

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

The Meeting in Public Session

October 19, 1995

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 19th day of October, 1995, beginning at 9:30 a.m., in Meeting Room #1 of the Marine Biological Laboratory's Candle House, Water Street, Woods Hole, Massachusetts.

Present were three of the Authority's Members: Chairman Ronald H. Rappaport of Dukes County; Vice Chairman Paul R. Kelleher of Falmouth; and Secretary Bernard D. Grossman of Nantucket.

Also present were all three members of the Authority's Finance Advisory Board: Robert C. Murphy of Dukes County; Norman F. Beach of Nantucket; and S. Eric Asendorf of Falmouth.

The following members of the Authority's management staff were also present: General Manager Armand L. Tiberio; Treasurer/Comptroller Wayne C. Lamson; General Counsel Steven M. Sayers; Maintenance and Construction Manager James P. Swindler; Customer Services Manager Gina Barboza; and Executive Secretary to the General Manager Maxine Horn.

Minutes:

IT WAS VOTED -- upon Mr. Grossman's motion, seconded by Mr. Kelleher -- to approve the minutes of the Members' meeting in public session on September 22, 1995.

VOTING AYE: Messrs. Rappaport, Kelleher and Grossman
VOTING NAY: None

1996 Operating Schedules:

Mr. Tiberio reported that two changes had been made to the proposed 1996 operating schedules since they were initially presented to the Members at their September 22, 1995 meeting. The first change was made to accommodate the Martha's Vineyard

high school hockey team by adding an additional trip on Saturday nights during the winter schedule, and the second change was made to accommodate rubbish removal from Martha's Vineyard by adding one more freight boat trip per day during that same period.

In response to a question from Mr. Rappaport, Ms. Barboza confirmed that additional trips leaving Woods Hole during the evening had previously been included in the schedules to address concerns that had been raised by Martha's Vineyard commuters.

IT WAS VOTED -- upon Mr. Kelleher's motion, seconded by Mr. Grossman -- to approve the Authority's 1996 Winter, Spring, Summer and Late Fall operating schedules as attached to Staff Summary #CS-017, dated October 16, 1995.

VOTING AYE: Messrs. Rappaport, Kelleher and Grossman
VOTING NAY: None

License Request from Falmouth Ferry Service:

With respect to the request from Cape & Islands Transport, Inc. ("CIT") for a license to provide a passenger ferry service between Falmouth Inner Harbor and Edgartown Memorial Wharf, Mr. Sayers delivered a prepared statement summarizing the staff's basis for its recommendation that the Members grant CIT such a license on the terms and conditions contained in the Authority's standard license agreement and those proposed in Staff Summary #L-228, dated October 16, 1995, and Staff Summary #L-230, dated October 18, 1995. A copy of the prepared text for Mr. Sayers' statement is attached to these minutes.

CIT's President, Vincent Geoffroy, stated that he did not have serious objections to a lot of what Mr. Sayers said. However, he noted that the focus had been on possible problems which might arise from his service, and that he would have rather had a review with a more positive attitude. Mr. Geoffroy also stated that he did not have a problem with the staff's proposed license fee, provided that all of the other licensed carriers paid the same amount. Mr. Geoffroy said that he understood that it was the Members' responsibility to make certain that the Authority remains a viable entity, and that charging CIT a larger fee may help the Authority's financial situation.

However, Mr. Geoffroy declared that he had a serious objection to the staff's proposed restrictions on his operating schedule, which he said had been worked out with the Edgartown

October 19, 1995 Meeting
Minutes of the Public Session

Park Commissioners. In this regard, Mr. Geoffroy said that CIT had scheduled an early departure from Edgartown on Monday mornings because many island residents work in Boston and like to stay home on Sunday nights. Mr. Geoffroy stated that if one were to focus on the needs of CIT's passengers, it would be clear that changing that trip would not help any of them.

Mr. Geoffroy also noted that a change of name is very disruptive to any operation, but that he would be willing to change CIT's name if the Members felt it were an issue. He stated, however, that he did not like having language in the license agreement which was so open that the Authority could control what his organization's name was. Rather, he suggested, any name used by CIT should make clear its association with both Edgartown and Falmouth.

Mr. Geoffroy then commented that he believed that CIT's service would help alleviate the Authority's parking problems by allowing people to leave Falmouth and go directly to Edgartown. He also stated that he felt the Members should consider the fact that he had the public's overwhelming support, including the Falmouth Selectmen's strong recommendation that he be allowed to carry up to 70 passengers from Falmouth. Accordingly, Mr. Geoffroy asked that he be allowed to carry 70 passengers on Friday afternoons and Saturday mornings and, further, that he be allowed to carry his full capacity of 103 passengers from Edgartown to Falmouth on Sunday and holiday evenings.

In response to a question from Mr. Rappaport, Mr. Geoffroy confirmed his understanding that, in the event the Authority licensed him to provide a ferry service with a capacity of more than 40 passengers, he would not be allowed to operate another ferry service without the Authority's permission, even though it may have a capacity of fewer than 40 passengers. However, based upon that understanding, Mr. Geoffroy stated that it was all the more important that he be allowed to operate at full capacity on Sunday nights leaving the Vineyard because of the number of people who want to leave the island at that time. Mr. Geoffroy said that this past year CIT sometimes ran an additional trip on Sunday nights in order to take care of the additional number of passengers, which it would not be able to do if it were granted a license from the Authority.

CIT's attorney, Bob Ament, then declared that he did not think the protection of the neighborhood required the staff's proposed scheduling limitations, since CIT was only operating before 8:00 a.m. on Mondays and after 8:00 p.m. on Fridays. Mr. Ament also questioned whether the Authority could restrict Mr. Geoffroy from operating other ferries with capacities of fewer than 40 passengers, and asked whether the imposition of such a

restriction was obligatory or a matter for the Members' discretion.

In response, Mr. Sayers confirmed that the condition was a discretionary matter with the Members, but one which had been imposed by the Authority in every license agreement that the Authority had awarded over the past several years. Mr. Sayers noted that any carrier has the ability to operate as many vessels as it wants with capacities of fewer than 40 passengers; however, once a carrier increases the capacity of one of its vessels so as to come within the Authority's licensing jurisdiction, the condition becomes important to make certain that the Authority has approval over the amount of service being provided by that carrier as a whole.

Falmouth Selectman Mary ("Pat") Flynn advised the Members that CIT's request for an increase in its capacity was one of the very few initiatives that had come before the Falmouth Board of Selectmen with overwhelming public support, and that the Members had received the October 11, 1995 letter from Falmouth's Town Administrator Peter Boyer stating the reasons why the Board voted unanimously to support a capacity of 70 passengers leaving Falmouth and 103 passengers leaving Martha's Vineyard. Ms. Flynn urged the Members to consider that recommendation, noting that this requested increase would not require any zoning changes, or the clearing of any land, or the creation of any additional parking lots.

Mr. Ament then objected to what he described as very loose language in the proposed license agreement which would allow the Authority to revise or revoke the license at any time. Mr. Ament asked that this language be changed so that such actions would be permitted only if CIT were to violate the agreement, and not for reasons that may have nothing to do with CIT's operations.

However, Mr. Grossman declared that it had been overlooked that the Authority has two legal responsibilities, one of which is to protect its own economic survival for the benefit of all the residents of the islands, and the other of which is to protect the grandfathered carriers, who have provided service for the islands for many years. Mr. Grossman said that both of those responsibilities have to be borne in mind in any case where the Authority is requested to license another carrier, even though the interests of the local communities are also important and have to be considered as well. Accordingly, Mr. Grossman stated that he thought the staff had been well advised in making its recommendations, including taking into account the schedules and other aspects of the ISLAND QUEEN's operations, as well as the Authority's own needs.

Mr. Beach declared that he personally thought it was unreasonable for the Authority to attempt to limit the hours of CIT's operation so that it could not operate before 8:00 a.m. or after 8:00 p.m.

Mr. Murphy stated that, although the public may prefer to have a vessel traveling to Edgartown, he did not feel that any financial or other need existed which would justify granting the requested license. Mr. Murphy noted that the Authority had the excess capacity to handle all of CIT's passengers and that any revenue given up by the Authority would be passed on through rate increases to the people who travel with the Authority year-round.

Mr. Kelleher stated that he also was uncomfortable with licensing any increase in CIT's passenger capacity. In this regard, Mr. Kelleher advised the Members that there had been an automobile standby line at CIT's property this past summer, which indicated to him that all of CIT's 188 parking spaces were already being filled. In addition, he expressed his concern that CIT would be encouraged to carry more and more passengers, and would try to add a second vessel or replace the PIED PIPER with a larger boat.

Mr. Kelleher noted that CIT's operation conflicted directly with both a grandfathered carrier and the Authority for revenues, both of which had unfilled passenger space still available. Further, additional ferries such as CIT continued to skim the so-called summer cream of revenue off the top of the passenger market which the Authority needs for its financial stability and to avoid a deficit, as it is the only one to operate through the winter months in bad weather when all of the other carriers shut down.

Mr. Kelleher also declared that it was already impossible during the summer for local Falmouth residents, visitors and senior citizens to enjoy the marvelous view from the head of Falmouth Harbor because all of the parking spaces on Robbins Road are constantly full as early as 9:00 a.m. Parking spaces at the Falmouth Marina are similarly booked full on a regular basis with the automobiles of employees and guests. However, Mr. Kelleher noted that other public bodies in Falmouth apparently did not see his concerns.

Nevertheless, Mr. Kelleher acknowledged that, provided restrictions are placed on its operations, CIT's service was a desirable one for Edgartown residents and Falmouth businessmen who wish to travel to Edgartown easily. Therefore, given the fact that Mr. Geoffroy had been quoted as saying that he was running a premier service and would not use all of his vessel's capacity even if it were approved, Mr. Kelleher moved to grant a

October 19, 1995 Meeting
Minutes of the Public Session

three-year license to CIT with an increase in its vessel's capacity to 60 passengers each way, a license fee equal to ten percent of CIT's published adult one-way fare of \$12.50, and no changes in the vessel's size or number. Mr. Kelleher also incorporated into his motion all of the restrictions that were recommended by the staff in their summaries on the subject, including restricting the hours of CIT's operations to between 8:00 a.m. and 8:00 p.m., and requiring CIT to provide access to its property and facilities by Authority representatives. Mr. Kelleher's motion was seconded by Mr. Grossman for discussion.

Mr. Rappaport declared that he had heard nothing but positive comments about CIT's operation and the way CIT had cooperated with Edgartown public officials. Mr. Rappaport also acknowledged that he had received letters supporting CIT's request from the Edgartown Planning Board and the Edgartown Selectmen, although the latter contained a limitation of 60 passengers each way. Mr. Rappaport said that he too supported granting the license, because he thought the ferry was a service to people on Chappaquiddick, as well as people and businesses in Edgartown, and helped traffic by saving people the trouble of having to go to Oak Bluffs and Vineyard Haven.

Nevertheless, Mr. Rappaport acknowledged that he shared a number of the concerns that already had been voiced by the other Members, such as the impact the license would have on the ISLAND QUEEN. Accordingly, he said that he was willing to support the staff's recommendation, but that he did not think the Authority should try to restrict CIT's hours of operation, since he had not heard any complaints on that subject from any public official. Mr. Rappaport also said that he thought CIT should be treated consistently with the other licensed carriers in terms of the amount of the license fee charged by the Authority.

Mr. Rappaport further stated that he was sympathetic to CIT's concerns about having to leave people on the dock in Edgartown, and reported that he had been approached by public officials who had asked him whether the Authority could allow a larger number of passengers on Sunday nights and holidays. And, finally, Mr. Rappaport said that he would be in favor of a review of the license in one year to see what impact it has had on the grandfathered carrier.

After further discussion, Mr. Kelleher amended his motion so that CIT would also be allowed to provide an early trip on Monday mornings, as published in its current schedule, on a reservations basis.

With respect to the proposed fee structure, Mr. Sayers explained that he thought there were legitimate reasons for

distinguishing between the amount of license fees that should be paid by each licensed carrier, based upon the service being licensed and each carrier's potential for diverting revenue from the Authority. For example, Mr. Sayers noted, Freedom Cruise Lines was located in Harwichport more than twelve miles from the Authority's Hyannis terminal, while CIT's facilities were located only about four miles from Woods Hole. Therefore, Mr. Sayers said that he thought charging CIT a ten percent license fee based upon its full adult fares was appropriate in this case.

After further discussion, Mr. Kelleher amended his motion again so that CIT would be allowed to provide the 8:15 p.m. trip departing from Falmouth on Friday nights, which it currently has on its schedule, on a reservations basis. Then, after still more discussion, Mr. Kelleher further amended his motion to increase the vessel's capacity to 75 passengers on the 6:45 trip leaving Edgartown on Sundays and holidays only.

Mr. Geoffroy then stated that he was willing to go along with what the Members were recommending, provided that they were willing to consider requests for changes in the future. In response, Mr. Rappaport stated that the Members always reserve the right to review any situation and that CIT could obviously come back to the Members if it were to run into a problem.

IT WAS VOTED -- upon Mr. Kelleher's motion, seconded by Mr. Grossman -- to authorize the General Manager to prepare and enter into a standard license agreement with Cape & Islands Transport, Inc. ("CIT") whereby CIT would be granted a license to provide a passenger vessel transportation service between Falmouth Inner Harbor and Edgartown Memorial Wharf upon the terms and conditions contained in the Authority's standard license agreement and those proposed in Staff Summary #L-228, dated October 16, 1995, and Staff Summary #L-230, dated October 18, 1995, with the following revisions:

- (1) That CIT will be allowed to make one additional round trip before 8:00 a.m. on Monday mornings only, as published in its current schedule, on a reservations basis;**
- (2) That CIT will be allowed to make one additional round trip after 8:00 p.m. on Friday nights only, as published in its current schedule, on a reservations basis; and**

- (3) That CIT will be allowed to carry up to 75 passengers on its 6:45 p.m. trip from Edgartown to Falmouth on Sundays and holidays only.

VOTING AYE: Messrs. Rappaport, Kelleher and Grossman
VOTING NAY: None

Reservation and Standby Policies:

Mr. Tiberio reported that earlier in the month the staff had conducted meetings in all of the Authority's port communities to obtain public comment regarding the possibility of revising the Authority's standby and reservations policies. After those meetings, Mr. Tiberio said, the staff had developed a series of recommendations, as set forth in Staff Summary #GM-344, dated October 17, 1995, whereby the Authority would enter into a pilot project for 1996 with respect to the Martha's Vineyard run only and defer until 1997 the consideration of a full conversion of the standby policy to a more complete reservations program. Mr. Tiberio stated that the pilot project would provide the Authority with the opportunity to survey its customers and to hear from its constituent communities about the problems they did or did not encounter while the pilot program was in effect. This would then allow the Authority to review the situation and better identify potential problems with the contemplated conversion.

Mr. Tiberio also reported that the Authority had recently issued a request for proposals for the purpose of securing land for additional parking on the mainland and that a firm was conducting an independent analysis of the proposals which had been received by the Authority in response to that request. Mr. Tiberio said that, based upon the analysis, the staff would be presenting certain options to the Members at their November 1995 meeting and would then hold public meetings on the subject.

Mr. Murphy commented that the pilot project included more dates than he would have considered appropriate for a test study, especially since he believed that implementing the project for the proposed 28 days might have an adverse impact on the island's economy. However, Mr. Rappaport noted that the project was to be implemented essentially during four peak weekend periods and that the staff could well reduce the number of days to be included in the project when they come back with a more specific proposal for the Members' approval in November.

Mr. Rappaport then complimented the staff, and in particular Mr. Tiberio, Ms. Barboza and the Authority's terminal agents, for their efforts to improve the Authority's service. Mr. Rappaport

declared that the Authority had to recognize several fundamental principles, the first of which was that the situation which occurred in Woods Hole on the Independence Day Weekend cannot be allowed to happen again. Mr. Rappaport also declared that the Authority had a finite capacity to carry automobiles, trucks and passengers with its seven vessels, and that it was not looking to add any additional vessels for the next ten years. Nor should it, in fairness to its port communities, run those vessels through the night. Mr. Rappaport stated that both the Authority and its port communities were reaching their capacity in terms of their ability to handle traffic.

Mr. Rappaport further commented that the present system was not providing good service, as reflected by the length of time that customers were waiting in standby lines. However, he felt that moving to a reservations system for an entire summer season was too ambitious for 1996, since the Authority would not yet have its parking lot on the outskirts of Falmouth in operation and needed to upgrade its computer and telephone systems as well. Mr. Rappaport also noted that a number of other complicated issues still had to be addressed, including whether to provide preferences for island residents, how to phase in the availability of reservations, and how to prevent real estate agents from buying up blocks of tickets. For all of these reasons, he thought that trying out a pilot project on the four peak weekends in 1996 was a good idea, and that the Authority's goal should be to have a better system in place by 1997.

Mr. Asendorf also commended the staff for taking this initiative. He stressed, however, that the initial change, even though it may result in a permanent improvement to the system, was going to be difficult and would require a lot of education. Therefore, he wanted to make certain that the staff had a plan in effect to communicate the pilot project to the public. Mr. Asendorf also expressed his concern that Mr. Tiberio referred to a need for "additional" parking, when he thought that the Authority was only trying to find "alternative" parking locations in order to consolidate its lots and improve the flow of traffic.

In response, Mr. Tiberio stated that the Authority did need additional parking spaces to accommodate the level of traffic that occurred in 1995, since the Authority filled all of its existing parking spaces on almost every summer weekend this year. In addition, Mr. Tiberio said, the contemplated change from the standby policy to a full reservations system may increase the demand for additional parking even beyond the growth that might normally be expected in the future. Accordingly, Mr. Tiberio declared, the Authority had to address its need for additional parking as well as addressing the need to consolidate the Authority's parking lots into a better location.

October 19, 1995 Meeting
Minutes of the Public Session

Mr. Kelleher similarly expressed his concern about converting to a reservations system without sufficient advance public warning, which had been a major problem with the implementation of the Woods Hole resident parking program. While agreeing that the pilot project was a step in the right direction, Mr. Kelleher cautioned that getting the word out about the project would require a great deal of work. He also declared that he could not see the Authority implementing even the pilot project without having some alternative parking site during this transition period to ensure that there will be parking spaces for those members of the public who do not hear about the project and arrive in Woods Hole expecting to travel standby. Mr. Kelleher thought that, without such alternative parking arrangements, the project might compound the inconvenience to Falmouth residents by only attracting more cars to Woods Hole. Therefore, he felt the Members should defer voting on the project until after the staff came back with more information on how they intended to inform the public of this change.

However, Mr. Grossman strongly urged the Members to support the staff's recommendation, noting that the Authority had been making its best efforts to try and resolve this traffic problem and that he thought the people of Falmouth generally would be sympathetic to these efforts.

Ms. Flynn then thanked Mr. Tiberio for having held public meetings on this subject to receive input from the communities. Ms. Flynn also voiced her support for the pilot project, stating her personal opinion that, when making change, it is far better to do it in steps. She also noted that many private citizens in Falmouth were allowing people to park on their property for a fee, so that no one really knew how many cars were actually being parked in connection with the Authority's operations. Ms. Flynn further requested the Authority to provide the opportunity for further community input as the project got underway, and declared that the Falmouth Selectmen stood ready to help the Authority on the issue of public education.

Thanking Ms. Flynn for her offer, Mr. Rappaport reminded her that, although the Authority was moving at all deliberate speed to acquire a parking lot on the outskirts of Falmouth, it may need the Town of Falmouth's cooperation in accommodating the Authority's parking needs in the interim until the new lot is completed and operational.

IT WAS VOTED -- upon Mr. Grossman's motion, seconded by Mr. Rappaport -- to endorse the concept of having the staff come back to the Members at their November 1995 meeting with a more specific proposal along the lines

contained in Staff Summary #GM-344, dated October 17, 1995, regarding the implementation of a pilot project for 1996 with respect to the Martha's Vineyard run only and to defer until 1997 the consideration of a full conversion of the standby policy to a more complete reservations program.

VOTING AYE: Messrs. Rappaport and Grossman
VOTING NAY: Mr. Kelleher

After the vote had been taken, Mr. Rappaport clarified for the audience that the pilot project did not envision that all travel would be by reservations only during the four peak week-ends of the 1996 summer season, just that the Authority's guaranteed standby policy would be suspended during those periods.

Food Concession Contract:

Mr. Sayers then reported that in July 1995 the Authority had issued a request for proposals for a new three-year Food Concession Contract, in which for the first time the Authority offered not only to entertain proposals for the operation of food concession spaces on all of its vessels, but also to consider proposals for the operation of food concession spaces on vessels serving each of the runs separately. However, Mr. Sayers stated that, despite the Authority's efforts, only one proposal was received, which was submitted by the Authority's incumbent concessionaire, Boston Concessions Group, Inc. ("BCGI"), for the Combined Contract.

Mr. Sayers said that the Authority's Food Service Committee evaluated BCGI's proposal on the basis of criteria other than price and concluded that the proposal would have been rated "highly advantageous" for the Authority even if it had not been the only one received. Mr. Sayers also reported that, after the preparation of the aforesaid evaluations, the Food Service Committee opened BCGI's price proposal, in which BCGI offered to pay the Authority a concession fee equal to 15.7% of its gross receipts, with a minimum annual guaranteed concession fee of \$455,000 for 1996, \$475,000 for 1997 and \$500,000 for 1998. In this regard, Mr. Sayers noted that BCGI's concession fee in 1995 was equal to 12.1% of gross receipts, which was the same percentage paid by the previous concessionaire, and that the concession fee which the Authority expected to receive in 1995 was around \$335,000.

Mr. Sayers stated that the Food Service Committee was recommending no revisions to BCGI's proposed operating plan, believing

that any desired finetuning of the proposal could be accomplished in the course of administering the contract. Therefore, Mr. Sayers said, the staff's ultimate recommendation was that the Members vote to award the Combined Contract to BCGI in accordance with the provisions of the Authority's request for proposals and the proposal submitted by BCGI in response thereto.

Mr. Grossman complimented BCGI not only for the great improvement in the quality of the food served on the Nantucket run, but also for the friendly and courteous conduct of its personnel, which he said had been commented upon by many passengers.

IT WAS VOTED -- upon Mr. Kelleher's motion, seconded by Mr. Grossman -- to award the Combined Food Concession Contract (Contract No. 20-95) to Boston Concessions Group, Inc. ("BCGI") of Cambridge, Massachusetts in accordance with the provisions of the Authority's Request for Proposals for the Contract and the proposal submitted by BCGI in response thereto.

VOTING AYE: Messrs. Rappaport, Kelleher and Grossman
VOTING NAY: None

Massachusetts Highway Department Agreement:

IT WAS VOTED -- upon Mr. Grossman's motion, seconded by Mr. Kelleher -- to authorize the General Manager to execute Agreement No. 7428 with The Commonwealth of Massachusetts, through its Highway Department, in the form attached to Staff Summary #L-229, dated October 17, 1995.

VOTING AYE: Messrs. Rappaport, Kelleher and Grossman
VOTING NAY: None

Treasurer's Report:

Mr. Lamson reported that, on October 3, 1995, the Authority received five bids for the sale of Steamship Bonds totalling \$8,800,000, and that the low bidder was William R. Hough & Co., of St. Petersburg, Florida, with a net effective interest rate of 5.4569%. Mr. Lamson stated that, in accordance with the bond resolution adopted by the Members on September 22, 1995, the

bonds had been awarded to the low bidder and that the closing had been completed the previous Thursday.

With respect to the Authority's current financial position, Mr. Lamson reported that the Authority's net operating income for the month of September was expected to be close to the original budget projections. If so, Mr. Lamson said, the Authority's net operating income for the first nine months of 1995 would be approximately \$250,000 higher than the amount projected in the 1995 operating budget.

Hyannis Terminal Reconstruction Project:

Mr. Tiberio reported that the Hyannis Terminal Reconstruction Project was basically on schedule and on budget. However, he stated that the marine contractor would not be able to dispose of the dredge spoils off-shore, as had been originally hoped, because it could not secure any barges to accomplish that task. Therefore, Mr. Tiberio said, the spoils would be trucked to a landfill beginning in November.

Mr. Tiberio also reported that the Authority had reached an agreement with John Christiansen to remove three of the buildings on the Hinckley property at no cost to the Authority.

Automated Call Distribution Systems:

IT WAS VOTED -- upon Mr. Grossman's motion, seconded by Mr. Kelleher -- to award Contract No. 29-95 for two automated call distribution systems for the Authority's Mashpee and Martha's Vineyard Reservations Bureaus to Call Processing Systems of Hingham, Massachusetts, for a Total Contract Price of \$55,450.00.

VOTING AYE: Messrs. Rappaport, Kelleher and Grossman
VOTING NAY: None

1996 Capital Budget:

Mr. Tiberio reported that the staff had prepared and presented to the Members a long-range capital program for the next ten-year period in which they had identified the critical projects which they felt the Authority would have to undertake in

order to maintain its current level and quality of service with no major substantive increases. Mr. Tiberio noted that the program did not provide for an additional vessel, and stressed that the Authority would have to begin moving aggressively on the program simply to maintain the Authority's current facilities and service levels over the next ten years.

Mr. Tiberio also stated that the staff had prepared time lines and budget estimates for the seven most important of those projects: Development of remote parking lots; reconstruction of the Oak Bluffs terminal; reconstruction of the Woods Hole terminal; installation of new passenger gangways; the replacement or refurbishment of the M/V ISLANDER; the refurbishment of the M/V NANTUCKET; and the general upgrade of the M/V EAGLE.

Noting that the program called for the development of initial designs and specifications for five of the projects in 1996, Mr. Tiberio also stressed that any delay in commencing the program would result in a corresponding delay in the completion of these projects. Further, by beginning these projects in 1996, Mr. Tiberio said that the Authority would be in a position to compete for ISTEA funds.

Mr. Tiberio stated that the staff had established the timing of the projects by considering the Authority's ability to fund the projects based upon its bonding capabilities, the continuation of the Authority's current level of service without any major disruptions, and the allowance of sufficient time for community input and permitting, especially with respect to the Oak Bluffs and Woods Hole terminal reconstruction projects. In this regard, Mr. Tiberio noted that the time lines for certain projects might be accelerated in the event ISTEA funds became available.

Mr. Tiberio also stated that the amounts set forth in the program were only estimates in 1995 dollars, although he did not believe that they would prove to be too far out of line. Accordingly, he requested that the Members approve the staff's proposed 1996 capital budget with the recognition that there were monies included within that budget for future projects as well.

The Members of the Finance Advisory Board stated that they were unanimously in favor of the staff's proposed 1996 capital budget and the long-range capital plan, with the modifications they had earlier suggested and which had been set forth in Staff Summary #A-334, dated October 13, 1995. Mr. Asendorf noted that the largest single item in the proposed 1996 capital budget was the acquisition of four more shuttle buses, which may or may not be necessary depending upon what alternative parking arrangements are made. Mr. Asendorf also advised the Members that the Finance

Advisory Board had asked the staff to explore the feasibility of alternative power sources for the buses and the new tow motors in order to reduce pollution, and suggested that federal funds might be available for such a project.

In response to a question from Mr. Rappaport, Mr. Tiberio confirmed that no decision had yet been made as to whether to replace the M/V ISLANDER, although the amount included in the long-range capital plan for that particular project was based upon its possible replacement rather than refurbishment. Mr. Tiberio also stated that although, in the staff's assessment, the ISLANDER's condition and capability seemed to fall short of what were necessary to meet the Authority's demands and service levels, the issue of whether to refurbish or replace the vessel would be reviewed within the next year. Further, Mr. Tiberio said, if a decision were made to replace the ISLANDER, the Authority would then have to decide what type of vessel should replace her.

After thus assuring Mr. Rappaport that a vote to approve the 1996 capital budget did not entail a vote to replace the M/V ISLANDER, Mr. Tiberio noted that, even if a subsequent decision were made to replace the vessel, the ISLANDER would still have to remain in operation for a minimum of five years through the year 2000 in order for the Authority to refurbish the M/V NANTUCKET without reducing its operating schedule.

Mr. Tiberio also assured the Members that the Authority would receive a great deal of community input before commencing the reconstruction of the Woods Hole terminal. In this regard, Mr. Tiberio noted that the long-range capital program did not envision the commencement of any construction until the year 2000 because of the contemplated community involvement and permitting process. However, Mr. Kelleher expressed his concern that the Authority was losing ground on this project, and he declared that it should not be further delayed due to work on the Oak Bluffs terminal.

IT WAS VOTED -- upon Mr. Grossman's motion, seconded by Mr. Kelleher -- to approve the 1996 Capital Budget and the proposed Ten Year Capital Plan for the years 1996-2005, subject to annual review and revisions as necessary, with the modifications proposed by the Finance Advisory Board and set forth in Staff Summary #A-334, dated October 13, 1995.

**VOTING AYE: Messrs. Rappaport, Kelleher and Grossman
VOTING NAY: None**

Old and New Business:

Mr. Rappaport reported that the Authority had received a letter from Yarmouth Town Administrator Robert C. Lawton, Jr. asking whether the Town of Yarmouth could designate a person to attend all of the Authority's meetings and speak for the Town on matters affecting it. Mr. Rappaport stated that the Town was welcome to have someone attend all of the Authority's meetings and that the Authority should send a letter to that effect inviting them to do so.

Mr. Tiberio then commended a number of employees for returning gratuities which they had received as a gesture of appreciation from one of the Authority's customers. Mr. Tiberio also reminded the audience that the public was not to offer such gifts, since Authority employees are generally prohibited from accepting any gratuities, tips, favors or other items of monetary value from the traveling public or persons with whom the Authority does business.

Finally, Mr. Rappaport reported that he had received a letter from the City Clerk for the City of New Bedford asking the Members to reconsider their vote on the NOBSKA, but that he was not prepared to do so.

IT WAS THEN VOTED -- on Mr. Grossman's motion, seconded by Mr. Kelleher -- to go into executive session to discuss the Authority's strategy with respect to collective bargaining and litigation matters, the purchase and value of real estate, and personnel matters.

VOTING AYE: Messrs. Rappaport, Kelleher and Grossman
VOTING NAY: None

Before the Members voted to go into executive session at approximately 11:45 a.m., Mr. Rappaport stated that the Members would not reconvene in public after the conclusion of the executive session.

A TRUE RECORD



BERNARD D. GROSSMAN, Secretary

PREPARED TEXT OF THE STATEMENT
MADE BY
GENERAL COUNSEL STEVEN M. SAYERS
TO THE
MEMBERS OF THE
WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

October 19, 1995

In 1994, Cape & Islands Transport, Inc. ("CIT"), doing business as "Falmouth Ferry Service," began providing a ferry service between Falmouth Inner Harbor and Edgartown Memorial Wharf with a capacity of 40 passengers. In March 1995, we received an application from CIT for a license by which the capacity of its vessel could be increased from 40 to 103 passengers. In accordance with the provisions of the Authority's licensing policy, this past June we conducted public hearings on the application in both Edgartown and Falmouth, and this past week have provided the Members with our analysis as to whether, in our opinion, the increased capacity is required by public convenience and necessity, and whether CIT has the fitness and ability to provide the service.

Copies of our staff summaries on this matter have been provided to CIT, as well as to all the other carriers currently providing ferry service between the mainland and the islands. Additional copies are also available to the public upon request.

In summary, it appears clear that public convenience and necessity are indeed being served by the limited ferry service which CIT is currently providing. Over the past two years that the PIED PIPER has been in operation, many Edgartown residents (including residents of Chappaquiddick) have reportedly found it much more convenient not to have to drive their cars to Oak Bluffs or Vineyard Haven in order to pick up or drop off family members. Edgartown innkeepers also have reported that their overnight guests prefer the direct service to transporting their luggage to and from the other island ports. Persons traveling to Edgartown for business reasons also benefit from the time savings achieved by taking the more direct route.

By contrast, Edgartown residents did not express any strong desire to increase the number of "day-trippers" to that community. Rather, islanders who supported CIT's request downplayed what is apparently considered to be a negative side effect of the

PIED PIPER's operation, stating that they felt that tourists carried by the vessel would only modestly add to the town's tourist population without exacerbating its vehicle population, and would also come and go at a reasonable hour.

In addition, it should be once again noted that all of the Authority's vessels have substantial excess passenger capacity -- as opposed to vehicle capacity -- at all times of day during the busy summer season. "Day-trippers" who wish to travel to the island are also able to use the ISLAND QUEEN, which similarly docks in Falmouth Inner Harbor less than one mile from CIT's facilities. Therefore, there does not appear to be either any need or any strong desire on the part of islanders to add another ferry service to the island for "day-trippers." Rather, CIT's operations serve public convenience and necessity by offering more convenient and direct service to and from Edgartown for persons who have ties to that community and need to travel there as opposed to other island towns.

Based upon information provided by CIT itself, we believe that an increase of CIT's capacity from 40 to 60 passengers is more than enough to ensure that those individuals are adequately and conveniently served both currently and in the long term. In this regard, the staff would like to make it clear what it envisions the limited role that CIT's ferry service should play in the transportation network which exists between the mainland and Martha's Vineyard, namely, providing direct and more convenient service to and from the mainland for Edgartown residents, overnight visitors and business travelers. We do not believe that the service should be permitted to expand to the point of being primarily an additional ferry service for "day-trippers" to the island so long as the Authority continues to have substantial excess passenger capacity and the ISLAND QUEEN continues to provide the efficient and economical supplemental service for tourists which the Legislature recognized it was providing in the Authority's enabling act. Accordingly, the staff strongly doubts that public necessity and convenience will require any further increases in the PIED PIPER's passenger capacity in the foreseeable future.

The staff also has recommended that any license agreement entered into with CIT contain certain provisions to protect the public interest, which includes protecting the financial health of both the Authority and the ISLAND QUEEN from the diversion of revenues which will result from the PIED PIPER's increased passenger capacity.

The first is the requirement that CIT pay the Authority a license fee equal to ten percent of full adult fare charged by CIT for all passengers over 40 carried on each trip.

The staff also believes that, while the license agreement could have a term of three years, it is important to make certain that it contains a provision allowing the Authority to revise or revoke the license at any time to the extent the Authority finds such action to be in the public interest. This will allow the Authority to, among other things, review the license after the 1996 summer season, as requested by the Edgartown Park Commissioners, to determine whether any problems have arisen as a result of the increase.

The potential adverse effect that a larger capacity ferry will have on CIT's neighbors also should be ameliorated by restricting the vessel's departures and arrivals so that they do not take place before 8:00 a.m. or after 8:00 p.m.

CIT also should be required to discontinue its use of the name "Falmouth Ferry Service" as well as any other name which might create confusion with the public between its service and the ISLAND QUEEN's service, subject to the Authority's approval; and CIT similarly should be required to change its schedule so that the PIED PIPER's sailings from Falmouth follow, rather than precede or coincide with, the scheduled departures of the ISLAND QUEEN.

Of particular concern to the Members and the staff has been how an increase in the PIED PIPER's capacity will impact the surrounding community in terms of traffic congestion, parking and potential neighborhood conflicts. However, CIT has apparently satisfied the immediate concerns of all those who may have such an interest in these matters, as evidenced by the newspaper reports of the Falmouth Selectmen's meetings this past month, the Falmouth Selectmen's vote to support CIT's requested increase (up to a maximum of 70 passengers leaving Falmouth and 103 returning), and correspondence received from Edgartown Harbormaster Charles J. Blair and the Edgartown Park Commissioners. We also believe that, with the restrictions we are recommending, the Authority should be in a position to resolve any problems which may materialize.

Accordingly, we are recommending that the Members vote to authorize the General Manager to prepare and enter into a standard license agreement with CIT whereby CIT would be granted a license to provide a passenger vessel transportation service between Falmouth Inner Harbor and Edgartown Memorial Wharf upon the terms and conditions contained in the Authority's standard license agreement and those proposed by the staff in our most recent staff summaries on this matter.

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

The Meeting in Public Session

November 16, 1995

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 16th day of November, 1995, beginning at 9:30 a.m., in the conference room of the Authority's General Offices, located at the Foot of Railroad Avenue, Woods Hole, Massachusetts.

Present were all four of the Authority's Members: Chairman Ronald H. Rappaport of Dukes County; Vice Chairman Paul R. Kelleher of Falmouth; Secretary Bernard D. Grossman of Nantucket; and Associate Secretary Robert L. O'Brien of Barnstable.

Also present were all three members of the Authority's Finance Advisory Board: Robert C. Murphy of Dukes County; Norman F. Beach of Nantucket; and S. Eric Asendorf of Falmouth.

The following members of the Authority's management staff were also present: General Manager Armand L. Tiberio; Treasurer/Comptroller Wayne C. Lamson; Personnel Manager Phillip J. Parent; Customer Services Manager Gina Barboza; and Executive Secretary to the General Manager Maxine Horn.

Mr. Rappaport began the meeting by announcing that the Authority had received an award from the Construction Industry Liaison Group in recognition of the Authority's commitment in connection with the design and construction of the Vineyard Haven terminal. Mr. Rappaport declared that the award was a tribute to all of the people who worked on the project, which he felt had proven to be very successful.

Minutes:

IT WAS VOTED -- upon Mr. Grossman's motion, seconded by Mr. O'Brien -- to approve the supplement to the minutes of the Members' meeting in public session on September 22, 1995.

VOTING AYE: Messrs. Rappaport, Kelleher and Grossman
VOTING NAY: None

IT WAS VOTED -- upon Mr. Grossman's motion, seconded by Mr. Kelleher -- to approve the minutes of the Members' meeting in public session on October 19, 1995.

VOTING AYE: Messrs. Rappaport, Kelleher and Grossman
VOTING NAY: None

1996 Express Guaranteed Reservation Pilot Program:

Mr. Tiberio reported that, in Staff Summary #GM-345, dated November 10, 1995, the staff was proposing the implementation of a pilot project during the 1996 summer season by which the Authority would introduce the concept of a 100% reservations program in place of guaranteed standby transportation between Woods Hole and Martha's Vineyard. Mr. Tiberio then summarized the principal features and objectives of the project as set forth in the staff summary, and stated that the staff intended to have an additional backup parking facility in place somewhere on the mainland for the 1996 summer season as well. Mr. Tiberio said that the staff was proposing sixteen test dates for the project, namely, May 24th through 27th, June 25th through 27th, July 3rd through 8th, and August 13th through 15th, in order to obtain enough data upon which to base an honest assessment of whether a 100% reservation program is a good idea.

Mr. Rappaport said that he supported the pilot project, declaring that the Authority had to address the situation which had occurred in Woods Hole during the 1995 Independence Day Weekend. He also noted that Mr. Tiberio previously had identified 27 possible test dates for the project, but that in October 1995 the Members had asked him to reduce the number of days as much as possible in order to minimize the project's impact on the island's economy while at the same time providing real relief for Woods Hole and Falmouth and ensuring that the project would provide a fair test of the system. Mr. Rappaport stated that his only concerns involved the specific dates proposed by the staff for implementation of the project.

In response to a question from Mr. Grossman, Mr. Tiberio confirmed that the pilot project would only involve service between Woods Hole and Martha's Vineyard, although he noted that the staff's proposed change to the Authority's policy regarding ticket modifications, by which the Authority would allow only three modifications to a reservation and impose a \$10 fee for the third one, would apply to Nantucket/Hyannis reservations as well.

Mr. Kelleher stated that, although he thought moving to a 100% reservation program was very desirable, he was concerned

about the impact the pilot project would have on Woods Hole if it were first tested on the Authority's busiest traffic days. Mr. Kelleher said that he thought it would be better to work out the system both operationally and for educational purposes on days when there was less traffic-related pressure. Therefore, he suggested that the June 25th through 27th test dates be changed to June 18th through 20th.

Mr. Kelleher also expressed his concern that the staff's proposed test dates excluded days during the first week of July, which is when the Authority historically had experienced the largest amount of uncontrolled arrivals. Accordingly, he also suggested that the July 3rd through 8th test dates be changed to June 28th through July 5th. Finally, Mr. Kelleher declared that, regardless of whether the Authority implemented a 100% reservation program or stayed with guaranteed standby, his major concern was that the Authority had to have some sort of alternative Falmouth backup parking in place in 1996 on either a permanent or temporary basis.

Mr. Asendorf agreed with Mr. Kelleher's assessment that the first weekend of July was probably going to be the peak travel weekend of the year and, therefore, that it should be included in the pilot project. Mr. Asendorf also said that he felt the test dates should include that entire following week through the weekend after Independence Day.

Mr. Murphy said that he was also willing to go along with the staff's recommendation, provided that Memorial Day was eliminated as a test date and that the alternative dates suggested by Mr. Kelleher were adopted.

Although Mr. Rappaport noted that it would be helpful to have guaranteed standby on July 1st, since that was a turnover day, Messrs. Kelleher and Tiberio argued that it was important to keep that day as a test date so the project could be more easily advertised and comprehended. They both also stated that they would rather eliminate July 5th than July 1st as a test date, since that would give the Authority very concrete examples of each system on different weekends. In addition, Mr. Tiberio assured Mr. Rappaport that, even without Memorial Day and July 5th as test dates, the dates suggested by Mr. Kelleher for the pilot project would provide a fair test of the 100% reservation system.

Finally, Mr. Grossman offered his support for the staff's efforts, but cautioned them to keep in mind that Nantucket also might need a freight boat occasionally during the summer season.

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Kelleher -- to approve the 1996 Express Guaranteed Reservation Pilot Program and associated budget, as set forth in Staff Summary #GM-345, dated November 10, 1995, with the following "1996 Express Guarantee Reservation Sailing Dates" in lieu of those contained on page 6 of the staff summary: May 24, 25 and 26, June 18, 19 and 20, June 28, 29 and 30, July 1, 2, 3 and 4, and August 13, 14 and 15, 1996.

VOTING AYE: Messrs. Rappaport, Kelleher and Grossman
VOTING NAY: None

Headstart 1996:

Mr. Tiberio then reported that, in Staff Summary #CS-019, dated November 9, 1995, the staff was proposing a modest correction to the "Headstart" program for 1996. Specifically, Mr. Tiberio said, the staff was recommending that the Authority eliminate the practice of allowing persons to appear by proxy during the first phase of the Headstart lottery for the purpose of making reservations on behalf of resident-homeowners, and to require those resident-homeowners, if they choose to participate in the lottery, to make their reservations in person.

Mr. Rappaport declared that he supported the staff's recommendation, saying that he had a problem with people assigning their lottery numbers to others. However, he also asked Mr. Tiberio to think about other possible changes to the Headstart program for the Members' consideration at their December meeting, even if the changes could not be implemented until 1997, since he felt the program was getting further and further away from its original purpose. For example, Mr. Rappaport questioned whether the Authority should continue in the second phase of the program to allow the block purchase of ten reservations in person or twenty reservations by mail. He also raised the issue of whether the Authority should place vehicle registration numbers on tickets or otherwise make them non-transferable. Mr. Rappaport declared that the real estate industry should not be in the business of re-selling Authority tickets and providing their customers with reservations.

Mr. Grossman expressed some concern about the staff's proposed requirement that resident-homeowners be personally present to make their reservations during the lottery, noting that about two-thirds of Nantucket homeowners are seasonal residents. Mr. Grossman also thought that the number of tickets which individuals were allowed to purchase in blocks was excessive, since it

allowed commercial property managers the ability to obtain reservations for the purpose of renting their properties on a weekly basis to the disadvantage of seasonal island residents who may only need one reservation for each month of the summer. Therefore, Mr. Grossman suggested reducing to three the number of tickets which could be purchased by an individual at any one time.

Mr. Murphy, noting that he was in the real estate business himself, declared that the sale of tickets should be left to the Authority and that no one should make a profit from re-selling the Authority's tickets by means of a service fee or any other charge. He stated that he agreed with the staff's recommendation to eliminate the practice of allowing people to make reservations by proxies, and said that he felt the reservation system would work a lot better if further changes were made, such as prohibiting the block sales of tickets, increasing the penalty for cancellations, holding more reservations from sale until later in the year, and making reservations non-transferable by requiring license plate numbers on the tickets.

Mr. Kelleher agreed with Mr. Murphy's statements and moved not only to approve the staff's recommended changes to the Headstart program, but also to increase the cancellation penalty from \$10 to \$25. However, his motion was not seconded for discussion.

IT WAS THEN VOTED -- upon a second motion by Mr. Kelleher, seconded by Mr. O'Brien -- to approve the staff's recommended changes to the 1996 Headstart program, as set forth in Staff Summary #CS-019, dated November 9, 1995.

**VOTING AYE: Messrs. Rappaport, Kelleher and Grossman
VOTING NAY: None**

1996 Operating Budget:

Mr. Lamson then presented the staff's recommended 1996 operating budget, advising the Members that the revenue projections contained in the budget assumed no increases in traffic or the Authority's current rates. Mr. Lamson stated that, based upon the operating schedules that had been approved by the Members the prior month, the projected operating expenses for 1996 were expected to total \$37,644,000, representing an increase of 3.9%

over current 1995 estimates. Similarly, Mr. Lamson said, the Authority's 1996 net operating income was expected to be about \$1,061,000 after factoring other income and expenses, such as income from investments and interest paid to the bondholders.

Mr. Lamson also stated that, under the staff's proposed cash budget, a sufficient amount of cash would flow to the sinking fund during 1996 to meet the Authority's scheduled debt service requirements through March 1, 1997 and that, in addition, almost \$2 million, out of a statutory limit of \$2,470,000, was expected to be transferred to the replacement fund. Accordingly, Mr. Lamson recommended that the Members adopt the 1996 operating budget as proposed.

In response to various questions from the Members, Mr. Lamson then explained certain increases in the budget pertaining to building construction and repairs, maintenance expenses for the M/V Islander, and pension and medical expenses. Although Mr. Beach suggested that the Authority might want to consider raising rates at least a small amount for 1996 to reduce the need for a massive rate increase some future year, Mr. Lamson said that the staff felt the Authority's cash flow would be adequate without any rate increase at all during 1996.

IT WAS VOTED -- upon Mr. Grossman's motion, seconded by Mr. Kelleher -- to adopt the proposed 1996 Operating Budget as set forth in Staff Summary #A-337, dated November 8, 1995.

**VOTING AYE: Messrs. Rappaport, Kelleher and Grossman
VOTING NAY: None**

Hyannis Terminal Reconstruction Project:

With respect to the Hyannis Terminal Reconstruction Project, Mr. Tiberio advised the Members that AGM Marine Contractors had begun working at the site, that everything was on schedule, and that the staff was not anticipating any problems. Mr. Tiberio also called the Members' attention to the change order summary attached to Staff Summary #SP-051, dated November 9, 1995, and said that the staff would keep the summary updated as the project moved forward.

1996 Meeting Schedule:

IT WAS VOTED -- upon Mr. Grossman's motion, seconded by Mr. Kelleher -- to adopt the 1996 monthly meeting schedule as set forth in Maxine Horn's memorandum to the Members, dated November 7, 1995, with one change, namely, to hold the Authority's June 1996 monthly meeting on Wednesday, June 19, 1996, instead of Thursday, June 20, 1996.

VOTING AYE: Messrs. Kelleher and Grossman
VOTING NAY: None

State Street Bank Demand Deposit Account:

IT WAS VOTED -- upon Mr. Kelleher's motion, seconded by Mr. O'Brien -- to adopt the proposed resolutions, as set forth in Staff Summary #A-335, dated November 6, 1995, designating State Street Bank and Trust Company as an additional depository for the Authority.

VOTING AYE: Messrs. Rappaport, Kelleher and Grossman
VOTING NAY: None

Deloitte & Touche LLP Proposed 1995 Audit Fee:

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Grossman -- to engage Deloitte & Touche LLP for the audit of the Authority's financial statements for the year ending December 31, 1995 for a proposed fee of \$40,200, as set forth in Staff Summary #A-336, dated November 6, 1995.

VOTING AYE: Messrs. Rappaport, Kelleher and Grossman
VOTING NAY: None

However, in response to a question from Mr. Grossman, Mr. Lamson advised the Members that, in addition to their proposed \$40,200 fee, Deloitte & Touche would charge the Authority \$800 for each meeting they attend after completing their report, including any meetings they might have with the Finance Advisory Board. Mr. Grossman then expressed his opinion that Deloitte &

Touche's fee should include at least one post-audit meeting with the Finance Advisory Board at no additional charge.

IT WAS VOTED -- upon Mr. Grossman's motion, seconded by Mr. O'Brien -- to rescind the Member's vote to engage Deloitte & Touche LLP for the audit of the Authority's financial statements for the year ending December 31, 1995 for a proposed fee of \$40,200 as set forth in Staff Summary #A-336, dated November 6, 1995.

VOTING AYE: Messrs. Rappaport, Kelleher and Grossman
VOTING NAY: None

IT WAS THEN VOTED -- upon Mr. Grossman's motion, seconded by Mr. O'Brien -- to engage Deloitte & Touche LLP for the audit of the Authority's financial statements for the year ending December 31, 1995 for a proposed fee in the amount of \$40,200 as set forth in Staff Summary #A-336, dated November 6, 1995, provided that the proposed audit fee includes one post-audit meeting by Deloitte & Touche with the Finance Advisory Board at no additional charge.

VOTING AYE: Messrs. Rappaport, Kelleher and Grossman
VOTING NAY: None

Treasurer's Report:

With respect to the Authority's current financial position, Mr. Lamson estimated that the Authority's net operating income for the month of October 1995 would be close to original budget projections. As a result, Mr. Lamson said, the Authority's net operating income for the first ten months of 1995 would be approximately \$190,000 higher than the amount projected in the 1995 operating budget.

Procurement:

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Kelleher -- to award Contract No. 31-95 for the Woods Hole Terminal Marine Construction Berth 2 Bulkhead Repair to the lowest responsible and eligible bidder for the contract, Great Eastern Marine Service,

of Gloucester, Massachusetts, in the amount of
\$108,738.00.

VOTING AYE: Messrs. Rappaport, Kelleher and Grossman
VOTING NAY: None

IT WAS VOTED -- upon Mr. Kelleher's motion, seconded by
Mr. O'Brien -- to authorize the General Manager to
award Contract No. 30-95 for the drydock and shaft
removal for the M/V Nantucket to the lowest responsible
and eligible bidder for the contract, after bids
submitted for the contract are opened at 2:00 p.m. on
Thursday, November 16, 1995.

VOTING AYE: Messrs. Rappaport, Kelleher and Grossman
VOTING NAY: None

Old and New Business:

Mr. Grossman moved to approve the making of donations each
year in the amount of \$1,000 to each of the four hospitals in the
Authority's constituent communities. The motion was seconded by
Mr. O'Brien. Recounting several instances where the Cape Cod
Hospital went above and beyond the call of duty to care for pas-
sengers who had suffered medical emergencies on the Authority's
vessels, Mr. Grossman declared that he felt the donations were
warranted because the hospitals provided a very important service
to the Authority's employees and patrons. Accordingly, Mr.
Grossman said that he did not consider the donations strictly
charitable giving, but rather more of a cost of the Authority's
operations to help ensure the continued availability of the
hospitals' valuable services.

Although acknowledging that he was in complete sympathy with
providing assistance to the hospitals, Mr. Rappaport expressed
his belief that the Authority could not legally donate public
money to them no matter how meritorious the cause. Mr. Rappaport
noted that he receives many requests for financial assistance
from a number of very beneficial organizations, and he did not
feel that the Authority could differentiate among them.

However, Mr. Tiberio suggested that the staff explore the
possibility of developing relationships with the hospitals by
which the Authority could provide grants to them in exchange for
their providing medical training for Authority employees. The
Members expressed their support for that concept as a practical
way of distinguishing any payments to the hospitals from other

November 16, 1995 Meeting
Minutes of the Public Session

types of charitable donations, in that the Authority would clearly receive a benefit for its payments. Mr. Grossman also commented that he felt the hospitals would be willing to provide assistance in stocking all of the first aid kits on the Authority's vessels. Therefore, Mr. Grossman ultimately withdrew his motion in favor of Mr. Tiberio's suggestion.

IT WAS THEN VOTED -- on Mr. Kelleher's motion, seconded by Mr. Grossman -- to go into executive session to discuss the Authority's strategy with respect to collective bargaining and litigation matters, the purchase and value of real estate, and personnel matters.

VOTING AYE: Messrs. Rappaport, Kelleher and Grossman
VOTING NAY: None

Before the Members voted to go into executive session at approximately 11:10 a.m., Mr. Rappaport stated that the Members would not reconvene in public after the conclusion of the executive session.

A TRUE RECORD


BERNARD D. GROSSMAN, Secretary

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

The Meeting in Public Session

December 21, 1995

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 21st day of December, 1995, beginning at 9:30 a.m., in the conference room of the Authority's General Offices, located at the Foot of Railroad Avenue, Woods Hole, Massachusetts.

Present were three of the Authority's Members: Chairman Ronald H. Rappaport of Dukes County; Vice Chairman Paul R. Kelleher of Falmouth; and Associate Secretary Robert L. O'Brien of Barnstable.

Also present were two members of the Authority's Finance Advisory Board: Robert C. Murphy of Dukes County; and S. Eric Asendorf of Falmouth.

The following members of the Authority's management staff were also present: General Manager Armand L. Tiberio; Treasurer/Comptroller Wayne C. Lamson; General Counsel Steven M. Sayers; Customer Services Manager Gina Barboza; Maintenance and Construction Manager James P. Swindler; and Executive Secretary to the General Manager Maxine Horn.

Election of Officers:

Mr. Rappaport informed the audience that, in accordance with the Authority's enabling act, Mr. Kelleher would automatically become the Authority's Chairman for the year 1996. Mr. Rappaport then entertained motions for the election of the remainder of the Authority's officers for the upcoming year.

IT WAS VOTED -- upon Mr. Kelleher's motion, seconded by Mr. O'Brien -- to elect Bernard D. Grossman to serve as the Authority's Vice Chairman for the year 1996.

VOTING AYE: Messrs. Rappaport and Kelleher
VOTING NAY: None

December 21, 1995 Meeting
Minutes of the Public Session

IT WAS VOTED -- upon Mr. Kelleher's motion, seconded by Mr. O'Brien -- to elect the Member from Martha's Vineyard to serve as the Authority's Secretary for the year 1996.

VOTING AYE: Messrs. Rappaport and Kelleher
VOTING NAY: None

IT WAS VOTED -- upon Mr. Kelleher's motion, seconded by Mr. Rappaport -- to elect Robert L. O'Brien to serve as the Authority's Associate Secretary indefinitely.

VOTING AYE: Messrs. Rappaport and Kelleher
VOTING NAY: None

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Kelleher -- to elect Wayne C. Lamson to serve as the Authority's Treasurer for the year 1996.

VOTING AYE: Messrs. Rappaport and Kelleher
VOTING NAY: None

Minutes:

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Kelleher -- to approve the minutes of the Members' meeting in public session on November 16, 1995.

VOTING AYE: Messrs. Rappaport and Kelleher
VOTING NAY: None

Hyannis Terminal Reconstruction Project:

With respect to the Hyannis Terminal Reconstruction Project, Mr. Tiberio advised the Members that the construction of the terminal building was ahead of schedule by several months and that, as a result, the Authority might be able to occupy it in April 1996. Mr. Tiberio also said that approximately \$46,000 of change orders to the contract had been authorized to date, representing around 2.5% of the original contract price, and that the amount was well within the original 5% contingency contained in the project's budget. Mr. Tiberio further advised the Members that AGM Marine Contractors would soon begin driving piles for

the new slip and that, barring major weather problems, the Authority should be in operation out of the slip by July 1996.

1996 Head Start Reservations Program:

Mr. Tiberio then reported that, in accordance with the vote of the Members at their November 16, 1995 meeting, the staff had eliminated the practice of allowing persons to appear by proxy during the first phase of the Headstart lottery for the purpose of making reservations on behalf of resident-homeowners. But Mr. Tiberio also reported that a recent listing of Authority customers who had purchased blocks of tickets from January 21, 1995 through February 5, 1995 made it clear that the Authority also would have to reassess whether the Authority similarly should eliminate its practice of allowing block ticket purchases. Because it was too late to make any further changes to the Headstart program for 1996, Mr. Tiberio recommended that this issue be reviewed along with all other aspects of the Authority's reservations program upon the completion of the 1996 Express Guaranteed Reservation Pilot Program.

In this regard, Mr. Rappaport expressed his concern that a handful of island real estate agents and commercial operations were making reservations in significant numbers for the most popular summer travel times even before the Authority accepted telephone reservations in February of each year. Declaring that those reservations should remain available for the general public, Mr. Rappaport asked the staff to consider making vehicle reservations non-transferable and placing automobile registration numbers on them. Although Mr. Rappaport conceded that there would be practical difficulties associated with such measures, such as being able to load the boats on time, he stated that he thought the general public would be served if those reservations remained available on a non-transferable basis.

Mr. Rappaport also noted that most island realtors were not engaging in the practice of buying blocks of tickets and that, therefore, any changes to the system would not adversely affect them. But he remained disturbed by the large number of tickets being bought by commercial interests in anticipation of obtaining summer business and, as a result, not being available for purchase by persons who needed them for their own personal use. Mr. Rappaport said that the practice had strayed too far from the original purpose of the Headstart program and instead was penalizing both year-round and seasonal island residents who need to travel only once or twice during the summer but are not able to plan their schedules in January.

Mr. Asendorf agreed that the Authority essentially had created an underground economy in vehicle reservations and that the entire situation needed to be reviewed. However, Mr. Asendorf stressed that the Authority should involve the real estate community in solving the problem and that it would be far preferable to come up with a solution that involves less regulation as opposed to more.

Requests for Proposals:

With respect to the Authority's request for proposals for a Maintenance Management Information System ("MMIS") Contract, Mr. Tiberio reported that the staff was still in the process of reviewing proposals submitted for the contract, but that the matter would be ready for consideration by the Members at their next meeting. Mr. Tiberio also reported that the staff, together with the planning directors of all four of the Authority's port communities, had interviewed proponents for the Traffic Forecasting Model Contract earlier that week.

1996 Express Guaranteed Reservation Pilot Program:

Mr. Tiberio reported that in January 1996 the staff would begin scheduling public meetings to explain in greater detail the Authority's 1996 Express Guaranteed Reservation Pilot Program. He also reported that the staff had contacted the Massachusetts Highway Department regarding the installation of additional variable message signs on Route 28 and was making arrangements to improve the coverage of the signal for the Authority's radio station.

Mr. Kelleher expressed his concerns regarding the proposed locations for the additional variable message signs, declaring that it was critical to notify people as early as possible when there are no more spaces available for vehicles on the Authority's vessels or in its parking lots. Mr. Kelleher stated that he thought the first sign should be located on Route 25 a few miles before the Cape Cod Canal in order to give people who do not have reservations adequate time to consider other options before coming all the way to Falmouth and contributing to the traffic problems there. Mr. Kelleher also stated that a second sign could be placed on McArthur Boulevard to identify in more detail the location of any available parking.

After Mr. Murphy also suggested that the staff review the Authority's recent passenger survey to see where passengers were

coming from before deciding where the variable message signs should be placed, Mr. Tiberio stated that the staff would look at all the potential locations and bring the matter back to the Members for their review. He noted, however, that the Massachusetts Highway Department ultimately would have final approval over where the signs would be located.

Hospital Training:

Mr. Tiberio reported that the staff had contacted the hospitals in all four of the Authority's port communities about their possible involvement in the training of the Authority's vessel employees, and that the staff was awaiting responses from the hospitals before making any decision as to the kind of cooperative training program that should be undertaken with them.

Treasurer's Report:

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Kelleher -- to adopt the resolutions attached to Staff Summary #A-338, dated December 14, 1995, authorizing certain individuals to sign checks in connection with the Authority's various bank accounts.

VOTING AYE: Messrs. Rappaport and Kelleher
VOTING NAY: None

IT WAS VOTED -- upon Mr. Kelleher's motion, seconded by Mr. Rappaport -- that Mr. O'Brien, as Associate Secretary, be authorized in Mr. Grossman's absence to sign the foregoing resolutions.

VOTING AYE: Messrs. Rappaport and Kelleher
VOTING NAY: None

With respect to the Authority's current financial position, Mr. Lamson stated that the Authority's net operating loss for the month of November 1995 was expected to come in around the amount that was originally projected in the 1995 Operating Budget. As a result, Mr. Lamson said, the Authority's net operating income for the first eleven months of 1995 would be slightly ahead of the amount projected in the 1995 Operating Budget.

Procurement:

Mr. Tiberio then recounted the discussion that took place when the 1996 Capital Budget was approved regarding the Members' direction to the staff to investigate alternate sources of power before acquiring additional tow motors and shuttle buses. Mr. Tiberio stated that, although propane-powered tow motors were available for purchase by the Authority, U.S. Coast Guard regulations prohibited their use on the Authority's vessels and the Coast Guard could not grant the Authority a waiver from those regulations. Therefore, Mr. Tiberio recommended that the Authority continue to purchase tow motors powered by gasoline and review alternate sources of power for shuttle buses if and when the Authority needs to acquire more of them.

Mr. Asendorf expressed his frustration over the Coast Guard regulations, noting that they were preventing the Authority from taking responsible and appropriate steps to reduce pollution.

IT WAS VOTED -- upon Mr. Kelleher's motion, seconded by Mr. O'Brien -- to authorize the purchase of five gasoline-powered tow motors which have already been included in the 1996 Capital Budget.

VOTING AYE: Messrs. Rappaport and Kelleher
VOTING NAY: None

IT WAS VOTED -- upon Mr. Kelleher's motion, seconded by Mr. O'Brien -- to award Contract No. 35-95 for the delivery of Processed Foods from January 1, 1996 through June 30, 1996 to the lowest responsible and eligible bidder for the contract, Hallsmith-Sysco Food Services, of New Bedford, Massachusetts, for an Estimated Total Contract Price of \$41,464.25.

VOTING AYE: Messrs. Rappaport and Kelleher
VOTING NAY: None

Old and New Business:

Mr. Rappaport asked the staff to send a letter to Bonanza Bus Lines about an incident which occurred on November 29, 1995 when a bus driver did not call to let the Woods Hole terminal know that his bus was running late and that the last boat should be held so that his passengers could catch it. Mr. Rappaport declared that he thought the driver's failure so to notify the

December 21, 1995 Meeting
Minutes of the Public Session

Authority, as a result of which a Vineyard resident had to stay overnight in Falmouth at great inconvenience and expense, was inexcusable. Mr. Rappaport also noted that the Authority is able for a while to hold the last boat scheduled to leave from Woods Hole for passengers arriving on delayed buses, and requested the staff to reiterate its request that bus drivers call the Woods Hole terminal when such situations occur.

Finally, Mr. Rappaport, noting that this was his last meeting as the Authority's Chairman, commented that in many respects 1995 had been a remarkable year for the Authority. Recounting how the Members had made certain management changes, Mr. Rappaport praised Mr. Lamson for the exemplary manner in which he had performed his duties as Acting General Manager from May 1994 until the Members hired Mr. Tiberio in 1995 following a nationwide search. Mr. Rappaport similarly declared that the Authority had been fortunate in finding Mr. Tiberio, who was an outstanding General Manager and had brought skills and qualities needed by the Authority. Mr. Rappaport stated that he was proud of the Authority's entire top management team and that his opinion was clearly shared by many others, as reflected in the media.

Mr. Rappaport also pointed out that at the end of the year the Authority's image in its port communities was as good as at any time in his memory. The Authority was participating with the Martha's Vineyard Commission in a transportation study which he felt confident would form a basis for continued cooperation between the Authority and the various planning agencies on the island. The Authority also was looking forward to working with public officials, boards and citizen groups in Falmouth in connection with the anticipated acquisition of a parking lot in 1996; and the Authority similarly had worked successfully with the Town of Barnstable not only in connection with the Hyannis terminal project, but also in the acquisition of the Hinckley parking lot, pursuant to which the Authority had donated a surplus building to the Town for use as a senior citizens center.

In contrast to previous criticism of the Authority for its poor planning and administration of major capital projects, Mr. Rappaport declared that the two most recent projects had been unquestioned successes. The new Vineyard Haven terminal, which was completed in May 1995 and had been very well received by both island residents and the traveling public, had come in on budget, on time and with only a few minor complaints. The new Hyannis terminal, which also went through an extensive public hearing process and design modifications and which was now being well received by Barnstable residents, was similarly to date on budget and on time. Mr. Rappaport also commented that for the first

December 21, 1995 Meeting
Minutes of the Public Session

time the Authority had adopted an ambitious and well thought-out ten year capital program, which contains many projects, such as the renovation of the Woods Hole and Oak Bluffs terminals, that will be to the benefit of the traveling public.

Mr. Rappaport declared that the Authority also had taken a major step forward in solving its parking problems with the acquisition of the former Hinckley property, and that everyone would be busy working in 1996 to acquire additional off-site parking lots in or outside of Falmouth as well as on the Vineyard. He also hoped that the implementation of a modified reservations-only program for the Martha's Vineyard run for certain peak travel days would help alleviate traffic congestion in Falmouth and Woods Hole, and that continued dialogue among the Authority, Falmouth officials and the Woods Hole community would ensure that meaningful changes were implemented so that the situation which had occurred during the 1995 Independence Day Weekend would not happen again.

Mr. Rappaport stressed that the Authority's strength had always been its on-time, safe, reliable and efficient service, and that 1995 was no different. Noting that the Authority had again carried a record number of passengers and vehicles, Mr. Rappaport said that everyone associated with the organization could look back at 1995 and be proud of the service they provided. Further, at year end the Authority remained on solid financial footing, had a strong leader in Mr. Tiberio, and was comprised of a board of governing Members and a Finance Advisory Board who always worked cooperatively together to address all of the issues that might arise.

Mr. Rappaport cautioned that in 1996 the Members and, in particular, Mr. Kelleher as the Authority's new Chairman, would inherit a number of new and continuing challenges, such as parking issues both in Falmouth and on the Vineyard, whether to implement a reservations-only system or to cap the amount of service or to modify the Head Start program, and the need to make continued progress on major capital programs, including the renovation of the Woods Hole and Oak Bluffs terminals and the acquisition of a replacement ferry vessel. Nevertheless, Mr. Rappaport declared that 1995 was a year in which he enjoyed serving with his fellow Members, the Finance Advisory Board and the Authority's management staff, and he thanked all of them for making it a very successful year for the Authority.

At the conclusion of Mr. Rappaport's remarks, Mr. O'Brien declared that many of the Authority's accomplishments throughout the year were attributable to Mr. Rappaport's own leadership, which had been absolutely outstanding. Mr. Kelleher stated that

December 21, 1995 Meeting
Minutes of the Public Session

he shared Mr. O'Brien's sentiments, and all of the Members similarly expressed their feeling that it had been both an honor and a personal pleasure to serve with Mr. Rappaport, and they thanked him for his many contributions to the Authority.

IT WAS THEN VOTED -- on Mr. Kelleher's motion, seconded by Mr. O'Brien -- to go into executive session to discuss the Authority's strategy with respect to collective bargaining and litigation matters, the purchase and value of real estate, and personnel matters.

VOTING AYE: Messrs. Rappaport and Kelleher
VOTING NAY: None

Before the Members voted to go into executive session at approximately 10:20 a.m., Mr. Rappaport stated that the Members would not reconvene in public after the conclusion of the executive session.

A TRUE RECORD



BERNARD D. GROSSMAN, Secretary