

**MINUTES**

**OF THE**

**WOODS HOLE, MARTHA'S VINEYARD  
AND NANTUCKET STEAMSHIP AUTHORITY**

**The Meeting in Public Session**

**November 21, 1996**

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 21st day of November, 1996, beginning at 9:45 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; Special Projects Manager Wesley J. Ewell; 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 October 31, 1996.**

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

**VOTING NAY: None**

In response to a question from Mr. Rappaport, Mr. Tiberio confirmed that no decision had yet been made as to whether the replacement vessel for the M/V Islander would be a conventional vessel or a "double-ender" vessel, and that management was preparing an analysis of the issue for the Members' consideration at their next meeting.

Proposed 1997 Rate Increases:

With respect to the proposed rate increases for 1997, Mr. Tiberio recounted how management had developed its proposed 1997 operating budget based upon the Budget Policy Statement that was adopted by the Members at their August 1996 meeting. The Statement included assumptions that the Authority would continue to maintain its vessels and terminals as needed, would retain the same levels of employment as in 1996 with additional reservation clerks to enhance the Authority's reservations program, and would expand freight service to Nantucket during the summer season. (Subsequently, the Members also approved an extension of the 1997 summer schedule to November 10, 1997.) Mr. Tiberio further recounted how the Statement also included an assumption that traffic levels in 1997 would be the same as they were in 1996 and that, if the budget required additional revenues, the Authority's rates would have to be adjusted.

Against this background, Mr. Tiberio stated that management believed that it was proposing a prudent 1997 operating budget to provide reliably and efficiently the levels of service necessary to meet the demands of the traveling public. Mr. Tiberio also noted that many of the increases in the budget were attributable to enhancements in the Authority's service and its obligation to pay an increased amount of bond principal on an annual basis, and that in other areas, such as maintenance, the 1997 budgeted levels of expenditures were actually less than they were in 1996.

Mr. Lamson then reported that a \$3,600,000 revenue increase, representing an 8.9% increase over 1996 budgeted revenues, was needed to meet the projected cost of service for 1997. Noting that this would be the first rate increase in three years, Mr. Lamson said that management was proposing to increase the one-way year-round passenger fares for Martha's Vineyard and Nantucket to \$5.00 and \$11.00, respectively; to increase truck and other commercial vehicle rates by six percent; and to derive the rest of the revenue increase primarily from increases in automobile rates. Mr. Lamson stated that management was similarly proposing to increase parking rates as set forth in Staff Summary #A-350, dated November 18, 1996.

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With respect to the proposed operating budget, Mr. Lamson reported that the cost of service was expected to increase by \$2,291,000 in 1997, representing a 6.1% increase over the 1996 operating budget. Mr. Lamson stated that the proposed budget included allowances for expanded service, additional reservation clerks and higher depreciation and fuel costs, and that without those allowances, the Authority's estimated cost of service for 1997 would have increased only 2.5% over the 1996 budget. Mr. Lamson also said that the proposed budget was based upon the same level of traffic as that carried by the Authority during the twelve month period ending August 31, 1996 and that, assuming the Members approved the proposed \$3,600,000 rate increase, the Authority's net operating income for 1997 was expected to be \$2,153,000. Finally, Mr. Lamson reported that the Finance Advisory Board had reviewed the proposed operating budget and concurred with it.

After Mr. Lamson finished his report, Mr. Rappaport noted that the proposed operating budget was a very conservative one, assuming a flat level of ridership from 1996 to 1997 and seeking \$3,600,000 in additional revenues to realize a surplus of over \$2,000,000, in comparison to the 1996 operating budget which had projected a surplus of only slightly more than \$1,000,000. Nevertheless, Mr. Rappaport said that he recognized the need to be financially prudent, and he observed that the requested rate increase would be the first one in three years, resulting in an average rate increase over that period of less than three percent per year.

Mr. Rappaport then identified two concerns he had with the proposed rate increases. The first one was the amount of the increase in the excursion rates during the "shoulder" seasons (from \$27 to \$37) which he felt was too large for island residents who depend upon the Authority to travel during those periods. Mr. Rappaport said that he would like to see that increase cut in half to \$32 and have the Authority make up the lost revenue (which he estimated would be around \$200,000) in other ways.

The second issue was the proposed fifty cent increase in the daily parking rate. Mr. Rappaport stated that he felt there should be no increase in that rate, because any increase would send a mixed message to the public which was being encouraged by the Authority not to use their cars and to look at alternative ways of transportation. Mr. Rappaport estimated that eliminating the increase would result in another \$200,000 of lost revenues, but he noted that the net loss would be less than that amount because a portion of those revenues would have gone to pay corresponding increases in rent. In order to make up for these lost revenues, including the revenues lost by reducing the

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increase in the shoulder season excursion fares, Mr. Rappaport suggested adding two dollars to automobile rates during the summer season.

Mrs. Grossman agreed with Mr. Rappaport on both issues. She also stated that she felt management was being very realistic in not projecting any increases in automobile traffic from 1996 levels, noting that Nantucket was hoping to implement a long-range plan which would dramatically reduce the number of cars traveling to that island.

However, Mr. Beach argued that the increase in the shoulder season excursion rates was necessary to correct a flaw in the rate structure that made it cheaper for a customer to purchase a round-trip excursion ticket originating on Nantucket for a car, two adults and two children for \$66.50, and not use the return portion of the ticket, than it was to purchase separate one-way tickets for that family's passage, which would cost a total of \$100. Mr. Beach declared that such a result simply did not make sense.

Mr. Kelleher stated that he similarly agreed with the rate increases being proposed by management. With respect to the proposed increase in the shoulder season excursion rates, he noted that the current off-season rates resulted in the Authority charging only seventy cents for transporting a car one way to Martha's Vineyard, and he declared that he did not believe the Authority could continue to afford to provide an excursion fare at that minimal cost without getting into state subsidies or something of that nature. In this regard, Mr. Kelleher observed that in November and December of each year, the Authority incurs monthly losses of \$1,000,000 due to the fact that vessels that might even be filled with cars traveling on excursion rates do not generate enough revenues to meet the cost of those trips. Mr. Kelleher declared that there had to be some acknowledgment that, in increasing the number of vessels and trips to the islands during the off-season, which was principally for the benefit of the island residents, it was only fair and good operating practice to increase those off-season fares to pay for that extra service and balance the Authority's books.

Further, although he acknowledged that the proposed percentage increases in the shoulder season excursion rates were high, Mr. Kelleher observed that they were due to the fact that the excursion rates had not been increased for a number of years. Nevertheless, Mr. Kelleher pointed out, the one-way fare to take a car to and from the islands would still be a very good buy under the proposed rates. For example, for Martha's Vineyard, it would only cost \$5 for a car to travel one way during the winter season and \$8.50 during the shoulder seasons.

With respect to the daily parking rates, Mr. Kelleher said that he strongly felt that, by charging only \$7.50 per day during the summer season, the Authority was undercharging in this area, while its competitors were all charging \$8 or more and private lots were charging as much as \$20. Mr. Kelleher also noted that the Authority was spending several million dollars to develop and provide parking on the Hinckley property in Hyannis and, at the same time, was incurring added expenses, including the leasing of four shuttle buses, in connection with its establishment of additional parking lots in Bourne. Further, Mr. Kelleher said, the Authority still had no idea how much it will cost to develop its proposed parking facility on the Massachusetts Military Reservation. For these reasons, Mr. Kelleher declared that he strongly supported management's proposed parking rate increases, particularly given the fact that historically there had always been a corresponding increase in parking rates whenever there was a fare increase.

Mr. Rappaport said that he understood the concerns of Messrs. Kelleher and Beach regarding the disparity in the off-season excursion rates, and he suggested that management might want to review the situation and develop a plan to address that issue. With respect to the issue of the daily parking rates, Mr. Rappaport also commented that the Authority might want to consider the possibility of having tiered parking rates when it opens its new facility at the Massachusetts Military Reservation in 1998. But Mr. Rappaport said that he felt very strongly that 1997 was not the year to make those changes. To the contrary, he declared that, given the fact that he knew, as someone who has grown up and lives on Martha's Vineyard, that year-round island residents were not wealthy people and that they waited for the shoulder season rates to come into effect in order to be able to travel, he simply could not support the proposed 37% increase in those shoulder season excursion rates. In addition, Mr. Rappaport noted, the proposed increases were not necessary as a matter of fiscal prudence, since the Authority could raise the same amount of revenue by increasing the automobile rates during the summer season by two more dollars.

Mrs. Grossman stated that she similarly felt the Authority should not increase its parking rates because it would be sending a mixed message to its customers, who were being told by the Authority to leave their cars on the mainland. Mrs. Grossman also noted that year-round residents were becoming increasingly concerned about their ability to leave the islands during the off-season and, given the fact that the Authority was also instituting its new reservation program next year, she felt that the Authority would be better off by increasing the summer automobile rates rather than the off-season excursion rates in order to raise the necessary revenues.

IT WAS VOTED -- upon Mr. Rappaport's motion, seconded by Mrs. Grossman -- to amend management's recommendation regarding its proposed 1997 rate increases, as set forth in Staff Summary #A-350, dated November 18, 1996, as follows:

- (1) By reducing the proposed round trip Martha's Vineyard automobile excursion rates during the shoulder seasons from \$37.00 to \$32.00;
- (2) By reducing the proposed round trip Nantucket automobile excursion rates during the shoulder seasons from \$88.00 to \$77.00;
- (3) By reducing the proposed daily parking rates during the period from March 15, 1997 through December 31, 1997 from \$8.00 to \$7.50;
- (4) By increasing the proposed one way Martha's Vineyard automobile regular rate during the "on" season from \$42.00 to \$44.00 (and the corresponding price of the "10 ride book" from \$336.00 to \$350.00); and
- (5) By increasing the proposed one way Nantucket automobile regular rate during the "on" season from \$99.00 to \$101.00 (and the corresponding price of the "10 ride book" from \$760.00 to \$800.00).

VOTING AYE: Mrs. Grossman and Mr. Rappaport

VOTING NAY: Mr. Kelleher

IT WAS THEN VOTED -- again upon Mr. Rappaport's motion, seconded by Mrs. Grossman -- to adopt the first and second numbered paragraphs of management's recommendation regarding its proposed 1997 rate increases, as set forth in Staff Summary #A-350, dated November 18, 1996, as amended by the Members above.

VOTING AYE: Mrs. Grossman and Mr. Rappaport

VOTING NAY: Mr. Kelleher

The Members noted that, in adopting the amended version of management's recommendation regarding its proposed 1997 rate increases, the Authority also would be eliminating the one-day

automobile excursion rate which had been in effect for Martha's Vineyard during the summer season, as well as the inter-island rate.

Proposed 1997 Operating Budget:

With respect to management's proposed 1997 Operating Budget, Mr. Kelleher noted that a large portion of the increase was due to major increases in service and the hiring of additional reservation personnel. Mr. Rappaport similarly observed that, apart from those matters, the Authority's labor costs were only increasing by approximately three percent per year, although management was projecting significant increases in the cost of other items, such as depreciation and vessel fuel oil, while traffic levels were generally expected to remain the same as in 1996.

While stating that he appreciated all of the work that went into the preparation of the budget, Mr. O'Brien asked management to try to arrive at a more simplified way of presenting it to the Members and the public, perhaps with a one-page summary of what the Authority's real revenues and expenses are.

**IT WAS VOTED -- upon Mr. Rappaport's motion, seconded by Mrs. Grossman -- to adopt management's proposed 1997 Operating Budget, as set forth in Staff Summary #A-349, dated November 14, 1996.**

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

**VOTING NAY: None**

After the vote, the Members agreed that the Authority should study the possibility of having tiered parking rates which would result in customers paying less money if they parked farther away from the terminals. In this regard, Mr. Kelleher said that he felt the public needed perhaps as much as a year's notice before the Authority converted to a tiered parking rate structure, so that they would know prior to the end of the summer season that the following year it would cost them more to park in Woods Hole than in the Authority's off-site lots. Accordingly, he hoped that the issue could be addressed during one of the Members' meetings next Spring so that the public would be aware of the concept even though the specific rates would not be determined until the end of the year.

Mr. Kelleher also proposed that the Authority consider expanding its automobile excursion fare program to residents of its mainland port communities during the off season. In this regard, Mr. Kelleher noted that the flow of traffic generated by the mainland residents would be opposite to the flow of traffic created by island residents, who generally left the islands during the morning and returned later in the afternoon. Thus, instead of having its vessels run full in one direction and virtually empty in the other direction, Mr. Kelleher suggested that the Authority could increase its revenues by filling the excess capacity on the return trips with mainland excursion customers, who would also provide an additional source of income for island businesses during the off season.

Mrs. Grossman stated, however, that she did not think the proposal would be accepted as a good idea, since Nantucket was attempting to discourage people from traveling with their cars to the island even during the off season. Mr. Rappaport also said that he would oppose the proposal because island residents were still having trouble getting access to the vessels even with the Authority's recent expansion of service. Mr. Rappaport declared that he believed it was more important for island residents to be able to use that additional capacity than mainland residents because the boatline was their lifeblood. In addition, Mr. Rappaport said, he felt it would be difficult to define who was a mainland port resident. Ultimately, none of the other Members seconded Mr. Kelleher's motion to have management explore the possibility of making the automobile excursion program available to residents of the Authority's mainland port communities on certain trips during the off season.

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 also reported that the Massachusetts Highway Department had advanced all of the \$2,000,000 in ISTEA funds for the project, so that thereafter the Authority would be responsible for paying the marine contractor directly.



Martha's Vineyard Transit Authority:

Mr. Tiberio reported that he had recently met with representatives of the Martha's Vineyard Transit Authority regarding its plans to start an expanded transit operation on the island, and that management would continue its dialogue with the Transit Authority to determine how the Authority should be involved in that endeavor and to identify sources of funds that both the Authority and the Transit Authority could pursue. Mr. Tiberio declared that, in his opinion, the Authority had to participate in this initiative if it ever hoped to be able to tell its passengers that they will not need their cars on the island and will be able to take alternative transportation. Mr. Rappaport stated that he agreed with Mr. Tiberio, and commended him for his efforts.

Maintenance Management Information System:

Mr. Tiberio reported that, although the Maintenance Management Information System ("MMIS") project was running around a month to five weeks behind schedule, as each vessel went into repair status its maintenance records were being entered into the system and that all of the vessels would be on the system by the end of this year's maintenance cycle. In addition, Mr. Tiberio said, all of the Authority's work orders were now being generated through the system, which was giving the Authority's engineers a better opportunity to monitor them. Mr. Tiberio advised the Members that management was optimistic that the system would thus enable them to get a better handle on determining what the Authority's future maintenance costs would be for budget purposes and to implement a preventive maintenance program. The system will then be expanded to include all of the Authority's terminals and other assets.

Automated Reservation and Ticketing System:

With respect to the Authority's new Automated Reservation and Ticketing System, Mr. Tiberio reported that the system's hardware already had been delivered, that the software was being installed at that time, and that training would begin shortly. Mr. Tiberio advised the Members that there still had been no significant delays with the project, and that management expected to have the system fully implemented by the first week of the new year.

Proposed 1997 Meeting Schedule:

While recognizing that it could be revised later in the event of scheduling conflicts, the Members agreed to adopt the 1997 monthly meeting schedule as set forth in Mrs. Horn's memorandum to the Members, dated November 8, 1996, with the following changes:

- (1) To hold the Authority's April 1997 meeting on Nantucket instead of in Woods Hole;
- (2) To hold the Authority's October 1997 meeting on Martha's Vineyard instead of Woods Hole; and
- (3) To hold the Authority's September 1997 monthly meeting on Wednesday, September 24, 1997, instead of Thursday, September 18, 1997.

Treasurer's Report:

Mr. Lamson reported that the Authority's net operating income for the month of October 1996 was \$168,000 lower than the amount anticipated in the 1996 Operating Budget due to a combination of lower revenues and higher expenses. Mr. Lamson also reported that, for the first ten months of 1996, the Authority's net operating income stood at \$1,939,000 and that, if the Authority were to finish November and December as originally projected, the Authority would be faced with a year-end operating loss of around \$120,000. As a result, Mr. Lamson said, as the Authority got closer to the end of the fiscal year, it appeared more likely that it would finish the year with a small operating loss.

Old and New Business:

Mr. Kelleher expressed his concern that, despite the Authority's request for the islands to advise the Authority as to what limitations they felt should be placed on ferry service levels in light of the traffic forecasting model that had been developed by KJS Associates, Inc. earlier that year, he had seen no indications that either island had taken any positive steps to control their growth in any manner which would allow the Authority to limit the anticipated increases in its service that KJS had projected would be necessary to meet future demand. Mr. Kelleher cautioned the other Members that the mainland port communities could only absorb so much growth and that, in the absence of restraints on growth on the islands, the Authority may soon be

required to investigate the feasibility of providing service from mainland ports other than Woods Hole (such as possibly providing high speed passenger service from Monument Beach or another location on Buzzards Bay) in order to relieve the pressure of increased traffic there.

Mr. Rappaport strongly disagreed with Mr. Kelleher, noting that the Authority had just received KJS's forecasting model in September and that it had been less than a month since the Authority had presented the model to its port communities in a series of four meetings. Mr. Rappaport declared that the Authority, having requested direction from the islands, had to let the process take its course, but that it was both unrealistic and unfair to expect a response from the islands in such a short time period. In addition, Mr. Rappaport pointed out that in 1996 the Authority had taken several major steps to address issues that were of concern to Falmouth, most notably by committing itself to developing a parking lot at the Massachusetts Military Reservation instead of having any additional parking in Falmouth, and by significantly expanding its reservations-only program, which had a tremendously positive impact in Woods Hole, to include every summer weekend in 1997.

IT WAS VOTED -- on Mr. Rappaport's motion, seconded by Mrs. 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: Mr. Kelleher, Mrs. Grossman and  
Mr. Rappaport

VOTING NAY: None

Before the Members voted to go into executive session at approximately 11:15 a.m., Mr. Kelleher stated that the Members would not reconvene in public after the conclusion of the executive session.

A TRUE RECORD



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RONALD H. RAPPAPORT, Secretary

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

**The Meeting in Public Session**

**December 19, 1996**

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 19th day of December, 1996, beginning at 10:30 a.m., in the Selectmen's Meeting Room of the Town and County Building, located at 16 Broad Street, Nantucket, 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; Customer Services Manager Gina Barboza; Executive Secretary to the General Manager Maxine Horn; and Nantucket Terminal Manager Paul R. Harrington.

**Election of Officers:**

Mr. Kelleher informed the audience that, in accordance with the Authority's enabling act, Mrs. Grossman would automatically become the Authority's Chairman for the year 1997. Mr. Kelleher then entertained motions for the election of the remainder of the Authority's officers for the upcoming year.

**IT WAS VOTED -- upon Mrs. Grossman's motion, seconded by Mr. O'Brien -- to elect Ronald H. Rappaport to serve as the Authority's Vice Chairman for the year 1997.**

**VOTING AYE: Mr. Kelleher and Mrs. Grossman**  
**VOTING NAY: None**

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IT WAS VOTED -- upon Mr. Rappaport's motion, seconded by Mr. O'Brien -- to elect Paul R. Kelleher to serve as the Authority's Secretary for the year 1997.

VOTING AYE: Mrs. Grossman and Mr. Rappaport  
VOTING NAY: None

IT WAS VOTED -- upon Mrs. Grossman's motion, seconded by Mr. Rappaport -- to elect Robert L. O'Brien to serve as the Authority's Associate Secretary for the year 1997.

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

VOTING NAY: None

IT WAS VOTED -- upon Mr. Rappaport's motion, seconded by Mrs. Grossman -- to elect Wayne C. Lamson to serve as the Authority's Treasurer for the year 1997.

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

VOTING NAY: None

Minutes:

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Rappaport -- to approve the minutes of the Members' meeting in public session on November 21, 1996.

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

VOTING NAY: None

Hyannis Terminal Reconstruction Project:

Mr. Tiberio then reported that the Hyannis Terminal Reconstruction Project was still proceeding pretty much on schedule, and that the new slip and transfer bridge would be operational by the end of April 1997 even though the pier itself would not be

able to be used until sometime after that date. Mr. Tiberio also stated that the Authority had received a cost estimate from J.K. Scanlan Co., Inc., in the amount of \$243,000, to replace the concrete plaza that had been damaged as the result of the pile driving earlier in the year, and that the necessary repair work would begin later that winter.

Clipper Cruise Line Dockage Request:

IT WAS VOTED -- on Mrs. Grossman's motion, seconded by Mr. Rappaport -- to authorize the General Manager to execute a standard Dockage Facilities Agreement with Clipper Cruise Line to allow the Nantucket Clipper to dock at Oak Bluffs from 12:30 p.m. on May 18, 1997 to 4:30 a.m. on May 19, 1997, and from 12:00 noon on September 16, 1997 to 1:00 a.m. on September 17, 1997.

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

VOTING NAY: None

Request from Hy-Line for Permission to  
Operate during the 1997 Daffodil Festival:

IT WAS VOTED -- on Mrs. Grossman's motion, seconded by Mr. O'Brien -- to authorize Hyannis Harbor Tours, Inc. ("Hy-Line") to operate the Great Point and the Brant Point during the 1997 Daffodil Festival subject to final approval of the vessels' sailing schedules by the Authority.

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

VOTING NAY: None

Proposed Legislation:

Mr. Tiberio reported that management had examined various issues that had arisen over the past year, and felt that the Authority would be warranted in proposing legislation that would,

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among other things, add more subjects which could be discussed by the Members in executive session. Accordingly, Mr. Tiberio asked the Members to review the proposed legislation, which was attached to Staff Summary #L-267, dated December 12, 1996, and let him know whether they agreed with the approach that management had taken.

Mr. O'Brien stated that he believed the proposed legislation would make good changes in the law which he supported. However, Mr. O'Brien noted that the legislation would affect not only the Authority, but many other state agencies as well, and he questioned whether the Authority should take the lead in amending the law without first communicating with those other agencies to see whether they supported the Authority's actions.

Deloitte & Touche LLP Proposed 1995 Audit Fee:

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Rappaport -- to engage Deloitte & Touche LLP for the audit of the Authority's financial statements for the year ending December 31, 1996 for a proposed fee of \$45,200, as set forth in Staff Summary #A-351, dated December 10, 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 loss for the month of November 1996 was expected to be approximately \$100,000 higher than the amount previously estimated in the 1996 Operating Budget. As a result, Mr. Lamson said, the Authority's net operating income for the first eleven months of 1996 would be around \$700,000, which was \$1,300,000 lower than anticipated, and it was unclear whether or not the Authority would end the year with a small operating loss. Nevertheless, Mr. Lamson assured the Members that any operating loss incurred by the Authority would be well within the Authority's current reserve fund balance of over \$2,100,000.

Procurements:

IT WAS VOTED -- upon Mr. Rappaport's motion, seconded by Mrs. Grossman -- to award Contract No. 23-96 for the delivery of processed foods from January 1, 1997 through June 30, 1997 to the lowest responsible and eligible bidder for the contract, Cirelli Foods, Inc., of Brockton, Massachusetts, for an Estimated Total Contract Price of \$40,467.63.

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

VOTING NAY: None

Old and New Business:

In response to a question from Curtis Barnes, a realtor on Nantucket, Ms. Barboza stated that the Authority's new Customer Service Handbooks, which will contain information on the 1997 Headstart reservations program, would be mailed out within the following two weeks to all persons who had made reservations during the 1996 summer season, that the handbooks would also be distributed as circulars in island newspapers during the first two weeks of January, and that additional copies would be available at the island terminals.

In response to another question from Mr. Barnes, Mr. Tiberio said that the Authority would be in touch with local authorities on Nantucket to ensure that ferry traffic leaving the Nantucket terminal does not adversely impact the flow of traffic on the public streets during the summer season.

Finally, Mr. Kelleher, noting that this was his last meeting as the Authority's Chairman, summarized many of the events that had taken place during 1996, starting with the huge loss of Bernard Grossman as the Authority's Nantucket Member. Mr. Kelleher declared that the Authority was very fortunate in having Mrs. Grossman agree to serve in his position, and thanked her for her positive and constructive influence that she would continue to provide as Chairman during 1997.

Mr. Kelleher then recounted how the Members began the year by addressing issues pertaining to the Martha's Vineyard service, most notably by deciding to locate the Authority's future parking facility at Otis Air Force Base after holding a public meeting on the subject, and then by commencing the guaranteed express



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reservations system. With respect to the Nantucket service, Mr. Kelleher noted that the new Hyannis terminal building had been completed that year and that, although the Authority had run into some pile driving problems while constructing the new pier, they would hopefully soon be resolved.

Mr. Kelleher also observed that many of the Authority's activities in 1996 had focused on the future -- the development of a new computerized reservations and ticketing system; the adoption of a new reservations-only policy for vehicles traveling to and from Martha's Vineyard during weekends of the 1997 summer season; and the presentation of a traffic forecasting model which has prompted the Authority's port communities to explore ways of controlling future traffic growth. Further, under the Authority's ten-year capital program, the evaluation of what type of vessel should replace the M/V Islander was well underway, and preliminary work had also begun on deciding what changes should be made to the Oak Bluffs and Woods Hole terminals.

While the end of 1996 also saw the Authority raising fares for the first time in three years, Mr. Kelleher observed that, with the fare increase, the Authority was substantially extending service for island residents during the shoulder and winter seasons. In the end, Mr. Kelleher said, 1996 had been busy, productive and positive, and he thanked the other Members, the Members of the Finance Advisory Board, Mr. Tiberio, and everyone else associated with the Authority for what he felt had been a major year for the organization.

Mrs. Grossman and Mr. Rappaport then expressed their thanks to Mr. Kelleher for the wonderful job he had done as Chairman during 1996. In particular, Mr. Rappaport complimented Mr. Kelleher on the manner in which he had conducted two very difficult meetings in 1996 -- the one in Falmouth involving the Authority's decision to develop a new off-site parking facility; and the one on Martha's Vineyard regarding the proposed new reservations-only policy. Mr. Rappaport declared that the way Mr. Kelleher conducted those meetings was extremely helpful in moving the dialogue forward on those issues and reaching resolution.

Mr. Rappaport also observed that the Authority would continue to face many important issues the following year, such as moving forward with the off-site parking facility at the Otis Air Force base, implementing the new reservations-only policy for Martha's Vineyard, and working with the local communities to control future traffic growth. Mr. Rappaport declared that he looked forward to addressing those issues in 1997, which would also begin a new era for the Authority with Mrs. Grossman as its first woman Chairman.

December 19, 1996 Meeting  
Minutes of the Public Session

IT WAS VOTED -- on Mr. Rappaport's motion, seconded by Mrs. 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: Mr. Kelleher, Mrs. Grossman and  
Mr. Rappaport

VOTING NAY: None

Before the Members voted to go into executive session at approximately 10:56 a.m., Mr. Kelleher stated that the Members would not reconvene in public after the conclusion of the executive session.

A TRUE RECORD



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RONALD H. RAPPAPORT, Secretary