

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

The Meeting in Public Session

October 31, 1996

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 31st day of October, 1996, beginning at 10:00 a.m., in the conference room of the Authority's Woods Hole Terminal, located at the Foot of Railroad Avenue, Woods Hole, Massachusetts.

Present were all four of the Authority's Members: Chairman Paul R. Kelleher of Falmouth; Vice Chairman Grace S. Grossman of Nantucket; Secretary Ronald H. Rappaport of Dukes County; 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; General Counsel Steven M. Sayers; Maintenance and Construction Manager James P. Swindler; Executive Secretary to the General Manager Maxine Horn; and Woods Hole Terminal Manager Kevin Smith.

Minutes:

IT WAS VOTED -- upon Mrs. Grossman's motion, seconded by Mr. Rappaport -- to approve the minutes of the Members' meeting in public session on September 26, 1996.

VOTING AYE: Mr. Kelleher, Mrs. Grossman and
Mr. Rappaport

VOTING NAY: None

1997 Service Operating Schedules:

Due to increased traffic demand by island residents, which was resulting in ever increasing standby lines and delays, Mrs. Grossman proposed that the 1997 operating schedules that had been approved by the Members the prior month be amended by changing the summer schedule ending date from October 16, 1997 to November 10, 1997. Agreeing with Mrs. Grossman's proposal, Mr. Rappaport noted that its effect would be to keep a second large vessel on the Nantucket run during this extended period.

In response to a question from Mr. Kelleher, Mr. Tiberio stated that such an extension of the summer schedule would not present any major obstacles for the Authority in terms of its maintenance schedule for the next year or so, although the Authority would soon have to address how and where it should be performing such maintenance work in the future.

Mr. Tiberio also said that, even if the summer schedule were extended to November 10, 1997, due to cost implications and the potential for heavy weather, management might still recommend closing the Oak Bluffs terminal on October 16, 1997 and running all vessels on the Vineyard run into Vineyard Haven after that date. Mr. Rappaport stated that he would agree with such a recommendation, although he said that this type of decision was one with which he would feel comfortable leaving to management.

IT WAS VOTED -- upon Mrs. Grossman's motion, seconded by Mr. Rappaport -- to amend the 1997 operating schedules by changing the summer schedule ending date from October 16, 1997 to November 10, 1997.

**VOTING AYE: Mr. Kelleher, Mrs. Grossman and
Mr. Rappaport**

VOTING NAY: None

Replacement Vessel for the M/V Islander:

Mr. Tiberio reported to the Members that, for the past four to five months, management had been reviewing the types of refurbishments that could be performed on the M/V Islander from a cost standpoint, and had ultimately arrived at the following four possible scenarios:

1. To retain the Islander's current configuration and service capabilities while performing a complete

upgrade of her spaces and systems for the purpose of extending the vessel's life by another seven to ten years, which had an estimated cost of \$4,500,000;

2. To convert the Islander from her present configuration and service capabilities to a "freight only" vessel, at an estimated cost of around \$2,000,000;
3. To convert the Islander from her present configuration and service capabilities to a passenger/vehicle vessel with no truck carrying capacity, at an estimated cost of more than \$5,000,000; and
4. To retain the Islander's current configuration and service capabilities by continuing her scheduled maintenance and repair, which would cost around \$1,000,000 beyond that required for her normal drydocks and repairs, without extending the vessel's useful life.

Because it did not seem prudent to invest another \$4 million to \$6 million in the vessel simply to increase its useful life for less than ten years without increasing her utilization in the fleet, Mr. Tiberio said that management had also engaged the services of an outside engineering firm, Art Anderson Associates, to look at what would be the optimum vessel that the Authority should consider acquiring in the event a decision were made to replace the Islander.

Mr. Tiberio then introduced Ken Fox of Art Anderson Associates, who made a formal presentation to the Members of the Vessel Optimization Study that his firm had prepared for the Authority. Because of the length of that presentation, the portion of the minutes pertaining to it is being prepared at a later time for subsequent approval by the Members.

After Mr. Fox finished his presentation, Mrs. Grossman noted that one of the problems on the vessels to and from Nantucket was the lack of adequate passenger space for six to eight months of the year. As a result, all of the seats are often taken by walk-on passengers before customers who travel with their vehicles can make their way from the freight deck. Accordingly, Mrs. Grossman recommended designating certain spaces on the vessels as being reserved for automobile passengers so that everyone would have a chance of getting a seat during the voyage.

Mr. Fox stated that the designation of reserved spaces on vessels would primarily be an operational matter. Unfortunately, he said, there will always be a limited amount of available indoor seating because of the limitations on the way vessels can

be built. Mr. Fox also said that he thought the Authority's next vessel (after the replacement vessel for the Islander) should be strictly a truck ferry, whether it be a new vessel or a converted Islander, because he thought the Authority had enough truck traffic to make it worthwhile. However, even though some of the Authority's other vessels might then be able to carry only passengers and automobiles, Mr. Fox advised the Members that they should still be designed with one or two truck lanes in the event of an emergency.

In response to questions from Mr. Rappaport, Mr. Fox estimated that the cost of building a "double-ender" vessel would be approximately 25% to 30% more than the cost of building a conventional vessel, assuming that the vessel had the type of propulsion system that it would need to maneuver in the Authority's restricted channels. In this regard, Mr. Fox noted that boats in Vineyard Haven Harbor were being moored as close as 15 to 20 feet from the path of the Authority's vessels, which would not be allowed by most harbor masters. Given the situation, Mr. Fox said, the advantage of a double-ender would be its ability to go into and out of the slip without having to turn around in the crowded harbor.

However, Mr. Fox stated that a double-ender would not save the Authority much time on each trip to the Vineyard. In the course of his research, Mr. Fox had timed how long it took the Authority's conventional vessels to maneuver around the Vineyard Haven slips in fog, heavy weather and on clear days, and he estimated that a double-ender would only save the Authority about one minute on each trip.

Further, Mr. Fox said, the length of the Nantucket run in open water made any use of a double-ender then "real risky," and there would be a number of days during the year when a double-ender would not be seaworthy to make the run due to high winds even though a conventional vessel could. Mr. Fox noted that double-enders are usually used in Europe on shorter runs of around two miles, possibly up to five miles, and in Puget Sound where the water is very protected.

In response to a question from Mr. Asendorf, Mr. Fox also said that neither type of vessel would result in a significant savings in terms of wear and tear on pilings and machinery during dockings. Mr. Fox stated that the machinery of conventional vessels is designed for turning around and backing up, especially the bow thruster on the M/V Martha's Vineyard, which he found to be very responsive.

Mr. Fox did caution, however, that a double-ender would be less maneuverable through the channel between Vineyard Haven and

Woods Hole due to the slow speed restriction. In the event a current caused the vessel to turn, a conventional vessel's bow thruster would be much more effective in straightening out the bow and preventing the vessel from hitting another boat or going aground. For this reason, Mr. Fox said, a double-ender is a lot more of a hazard in that channel as well as in the Hyannis and Nantucket channels than a conventional vessel with a good bow thruster.

In response to a question from Mr. O'Brien, Mr. Fox stated that a double-ender would also be more expensive to operate because its hull form, which has to be symmetrical, is not as efficient as a conventional vessel, which has a cleaner water flow to the propeller. As a result, a double-ender needs more horsepower to obtain the same speed as a conventional vessel with the same capacity. Ultimately, Mr. Fox stated, a major benefit of a conventional vessel would be its flexibility and ability to run to each of the islands. In addition, a double-ender would cost more both to acquire and to operate, would be more difficult to maneuver in the channels, and would be less seaworthy. The only benefit of a double-ender would be its maneuverability around the slips.

Mr. Tiberio stated that, after the delivery of the replacement vessel, the next scheduled vessel project is the refurbishment of the M/V Nantucket, which will take between eight to twelve months, and then the refurbishment of the interior spaces on the M/V Eagle, which will take between six to eight months. Until those projects are completed somewhere around the year 2001, no major work can be performed on the Islander because she will have to continue to run while the other vessels are off-line. Sometime before then, but not at this point, the Authority will have to decide what, if anything, should be done to the Islander, such as possibly converting her to a truck ferry.

Finally, although noting that there appeared to be no choice but to proceed with a replacement vessel, because without it the Authority could not undertake any major refurbishment work on the Nantucket, Eagle or Islander while at the same time maintaining seven operating vessels in its fleet, Mr. Rappaport asked that the Authority keep open the issue of whether the replacement vessel should have a conventional hull design or be a double-ender. In response, Mrs. Grossman suggested that the solution might be to acquire two new vessels, a conventional one for the Nantucket run and a double-ender for the Vineyard.

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mrs. Grossman -- because of the Islander's age, limitations on passenger capacity, and future fleet requirements, as follows:

- (1) That the Islander be maintained as an operational vessel with minimum improvements/modifications as described in scenario number 4 of the M/V Islander Survey, dated September 1996;
- (2) That management proceed, consistent with the recommendations contained in the Vessel Optimization Study, dated October 1996, prepared by Art Anderson Associates, with the development of conceptual general arrangement drawings for a replacement vessel; and
- (3) That management present the completed drawings to the Members for discussion and/or approval at their January 1997 meeting.

VOTING AYE: Mr. Kelleher, Mrs. Grossman and
Mr. Rappaport

VOTING NAY: None

1997 Reservations Policies:

Mr. Tiberio reported that, at the request of the Martha's Vineyard Chamber of Commerce, management had held another meeting on Martha's Vineyard earlier that month on the subject of the Authority's 1997 Reservations Policies and that, at the meeting, members of the island's rental industry had continued to raise a number of issues and questions about them. Nevertheless, Mr. Tiberio said, after considering all of those issues once again, management continued to recommend that the Authority adopt the 1997 Reservations Policies as they had been approved by the Members the previous month.

Mr. Tiberio also reported that a suggestion had been made for the Authority to designate an individual in the customer service area to be principally responsible for addressing and resolving issues and questions about the Express Reservation Program as they arise both prior to and during its implementation period. Mr. Tiberio said that he thought the suggestion was an excellent idea and that management planned on naming such an individual. In response to a question from Mr. Kelleher, Mr.

Tiberio also stated that the individual would probably work during weekends, since that is when most of the unanticipated issues will arise and it will be important for the Authority to respond as quickly and as accurately as it can.

Mr. Rappaport commended Mr. Tiberio for meeting with the island business community again, declaring that everyone had now been given an opportunity to be heard on these policies. Further, Mr. Rappaport said, he remained convinced that the policies should be adopted as proposed because they would hopefully accomplish the Authority's principal goal of creating an equal playing field for obtaining vehicle reservations.

IT WAS VOTED -- upon Mrs. Grossman's motion, seconded by Mr. Rappaport -- to adopt the 1997 Reservations Policies as set forth in Staff Summary #GM-354, dated October 29, 1996.

VOTING AYE: Mr. Kelleher, Mrs. Grossman and
Mr. Rappaport

VOTING NAY: None

License Requests:

IT WAS VOTED -- upon Mrs. Grossman's motion, seconded by Mr. Rappaport -- to approved management's recommendation as set forth in Staff Summary #L-262, dated October 24, 1996, as follows:

- (1) To defer consideration of all requests for increases in the passenger capacities of licensed ferry services between the mainland and the islands of Nantucket and Martha's Vineyard, including the pending request from Alan McMullen, d/b/a Freedom Cruise Line, until those islands have been provided with the opportunity to tell the Authority what limitations on the levels of service they feel should exist; and
- (2) To authorize the General Manager to enter into a new three-year "Additional Service" license agreement with Hyannis Harbor Tours, Inc. ("Hy-Line") containing the same terms and conditions as its

current license agreement, with the following revisions:

- (a) The inclusion of a requirement that Hy-Line comply with all applicable regulations promulgated by the Massachusetts Architectural Access Board; and
- (b) The revision of the amount of license fees payable by Hy-Line so that they are based upon 10% of the adult fares charged by Hy-Line instead of by the Authority.

VOTING AYE: Mr. Kelleher, Mrs. Grossman and
Mr. Rappaport

VOTING NAY: None

Automated Reservation and Ticketing System:

With respect to the Authority's new Automated Reservation and Ticketing System, Mr. Tiberio reported that the initial review of the system's functionality, which had originally been scheduled for October 29, 1996, had been rescheduled to take place the following Monday. Otherwise, Mr. Tiberio said, there had been no significant delays with the project, and management still expected to complete its internal acceptance testing of the system by mid-November and to have it fully implemented by January 1, 1997.

Statistical Model for Ferry Traffic Forecasting:

Mr. Tiberio then reported that management had held meetings over the prior week in all four of the Authority's port communities to disseminate the traffic forecasting information that had been presented to the Members at their September meeting by KJS Associates, Inc. All in all, Mr. Tiberio said, 75 to 85 people attended those meetings, including a number of local public officials and State Representatives Eric Turkington and Thomas Cahir. Mr. Tiberio stated that he had attempted to convey the message that, while the islands were not yet faced with an emergency, there was an urgent need to move in a direction that would better manage and control growth, and that the initial opportunity to try and solve those problems should rest with the islands themselves. However, Mr. Tiberio cautioned, he did not

believe that the Authority could wait longer than six to nine months to receive guidance on this subject from the islands, because the Authority would soon have to make many decisions regarding vessel replacements and capital improvements that will depend upon what levels of service the Authority should provide.

Agreeing with Mr. Tiberio that the Authority should obtain initial direction on this very important issue from a consensus of opinion on the islands, Mr. Kelleher declared that the traffic forecasting report was a clarion call to the islanders themselves to determine their appropriate levels of service. Moreover, Mr. Kelleher said, if the islands were to refuse to constrain their growth, it was clear that other arrangements would need to be reviewed and pursued in order to move the increased number of people to the islands, including the possibility of providing service from other ports on the mainland.

Hyannis Terminal Reconstruction Project:

Mr. Tiberio then reported that the Hyannis Terminal Reconstruction Project was proceeding pretty much on schedule, and that the final completion date was still April 29, 1997 despite a request from the marine contractor for an extension of that date. Mr. Tiberio stated that the Massachusetts Highway Department had denied the contractor's request after management had impressed upon them the Authority's critical need to have the new slip operational before the 1997 summer season.

With respect to the proposed dredging of the Hyannis Harbor Channel, Mr. Tiberio said that he had been informed that funds for the project had been authorized in the new federal budget, but that they had not yet been appropriated.

1997 Capital Budget:

With respect to the 1997 Capital Budget, Mr. Lamson reported that the Authority had approximately \$305,000 available at that time for new capital projects and that, based upon the final cash balances for October 1996, an additional \$700,000 to \$1,000,000 was expected to be transferred to the Replacement Fund by the end of the following week, which would then leave between \$1,000,000 and \$1,300,000 available for new projects. Accordingly, Mr. Lamson said, management was requesting the approval of a Capital Budget for 1997 in the amount of \$779,000, representing the cost of ten projects totalling \$729,000 and an allowance of \$50,000

for miscellaneous projects under \$10,000. Mr. Lamson reported that management had met the prior week with the Finance Advisory Board, which concurred with the recommendation that the 1997 Capital Budget be approved as proposed.

Noting that the proposed 1997 Capital Budget included the purchase of three new hydraulically operated passenger ramps, Mrs. Grossman asked management similarly to consider converting the vehicle ramps so that they would be hydraulically operated as well.

In response to a question from Mr. O'Brien, Mr. Tiberio stated that management believed the \$200,000 contained in the 1997 Capital Budget for design and engineering related to the new replacement vessel would be sufficient if the Authority were to follow the recommendation of Art Anderson Associates and use the M/V Martha's Vineyard as the prototype for the new vessel. However, if the Authority decided to proceed with a different type of vessel, the Authority would undoubtedly need more money for this purpose.

Mr. Tiberio also stated that, if the Authority were to base the design of the new vessel on the M/V Martha's Vineyard, he expected that all work necessary for the issuance of an invitation for bids for the vessel's construction would be completed by the end of 1997, and that the vessel itself would be delivered and on line by the end of 1998.

IT WAS VOTED -- upon Mr. Rappaport's motion, seconded by Mrs. Grossman -- to approved the 1997 Capital Budget as proposed in Staff Summary #A-347, dated October 25, 1996.

**VOTING AYE: Mr. Kelleher, Mrs. Grossman and
Mr. Rappaport**

VOTING NAY: None

Treasurer's Report:

Mr. Lamson reported that the Authority's net operating income for the month of September 1996 was \$524,000 lower than the amount anticipated in the 1996 Operating Budget, due in part to lower revenues as a result of Hurricane Edouard over the Labor Day Weekend. Mr. Lamson also reported that the Authority was running a little more than \$1,000,000 behind its original budget estimates for the first nine months of 1996, which projected a

net operating income of \$1,061,000 for the year. As a result, Mr. Lamson said, it appeared that the Authority would break even in 1996, although he could not rule out the possibility of a small operating loss. However, Mr. Lamson assured the Members that any operating loss would be well within the Authority's Reserve Fund balance of over \$2,000,000.

Even though any possible deficit would be covered by the Authority's Reserve Fund, Mr. Kelleher urged management to do everything possible to ensure that the Authority ended the year in the black.

In response to a question from Mr. Rappaport, Mr. Lamson stated that, although he could not estimate the exact amount, it appeared that Hurricane Edouard had cost the Authority somewhere around \$300,000 to \$400,000 in September due to decreased revenues and the additional costs that were incurred in making extra trips during the week after the hurricane.

Procurement:

IT WAS VOTED -- upon Mrs. Grossman's motion, seconded by Mr. Rappaport -- to award Contract No. 21-96 for the Construction of the Yarmouth Road Passenger Shelter to MHD General Contractors Inc. of Harwichport, MA for a Total Contract Price of \$86,013.00 and Contract No. 22-96 for the Yarmouth Road Parking Lot Improvements to Lawrence-Lynch Corp. of Falmouth, MA for a Total Contract Price of \$368,463.

VOTING AYE: Mr. Kelleher, Mrs. Grossman and
Mr. Rappaport

VOTING NAY: None

In response to a question from Mr. O'Brien, Mr. Tiberio stated that the Yarmouth Road parking lot's passenger shelter, which will hold between six to twelve people, would be fully enclosed.

Martha's Vineyard Transit Authority:

Mr. Tiberio reported that he had recently met with Peter Fohlin, the Administrator of the Martha's Vineyard Transit

Authority, who had outlined an operational plan for starting up an expanded transit operation on the island. Mr. Tiberio said that he had asked Mr. Fohlin to attend that day's meeting for the purpose of similarly briefing the Members on his proposal, which Mr. Tiberio declared had great importance to the Authority in terms of being able to communicate to potential passengers that they will not need their cars on the island and will be able to take alternative transportation.

Mr. Fohlin then provided the Members with an overview of the Transit Authority's proposed island-wide year-round transit system, which he said would hopefully benefit not only island residents, but the mainland communities as well by making it easy, economical and sensible for large numbers of people to move through a seamless transportation system when traveling to and from Martha's Vineyard. In summary, Mr. Fohlin stated that the system would utilize as many as 23 vehicles during the peak summer season with a mixed-fuel fleet that would be environmentally sensitive and in compliance with the Americans with Disabilities Act. The system would offer three types of service: large capacity vehicles on high density routes between Oak Bluffs, Edgartown and South Beach; medium capacity vehicles on mid-island routes; and smaller passenger vans which would sweep the upper island and make specific stops at certain locations when notified in advance.

Noting that the system's estimated capital budget was around \$2.5 million and that its annual operating budget was a little more than \$1.6 million, Mr. Fohlin assured the Members that the Authority would not be asked to fund that entire amount. What he was asking for that day, Mr. Fohlin said, was the Members' blessing to allow the Transit Authority and the Martha's Vineyard Commission's Special Task Force on Transportation to discuss this matter with the Authority's management prior to the Members' next meeting in November 1996 to define common ground and attempt to agree upon a specific request that would help the island move towards a seamless transportation system.

In response to a question from Mrs. Grossman, Mr. Fohlin stated that although the system would charge its customers fares, they would not be sufficient to pay its operating costs. Indeed, Mr. Fohlin said, no ground public transportation system collects more than ten to fifteen percent of its operating costs through its fare boxes.

Mr. Rappaport commended Mr. Fohlin for his efforts and agreed that the Members should encourage management to cooperate with the Transit Authority and the Task Force to see whether a mutually agreeable proposal can be developed which will address some of the Transit Authority's needs. Noting that the proposed

system would provide service from the ferry terminals in both Oak Bluffs and Vineyard Haven and thus would be of assistance to the Authority's passengers, Mr. Rappaport observed that, pursuant to Mr. Sayers' recent legal opinion on this subject, it appeared clear that the Authority could participate in the project.

In this regard, Mr. Tiberio declared that, from the Authority's perspective, it was critical for this type of proposed transit system to be created on Martha's Vineyard in order for the Authority to be able to convince its passengers that they do not need to take their vehicles to the island. Therefore, Mr. Tiberio said, he strongly endorsed the system being proposed by Mr. Fohlin and felt that it was very important for the Authority to be involved in deciding how it should be implemented because it will be so integral to the Authority's operations.

Old and New Business:

After the Members were finished with the items on their agenda, Randi Vega offered the assistance and cooperation of the Martha's Vineyard Chamber of Commerce in communicating to the public the Authority's 1997 Reservations Policies. Ms. Vega also informed the Members that the Chamber intended to hold public meetings within the following two months on the issue of what levels of ferry service the Authority should provide.

IT WAS VOTED -- on Mr. Rappaport'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: Mr. Kelleher, Mrs. Grossman and
Mr. Rappaport**

VOTING NAY: None

Before the Members voted to go into executive session at approximately 11:35 a.m., Mr. Kelleher stated that the Members would not reconvene in public after the conclusion of the executive session.

A TRUE RECORD



RONALD H. RAPPAPORT, Secretary