All Financial Advisory Board members were present throughout: William R. Andrews of Falmouth, Norman F. Beach of Nantucket and Robert C. Murphy of Dukes County.

Management personnel present: General Manager Ronald G. Eastman, Treasurer/Comptroller Wayne C. Lamson, Asst. General Manager Donald L. Hoffer, Operations Director Phillip J. Parent, Marketing Supervisor Diane M. Speers and Ray Martin, public information officer and recording secretary to the Members.

Attorney Laurence S. Fordham was present throughout. Attending the public session only, in addition to members of the area press corps, were: Tisbury Selectman Suzan Custer; Mark Snider of Vineyard Express Lines; Robert Moore of Paul Peters Insurance, Falmouth; Chaplain Capt. Gene Landry of Seaman's Friends Society of Boston and the Rev. Mr. William Baron of Centerville.

(more)

THE CHAIRMAN, at the request of Mr. Beach, permitted John Digi of Nantucket to speak for a few moments before the start of regular business and to submit a petition he said was signed by 94 residents of Nantucket.

Mr. Digi (and the petition) asked Members to consider reducing motorcycle rates for islanders only who want to take advantage of the Authority's excursion rates. Compared to an automobile transported at the excursion rate, Mr. Digi said the charge for a motorcycle is "excessive and unfair".

Mr. Smith told Mr. Digi that management will study the claims made and Members, at a forthcoming meeting, will decide if changes are to be made in the rate structure.

# # #

ITEM #1 (minutes): Mr. Grossman moved acceptance of the minutes of the Members' June 18th meeting. Mr. Stutz seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

# # #

ITEM #2 (bills): Mr. Stutz moved (seconded by Mr. Grossman) payment of $5,150 to C.W. Whittier for property appraisal work at Hyannis. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

Mr. Grossman moved for payment of $280 to Bruce Rafey Associates for work in labor relations matters. Mr. Stutz seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

Mr. Stutz moved (seconded by Mr. Grossman) to pay Palmer & Dodge (Boston) $1,361.31 for services as bond counsel since last October. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(more)

Continuing with bills:

A Taylor Risk Management (Mattapoisett) bill for $1,654.72 for insurance advisory work was moved for payment by Mr. Grossman, seconded by Mr. Stutz. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

Finally, two bills totalling $4,161.40 from Carter Browne (Boston), computer consultant, were moved for payment by Mr. Grossman, seconded by Mr. Stutz. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

# # #

ITEM #3 (bids): On management's recommendation, Mr. Grossman moved (seconded by Mr. Stutz) the purchase of computer equipment (an IBM or equivalent compatible personal computer) from New England Micro (Haverhill, Mass.) for $2,845. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(The NE Micro price was second lowest of nine bids received, the General Manager pointed out. The recommendation was based on the fact that the product offered by NE Micro was superior to that offered by the low bidder (Retail Data Systems of West Falmouth) which sought $2,624.34. Other bids ranged up to $4,866.

(Members said they didn't like bypassing a legitimate low bidder. Mr. Grossman said there must be "some polishing up on specifications for computer equipment in the future so we don't get into this pattern.")

Just one bid was received to supply six magnetic stripe readers and Mr. Grossman moved the award to Retail Data Systems of West Falmouth. Mr. Stutz seconded the motion. The VOTE to pay $2,093.22:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(more)

The General Manager said four shipyards so far have shown interest in doing all the reconstruction work necessary to M/V Nantucket's repowering. Bids, he said, are scheduled for opening on Aug. 4th on the vessel's expected lengthy stay in a shipyard.

(Members agreed at their Nov. 20th/86 meeting to purchase the more powerful engines that will go into M/V Nantucket. It is planned to have the vessel back in service by Memorial Day, 1988.)

Mr. Grossman said Members should have had the opportunity to review the specs before they were issued. He said Members have long talked about including further aids to the handicapped aboard vessels and, he said, such aids (possibly including an elevator) should have been included in the bid information.

Mr. Eastman said an addendum will be published to include equipment and structural changes mentioned by Mr. Grossman. But, the General Manager advised, any substantial increase in work could push the vessel's return to service beyond Memorial Day 1988.

# # #

ITEM #4 (progresss in construction): Mr. Eastman reported heavy, prolonged rains in the South Louisiana area (site of McDermott, Inc.'s shipyards) have pushed back for a few days the delivery dates of both M/V Gay Head and M/V Eagle but "the proposed delivery dates are still well within our targeting zones."

The Chairman showed concern about plans for formal dedication of M/V Eagle.

Mr. Grossman said the Members should be given the opportunity to select durable, comfortable indoor seating. "Passenger comfort," said Mr. Grossman, should be "part of our marketing program." He said attention must also be given to interior decor on M/V Eagle as well as M/V Nantucket while it's in drydock for repowering.

The Chairman said the island Members should be given the opportunity to examine samples of interior seating and make the decision on Eagle's interior seating. In any event, Mr. Grossman said he would not support the plastic seating called for in specs.

# # #

ITEM #5 (report of the Treasurer): Mr. Lamson said the Authority so far as paid $3,904,000 to McDermott, Inc. for its construction of M/V Eagle.

(more)

If there are no changes in construction or additional work called for, the Treasurer puts M/V Eagle's expected cost at about $8.5 million--including all original design work, on-site supervision, etc.

On Authority finances, Mr. Lamson said the half ended with the Authority bettering the budget as well as its performance in the first half of 1986. As of June 30th, he said, the operating loss was some $178,000 lower than the previous year at the same point.

# # #

It was moved by Mr. Stutz (seconded by Mr. Grossman) to permit the Chairman's signing of a new agreement with King Neptune Caterers for the balance of the year. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(The revised agreement was negotiated by Mr. Lamson following the Members' decision of June 18th to permit the caterer to resume the sale of beer and wine on vessels. Payments to the Authority will be based on percentage of sales and will include sufficient funds to offset the cost of liquor liability insurance, Mr. Lamson said.)

# # #

ITEM #5 (report of the General Manager):

--On the Seaman's Bethel, Vineyard Haven: Located at the center of the Authority's terminal area, the landmark structure is central also to Town of Tisbury's long-range, harbor-view planning as well as the Authority's planning for an eventually new ticket office and passenger shelter and to the hopes of Boston Seaman's Friend Society for "a continued ministry" on Martha's Vineyard.

Since 1972, the Authority-owned building has been leased to the Society. That lease expires in October--unless renewed.

Mrs. Suzan Custer (chairman of the Town of Tisbury Board of Selectmen) and Chaplain Gene Landry of Boston were present to outline their thoughts: the Town, said Mrs. Custer, would like the structure moved to a nearby piece of property the Town hopes to purchase ("where we can preserve and enhance the Bethel"); Chaplain Landry said the hoped the lease can be renewed and "our ministry on the island continue--preferably at that site."

(more)

Mr. Stutz voiced sympathy for both speakers and their views of the Bethel's continued presence at the Vineyard Haven gateway to Martha's Vineyard. He hoped they could reach agreement.

Mr. Smith said the Members would like to cooperate with both the Town and the Society--but first they must agree on what the Authority's role should be as owner of the building. At his suggestion, Mrs. Custer and Chaplain Landry met privately while Members returned to other agenda business.

(Later, Mrs. Custer reported agreement with Chaplain Landry to work with Messrs. Stutz and Murphy so the Authority can be abreast of dialogue between the Town and the Society.)

By their Aug. 20th meeting, Members must give the Society notice of renewal intentions on a lease that expires in October.

--On the Friends of Nobska:

Without taking a vote, Members voiced opposition to an offer by Friends of Nobska to purchase S/S Naushon for $50,000 down with future payments tied to profits from operating the vessel in future summers between New Bedford and Oak Bluffs. Full purchase price would be $1 million.

Necessary drydocking and related work would be paid by the Authority, according to the Friends' proposal--an expenditure greater than the $50,000 down payment, the General Manager pointed out.

With such a purchase, FON said it would expect from the Authority a 10-year operating license along with an option for an additional 10 years.

Said the Chairman: "We would hold the mortgage on something that would be in direct competition to us...We'd be shot publicly--at the stake--if we contemplated this."

Mr. Stutz suggested management study the financial impact on the Authority of such a purchase tied to operating rights in the carriage of passengers and autos--and to advise the Members.

--On Vineyard Express Lines:

Mr. Grossman moved (seconded by Mr. Stutz) that the Chairman be authorized to sign the one-year grant of permission that allows Vineyard Express Lines to operate between Buzzards Bay and Oak Bluffs. The VOTE

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(more)

(Members approved the one-year trial service at their March 19th meeting, verified the vote at their May 7th meeting--both times on 2-1 votes with Mr. Smith in opposition because management, he said, hadn't had time to give Members a recommendation.

(The motion to sign the agreement was preceded by a pledge by the line owner that his vessel would run only into Oak Bluffs--not Vineyard Haven as well, as he has advertised.)

--On fencing at Nantucket:

Fencing a long stretch of Authority property at the western end of its Nantucket terminal area to curb vandalism of parked vehicles has been recommended by both the Nantucket chief of police and fire chief, according to the General Manager.

Such a fence would meet up with a 16-foot fence that separates Authority property from a tennis court owned by the Nantucket Yacht Club.

No vote was taken on the recommended fencing because Mr. Grossman said Members shouldn't entertain the proposal unless it is approved in advance by the Historic District Commission.

--On US Environmental Protection Agency communique:

On management's recommendation, Mr. Grossman moved the signing of a letter of commitment to pay some $4,800 to a fund established by the Federal EPA to overcome environmental damage done to the Merrimac River by hired waste-disposers. Mr. Stutz seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Mr. Eastman pointed out the Authority is but one of a long list of companies, towns and schools that must pay for environmental damage totalling several millions of dollars. Federal officials traced the Authority's liability back to 1979 when it employed Cannon Engineering of West Yarmouth to pump the bilges and sewer tanks of M/V Uncatena of some 800 gallons of waste water. The Cannon firm, said Mr. Eastman, eventually released that waste into catch basins that empty into the Merrimac.

(Agreement to pay by July 24th, said Mr. Eastman, should remove the Authority from any further charges by Federal or State governments.)

(more)

Continuing with Mr. Eastman's report:

--On late fall (Oct. 30th through Jan. 6th/88) schedules:

Mr. Stutz moved the management-recommended sailing schedules to and from both islands that will carry the Authority from Oct. 30th into a new year. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Ms. Speers answered all Members' questions on the various options before them, pointing out that the recommended schedules give both islands the same number of trips as last year but increased deck space this year.

(Major difference in service would be through the introduction of the new M/V Eagle which would be assigned to the Nantucket-Hyannis run with M/V Nantucket dedicated to the Vineyard-Woods Hole run.

(During the schedule, Eagle would make three round trips daily between Nantucket and Hyannis plus Nantucket would have service from either M/V Katama or M/V Gay Head on Mondays and Tuesdays. Serving the Vineyard, M/V Nantucket would make six round trips daily (seven on Fridays and Sundays), M/V Uncatena would make six round trips daily--plus either Katama or Gay Head would be available on the five days per week neither is on a run to Nantucket.)

# # #

Under unscheduled business:

* Mr. Grossman said, with addition to the fleet of M/V Eagle and M/V Gay Head, traffic in off-season months should be more carefully analyzed so that--if possible--either M/V Katama or the Gay Head can substitute on some days for the larger vessels.

* Mr. Stutz said he appreciated receiving Ms. Speers' analysis and history of advertising--but that he remains unsure of the need to continue the corporate discount program. He also wanted more information on the brochure distribution program.

* Mr. Grossman said: "I feel very strongly our whole marketing program, including the advertising program, should have such a review

(more)

before we go forward with the budget for advertising for the year."

* Said Mr. Beach: "We certainly need some policy direction... I, personally, don't see how you can make the Steamship the vehicle which prevents people from overcrowding the islands."

All press inquiries dealt with the adopted sailing schedules, the new agreement with King Neptune Caterers--and the offer of Friends of Nobska to purchase S/S Naushon.

On unanimous vote of the Members, Mr. Smith adjourned the open meeting, stating Members would meet in executive session under State rules (Ch. 30, Section 11½-A) to discuss matters appropriate for executive session. Adjournment came at 12:19 p.m.

# # #

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A true record

ROBERT L. STUTZ, Secretary

Ray Martin

RAY MARTIN, Recording Secretary

MINUTES:

Steamship Authority Members'
Meeting of June 18th/87
At Woods Hole

FILE COPY FILE COPY

to
members
7/3/87

STEAMSHIP AUTHORITY MEMBERS met in both public and executive sessions on June 18th, 1987, at the Authority's headquarters building in Woods Hole, beginning at 10:30 a.m.

Members present throughout were Chairman James H. Smith of Falmouth; Vice Chairman Bernard D. Grossman of Nantucket; and Robert L. Stutz of Dukes County, Secretary.

Norman F. Beach (Nantucket) was unable to attend but William R. Andrews (Falmouth) and Robert C. Murphy (Dukes County) were present throughout as members of the Financial Advisory Board.

Management personnel present were: General Manager Ronald G. Eastman; Treasurer/Comptroller Wayne C. Lamson; Assistant General Manager Donald L. Hoffer; Diane Speers, supervisor of marketing; and Ray Martin, public information officer and recording secretary to the Members.

In the audience for the public session only were (in addition to area newsmen): Falmouth Selectman-elect Raymond Labossier; Edward M. Taylor of Mattapoisett, insurance consultant; Robert Moore of Paul Peters Insurance, Falmouth; Mark Snider of Vineyard Express Lines; Dr. Jay Segel of Martha's Vineyard Health Care Access Committee.

The public agenda called for:

1: Action on minutes of May 21st meeting
2: Action on bills
3: Report on bids and requests for proposals
4: Report on new construction/conversion progress
5: Report of Treasurer Wayne C. Lamson
   --on M/V Eagle financial status
   --on proposed amendment to non-union pension plan
   --on new agreement with US Postal Service
   --on insurance renewals
   --on purchase of photocopying equipment
   --on Authority finances
6: Report of General Manager Ronald G. Eastman
   --on annual contributions to area hospitals
   --on Woods Hole fender repair needs
   --on American Cruise Lines agreement
   --on barge unloading at Nantucket
   --on bow and stern doors for M/V Nantucket
   --on Seamen's Bethel, Tisbury
   --on Vineyard Express Lines agreement

(more)

In executive session, it was announced, Members would take up the following:

* The Towers/Perrin report re non-union employee compensation
* Hyannis property appraisals by C.W. Whittier
* Parking lease with Falmouth Youth Hockey League
* Union negotiations and
* The challenge to dolphins at Nantucket

# # #

THE CHAIRMAN, Mr. Smith, called the public meeting to order at 10:31 a.m. and the following are highlights of what occurred:

Before considering the published agenda, Mr. Smith opened proceedings by condemning a preliminary decision by Secretary of Environmental Affairs James S. Hoyte which, unless changed or reversed, jeopardizes the new, two-slip Nantucket terminal as it now exists.

(Please see minutes of Oct. 25th/84 when, at an Authority public meeting on Nantucket, a delegation of persons who identified themselves as the "Easy Street Basin Group" was on hand to demand removal of dolphins erected and in place most of the past full year.

("The group's major spokesman was Attorney Donald Connors who contended the Authority, in seeking necessary certificates from Federal, State and local bodies prior to dolphin construction, failed to give the public proper notice of hearings so that--in the group's view--laws intended to preserve the historic nature of the island were violated."

(Lawsuit was threatened.)

Attempts at mediation (minutes of March 19th/87) collapsed.

The controversy was then moved back to the Massachusetts Environmental Protection Act unit (MEPA) of Secretary Hoyte's department.

Members and management voiced disappointment at the ruling itself as well as how they learned about it: through press reports. As of today--a week following press reports--Mr. Eastman, the General Manager, said the Authority still had received no official report from Mr. Hoyte's office.

INITIATING THE DISCUSSION, Mr. Smith said Mr. Hoyte was wrong on all three grounds on which his decision was based:

(more)

1: Public hearings were held on Nantucket and the Authority's plans were endorsed enthusiastically in public meetings. This public support was vital to securing Federal and State financial assistance to undertake the entire Nantucket reconstruction project.

2: From the beginning, the Nantucket facility was to be redeveloped so as to provide a two-slip operation (not a "temporary second slip" as Mr. Hoyte said in ruling that the time has come to get rid of the "temporary" second slip); and

3: All reconstruction plans were delivered to and received the required approval of all Federal and State agencies involved in such a process--including Mr. Hoyte's own MEPA unit.

Without such complete approvals, Mr. Smith said, Federal and State governments would not have contributed to the project's cost.

Mr. Smith said today's second slip was "a promise we made at 1979 public hearings on the island (please see transcripts dated Nov. 20th/79)...We put over $6 million into the Nantucket terminal to reconstruct it and we fulfilled the promise that we made to the people of Nantucket."

He said he would vote against following any administrative order to undo that promise.

Later, Mr. Eastman, the General Manager, said Mr. Hoyte's ruling is "180 degrees away" from what he told management he would hand down.

The Nantucket Member, Mr. Grossman, said "I heartily concur with everything you (Mr. Smith) said." He then went on to add these points:

* Were it not for the availability of the second slip, where fuel for aircraft is unloaded, "the Nantucket airport would have been out of operation last summer and thus far this year and probably the rest of the summer."

* Major island construction works--including $31 million for a new school and continuance of the largest sewer project in Nantucket's history--rely on barged material arriving from the mainland at the second slip.

"This has been a major service to the town and has saved the town thousands upon thousands of dollars," said Mr. Grossman.

* There have been several instances since the dolphin system was in place where Authority vessels would have been damaged and

(more)

travellers possibly injured had it not been for the safety factor of the dolphins.

Said Mr. Stutz, the Dukes County Member: "I join with my colleagues in being disappointed, to say the least, with the report of the Secretary."

With that (and the fact that the subject was due for further consideration in executive session), Mr. Smith turned to the regular public agenda.

# # #

ITEM #1 (minutes): Mr. Grossman moved (seconded by Mr. Stutz) acceptance of the prepared minutes. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

# # #

ITEM #2 (bills): Mr. Stutz moved (seconded by Mr. Grossman) payment of $2,564 to the firm of Towers, Perrin, Foster & Crosby for its study of union pension funds. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

Mr. Stutz also moved (seconded by Mr. Grossman) for payment of $519.40 to Bruce Rafey Associates (Boston) from which one associate--a Joseph Pickering--will assist in future union contract negotiations. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

Two bills totalling $25,367.29 from Fordham & Starrett (Boston) for legal services during April and May were moved for payment by Mr. Grossman, seconded by Mr. Stutz. The VOTE:

AYES: Messrs. Grossman and Stutz
NAYS: Mr. Smith

(Mr. Smith said: "I'm opposed for the same reason I've been opposed for some months." Mr. Grossman said the record should show that $9,900 of the bills related to the Nantucket dolphin situation.)

(more)

The final bill before the Members, totalling $4,613 and submitted by Carter Browne (Boston) for computer services, was moved for payment by Mr. Stutz, seconded by Mr. Grossman. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

# # #

ITEM #3 (bids, proposals): On management's recommendation, Mr. Stutz moved to extend the present contract with Grimes Oil Co. (Boston) to provide #2 heating oil for the Vineyard Haven terminal. Mr. Grossman seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

# # #

ITEM #4 (progress report on projects): The General Manager circulated photos taken at the Louisiana shipyard where M/V Gay Head is undergoing reconstruction. He said the vessel likely will depart the Gulf Coast port towards the end of July. Gay Head probably will be in service in early August.

At the same yard (McDermott, Inc.), construction of M/V Eagle is on an acceptable schedule. The new ferry is expected to be turned over to the Authority in September.

To Members' questions, Mr. Eastman said there have been no firm offers to purchase either S/S Naushon or M/V Auriga--both of which are on the sales block.

# # #

ITEM #5 (report of the Treasurer):

--On financing Eagle's construction, Mr. Lamson said a little more than $3 million has been expended as of May 31st. Accepted bid prices (minutes of June 26th/86) from McDermott, Inc., was $7,808,055.

--On a proposed amendment to the non-union pension fund agreement, Mr. Stutz moved (seconded by Mr. Grossman) the management recommendation which would conform with new Federal tax laws. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(more)

(The change would permit Bankers' Life to continue administering the entire program, including funds contributed voluntarily toward individual retirement accounts.)

--On renewal of the service contract with the US Postal Service, Mr. Stutz moved (seconded by Mr. Grossman) to accept negotiated terms for another three-year period. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Mr. Lamson pointed out that the Authority had been receiving $146,872 per year. Under the new pact, the Authority will receive $178,200, escalating yearly with US inflation figures at year-end.)

--On insurance renewals:

As recommended by management, Mr. Stutz moved (seconded by Mr. Grossman) acceptance of a new package of insurance that would include coverage of M/V Katama and M/V Gay Head through Paul Peter Insurance Agency of Falmouth. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Premium total for the coming full year will be $903,975--less $6,000 if paid by July 15th--including broader coverage for Katama and Gay Head. Total premiums for the prior year: $890,038.)

Because Authority exposure to heavy suits arising out of alcohol-related incidents now seem minimal and now covered by existing insurance as well as drivers' automobile insurance, Mr. Grossman moved to lift the ban on the sale of beer and wine on Authority vessels moving between Hyannis and Nantucket. Mr. Stutz seconded the motion if it were expanded to include vessels on runs to the Vineyard--and Mr. Grossman so agreed.

The VOTE to partially rescind the Oct. 3rd/85 total ban on the sale of alchoholic beverages:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(It was indicated sales of beer and wine likely would resume in early July, once the concessionaire and Authority reach new agreement terms on payments and insurance.)

(more)

Further on Mr. Lamson's report:

--On the Treasurer's request for purchase of a new Xerox copier for the accounting department, Members indicated support but never got around to voting on the matter. Instead, they got sidetracked into discussing the quantity of material sent to the Members. Too voluminous, said Mr. Grossman.

--Finally, Mr. Lamson said he wanted the record to show his appreciation for the services of Mrs. Priscilla Avilla who is due to retire in July after 40 years of service as personal secretary to former Treasurer George Liberty and himself since 1982.

Mr. Smith said more recognition should be given veteran workers. He asked the Treasurer to report regularly from now on on all retirements so that Members' appreciation can be voiced in public session. Too, he said, some memento should be designed and presented to underscore Members' appreciation.

--On finances, Mr. Lamson said precise, mid-June figures are not available but all indications are the Authority is ahead on traffic and revenue budget projections.

# # #

ITEM #6 (report of the General Manager):

--On yearly contributions to area public hospitals, Mr. Grossman moved to double the contribution to $500 apiece because "they're terribly important elements to the communities that we serve." Mr. Stutz seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(On Sept. 22nd, 1983, Members began contributing $250 yearly to each island hospital as well as Falmouth and Cape Cod Hospitals.)

--On a damaged fender unit at Woods Hole reported by Mr. Eastman, Mr. Grossman moved (seconded by Mr. Stutz) that an emergency situation exists requiring immediate repairs. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

And Mr. Stutz followed with a motion (seconded by Mr. Grossman)

(more)

to have Lindberg Marine do the repairs for the solicited price of $3,100. (Other solicited prices: $10,500 from AGM Marine and $12,000 from Dan Clark. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

--On fencing bordering the Nantucket terminal:

Here, said Mr. Eastman, a string of four- or six-inch steel pipes needs to be erected to prevent vehicles on Authority property further damaging chain-link fencing along a tennis court owned by the nearby Nantucket Yacht Club. Either that, said the General Manager, or the Authority could be paying repeatedly for new fencing or face court action for damages.

Assured that State bidding laws would not be violated, Mr. Grossman moved (seconded by Mr. Stutz) to have a steel pipe barricade erected at a cost not to exceed $3,000--a price solicited by the General Manager from probably the only builder on the island who would undertake the job. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

--On American Cruise Lines:

Mr. Stutz moved (seconded by Mr. Grossman) to enter into a new, one-year agreement permitting American Cruise Lines' use of Authority docking facilities at Oak Bluffs and Nantucket--and to authorize the Chairman to sign such agreement. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

--On barge unloading at Nantucket:

Applying only to materials destined for municipal or county projects, it was moved by Mr. Stutz (seconded by Mr. Grossman) to keep winter barge unloading rates at Nantucket throughout the summer when, normally, rates would double. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Since the policy was adopted in 1985, the Authority has been rebating to island town and county governments 75 percent of revenue

(more

received from bargers using terminal facilities to unload gravel and other material and equipment needed in local government construction projects.

(Purpose of the policy: to aid local governments.

(To keep the Authority whole, the rebate to Nantucket this summer will be reduced to 50 percent. The agreement permits a steady flow of barging rather than a three-month interruption followed by heavy build-up of barging with the return of off-season rates.)

--On upgrading the computer system:

Mr. Stutz moved (seconded by Mr. Grossman) to expend a management-recommended $316,821.45 as the first major step in a long-planned project aimed at upgrading both reservations and accounting department computer systems in such a way as to permit, when necessary, the systems to back each other up. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Overhaul and updating of the reservations system was first given Members' approval at their meeting on July 31st, 1984. Set aside was $504,000 in the preliminary operating budget for 1987, adopted by the Members on Dec. 18th last year.

(Mr. Eastman said "necessary programming and software" costs would be included in the $504,000 budget limit.)

--On M/V Nantucket's doors:

Mr. Grossman moved the expenditure of $99,000 for new bow and stern steel doors to replace M/V Nantucket's present, fatigued aluminum doors--the work to be done when the vessel is taken out of service early next year for engines replacement. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

--On the Seaman's Bethel, Tisbury:

Members decided to take up at their July meeting (in Woods Hole) the thoughts of Tisbury's Board of Selectmen concerning the ultimate fate of the Seaman's Bethel, situated in the heart of the Authority's Vineyard Haven terminal.

(more)

Still on the General Manager's report: on the subject of Vineyard Express Lines:

Mr. Grossman moved (seconded by Mr. Stutz) that, "assuming suitable indemnification and/or insurance coverage is received, in the opinion of management," that the Authority enter into a one-year agreement with Vineyard Express Lines permitting the ferrying of passengers between Buzzards Bay and the Authority's Oak Bluffs terminal for fees to the Authority spelled out at previous Members' meetings--subject to a final telephone vote of the Members prior to the July 16th meeting. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

--On Nantucket's dolphins:

Mr. Eastman said "we have nearly an agreement" with the Nantucket Historic District Commission on the "appropriateness" of the dolphin system.

On Mr. Hoyte's decision (please see page two), the General Manager said a copy of Mr. Hoyte's certificate still has not been received from his office (although given considerable publicity a week earlier in mainland and island newspapers). The order is, said Mr. Eastman, "entirely contrary to all of the input and all of the comments and feeling that has come down to us from that office--until suddenly that certificate was issued...

"It's about 180 degrees out from what was indicated at the meeting we could expect to occur."

# # #

FOLLOWING QUESTIONS from the press (mainly concerning the dolphins and the restoration of beer and wine sales on vessels), Mr. Smith announced the Members would go into executive session--under the rules of Chapter 30, Section 11½-A--to discuss matters properly reserved for executive session.

The public session was concluded at 11:43 a.m.

# # #

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[redacted]

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[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

The executive session ended at 12:39 p.m. The Chairman waited a moment and then reopened the public session to announce votes taken during the executive session.

Final adjournment for the day was called at 12:41 p.m.

A true record

ROBERT L. STUTZ, Secretary

Ray Martin

RAY MARTIN, Recording Secretary

MINUTES:

Steamship Authority Members'
Meeting of May 21st/87
At Tisbury

FILE COPY FILE COPY

STEAMSHIP AUTHORITY Members met in public session at Tisbury on May 21st, 1987, beginning at 12:30 p.m. A brief executive session followed the public meeting.

Present were the three Members (Chairman James H. Smith of Falmouth; Vice Chairman Bernard D. Grossman of Nantucket; and Robert L. Stutz of Dukes County, Secretary) and two of the three members of the Financial Advisory Board (Norman F. Beach of Nantucket and Robert C. Murphy of Dukes County). William R. Andrews of Falmouth was unable to attend.

Management personnel present for both sessions were: Ronald G. Eastman, General Manager; Treasurer/Comptroller Wayne C. Lamson; Assistant General Manager Donald Hoffer; and Ray Martin, public information officer and recording secretary to the Members.

The public session agenda called for:

1: Action on minutes of May 7th
2: Action on bills
3: Action on bids and proposals sought
4: Progress report on new construction
5: Report of Treasurer Wayne C. Lamson
--on M/V Eagle payment status
--on Bank of Boston resolution re authorized signatures
--on driverless vehicles policy
--on 1987 bus stand agreements
6: Report of General Manager Ronald G. Eastman
--on Oak Bluffs land lease
--on Martha's Vineyard Health Care Access Committee requests
--on legislation (HB 2869)

The public was told union and real estate matters would be taken up in executive session following the open session.

In the audience for the public session, besides area newsmen, were Tisbury Selectmen Cora Medeiros and Suzan Custer, Edgartown Selectman Fred Morgan and Alfred F. Ferro, former Authority Member.

# # #

ITEM #1 (minutes): With a three-word insert--"and the quantity"--as requested by the Chairman, Mr. Grossman moved acceptance of the prepared minutes of the May 7th meeting. Mr. Stutz seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(more)

(With the requested change in minutes, the fifth paragraph on page eight would read--with inserted words in capitals:

("The Fordham/Starrett response was made part of the record. Mr. Smith said he still is not satisfied, that he doesn't want to comment publicly about a fellow professional. 'It has nothing to do with the quality of the work; it's the cost AND THE QUANTITY of the legal work,' said the Chairman.")

# # #

ITEM #2 (bills): Mr. Grossman moved payment of $24,099.01 to the Fordham/Starrett (Boston) legal firm for most recent documented services. Mr. Stutz seconded the motion. The VOTE:

AYES: Messrs. Grossman and Stutz
NAYS: Mr. Smith

(Mr. Smith said the reason for his opposition again is the "cost and the quantity" of assignments turned over to the law firm.)

Two invoices totalling $3,690.50 from Carter Browne (Boston), computer consultant, were moved for payment by Mr. Stutz, seconded by Mr. Grossman. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

# # #

ITEM #3 (bids, proposals): As requested by management, Mr. Grossman moved (seconded by Mr. Stutz) to extend for an additional year the contract by which the Authority receives heating oil through the Barnstable County competitive bid procedure. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

To supply fresh meats for vessels, Cambridge Packing (Boston) was low bidder at $28,479.34 with Weston Thurston Co. (Boston) runnerup at $29,951.42. Mr. Grossman moved the award to Cambridge, seconded by Mr. Stutz. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(more)

Still on bids:

Mr. Grossman moved (seconded by Mr. Stutz)--assured by management that performance bonds have been submitted--that M/V Uncatena's drydocking go to Boston Graving Dock Corp., a lone bidder, for the sum of $30,929. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(The General Manager said Boston Graving Dock has been in business only a month. Its personnel and equipment have been checked out by the maintenance director, Mr. Eastman said.)

Mr. Grossman moved (seconded by Mr. Stutz) that ARC Corp., of Nantucket, demolish and remove the so-called bakery building at Nantucket for $2,499, the lowest of five bids that ranged up to $22,400. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

Mr. Grossman moved (seconded by Mr. Stutz) that necessary parking lot and terminal area pavement painting at Woods Hole be done by R & J White Lines (Middleboro) for $795--the lowest of six bids received. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

Finally, Mr. Stutz moved (seconded by Mr. Grossman) to extend the contract another year by which Grimes Oil Co. (Boston) supplies #6 fuel oil for S/S Naushon. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

# # #

ITEM #4 (new construction): Construction of M/V Eagle remains comfortably close to schedule, said Mr. Eastman, as does reconstruction work on M/V Gay Head.

To meet Members' expressed wishes for better accommodations for passengers on Gay Head, the General Manager said he authorized the shipyard (McDermott) to expend an additional $50,000 or so, per permission by telephone from the Members since the May 7th meeting.

(more)

Mr. Grossman moved to confirm the telephone vote that preceded the General Manager's approval of an estimated $50,000 extra expenditure to expand and improve passenger accommodations on M/V Gay Head. Mr. Stutz seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

# # #

ITEM #5 (report of the Treasurer): Mr. Lamson reported a little more than $3 million has been forwarded to date to McDermott Shipyard, currently building M/V Eagle.

On Mr. Lamson's recommendation, Mr. Grossman moved (seconded by Mr. Stutz) a resolution for the Bank of Boston that adds Assistant General Manager Hoffer to the list of authorized check- and document-signers and to authorize the Secretary (Mr. Stutz) to sign certification titles. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

Members resumed discussion of the Authority's "driverless vehicles" policy (voted Nov. 20th, 1986) which seeks to guard the Authority against damages or losses arising from a service to the public: the fact that Authority personnel offer to drive vehicles--personal and commercial--on and off vessels as a convenience to vehicle owners.

The policy works well as far as commercial vehicles are concerned, said the Treasurer, but is proving "impractical" as far as individually owned vehicles are concerned: they mosttimes can't show evidence of insurance at the moment they ask that their autos be transported for them.

Mr. Lamson said he has confirmed that the Authority's own comprehensive, general liability policy is sufficient protection.

At the Treasurer's suggestion, Mr. Grossman moved (seconded by Mr. Stutz) the policy be modified to this extent: (1) signing of a hold-harmless agreement, showing proof of insurance, would no longer be necessary where personally owned autos are concerned--instead the auto owner would be required to sign a brief statement authorizing Authority personnel to operate the vehicle and pledging to indemnify the Authority in the event of claims and (2) the original hold-harmless policy will be expanded to include company-owned automobiles--including rentals--and commercial vehicles under 20 feet in length. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(more)

(Mr. Beach said he has heard complaints about the $10 charge for moving privately owned autos. Mr. Grossman said the charge is "justified" in the busy, summer season but perhaps it should be reconsidered for the off-season months.)

Continuing on Mr. Lamson's report:

On the Treasurer's recommendation, it was VOTED unanimously to sign bus stand agreements for Vineyard Haven, Oak Bluffs and Nantucket in amounts identical to a year ago. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(The Authority will receive $7,000 for stands at Vineyard Haven and Oak Bluffs and $5,000 for four bus stands at Nantucket.)

Finally, Mr. Lamson reported on finances: the Authority's net operating loss for April was some $277,000 lower than projected and some $102,000 lower than for the same month a year ago.

For the year's first four months, Mr. Lamson said the operating loss is about $294,000 lower than projected in the 1987 operating budget.

# # #

ITEM #6 (report of the General Manager): On Mr. Eastman's recommendation, Mr. Grossman moved (seconded by Mr. Stutz) acceptance of lease terms with the Town of Oak Bluffs, for use of town land, for $2,500--the same amount paid a year ago. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

A small delegation was on hand from the Martha's Vineyard Health Care Access Committee, with Dr. Jay Segel of Oak Bluffs as spokesman.

Considerable discussion flowed from the seven-point proposals submitted to the Members which led to other areas of Authority service. For example, Mr. Stutz thought "smoking" and "no-smoking" area signs could be improved to give earlier direction to passengers--and Mr. Grossman said vessel sections (port, starboard, fore and aft) should be more clearly marked.

Also, Mr. Grossman wondered why "at least one member of the crew on all trips can't be EMT-trained"--for which he said he "campaigned arduously three years ago."

(more)

Points raised by the Members and by Dr. Segel on behalf of his committee will be addressed more fully at the Members' June 18th meeting, it was decided.

Mr. Eastman did say that he couldn't recommend adoption of Dr. Segel's proposals because "I think that the policies that are currently in effect, voted by the Authority Members, adequately handle the situations as they develop within the confines of our operating schedules."

(Two of Dr. Segel's proposals would give "emergency patients" priority boarding rights and travel in their vehicle at no charge to themselves and an accompanying party and would set aside the Woods Hole parking lot for parking permit-holders and an "emergency vehicle".)

On legislation:

On House Bill 2869, particularly, Tisbury Selectman Cora Medeiros was present to urge Authority Members to endorse its passage. She said the Authority either has received or will soon receive requests for Authority support from selectmen of Tisbury, Oak Bluffs and Nantucket as well as the Dukes County Commissioners.

HB 2869 (as well as HB 2868) would give local governments yearly income in lieu of taxes not received on Authority properties, which are tax-exempt. She said she hoped the monies could come from the Highway Fund.

The Chairman, Mr. Smith, said Mrs. Medeiros' campaign on behalf of her community is laudable. But, he said, Members have been advised by counsel that "if HB 2869 were passed, it would represent a precedent that would be unacceptable to the tax-exempt status which the Steamship Authority enjoys."

All Members agreed they could not go on record supporting HB 2869, as requested by Mrs. Medeiros.

# # #

Going back to the driving service the Authority performs at the request of vehicle owners, the General Manager said management has a recommendation that truck owners pay a daily parking charge of $15 during the summer season. The charge, he said, would encourage owners to take control of their own vehicles, rental cars included.

Mr. Stutz moved management's recommendation, seconded by Mr. Grossman. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(more)

WITH THE BUSINESS agenda cleared, Mr. Stutz voiced concern of island overcrowding, the "stress" placed on services of each Vineyard community to meet demands of a summer-swollen population and, in view of "the growing cry from many people that something has to be done to stop the influx of additional people," whether the Steamship Authority itself should make moves to ease the "crisis".

Particularly, the Dukes County Member questioned Authority advertising promotionals along with the years-long practice of paying for the bulk of radio advertising by the issuance of passenger tickets, to be used at the discretion of radio station owners.

Mr. Eastman, backed by Mr. Murphy and Mr. Beach of the Financial Advisory Board, said the Authority has saved considerable money over the years obtaining radio time for passenger tickets the bulk of which are never used.

Mr. Grossman said for some years he has been asking for "an analysis of our whole marketing program," which, he said, goes beyond advertising. "I strongly urge that there be some consideration of the whole marketing program, taking into account both the economic needs of the islands and the attitute of the fragility of both islands, as mentioned by Mr. Stutz."

Mr. Eastman said every passenger ticket involved in the total payment for advertising as well as tickets given to hundreds of hotel, motel and restaurant owners for displaying Authority brochures are meticulously recorded. "There are no free tickets floating around," said Mr. Murphy. "We get full value in advertising and brochure exposure at a cost of about 30 percent of the value of passenger tickets involved."

Mr. Smith said the Financial Advisory Board recommends an advertising budget yearly, which Members endorse. If Authority cash is to be substituted for Authority passenger tickets, he said the Authority would have to come up with considerably more cash "and that could have an effect on rates."

Edgartown Selectman Morgan backed the position of Mr. Stutz: the advertising policy is due for review.

Discussion ended with the clear indication that the entire subject of island growth and the Steamship Authority's involvement in that growth--and possible Authority answers to that growth--would be taken up again in public session well before 1988's budget is set.

(more)

At 2:04 p.m., Mr. Grossman moved (seconded by Mr. Stutz) that remaining business be conducted in executive session under the rules of the General Laws, Ch. 30, Section 11A-1/2. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

# # #

[redacted]

Final adjournment was called at 2:26 p.m.

A true record

ROBERT L. STUTZ, Secretary

Ray Martin

RAY MARTIN, Recording Secretary

MINUTES:

Steamship Authority Members'
Meeting of May 7th/87
On Nantucket

FILE COPY FILE COPY

STEAMSHIP AUTHORITY Members met on this date on Nantucket to take up the public and executive sessions' business agenda originally slated for April 16th, also on Nantucket. Adverse weather conditions on April 16th caused a postponement of the meeting.

Present were the three Members: Chairman James H. Smith of Falmouth; Vice Chairman Bernard D. Grossman of Nantucket; and Robert L. Stutz of Dukes County, Secretary.

Two of the three Financial Advisory Board members attended: Norman F. Beach of Nantucket and Robert C. Murphy of Dukes County. William R. Andrews of Falmouth was unable to attend.

Management personnel present were: General Manager Ronald G. Eastman; Treasurer/Comptroller Wayne C. Lamson; Operations Director Phillip J. Parent; Assistant General Manager Donald L. Hoffer; and Ray Martin, public information officer and recording secretary to the Members.

Attorney Laurence S. Fordham was present for both public and executive sessions.

In addition to members of the area press corps, the following were present for the public session: J. Sidney Conway, legislative liaison officer for Nantucket; Nantucket Selectman John McLaughlin; Terminal Agent Paul Harrington; Mark Snider of Cape Cod-Hyannis Railroad and Vineyard Express Lines; and Peter Booth of American Cruise Lines.

The public agenda called for:

1: Action on minutes of March 19th meeting
2: Consideration of bills
3: Action on bids
4: Report of the General Manager on new construction progress
5: Action on docking requests by Vineyard Express Lines and American Cruise Lines
6: Report of Treasurer Wayne C. Lamson
7: Report of the General Manager, Mr. Eastman

The executive session, it was announced, would take up trade union matters, the status of the Nantucket dolphin system challenge and consideration of real estate.

# # #

MR. SMITH called the public meeting to order at 12:36 p.m. and the following actions and discussion took place:

(more)

ITEM #1 (minutes): Mr. Stutz moved acceptance of the draft minutes of March 19th with four changes suggested by Mr. Grossman. Mr. Grossman seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Mr. Grossman wanted the minutes to show (1) it was management that said rebuilt engines destined for M/V Nantucket contained the technology identical to that offered in General Motors' newest engines; (2) Mention should be made that the Members wanted "some provision for passenger food service on board" the recently purchased M/V Gay Head, now undergoing interior conversion; (3) Financial Advisory Board members will "review guidelines" on pension fund investments, not meet on actual pension fund investments with Principal Financial Group; and (4) Mr. Hoffer "will plan how to create" a personnel-labor relations department within a month--not actually be expected to create the department in that short time.)

# # #

ITEM #2 (bills): Mr. Grossman moved (seconded by Mr. Stutz) to pay the auditing firm of Deloitte, Haskins & Sells (Boston) $2,300 as final payment for its work on the year-end audit. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

Mr. Grossman also moved (seconded by Mr. Stutz) payment of $6,710.64 to Carter Browne (Boston), computer consultant, the total of four invoices. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Mr. Grossman asked management to have computers at Nantucket checked for greater efficiency.)

# # #

ITEM #3 (bids): As recommended by management, Mr. Stutz moved (seconded by Mr. Grossman) that Cape Oil Delivery (South Yarmouth) be declared successful low bidder to supply marine diesel fuel oil at Woods Hole for 46.12 cents per gallon. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(more)

(Runnerup bidder in compliance with bid rules was R. M. Packer, Inc., of Vineyard Haven, which sought 48.37 cents per gallon.)

Out of a brief discussion on a contract to be let to repaint pavement markings at Woods Hole, Members were unanimous in urging management to have a program to repaint all terminal buildings trim at least every three years.

# # #

ITEM #4 (new construction report): Construction of M/V Eagle, said the General Manager, has slowed somewhat but there is optimism the new vessel can still be delivered as scheduled--around mid-September.

On conversion work on M/V Gay Head, Mr. Eastman said a minor fire in the engineroom (the result of a welding accident) did damage some wiring and possibly a motor pump or two but that he expects that vessel to be delivered to Woods Hole by the first of July--a week or so behind scheduled delivery.

The shipbuilder (McDermott, Inc.) has insurance to cover the damage.

To Mr. Grossman's question, Mr. Eastman said every effort is being made to build in passenger accommodations better than M/V Katama's (M/V Gay Head's sister).

# # #

ITEM #5 (docking requests): Reinforcing their decision of March 19th, Mr. Grossman moved (with Mr. Stutz seconding the motion) "to go forward on a one-year trial basis on the schedule and the rate schedule as outlined by Mr. Snider in his letters to us"--subject to "legal documentation and insurance requirements to be prepared by counsel." The VOTE:

AYES: Messrs. Grossman and Stutz
NAYS: Mr. Smith

(Depending on a contract yet to be written, it meant Mr. Snider's Vineyard Express Lines is authorized to carry passengers between the Village of Buzzards Bay and Oak Bluffs three days a week--one round trip daily--aboard a leased 600-passenger craft during the period July 7th through Aug. 27th.

(The ferry service would be an extension of Mr. Snider's rail service. The Authority would receive $6 for each round-trip taken by a rail traveller and $7.50 for each round-trip taken by an adult not associated with a rail trip to Buzzards Bay. Remuneration to the Authority would be halved in the case of one-way travel.

(more)

(Mr. Stutz urged his fellow Members "to agree to this modified proposal" in which Vineyard Express would operate just three days weekly instead of daily. "There's a certain amount of uncertainty here; we don't know entirely what to expect and what impact, if any, it will have on revenues of the Steamship Authority (but) if this relieves the problems of traffic and parking at the Woods Hole terminal, I think it's worth a try."

(Mr. Smith said it was because of the uncertain impact on Authority revenues that he could not vote for the proposal. He said he was also concerned about an ultimate response from other competing boatlines whose operations are protected by law.)

If a draft agreement can be prepared in time, Members likely will discuss it at their May 21st meeting on Martha's Vineyard.

# # #

Members agreed to put over until May 21st the request of American Cruise Lines to renew its contract for in-season dockage at both Oak Bluffs and Nantucket. A three-year agreement expired April 1st.

Nantucket Terminal Agent Paul Harrington spoke out against leasing dock space to American Cruise Lines or anyone else because of heightened traffic in and out of Nantucket as well as increased barge unloadings of aircraft fuel, materials meant for Nantucket roadways and the approaching $31.5 million high school construction program.

Members instructed management to continue conversations with American Cruise Lines in hopes of finding a way to accommodate ACL without cramping the Authority's own heavy traffic schedules.

# # #

ITEM #6 (Treasurer's report): At Mr. Lamson's request, Mr. Stutz moved two resolutions (seconded by Mr. Grossman) approving Asst. General Manager Donald L. Hoffer as a signator on checks, notes, drafts and orders of the Authority to be recognized by banks in which the Authority has funds. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Previously, authorized signators were General Manager Ronald G. Eastman, Treasurer/Comptroller Wayne C. Lamson, Asst. Treasurer John W. Finn and Chief Auditor Robert C. Young.)

(more)

Still on the Treasurer's report:

1: Mr. Lamson reported that he took it upon himself to renew public officials liability insurance which was to expire April 19th and which could not be brought to the Members' attention in time in April because of the postponed April 16th meeting.

Mr. Lamson said he has found $2.5 million in coverage (up from the previous limit of $1 million) and asked that his action be ratified. Mr. Grossman so moved, seconded by Mr. Stutz. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(On the subject of adequate liquor liability insurance--unavailable since mid-1985--Mr. Lamson said, with major insurance renewals due by June 30, he is looking into the possibility of having liquor liability included in the broader "P and I" or protection and indemnity coverage.)

2: As of March 31st, Mr. Lamson reported $2.7 million has been paid toward the $7.8 million contract with McDermott, Inc. to build M/V Eagle.

3: As recommended by the Treasurer, Mr. Stutz moved (seconded by Mr. Grossman) that the Authority extend to the Nantucket School Dept. an agreement that would reduce by half the charge of teachers travelling on school-assigned trips to and from the mainland on Authority vessels. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(A similar agreement on half-price fares has been in effect with the Vineyard school system for some years. School officials administer the reduced-price program.)

4: On Cape Cod Express' request for a reduced rate on lumber carried to the islands, on Mr. Lamson's recommendation, Mr. Stutz moved (1) to maintain the published rate to the islands and (2) to abolish a reduced rate on lumber and wood from the islands. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(The lower charge on wood from the islands, said Mr. Lamson, originated in the 1970s and was designed to help the State in the clearing of parks and State forests at that time. There has been no large-scale land-clearing by the State in several years.)

(more)

On the subject of trucks: (1) Mr. Grossman asked management to come up with an equitable formula whereby trucks would be charged on the basis of deck space occupied rather than on type of freight and weights of loads and (2) Mr. Stutz asked if preference could be given to cars with children in a standby line over trucks carrying non-perishable freight--especially after weather-caused cancellations in turn caused standby lines.

(Mr. Lamson said his department has been studying freight shipments with an eye to possibly basing rates on deck space occupied. And the operations director, Mr. Parent, said terminal agents often talk truckers into giving up reserved space to families in standby autos.)

5: On driverless vehicles--more particularly the Authority's recent policy to require vehicle owners to sign waivers that insure the Authority against claims that may arise out of accidents while Authority personnel move private vehicles: at the General Manager's request Members agreed to take up the subject at their May 21st meeting at which time more information can be given the Members.

(Mr. Grossman did say the present policy is "a burdensome thing for a great many people" who, entrusting the Authority to deliver their vehicles, suddenly are confronted with a form guaranteeing insurance for the Authority "when many people don't know themselves what their own insurance covers--and they can't immediately buy the insurance."

(Mr. Lamson did say Authority attorneys have said the Authority is open for lawsuits in moving trucks and autos, as requested, unless there is prior agreement that the Authority will not be held liable for damages.)

6: In closing, the Treasurer said the Authority ended the first quarter with a net loss some $17,000 lower than expected. According to the budget, the Jan. 1-March 31 net loss from operations was expected to be $2,186,378.

# # #

ITEM #7 (General Manager's report):

1: On Towers/Perrin: Mr. Stutz moved (seconded by Mr. Grossman) endorsement of the General Manager's instructions to the wage compensation consulting firm to proceed with its program of evaluating non-union employees. (Mr. Smith did not participate in the matter.) The VOTE:

AYES: Messrs. Grossman and Stutz
NAYS: None

(more)

2: On Woods Hole dolphins: At management's request, Mr. Grossman advanced two motions: (1) that an emergency situation exists at Woods Hole because of the condition of the corner dolphin leading into Slip #1 and that up to $15,000 should be expended on temporary dolphin protection and (2) that a dolphin replacement contract let to AGM Marine Contractors be fulfilled in the fall of 1987. Mr. Stutz seconded the motions. The VOTES:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(As low bidder at $58,000, AGM was awarded the contract to replace the Slip #1 head dolphin at the Members' March 19th meeting. The General Manager explained that, since the award, AGM has learned it couldn't obtain the necessary steel in time to guarantee completion before Memorial Day and the start of heavy, in-season traffic.

(Mr. Eastman said AGM has offered to do the same work in the fall--for the same price.

(Meanwhile, he said, an emergency exists involving the health and safety of people using Authority facilities in that vessels need protection until the damaged head dolphin can be replaced. He suggested having wooden piles driven in front of the damaged dolphin at a cost of about $14,000 or $15,000.)

3: On van replacement: Mr. Stutz moved (seconded by Mr. Grossman) endorsement of management's purchase of a new mail van to replace one that had been in lengthy service between Woods Hole and the Vineyard. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Mr. Eastman explained the lowest price was solicited from Falmouth Ford. The amount paid was further reduced by the agency's acceptance of "five defunct vehicles" as trade-ins.)

4: On unneeded equipment: Mr. Grossman moved management's recommendation that Authority personnel be empowered to sell in Louisiana equipment removed during 1986 and present reconstruction of both M/V Katama and M/V Gay Head. Mr. Stutz seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(As requested in March, Members had an inventory of equipment piling up in the Louisiana shipyard of McDermott, Inc. It had been pointed out by management that transporting the large amount of unneeded equipment to Woods Hole would create storage problems as well as moving it to a poor market area for such equipment.)

(more)

5: On legislation: Mr. Eastman said hope for an approved increase in the Authority's bonding limit to $35 million ($10 million greater than the present limit) has faded somewhat as far as the 1987 legislature is concerned.

He said the Authority was encouraged to reduce its desired increase to an amount that would cover essential needs through March of 1989--an amount the Treasurer puts at $7.8 million. The $7.8 million has been justified and that amount is now being sought in refiled legislation, Mr. Eastman said.

(Also please see condensed remarks on Page 9 of J. Sidney Conway, legislative liaison officer for Nantucket.)

6: On legal charges: At their March 19th meeting, Members asked the Fordham/Starrett firm for an explanation of legal bills of recent months and withheld payment of some $5,168 from an invoice that totalled $12,602.08. A written explanation in hand, Mr. Grossman moved for payment of the amount withheld, seconded by Mr. Stutz. The VOTE:

AYES: Messrs. Grossman and Stutz
NAYS: Mr. Smith

(The Fordham/Starrett response was made part of the record. Mr. Smith said he still is not satisfied, that he doesn't want to comment publicly about a fellow professional. "It has nothing to do with the quality of the work; it's the cost of the legal work," said the Chairman.

(Mr. Grossman said he, too, is concerned about the cost of legal work. "In view of the volume" of legal work assigned to the Fordham/Starrett firm, Mr. Grossman said the firm should be asked to "adjust its rates to reflect some of the overhead rate-saving from having this much volume.")

7: On 1987 summer police services: Mr. Grossman moved (seconded by Mr. Stutz) the payment schedule negotiated for police services by the Towns of Tisbury, Oak Bluffs and Falmouth. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Tisbury Police Dept. will receive $11,177, up $1,300 from last year; Oak Bluffs police will receive $5,981.31, up $285 from last year; and Falmouth police will receive $11,731.50, $2,596.04 less than a year ago.)

# # #

(more)

ON UNSCHEDULED ITEMS:

1: The General Manager said he received word from a captain--purportedly speaking for a majority of captains and pilots--urging Members to reconsider "Gay Head" in the Members' renaming of the recently purchased M/V Golden Mist.

Mr. Stutz (a resident of Gay Head on Martha's Vineyard) refused to withdraw the name he had suggested March 19th. He said Gay Head has been a Vineyard community--so named--going back many years; a tribe of native Americans identify themselves as Gay Head Wampanoag and Mr. Stutz said he refuses to run from words because "society today happens to place certain connotations on words and phrases."

2: Mr. Murphy said the schedule ending April 15th has been "totally inadequate" to meet deck space demands on Vineyard runs and, he said, assigning standby trips has been insufficient. "We need an additional vessel or trip added to that schedule without delay," he said.

(Mr. Parent, the operations director, said: "This was the last year of our prolonged vessel maintenance schedule" and next year's winter-early spring schedule will see an increase in Vineyard service.)

3: Mr. Conway (Nantucket's legislative liaison officer) advised Members not to give up entirely on gaining legislative support for a $35 million bond limitation--that there is support if the Authority justifies its capital improvement needs.

Mr. Conway also said Senate Bill #1682 "is a very serious bill" that would put the Steamship Authority under the executive secretary of the Dept. of Transportation with Authority budgets subject to review by the budget director of the Commonwealth. Authority budgets under Bill #1682 would also have to be submitted to both Senate and House ways and means committees.

4: Mr. Beach thought more attention should be paid to inter-island service now that airlines have announced discontinuance of inter-island service. Persons can travel, in season, from the Vineyard to Nantucket and return by vessel the same day but travel in the other direction means an overnight stay on the Vineyard, Mr. Beach pointed out, referring to the in-season, daily, day-long Woods Hole-Oak Bluffs-Nantucket-Hyannis-Nantucket-Oak Bluffs-Woods Hole run by M/V Uncatena.

After responding to a few questions from newsmen, Mr. Smith adjourned the public session, announcing an executive session would follow, in accordance with regulations spelled out in Chapter 30, Section 11A-1/2. Members voted unanimously to go into executive session.

The public session was ended at 2:14 p.m.

(more)

[redacted]

[redacted]

. . .

[redacted]

. . .

[redacted]

At 3:34 p.m., Mr. Smith accepted a motion to adjourn the day's deliberations. A recalled public session was considered unnecessary.

A true record

ROBERT L. STUTZ, Secretary

Ray Martin

RAY MARTIN, Recording Secretary

MINUTES:

Steamship Authority Members' 4/6/87
Meeting of March 19th/87
At Woods Hole

FILE COPY FILE COPY

to
members
4/6/87

MEMBERS OF the Steamship Authority met in Woods Hole, at the Authority's headquarters building, for a duly-called public meeting timed to begin at 10:30 a.m. It was the Members' third meeting of 1987.

The public agenda called for:

1: Action on minutes of Feb. 19th
2: Action on bills
3: Action on bids and solicited proposals
4: Report on new construction progress
5: Action on requests for licensing
6: Report on legislation
7: Report of the Treasurer
8: Report of the General Manager--on use of "Skipper property"
--on naming acquired vessels
--on Towers/Perrin report

An executive session would follow the public session, it was announced. A union contract would be up for Members' ratification; real estate acquisition would be discussed; and there would be a report on the status of the contested dolphin system at Nantucket.

Present today were the three Members: Chairman James H. Smith of Falmouth; Vice Chairman Bernard D. Grossman of Nantucket; and Robert L. Stutz of Dukes County, Secretary.

Two of three Financial Advisory Board members were present: William R. Andrews of Falmouth and Norman F. Beach of Nantucket. Unable to attend was Robert C. Murphy of Dukes County.

In addition to area press corps members, the following persons were also present for the public session: Tisbury Selectmen Suzan Custer and Cora Medeiros; Falmouth Selectman Adrian Dufresne; Daniel Horn, representing the Barnstable Board of Selectmen; and Businessman Mark Snider of Cape Cod-Hyannis Railroad.

Management present through both session were: General Manager Ronald G. Eastman, Treasurer/Comptroller Wayne C. Lamson, Assistant General Manager Donald L. Hoffer and Ray Martin, public information officer and recording secretary to the Members.

MR. SMITH CALLED the public meeting to order promptly at 10:30 a.m. and the following business was transacted:

ITEM #1 (minutes): Mr. Grossman moved (seconded by Mr. Stutz) that minutes be approved with a three-word insertion on Page 4. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(more)

(The Members' vote to purchase M/V Golden Mist stipulated an amount "not more than $600,000"--rather than "for $600,000".)

# # #

ITEM #2 (bills): Mr. Grossman moved (seconded by Mr. Stutz) payment of $4,590 to the firm of Towers, Perrin, Foster & Crosby (Boston) for analytical work pertaining to a union pension program. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

--Mr. Stutz moved (seconded by Mr. Grossman) payment of $1,390.43 to the engineering firm of C.E. Maguire, Inc. (Waltham) for opinions over a three-month period supportive of the Steamship Authority's dolphin system as it exists at Nantucket. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

--Mr. Grossman moved (seconded by Mr. Stutz) payment of an invoice submitted by Fordham & Starrett (Boston) for legal services--less an amount Members agreed should be justified "at no further expense to us." The VOTE:

AYES: Messrs. Grossman and Stutz
NAYS: Mr. Smith

(The Fordham/Starrett billing was for $12,602.08. Members questioned a $1,168 charge for "a letter on any outstanding litigation so that auditors could determine whether or not it would have a material effect on the Authority's financial status" and a $4,000 charge in connection with the January purchase of M/V Golden Mist which Mr. Stutz said "appears to be a repeat of procedures that should have been followed in the acquisition of the Katama" just four months earlier.

(Included in Mr. Grossman's motion was a request that the law firm explain its role "in continuing matters with the Inspector General" for which the invoice carried a charge of some $1,683.)

--Mr. Grossman moved payment of $3,500 to John W. Gilbert Associates (Boston) with the balance of a $7,600 invoice to be considered later when Members have more information. Mr. Stutz seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

# # #

(more)

ITEM #3 (bids, proposals): Mr. Grossman moved (seconded by Mr. Stutz) the award of a food supply contract to Cirelli Foods (Brockton) in the amount of $21,145.46. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(The Cirelli firm was sole bidder; the General Manager told Members the Cirelli price was close to what it had been late in 1986 when other firms were outbid.)

--Mr. Grossman moved (seconded by Mr. Stutz) awards to two firms which will supply main propulsion and generator machinery earmarked for a repowered M/V Nantucket: $53,482 to Southport Machinery (Hopkinton) for generators and to DEFCO Diesel Power (Houston, TX) in the amount of $456,740 for two rebuilt General Motors EMD main engines with new Reintjes reduction gears. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Considerable discussion preceded the vote in that Members pondered a bid offer from the manufacturer, General Motors, for new engines as opposed to the rebuilt engines specified in advertisements for bids. Members decided to stay with bid specifications as advertised: that is, rebuilt engines that carried a two-year guarantee from the date of installation.

(General Motors had asked $535,730 for its new engines and new reduction gears. Going to bid again and specifying new or rebuilt EMD engines would not guarantee the same attractive prices, Mr. Andrews of the Financial Advisory Board said.

(DEFCO's rebuilt engines, it was said, carry technology identical to that offered in General Motors' newest engines.)

--Mr. Grossman moved (seconded by Mr. Stutz) that the McDermott shipyard in Morgan City, LA, do the necessary conversion work on the newly purchased M/V Golden Mist so that it may perform as efficiently as its sister ship, M/V Katama, which the same yard worked on last year. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(McDermott was the lone bidder to undertake the project although the General Manager reported six bid packages had been picked up by interested concerns.

(more)

(The McDermott bid sought $389,865 for "about 66 percent of the work to be accomplished" plus $24.50 per manhour required to complete the project, the General Manager said. Mr. Eastman added that such a proposal was not unusual and he recommended the award, assuring Members that an Authority representative would be in the McDermott yard to get maximum production out of every manhour involved.

(The General Manager said he believed the conversion cost ultimately would be about $600,000--close to the cost in the same yard where M/V Katama was restructured.)

--Mr. Grossman moved (seconded by Mr. Stutz) that National Sea Products (Rockland, ME) be awarded the contract to do drydocking and related work to M/V Auriga. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(National Sea Products sought $14,798; runnerup bidder was Cadell Shipyard of New York City which asked $17,162.)

--Finally on bids, Mr. Stutz moved (seconded by Mr. Grossman) to declare AGM Marine (West Barnstable) low bidder to replace a dolphin at the Woods Hole terminal for $58,000. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

# # #

ITEM #4 (construction progress report): The General Manager said all reports--with photographs--indicate construction of the new ferry at the McDermott yard is "right on target".

Mr. Eastman said that the McDermott yard now holds considerable equipment removed from M/V Katama last year and the amount of such excess equipment will now double with the yard's work on M/V. Golden Mist. In better times in the oil exploration industry, the equipment would be of considerable value in Louisiana--and is less valuable there now.

Transporting it all to Woods Hole for resale hereabouts would be difficult and costly. For example, eight 11-foot tanks--each 11 feet in diameter--are among the equipment removed from the two vessels.

Mr. Grossman moved (seconded by Mr. Stutz) that Members receive "an inventory of all equipment" and that the Authority's agent at the McDermott yard be prepared to advertise the equipment for sale at auction.

(more)

The VOTE on Mr. Grossman's motion:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

# # #

ITEM #5 (licensing): Members considered two separate requests by private operators to transport passengers over waters within the Authority's mandated jurisdiction.

Owners of Whale Watcher II (Dennisport) asked for docking space, under a lease arrangement, and for consideration of that vessel carrying passengers between the Vineyard and Nantucket.

Mr. Eastman recommended against both and it was moved by Mr. Grossman (seconded by Mr. Stutz) to reject the application. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

A second application, this from Cape Cod & Hyannis Railroad, resulted in lengthy discussion until it was finally moved by Mr. Stutz (seconded by Mr. Grossman) that "the Authority grant permission to Mr. Snider (the applicant) for his operation, with the understanding that there would be options for a second and third year depending upon the experience with the first year's operation and its impact on the Steamship Authority's revenues--and providing that a satisfactory contract could be worked out between Mr. Snider and the Steamship Authority management." The VOTE:

AYES: Messrs. Grossman and Stutz
NAYS: Mr. Smith

(Applicant would insert into his in-season mainland-to-Cape Cod rail service a passenger ferry service from Buzzards Bay--on the mainland side of the Cape Cod Canal--to Martha's Vineyard, primarily, he said, for persons travelling by train to and from Cape Cod.

(To compensate the Authority, applicant would pay the Authority $3 per person per trip where the traveller originally was a train passenger and $3.75 per person per trip where travellers drove to the Buzzards Bay ferry slip.

(Mr. Stutz said he could see where the proposed service would help alleviate some vehicle traffic congestion at Woods Hole and, possibly, on the Vineyard. He proposed the year's trial--rather than

(more)

the three-year commitment sought by the applicant--subject to contract terms to be negotiated and economics and operational advice that Members may receive from management.

(Applicant's ferry would share the Authority's Oak Bluffs terminal facility, if final agreement is reached.

(Mr. Smith said he has seen nothing on "the financial impact of this proposal" to vote for its approval. Also, he said the Authority this year will have three vessels it never had before and income from passengers is vital to paying for the vessels.)

# # #

ITEM #6 (legislation): As recorded in the minutes of the Members' Feb. 19th meeting, five bills with potential effect on the Authority would be opposed as written at hearings March 31st before the Joint Transportation Committee of the Legislature.

Mr. Eastman traced highlights of the bills again, pointing out that the Inspector General's office has indicated a willingness to revise language that otherwise would hamper the Authority. He said he would meet again March 23rd with aides to the Inspector General and help work out alternate language.

Committee hearings on all bills will still take place March 31st, the General Manager said.

Members took no official position on other proposed legislation although Mr. Eastman said he is "concerned" about a sprinkling of other bills which would have State authorities make direct payments to communities in lieu of taxes.

Two late bills, Mr. Eastman said, would have the State make payments to the Towns of Nantucket, Oak Bluffs and Tisbury on behalf of non-taxed Steamship Authority properties. Mr. Eastman said he was "concerned" that these tax bills could pass in identical form--with all authorities paying directly in lieu of taxes imposed, including the Steamship Authority.

# # #

ITEM #7 (Treasurer's report): Mr. Lamson said, henceforth, Members will receive a monthly financial status report on the construction of the new vessel.

At Mr. Lamson's request, Mr. Stutz moved (seconded by Mr. Grossman)

(more)

an amendment to the Authority's non-union pension agreement permitting Principal Financial Group (formerly Bankers Life of Des Moines) to manage investment of funds and authorizing Mr. Smith, as Chairman, to sign the agreement. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Messrs. Andrews and Beach said they, as Financial Advisory Board members, are prepared to meet periodically with the Principal Financial Group on pension fund investments.)

On finances, Mr. Lamson reported that at the close of two months of operations this year, the net operating loss is some $164,000 higher than projected in the budget--primarily due to higher than expected maintenance costs--and some $316,000 higher than for the same two months of 1986.

# # #

ITEM #8 (General Manager's report): Mr. Eastman suggested demolishing the so-called bakery building on what was the Skipper Restaurant site at Nantucket and preparing the surface for parking and/or the staging of vehicles.

Mr. Grossman so moved, seconded by Mr. Stutz. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

The General Manager thought it time to name the ferry now under construction in Louisiana as well as the recently-purchased M/V Golden Mist.

After reading a letter from Joseph Morin (associate terminal agent at Nantucket), Mr. Smith suggested the name "Eagle" for the new ferry--and Mr. Grossman so moved, seconded by Mr. Stutz. The VOTE to name the new ferry "Eagle":

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

In renaming Golden Mist, Mr. Stutz suggested "Gay Head" and Mr. Grossman suggested "Sankaty". Theyagreed to abide by the toss of a coin, following which Members VOTED to call the vessel "Gay Head":

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(more)

At Mr. Andrews' and Mr. Beach's suggestion, Members put off discussion on the next step by Towers/Perrin in the evaluation of non-union employees so the Financial Advisory Board (which a year ago first began discussions with Towers/Perrin) could again meet with the firm's representatives.

A month's delay, said Mr. Grossman, would also give management--particularly Assistant General Manager Hoffer--time "to create a properly-set-up personnel-labor relations department" which would carry out accepted Towers/Perrin recommendations among other duties.

Finally under Mr. Eastman's report, he stated the Town of Falmouth is prepared to sell two of its 10-year-old schoolbuses ("they're seven years newer than our shuttlebuses") for $2,000 each. He recommended their purchase to be used as Falmouth-Woods Hole shuttlebuses and Mr. Stutz so moved--seconded by Mr. Grossman. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

Dealers, said Mr. Eastman, are still reluctant to sell the Authority two needed three-quarter ton vans (for transporting mail) for less than $11,000 apiece, a figure he said was excessive.

He recommended purchase of a little-used 1985 van offered for $7,800. Mr. Stutz moved the purchase be made. Mr. Grossman seconded the motion to purchase. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

# # #

UNDER NEW BUSINESS, Mr. Stutz raised a problem thousands of callers for reservations face: when they cannot get their first-choice reservation, they accept second- or third-choices and unless they call back repeatedly never know that a cancellation may have been received making their first-choice momentarily available.

Mr. Stutz wondered why reservations clerks couldn't have a priority waiting list to assign cancellations to others wanting the cancelled space. Mr. Eastman said thousands of return phonecalls from Woods Hole would be required to reshuffle the reservations. Such calls would have to be made to persons all over the US and Canada.

Mr. Stutz then suggested the priority waiting list be tried for the benefit of island residents: where notice of cancellation is received more than 24 hours before sailing, islanders would be called and advised of the opening.

(more)

Without a vote, Messrs. Smith and Grossman agreed Mr. Stutz' suggestion should be tried by management.

# # #

FOLLOWING A question-answer period, Members agreed by rollcall vote to go into executive session immediately the room is cleared, to undertake business proper in executive session, according to General Laws, Chapter 30, Section 11A-1/2 (3).

# # #

[redacted]

[redacted]

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[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

Executive session ended at 1:06 p.m. and Chairman Smith promptly called a reopened public session to announce Members had unanimously approved management's settlement with the Marine Engineers union.

At 1:07 p.m., Members agreed to final adjournment for the day.

A true record

ROBERT L. STUTZ, Secretary

Raymond W. Martin

Raymond W. Martin, Recording Secretary

MINUTES:

Steamship Authority Members'
Meeting of Feb. 19th/87
At Woods Hole

FILE COPY FILE COPY

STEAMSHIP AUTHORITY Members met this date at 10:30 a.m. at the Authority's headquarters building in Woods Hole, under the chairmanship of Falmouth Member James H. Smith.

Present were the three Members: Mr. Smith, Vice Chairman Bernard D. Grossman of Nantucket and Secretary Robert L. Stutz of Dukes County.

Also present were the three members of the Financial Advisory Board: William R. Andrews of Falmouth, Norman F. Beach of Nantucket and Robert C. Murphy of Dukes County.

Management personnel present: General Manager Ronald G. Eastman, Treasurer Wayne C. Lamson and Ray Martin, public information officer and recording secretary to the Members.

In addition to representatives of the area press corps, elected officials present included Tisbury Selectman Suzan Custer and Falmouth Selectman Adrian Dufresne. Others attending included Stephen Hibbard of the Bank of Boston and delegates from the League of Women Voters (Martha's Vineyard branch).

Agenda for the public session called for:

1: Action on minutes of Jan. 29th
2: Action on bills
3: Report on bids and proposals requested
4: Report on new ferry progress
   a: Vote to ratify purchase of M/V Golden Mist
5: Action on Woods Hole parking lease with Town of Falmouth
6: Report of Treasurer Wayne C. Lamson
   a: On request of Martha's Vineyard Land Bank Commission
   b: On group dental insurance program
   c: On non-union long-term disability insurance
   d: On Woods Hole cost allocations
   e: On long-term capital planning
   f: On life insurance policy re Joseph F. McCormack
   g: On vessel fuel oil contracts
7: Report of General Manager Ronald G. Eastman
   a: On legislative bills affecting the Authority
   b: On Rizzo Associates (Boston)
   c: On "surplus equipment policy"

The public was told at the start that there would be no executive session today.

(more)

MR. SMITH CALLED the public meeting to order promptly at 10:30 a.m. and the following matters were discussed and acted upon:

ITEM #1 (minutes): Mr. Grossman moved acceptance of the prepared minutes of the Members' meeting of Jan. 29th. Mr. Stutz seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

# # #

ITEM #2 (bills): As recommended by management, Mr. Grossman moved approval of a bill from Fordham & Starrett (Boston) for legal services during January. Mr. Stutz seconded the motion. The VOTE:

AYES: Messrs. Grossman and Stutz
NAYS: Mr. Smith

(Mr. Smith has opposed every Fordham/Starrett monthly invoice going back to July 23, 1986, stating he's not satisfied with explanations of what he saw as "duplication of work."

(In recent months, legal bills have been categorized according to assignment. Mr. Andrews questioned charges against M/V Katama's purchase for legal representation before certain authorities, including the Office of the Inspector General.

(Mr. Eastman said that portion of the legal bill could be charged to Katama because the Inspector General had questions concerning Katama's purchase and later contracts for vessel restructing which could not conform to strict Commonwealth laws on bidding procedures. To conform, he said, would have stretched out Katama's conversion, possibly included work at several other shipyards and increased the cost to the Authority substantially.

(Mr. Grossman said if any portion of the Fordham/Starrett bill proves to be personal in nature, that amount can be recovered later. The Nantucket Member said he was "concerned about these ongoing charges on this dolphin matter"--the attempt to force the Authority to replace at least part of the new Nantucket dolphin system--"and," said Mr. Grossman, "I think that we should have a report from our counsel as to where the devil we are, or are going, on this mess.")

Mr. Grossman then moved approval of an invoice from Deloitte, Haskins & Sells (Boston) for $15,000 for auditing services. The motion was seconded by Mr. Stutz. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(more)

The Treasurer said he expected the Deloitte audit of 1986 operations to be completed and in his hands by mid-March.

A third bill (two invoices totalling $5,364.06) from Carter Browne (Boston) for computer services was moved for payment by Mr. Stutz, seconded by Mr. Grossman. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

# # #

ITEM #3 (bids, proposals): On management's recommendation, Mr. Grossman moved (seconded by Mr. Stutz) to reject all 10 bids received to supply the Authority with two new "cargo van-type vehicles". The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(The General Manager pointed out some seemed not to understand the type of vans the Authority sought while other bidders promised a delivery date so far in the future that, said Mr. Eastman, it was obvious they would be asking the higher factory price.

(Mr. Eastman said proposals would be sought on proper-sized vans already in dealers' inventory. Mr. Grossman suggested working through the State procurement agency as a way of obtaining a discounted price. If that State service is available to the Authority, it should be used rather than seeking new price proposals because, Mr. Grossman said, the Town of Nantucket has "saved a great deal of money" obtaining its vehicles through the State's bulk-purchasing ability.)

Mr. Eastman also reported bids are being sought for engines and generating units for M/V Nantucket (due to be read March 11th) and also for shipyard conversion work necessary on the newly-purchased M/V Golden Mist.

To Mr. Beach's question, the General Manager said these two latter contracts are being sought precisely as the Inspector General would want.

Mr. Grossman said management, in the Golden Mist conversion work, should consider creating more indoor passenger space than was done during Katama's brief reconstruction last year.

Drydocking bids are also being sought for M/V Auriga, said Mr. Eastman, so that craft will be in first-class condition when offered for sale later this year.

(more)

Drydocking and maintenance work as well as Coast Guard certification due in April are needed if Auriga is to be of use before its replacement (M/V Golden Mist) arrives sometime in late-May or June.

# # #

ITEM #4 (construction progress): Mr. Eastman (who spent a few days the previous week at the McDermott Shipyard in Louisiana) said new ferry construction is moving well on schedule. Delivery should be in early September, he said.

At this point, as requested, Mr. Grossman moved (seconded by Mr. Stutz) to ratify the Members' telephone vote taken 24 hours after the Members' Jan. 29th meeting to purchase M/V Golden Mist for $600,000. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Actual purchase price, said Mr. Eastman, was $595,000.)

# # #

ITEM #5 (Woods Hole parking lot lease): Mr. Grossman moved (seconded by Mr. Stutz) management's recommendation to renew the expiring three-year lease with the Town of Falmouth for use of town land as a parking area in conjunction with the Authority's own large parking grounds at a negotiated $60,000 per year or 20 percent of gross revenue, whichever is greater. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(The adjoining town property had been leased the past three years for $40,000 each year or 20 percent of gross revenue.

(The General Manager said he, together with the Treasurer and the Director of Operations--Phillip J. Parent--negotiated the proposed lease with the full Falmouth Board of Selectmen. The Treasurer, Mr. Lamson, said yearly parking revenue from the leased land--taking into account increased parking rates--would come close to $60,000 owed the Town if the 20 percent of gross revenue formula were applied. In light of parking revenues expected, he called the economics "reasonable".

(Mr. Grossman said he hoped Falmouth would commit itself to greater maintenance of the leased area.

(The vote behind them, Members discussed the Town's larger traffic problems, much of it caused by Authority-drawn traffic. Falmouth

(more)

Selectman Adrian Dufresne said his fellow selectmen have conferred often with Chairman Smith and Town leaders will do all they can to help the Authority meet heavy, in-season demands for parking space--including possible construction at Woods Hole for elevated parking.

(Any planning, said Mr. Grossman, should keep in mind the possibility of winning Federal or State financial aid to defray what could be costly projects.)

# # #

ITEM #6 (Treasurer's report): At Mr. Lamson's suggestion, Mr. Grossman moved (seconded by Mr. Stutz) to reject a request of the Martha's Vineyard Land Bank Commission for the right to travel on Authority vessels by no-cost vouchers. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Authority policy since the mid-'70s has been to permit free transportation for island elected and departmental officials as well as police and firemen who make authorized trips to and from the mainland. Policy was created to help island governments save money. Members agreed with the Treasurer: policy should continue for local governments only.)

Mr. Grossman moved another recommendation of the Treasurer: that the year-old group dental-optical program covering licensed officers as well as non-union employees become part of the Authority's self-insured group health program. Mr. Stutz seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Mr. Lamson said there was every evidence self-insuring could be cost-saving.)

Mr. Grossman moved (seconded by Mr. Stutz) another recommendation of the Treasurer: that the Authority's program for long-term disability insurance for non-union employees be shifted to Mutual Benefit Life, as suggested by an insurance advisor (Richard Brooks Insurance Agency). The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Mr. Lamson said the change in carriers could save the Authority $10,000 yearly in premiums while, at the same time, offering employees improved benefits.)

(more)

(Mr. Beach said he'd like to see "an annual report" go out to all employees detailing the benefits that exist and are paid for by the Authority for the security of all employees and their families.)

# # #

To give Mr. Stutz time to digest the intricacies of a thick Treasurer-prepared document on the bottom-line effect of allocating Woods Hole terminal costs as between Vineyard service and Nantucket service, Members agreed to put off until later in the year any decisive action that would change the present 75-25 formula which weighs more against the Vineyard.

Mr. Grossman has said over the past two years that the former 60-40 formula and the present 75-25 formula is an undue burden on Nantucket in that a much smaller percentage of Woods Hole terminal use is dedicated to Nantucket service.

Mr. Grossman has spoken up for the "sound, economic and cost accounting principals" enunciated by Deloitte, Haskins & Sells, auditors, which--based on 1985 traffic in and out of Woods Hole--would charge 85.4 percent of Woods Hole terminal costs to Vineyard service and 14.6 percent to Nantucket service.

The Treasurer's memo to Members said the 85.4-14.6 formula would necessitate "an increase in operating revenues from Martha's Vineyard service of between $165,000 and $170,000 in order to bring revenues more in line with the higher cost of service. A similar reduction in revenues from Nantucket would be in order..."

Mr. Grossman said 1986 useage of Woods Hole as far as Nantucket is concerned is something less than two percent of Woods Hole traffic.

# # #

The Treasurer urged Members to study his memorandum of Feb. 17th (on long-range planning) with a view to considering asking the legislature for an increase from the present $25 million to $30 million in the Authority's bonding limit.

Mr. Beach of the Financial Advisory Board said he has studied the Treasurer's memo and rather than "cut the dog's tail off an inch at a time," suggested seeking a legislated limit of $35 million "and do what has to be done."

Whereupon Mr. Grossman moved, seconded by Mr. Stutz, to file legislation which would permit Authority bonding up to $35 million. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(more)

Mr. Grossman said striving for the $35 million bonding limit should not stop the Authority from seeking Federal and State grant monies to go toward meeting some of the Authority's project needs.

Preliminarily, the Treasurer's figures show $12.5 million needed to undertake projects vital to service. Outstanding bond debt as of March 1st will be $22.2 million--a combination of figures close to the sought $35 million debt limit.

# # #

An Authority-paid $125,000 life insurance policy, taken out in the name of former Executive Director Joseph F. McCormack, now has a cash-surrender value to the Authority of $14,000, the Treasurer said.

Before cancelling the policy, Mr. Grossman suggested the Treasurer ask Mr. McCormack if he would like to purchase the policy for its surrender value. Messrs. Smith and Stutz agreed without taking a vote.

# # #

At Mr. Lamson's request, Mr. Grossman moved (seconded by Mr. Stutz) that present contracts for vessel fuel oil be extended for another year, as permitted by the original contracts signed after bidding two years ago. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(P.S. Ideal Fuel of East Falmouth and the Scudder-Taylor Co. of Hyannis have been fueling vessels since March 1985.

# # #

Finally, the Treasurer reported January's operating loss was some $30,000 higher than projected in the '87 budget and $120,000 higher than the operating loss of January 1986--primarily because of stepped-up maintenance expenses this January.

# # #

ITEM #7 (report of the General Manager): On March 31st, Mr. Eastman reported, five bills affecting the Steamship Authority will be heard by the Joint Committee on Transportation. He, possibly with Chairman Smith, will testify at the hearings.

Members spent considerable time going over the five bills and deciding the Authority's position on each.

(more)

*** HB 141 (filed by the Inspector General) would raise Authority Membership from three to seven--two appointed by Selectmen of Nantucket, two by the Commissioners of Dukes County, one by the Selectmen of Falmouth, one by the Selectmen of Barnstable and one by the Commissioners of Barnstable County. Membership has been at three since 1961.

Further, HB 141 would (1) eliminate the Financial Advisory Board (which has existed since 1961) and (2) remove the Commonwealth as guarantor of payment on bond principal and interest due in the event the Authority suffers a yearly operational loss greater than the Authority's $600,000 reserve fund.

*** HB 142 (also filed by the Inspector General) would have the Authority conform to bidding and procurement rules as laid down for other State agencies, despite the uniqueness of the Authority's operations (water-borne transportation) which often sees major contracts awarded to out-of-state shipyards as low bidders in the absence of capable shipyards in the Commonwealth.

Further, HB 142 would make the Authority "bid for every aspect of procurement," said the General Manager, and be responsible for all subcontractors--including their bidding. (A hundred and more subcontractors and suppliers could be involved in construction and equipping of a new vessel; routine drydockings often involve subcontractors.)

Also, HB 142 would have all design work go to bid. The winning bidder (often an engineering firm) would not be allowed to participate in engineering work beyond the design stage.

*** HB 1090 would give all persons 65 and over half-fare rates for all Authority services (travel as passengers or in vehicles, parking and possibly the shipment of freight).

*** HB 1091 would have the Authority provide free parking for all vehicles bearing a "handicapped" license plate. (By law, a handicapped person need not be in an auto bearing a "handicapped" license plate.)

*** HB 1092 would provide half-fare rates for persons in a wheelchair as well as half-fare charges for a person accompanying the invalid. All vessels would have to have designated areas for the handicapped.

Mr. Grossman moved to oppose HB 141 as filed (seconded by Mr. Stutz) with the record showing he was not opposed to a Membership increase to four that would include representation from the Town of Barnstable. The VOTE to oppose HB 141 as filed:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(more)

(On HB 141 as filed:

(Mr. Smith said enlarging the board is "a political move to interfere in the orderly operation of this place." For 25 years, he said, the Steamship Authority has been a successful operation: able to meet mounting public service demands without turning to taxpayers for subsidies to cover losses. The leadership formula, Mr. Smith said, should not be changed.

(Mr. Stutz said: "I have been a user of the Steamship Authority for 25 years...I see no advantage to be gained by expanding the size of the Membership of the Authority."

(Mr. Beach said: "I feel that this bill would make matters 7/3rds worse."

(Mr. Grossman said, with increased year-round traffic in and out of Hyannis, "there is valid reason that the Town of Barnstable should have representation on this Authority."

(Mr. Grossman voiced concern about another section of HB 141 that would affect the Authority's standing on its bonds "and would work to cost us more money"--to which Bank of Boston Official Stephen Hibbard agreed: "The bondholder likes to know that there is more than the moral obligation, there is the financial obligation of the Commonwealth" behind Steamship Authority bonds.)

# # #

Members unanimously opposed HB 142 as written but directed the General Manager to continue to work with the Inspector General's office in hope a moderated bill could surface that wouldn't cripple Authority operations. The VOTE to oppose the bill as written:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

# # #

Mr. Stutz moved (seconded by Mr. Grossman) to oppose Bills 1090, 1091 and 1092 as unsound and costly and without regard to half-fare rates the Authority has had in effect for island senior citizens for many years and Authority expenses to make travel easier for the handicapped. The VOTE to oppose Bills 1090, 1091 and 1092 as written:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

# # #

(more)

Continuing with the General Manager's report:

Since June 1986, Members have voted to withhold final payment to Rizzo Associates (Boston) for their environmental impact report on today's dolphin structure at Nantucket and submitted to the Massachusetts Environmental Protection Agency last May. Members wanted MEPA to judge the Rizzo report acceptable before paying off the balance of the $83,200 Rizzo was to receive for its report.

Now, said Mr. Eastman, Rizzo is threatening suit to recover an estimated $3,200.

Members agreed the money should be paid to Rizzo with--hopefully--Rizzo in turn (and at no additional charge) responding to criticisms of the Rizzo report by counsel seeking costly changes in Nantucket's dolphin system in appeals to MEPA.

# # #

On "a policy and procedures for the disposal of surplus junk, equipment and scrap":

Mr. Grossman moved acceptance of a two-page policy drafted by the Treasurer, dated Jan. 27th, entitled "Disposal of Surplus or Junk Equipment and Scrap". Mr. Stutz seconded the motion. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(The draft statement was put over to today from the Members' Jan. 29th meeting.

(The General Manager said the McDermott Shipyard--which did all the conversion work last year on M/V Katama--will send a listing of all equipment in its Louisiana yard removed from Katama. The amount of excess equipment will double with conversion work on the just-purchased M/V Golden Mist. Unfortunately, because of slow times in the Gulf of Mexico oil-drilling industry, sale of this excess equipment in the South is unlikely at this time.

(The Treasurer/Comptroller will coordinate the disposal of all surplus, salvage, scrap and worthless property, evaluating the property with the General Manager and "the respective department head" with a goal of getting as much for the Authority as possible. Where excess property has a value in excess of $1,000, Members would decide on disposition.)

(more)

AT THIS POINT, with no further business before the Members, the Chairman accepted questions from the press and a brief observation from Tisbury Selectman Suzan Custer.

Questions touched on the parking lease with the Town of Falmouth, legislation, Woods Hole parking problems, legal bills and cost-sharing of the Woods Hole terminal.

Ms. Custer asked for Authority help in relieving Tisbury's auto traffic problems and asked if her board could attend the March meeting "to discuss the possibility of off-site shuttle and parking arrangements."

Mr. Smith accepted a motion to adjourn the day's proceedings at 12:47 p.m.

A true record

ROBERT L. STUTZ, Secretary

Ray Martin

RAY MARTIN, Recording Secretary

Feb. 19th/87
Addendum

(What follows is the precise motion ratifying purchase of M/V Katama, recorded on Page 4. Members had the following motion before them but it was not read into the record:

"WHEREAS, on January 29, 1987, the Authority authorized the General Manager to acquire the Motor Vessel Golden Mist, Official Number 653770, on the condition that the purchase price of said vessel not be more than $600,000 and that the vessel, when acquired and modified, be used as a replacement for the Motor Vessel Auriga; and

"WHEREAS the General Manager, pursuant to the aforesaid authorization, has acquired the Golden Mist for $595,000, pursuant to a purchase agreement and an amendment thereto which the General Manager executed in behalf of the Authority; and

"WHEREAS the General Manager has found that no formal environmental findings or filings are required in connection with this acquisition,

"NOW THEREFORE it is hereby voted:

"1: To approve, adopt and ratify the aforesaid vote of January 29, 1987, authorizing the General Manager so to acquire the Golden Mist; and

"2: To approve, adopt and ratify all of the above described actions taken by the General Manager pursuant to the aforesaid authorization."

# # #

MINUTES:

Steamship Authority Members'
Meeting of Jan. 29th/87
At Woods Hole

FILE COPY FILE COPY

MEMBERS OF the Steamship Authority met in public and executive sessions for the first time in 1987 on Jan. 29th at the headquarters building of the Authority, with James H. Smith (the Falmouth Member) in the Chair.

Also present were Vice Chairman Bernard D. Grossman of Nantucket and Robert L. Stutz of Dukes County, Secretary. It was Mr. Stutz' first meeting since his December appointment by the Commissioners of Dukes County.

The three Financial Advisory Board members were also present: William R. Andrews of Falmouth, Norman F. Beach of Nantucket and Robert C. Murphy of Dukes County.

Management personnel present were: General Manager Ronald G. Eastman; Treasurer/Comptroller Wayne C. Lamson; Diane M. Speers, customer services manager; and Ray Martin, public information officer and recording secretary to the Members.

In addition to area newsmen, the following town and county officials were present during the public meeting: Oak Bluffs Selectmen Linda Marinelli and Roger Wey; Tisbury Selectman Cora Medeiros; Dukes County Commissioner John S. Alley; Falmouth Selectmen Adrian Dufresne, John Gumbleton and Virginia Valiela. Daniel Horn was present representing the Board of Selectmen of Barnstable.

The public agenda called for:

1: Action on minutes of Dec. 18th/86
2: Action on bills
3: Action on bids
4: Possible reconsideration of 1987 Vineyard schedules
5: Report on new construction, other projects
6: Report of Treasurer Wayne C. Lamson
--on "record management study"
--on financing replacement of reservation computer system
7: Report of General Manager Ronald G. Eastman
--on "another Katama"
--on Members' meetings during '87 and
--on a "surplus equipment or junk policy"

Mr. Smith announced at the start that the public session would be followed by an executive session during which time labor relations and other matters appropriate in camera would be discussed.

(more)

Mr. Smith welcomed Mr. Stutz to his first meeting as Member for Dukes County, shook hands with him for the first time and introduced him to those assembled. With that, Members turned to business at hand:

ITEM #1 (minutes): Mr. Grossman moved, seconded by Mr. Smith, acceptance of prepared minutes of the Dec. 18th meeting. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

# # #

ITEM #2 (bills): Mr. Grossman moved (seconded by Mr. Stutz) to pay $11,500 to Deloitte, Haskins & Sells (Boston) for services in connection with the 1986 year-end audit. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(The Treasurer said the auditors' work probably would be completed by the end of February.)

Mr. Grossman moved (seconded by Mr. Stutz) payment of $925.28 to Taylor Risk Management, insurance consultant. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

Mr. Grossman then moved (seconded by Mr. Stutz) payment of $19,029 to Pandick of New England, printers involved in the Authority's 1986 bond issue. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

First National Bank of Boston's bill for $14,681.50 for consulting work in connection with the same bond issuance was moved for approval by Mr. Grossman, seconded by Mr. Stutz. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

Mr. Grossman moved approval of payment of $8,624.33 to the legal firm of Fordham & Starrett (Boston) for December services. The VOTE:

AYES: Messrs. Grossman and Stutz
NAYS: Mr. Smith

(more)

(Mr. Smith said his reasoning has not changed since he opposed previous Fordham/Starrett bills. When Mr. Andrews said the bill repeated a service paid for a month ago--a service in connection with the late 1986 purchase of M/V Katama--Mr. Grossman said he, too, was concerned and would appreciate "an explanation from them in writing--at no charge, please".)

Two invoices totalling $3,867.20 from Carter Browne, computer consultant, were moved for approval by Mr. Grossman, seconded by Mr. Stutz. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

Final bill before the Members was for $315 from the New Orleans legal firm of Deutsch, Kerrigan & Stiles, also in connection with Katama's recent purchase. Mr. Grossman moved approval, seconded by Mr. Stutz. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

# # #

ITEM #3 (bids): As recommended by management, Mr. Grossman moved (seconded by Mr. Stutz) that the drydocking award for M/V Nantucket go to the low bidder, Caddell Drydock & Repair (New York City) which sought $49,297. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Other bidders: Newport Offshore of Newport, RI sought $75,153 and New York Shipyard (NYC) sought $101,780. M/V Nantucket will be taken off its Hyannis-Nantucket run on Feb. 17th.)

Also as recommended by management, Mr. Grossman moved (seconded by Mr. Stutz) that Battery Shop & Rebuilding of Warwick, RI supply two 32-volt storage batteries for $2,547.36. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Of five other bidders, the two closest to the winning bid were from Bjorkman Industrial Power Corp. of Weymouth which asked $3,420 and from Mendell Electric of North Dartmouth which asked $3,682.)

(more)

Still on planned purchases, the General Manager said requests for prices have gone out for two "cargo-type van vehicles," with prices to be received in mid-February.

Members agreed with Mr. Grossman: that two prices should be sought from would-be suppliers--one on a cash basis, the other on a trade-in basis. And Mr. Grossman agreed with Mr. Andrews: Members should see some justification for management seeking a large van (for carrying mail) as opposed to a mini-van before an award is made.

# # #

ITEM #4 ('87 Vineyard schedules): Although adopted unanimously at their Nov. 20th/86 meeting, reconsideration was sought by the Board of Selectmen of Oak Bluffs of this year's summer-early fall schedule of sailings to the Vineyard.

Oak Bluffs Selectmen Linda Marinelli and Roger Wey were present to press for the diversion of one trip daily from Vineyard Haven to Oak Bluffs although it was pointed out that (1) reservations are already being processed based on the schedule approved by the Members two months ago and (2) brochures and schedules already printed and circulated, numbering into the hundreds of thousands, are presently being considered by thousands of persons planning in-season trips.

Mr. Stutz promised to meet Oak Bluffs officials in coming days, once he has armed himself with total passenger traffic figures to both Vineyard ports by the Authority and competing carriers.

Mr. Stutz said: "When I do make up my mind as to the appropriateness (of the schedules), it will be on the basis of what I understand to be in the interest of all the residents of Martha's Vineyard."

# # #

ITEM #5 (progress on projects): The General Manager said word from McDermott, Inc. is that the new ferry under construction is coming together pretty much as scheduled, with completion still set for mid-September. The only hitch since the contract was let: completion was put back 27 days due to an interruption in steel flow from the long-struck USX.

As far as the planned reconstruction of Slip #3 at Woods Hole, Mr. Eastman said the total cost estimated by engineers (Fay/Spofford) is $2.6 million "which is far in excess of what we had been thinking about."

(more)

Mr. Eastman pointed at the likely Woods Hole slip renovation cost and at other needed capital improvement projects (repowering M/V Nantucket, the possible purchase of another freight vessel and desired real estate acquisitions in the Hyannis area) and said the Authority may require a larger bond indebtedness limit from the legislature to meet its goals.

Mr. Smith said Members soon should examine all long-range goals "so we can focus on what's necessary and attainable."

Mr. Grossman repeated what he said at the December meeting: management should be concentrating on qualifying for "UMTA-like" grants, "recognizing that we have been considered (since the Nantucket construction) to be part of the highway system."

On the importance of completing environmental impact statements in advance of any work at Woods Hole, Mr. Grossman said: "I do urge that we do make sure of that (filing environmental impact statements) because under tax-exempted bond requirements today, there either has to be a stipulation or a waiver with respect to the environmental impact statement."

# # #

ITEM #6 (report of the Treasurer): By the end of February, Mr. Lamson said, Deloitte, Haskins & Sells (auditors) should complete their review of the Authority's 1986 operations.

Mr. Lamson said, preliminarily, the year ended with a net income from operations of some $1,374,000--or some $265,000 more than shown in the 1986 revised operating budget. High revenues, he said, were partially offset by increased maintenance costs: some $435,000 more was spent on maintenance than called for in the budget and some $549,000 more than was spent on maintenance throughout 1985.

On Mr. Lamson's recommendation, Mr. Grossman moved (seconded by Mr. Stutz) to continue using Edward M. Taylor (Taylor Risk Management) as insurance consultant for up to $2,000 plus expenses. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

On another subject, Mr. Lamson recommended using King Information Systems, Inc. (Dedham, Mass.) to study Authority filing systems and make recommendations. Mr. Grossman so moved, seconded by Mr. Stutz. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(more)

In responding to a request by Members at an earlier meeting for updated financial data on replacing the computerized reservations system, Mr. Lamson's memo (dated Jan. 27th) showed $93,615.84 expended to date on the two-phase project.

Still to come: $504,000 for software development to support the new main computer system (including a rewrite of operating system software) and replacement of the main computer system with its peripheral units, telecommunications equipment and uninterruptible power supply (UPS) machinery.

ON ANOTHER SUBJECT, Mr. Grossman again raised "inequities in the allocations to Nantucket of costs for the Woods Hole terminal."

He pointed out that auditors (Deloitte, Haskins & Sells), using 1985 traffic figures, found 14 percent of trips in and out of Woods Hole were in serving Nantucket--not 25 percent as presently charged to Nantucket.

Mr. Grossman recommended Woods Hole costs in 1987 be apportioned on the 86 percent-14 percent findings of the auditors or on the actual traffic figures for 1986 which, Mr. Grossman said, would be even less than 14 percent. This, he said, would be "a logical business-like allocation of costs to Nantucket and the Vineyard."

It was agreed all relevant data should be given the new Vineyard Member (including, said Mr. Smith, a possible effect on fares) and the subject discussed at the Feb. 19th meeting.

# # #

ITEM #7 (General Manager's report): Mr. Grossman moved, seconded by Mr. Stutz, that management seek to purchase an available vessel almost identical to M/V Katama as a replacement for the 22-year-old M/V Auriga--the Authority's offering price to be established in executive session. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Mr. Eastman, the General Manager, earlier in the discussion had pointed out (1) the Authority fell just short of purchasing a similar vessel in late December at the authorized cost limit of $600,000; and (2) a search since late December has identified M/V Golden Mist as available for the same $600,000 price.

(When converted, Mr. Eastman said Golden Mist would have the same capabilities of the well-received M/V Katama which went into service late last October.

(more)

(Alteration costs on Golden Mist--stern modification to fit into Authority slips, improved passenger accommodations--should be considerably less than what into M/V Katama, assuming the same shipyard does the modifying, Mr. Eastman said.

(Mr. Grossman said he'd "like to see some hard numbers on what this remodeling should cost."

(All Members agreed Golden Mist would be an asset to service as a substitute for M/V Auriga. Mr. Stutz said on a recent holiday weekend there were 60 autos in the standby line at Vineyard Haven.

(Both Messrs. Beach and Murphy spoke in favor of purchasing Golden Mist for around $600,000.)

ON THE PROPOSED Members' meeting schedule for the balance of 1987, Mr. Grossman moved agreement (seconded by Mr. Stutz) along with a proposal to reduce from three to two the number of Members' meetings on each island each year. The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(Mr. Grossman pointed out that public attendance at island meetings has fallen substantially the past two years, that more of the public attend meetings at Woods Hole where the cost of conducting meetings is considerably less.)

FINALLY, UNDER Mr. Eastman's report, Mr. Stutz moved (seconded by Mr. Grossman) to put off until the February meeting any decision on a "policy and procedure for the disposal of surplus junk equipment and scrap." The VOTE:

AYES: Messrs. Smith, Grossman and Stutz
NAYS: None

(The draft policy statement, prepared by the Treasurer at the request of the General Manager, enlarged on a one-paragraph policy point contained in a "planned procurement" statement considered by the Members at their March 27th/86 meeting. All Members said they hadn't had an opportunity to read Mr. Lamson's draft policy, received by them just before the start of today's meeting.)

# # #

AT THIS POINT Members voted unanimously to go into executive session on items proper in executive session under the General Laws, Chapter 30, Section 11A 1/2 (3). First, though, Members answered press questions and heard brief remarks from Falmouth Selectman John Gumbleton and Tisbury Selectman Cora Medeiros.

(more)

Mr. Gumbleton said he agreed with Mr. Stutz: both the islands and mainland of Cape Cod need to know more about likely traffic increases in the years immediately ahead if local governments are to cope with the problems summer season travellers generate.

Mrs. Medeiros asked the Authority to mount a "Welcome to Tisbury" sign at the Vineyard Haven terminal.

The public meeting was adjourned at 12:12 p.m.

# # #

[redacted]

[redacted]

MR. SMITH, at 12:58 p.m., accepted the vote to adjourn the executive session and return to open session immediately.

The Chairman then announced the Members' vote taken in executive session: to settle all outstanding matters with the Gioioso firm and pay that firm the $18,000 held as retainage.

The day's proceedings ended at 1:01 p.m.

A true record

ROBERT L. STUTZ, Secretary