

**PRESENTATION OF JOSEPH SAVAGE**  
**OF**  
**KJS ASSOCIATES, INC.**  
**REGARDING THE RESULTS OF THEIR PASSENGERS SURVEYS**  
**FOR THE**  
**WOODS HOLE, MARTHA'S VINEYARD**  
**AND NANTUCKET STEAMSHIP AUTHORITY**

November 20, 1997

[Cross-Referenced to the Transparencies used by  
Mr. Savage during his Presentation, which are attached hereto]

**[Passenger Market Segments]** The purpose of this survey was to get some information on who your customers are, what they are doing, and what their patterns and habits are. The first sheet simply summarizes, in terms of the total passengers on an annual basis, how many of them are permanent residents, how many are seasonal residents, how many are what we call "vacationers" who spend between eight to 29 days on the island, and how many are visitors of seven days or less. I am just going to hit the high points here. The purpose is not to give you the end result, but to stimulate you to think about some of the data we present and to ask questions about it directed to Armand and other members of the staff.

We have a large computerized data base where we can really get into each one of these segments and find out more about the particular markets, but roughly on both routes on an annual basis about one-third of the people using the Authority are permanent residents, another fifteen percent are seasonal residents, and about half are what we call short-stay visitors, staying anywhere from one day to a week. And five to ten percent are the vacationers somewhere in between.

**[Auto Market Segments]** In terms of people who are driving their cars on the boats, again, about one-third are permanent residents. However, the percentage of people taking their cars who are seasonal residents jumps up to twenty percent, which is natural because those people have to get their cars back and forth. About one-third are short-stay visitors and another ten to fifteen percent are long-stay visitors.

When we talk about one-third of the people taking their cars being short-stay visitors, it is important to understand that these are not all vacationers, and this is on an annual basis. A lot of these people are doing business on the islands and we took a look at some of the data for August, for instance, and short-term visitors accounted for seven percent of the people who were going back and forth on one day taking their cars. It turns out that over one-half of those people are taking their cars because of work. They've got to make deliveries on the island or they are salesmen with stuff they've got to carry, so they are not just vacationers, but people who we call short-stay visitors. They are just there for one, two or three days because of business or work, and because of that work they need to take their vehicles back and forth.

**[Annual Ferry Trips per Resident]** The next chart down is annual trips per resident, and this is pretty interesting in that we asked people two questions: "How many trips do you make a year on the ferry, and on how many trips do you take your car on the ferry?" If you look at permanent residents for Martha's Vineyard, it came out to be an average of 49 one-way trips, that's about 25 round trips, about every other week. For Nantucket, it is 27 one-way trips, or 13 round trips, about once a month. When we look at how often permanent residents take their cars on and off the island, Martha's Vineyard residents took only 19 one-ways trips with a car, again, about once a month. Nantucket residents took about six round trips, or about once every other month. So it says that Martha's Vineyard residents make more trips because it's closer and they take their cars much more frequently. For seasonal residents, those numbers drop by about one-half because while they are there they act like residents, but they are only there about half the year.

**[Auto Registration]** The next one deals with auto registration and, going right along with the previous trend, virtually all of the permanent residents have their cars registered on the island, about one-third of the seasonal residents have a car registered on the island, and virtually none of the vacationers or visitors do. So we go all the way back to the first chart and we look at your

passenger market base, about one-third of which is comprised of permanent residents and another 15% of seasonal residents. This means that you have about 40% to 50 % of your passenger market comprised of people who either live there or have very strong ties to the community; and about one-half of your market are visitors, vacationers or people working there or going back and forth doing business on the island, or they are there just part of the year.

So you have a very strong customer base, actually a dichotomy of customer bases. You have those people who are very strongly connected to the communities on the island and you have those people who are, for want of a better word, transient in that they are only there for a short time going back and forth. As you look towards the needs of those people in the future, they are going to be very different. Just as an example, the short-stay visitors, who comprise about one-half of your total market, are very amenable to taking modes of travel other than their cars, but you've got a very strong customer base of people centered in the community who are used to using their car for their daily needs. It is going to be a little harder to get them out on a day-to-day basis. And last but not least you have those people who are tied to their cars because of the business that they're doing on the island. Each of those market segments needs to be thought of individually and, working with Armand, that's the way the Strategic Business Plan is going, looking at not just one plain vanilla service for everybody, but how your various services should be targeted to the various market segments, and this data very strongly supports that part of the plan.

**[Trip Purpose for Residents - April Survey]** The next chart deals with the purpose for which permanent and seasonal residents are traveling. And, again, in April, about one-third of the Martha's Vineyard residents and one-quarter of the Nantucket residents are traveling for work or business. They are not there on a pleasure trip. Therefore, it is not particularly discretionary travel for them. They have to make that trip. The next categories are vacation and visiting friends and family. There might be different modes to use to visit your family, but you are probably going to make that trip no matter what it costs or what the service is like.

**[Trip Purpose for Residents - August Survey]** And when we get to August, from the next survey, again, you can see that there is a surprisingly high percentage of permanent resident, 25% on the Martha's Vineyard route and 10% on the Nantucket route, who are on the ferry because of work or

business. Again, this is not discretionary travel, so when you start talking about the various policies --fare policies, service policies, those kinds of things -- it is very important to keep in mind these different market segments and make sure you don't do something to one market segment that ends up inadvertently hurting another one.

**[Boarding Mode by Category]** The next chart is simply various percentage of boarding modes by categories and you can see how there is a tremendous difference between April and August in all of the categories. In April, as you would expect, a lot more people are getting on with their cars. In August, a lot higher percentage of people are walking on and off the ferries.

**[Length of Stay for Non-Residents]** The next chart deals with lengths of stay for visitors on the island. And it is very interesting here that you have a lot higher percentage of day trippers to Martha's Vineyard, because the route is a lot shorter, but then we go down and we really jump in the 4-to-7 day category for both islands. If we plotted it out day by day, it really jumps up at that seventh day for both Martha's Vineyard and Nantucket. There is a real weekly turnover cycle of those people who are renting places on the island, particularly in the summer. It then tends to drop off as you get into the longer and longer periods.

You might want to think about what the major turnover day is for rentals on either island, for example, whether rentals run from Sunday through Saturday. You then might want to work with the people who are in the rental market and possibly tailor some services specific to those turnover days where the rental visitors not only have themselves to get to the islands, but their luggage and whatnots as well; and, when they are done with their stay, they have to get back off the island and come back home. That particular seven-day turnover is a significant enough spike for you to plan some special services, such as door-to-door service from Logan Airport to wherever the visitors are on the island. But you might not do that on Wednesday. You might only do it on Fridays and Sundays depending on when the turnover is.

**[Boarding Mode for Non-Residents]** Overwhelmingly the short-stay visitors (one, two and three days) on both routes are walking on the boats and walking off the boats. As I pointed out, one-day stayers only accounted for seven percent of the passengers on the Martha's Vineyard route who were

taking their automobiles, and over half of them said they were making the trip for work or business. It wasn't that they were just taking their cars to drive around the island. So the system is already doing a good job to encourage those people who are there for one, two or three days not to take their cars to either one of the islands. But if you look at visitors who are staying more than seven days, they are thinking, "Well, I'm going to be traveling around while I'm there. I want to have a vehicle available." So maybe that's a good target market to think about.

**[Walk-On Access]** It is mostly short-stayers who say they walked onto the boat, and this comes out of the August survey. At Woods Hole, you have a third of them who are using the park-and-ride shuttle bus, and another twenty percent are dropped off by family and friends. The percentages change at Hyannis because there is a lot more parking at that terminal. There you have 26% of your walk-on passengers who are parking probably in a private pay lot near the terminal and walking to the terminal. I suspect that some of the ten percent of the people who said they walked to the terminal probably also parked at a pay lot. What that says is you have to think in Hyannis about doing the same kind of shuttle service that has been very successful here in Woods Hole. As the Hyannis area develops, people will be taking what was vacant land used for parking and putting it to some more productive commercial use. And, again, your strategic plan says that we are going to look for some more remote off-site parking and institute a shuttle service in Hyannis. So this is right in line with where the Strategic Plan is going. It is very successful here. It will be very successful in Hyannis.

**[Transportation On-Island]** The vast majority of the permanent and seasonal residents, as well as most of the long-stay vacationers, use their own automobiles on the island, but a lot of the short-stay vacationers are either walking, bicycling or taking the bus. There is more of a diversity there. So what it says is that you've got some opportunities for mass transit to orient both towards the permanent residents and the long-stay visitors on both Nantucket and Martha's Vineyard to assure them that they have a way to get around the islands once they get there without having to take their cars.

**[Where Stayed Overnight]** There is a surprising number of people who are staying with friends and relatives on the islands -- at least in my mind the islands are a vacation spot, so there ought to be a higher proportion of people

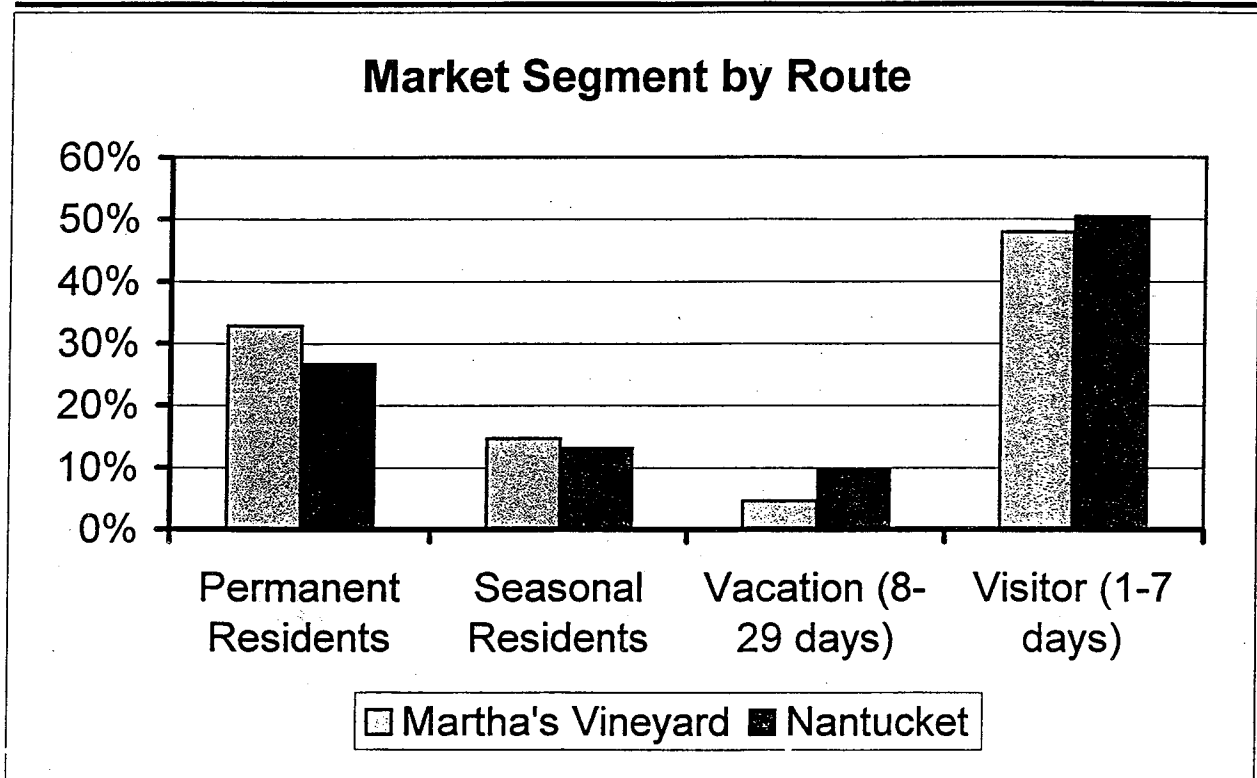
who are staying at hotels and motels and rental properties. That sort of shows up on Nantucket, but if they were staying at a commercial property, you would have a more limited number of people for you to deal with if you were to institute this door-to-door service. If they are scattered all over the island, staying with friends and relatives, it is a lot more difficult to say that we are going to provide door-to-door service. It doesn't mean it can't be done; it just is a little more challenging.

**[Trip Purpose for Non-Residents - April and August Surveys]** Again, in April, a high percentage of non-residents are traveling to the islands for work or business, and most of the non-residents in August are there for vacation or recreation. It is also interesting to note that you have a somewhat higher percentage of people who are saying that they are there for vacation and recreation than those who are saying that they are traveling to visit friends and family. Yet there is a large percentage of them who are staying with friends and family, so they are combining vacations with a family trip.

So that's just some of the highlights of what we found out today. There is a lot more information in our data base, which we will be working with the staff on. As you look at this, hopefully it will bring to mind some ideas, "Well, that looks interesting, I would like to know more about that." Convey your questions to Armand and we can do all kinds of research. It is a little hard to know at the beginning what is important to the Board. We have some really solid data base on customer characteristics to help you with your policies over the coming years.

### Passenger Market Segments

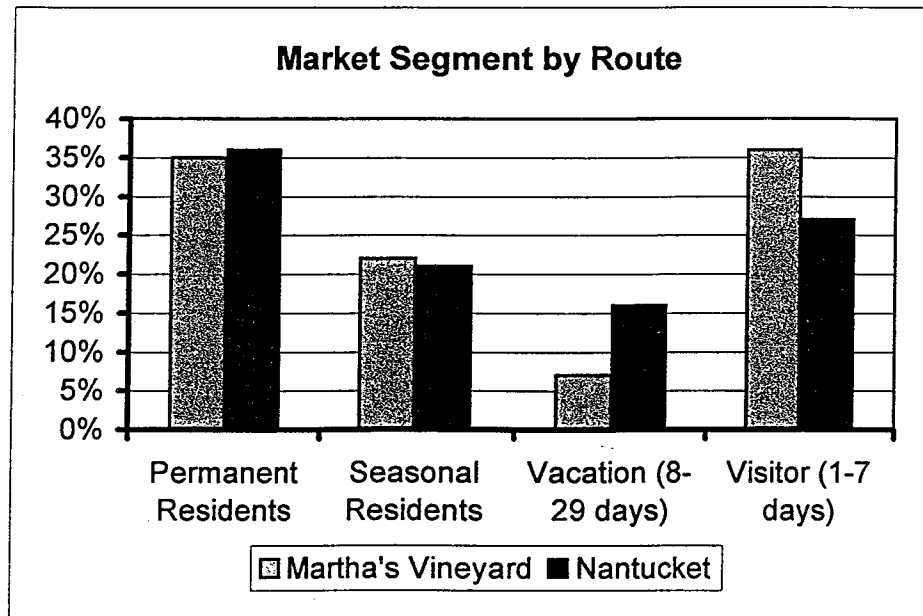
| SSA Market Segment   | Martha's Vineyard | Nantucket |
|----------------------|-------------------|-----------|
| Permanent Residents  | 33%               | 27%       |
| Seasonal Residents   | 15%               | 13%       |
| Vacation (8-29 days) | 5%                | 10%       |
| Visitor (1-7 days)   | 48%               | 50%       |
| Total                | 100%              | 100%      |



Comment: The market segments are similar on both routes served by the Steamship Authority, but the Martha's Vineyard routes carry a higher percentage of permanent and seasonal residents than the Nantucket route.

### Auto Market Segments

| SSA Market Segment   | Martha's |           |
|----------------------|----------|-----------|
|                      | Vineyard | Nantucket |
| Permanent Residents  | 35%      | 36%       |
| Seasonal Residents   | 22%      | 21%       |
| Vacation (8-29 days) | 7%       | 16%       |
| Visitor (1-7 days)   | 36%      | 27%       |
| Total                | 100%     | 100%      |



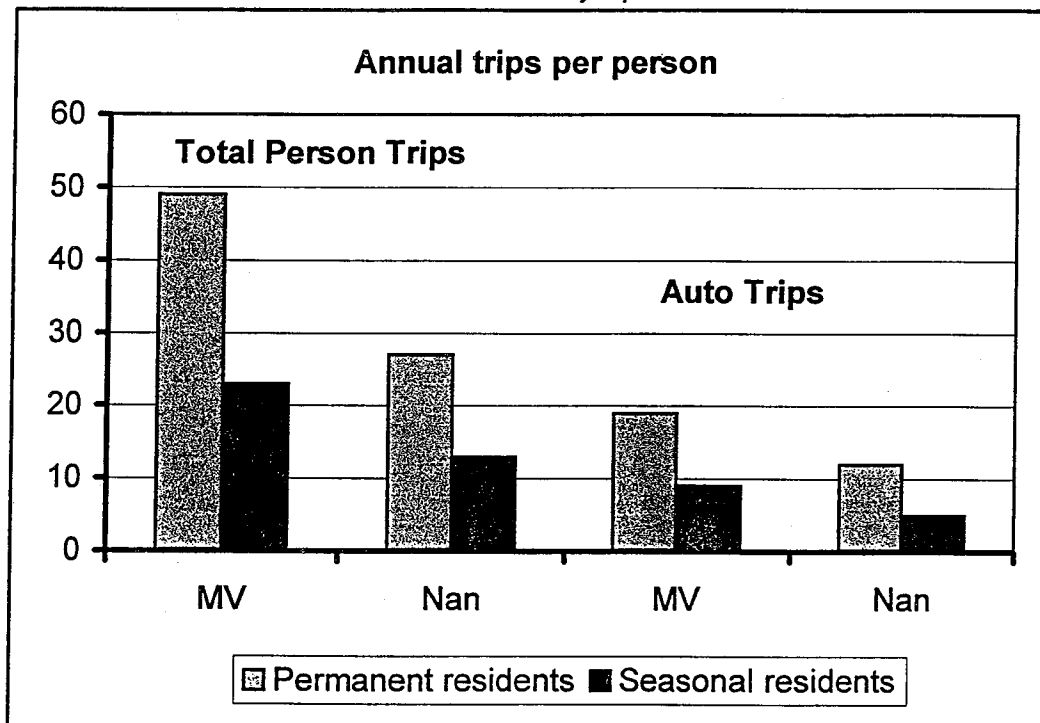
Comment: The market segments are similar on both routes, but the Martha's Vineyard routes carry a slightly higher percentage of autos for short-stay visitors than the Nantucket route.



### Annual ferry trips per resident

| Category            | <i>All trips</i> |     | <i>Took auto on ferry</i> |     |
|---------------------|------------------|-----|---------------------------|-----|
|                     | MV               | Nan | MV                        | Nan |
| Permanent residents | 49               | 27  | 19                        | 12  |
| Seasonal residents  | 23               | 13  | 9                         | 5   |

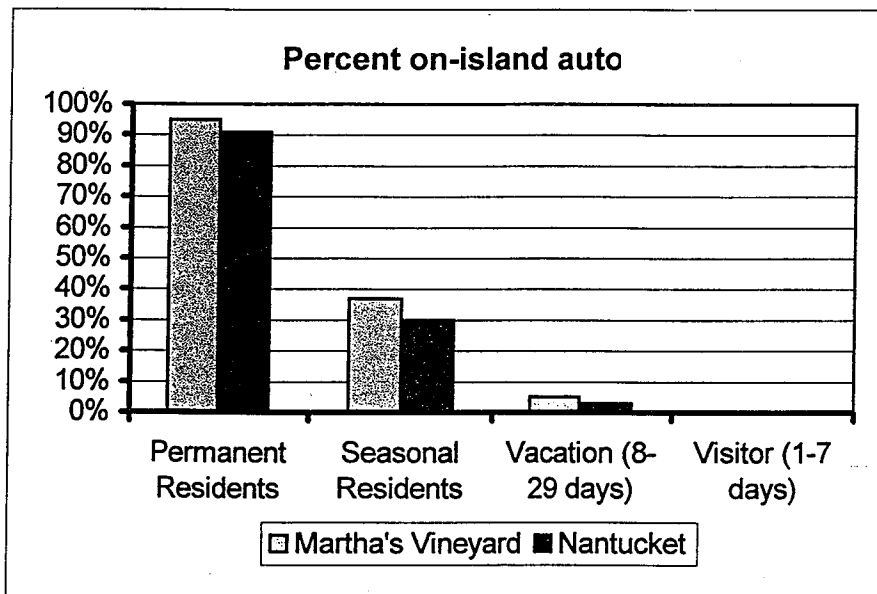
*Note: one-way trips*



Comment: Martha's Vineyard residents make about twice as many annual trips per person than Nantucket residents. Residents of both islands take their car on the ferry about 40% of the time.

## Auto registration

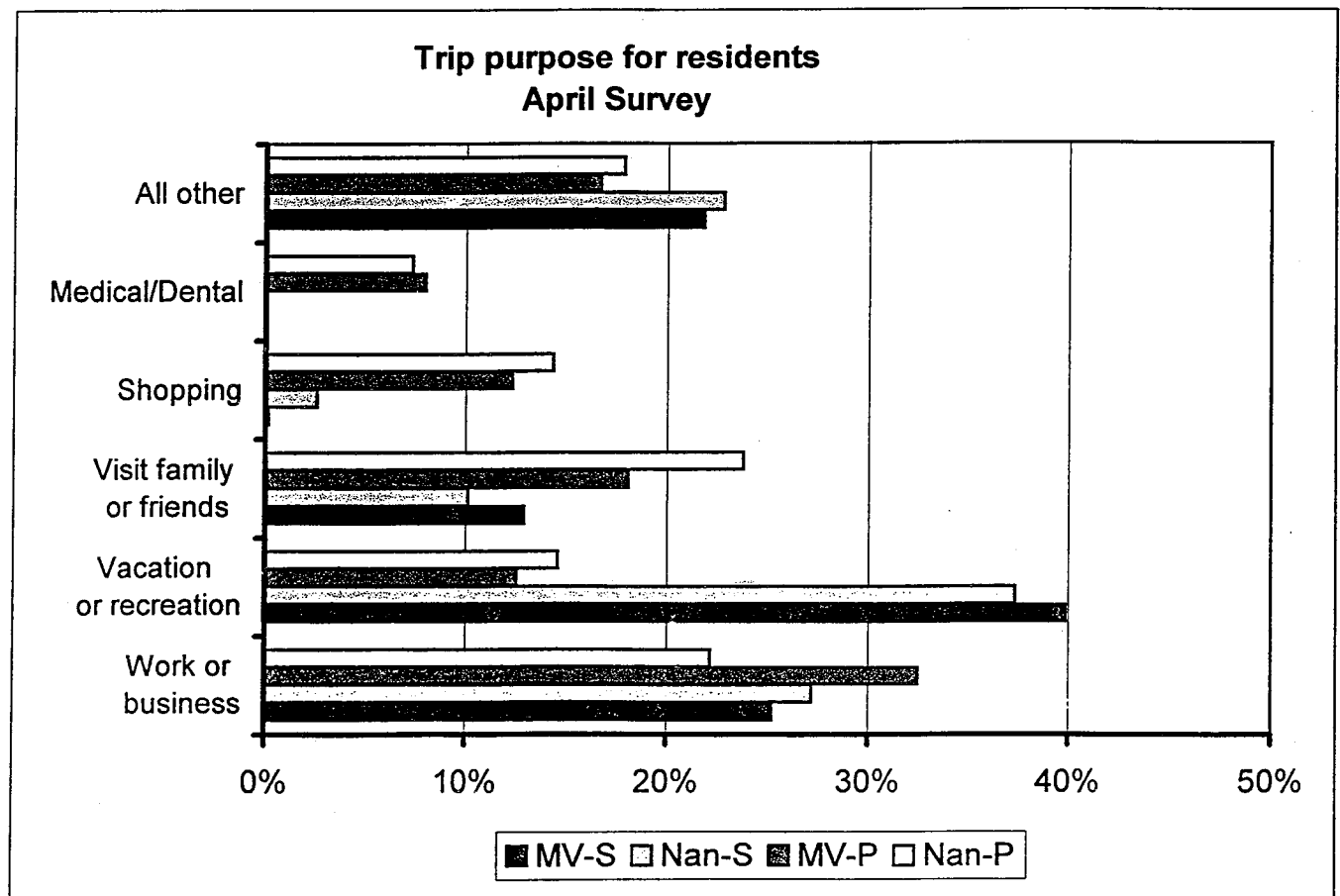
| Market Segment       | Percent with auto registered<br>on island |           |
|----------------------|---|-----------|
|                      | Martha's<br>Vineyard                      | Nantucket |
|                      |   |           |
| Permanent Residents  | 95%                                       | 91%       |
| Seasonal Residents   | 37%                                       | 30%       |
| Vacation (8-29 days) | 5%  | 3%        |
| Visitor (1-7 days)   | 0%  | 0%        |



Comment: Almost all auto drivers using the ferry who call themselves an "Island resident" have their auto registered on the Island. About one-third of seasonal residents do, and virtually none of the "non-residents" have a car registered on the island.

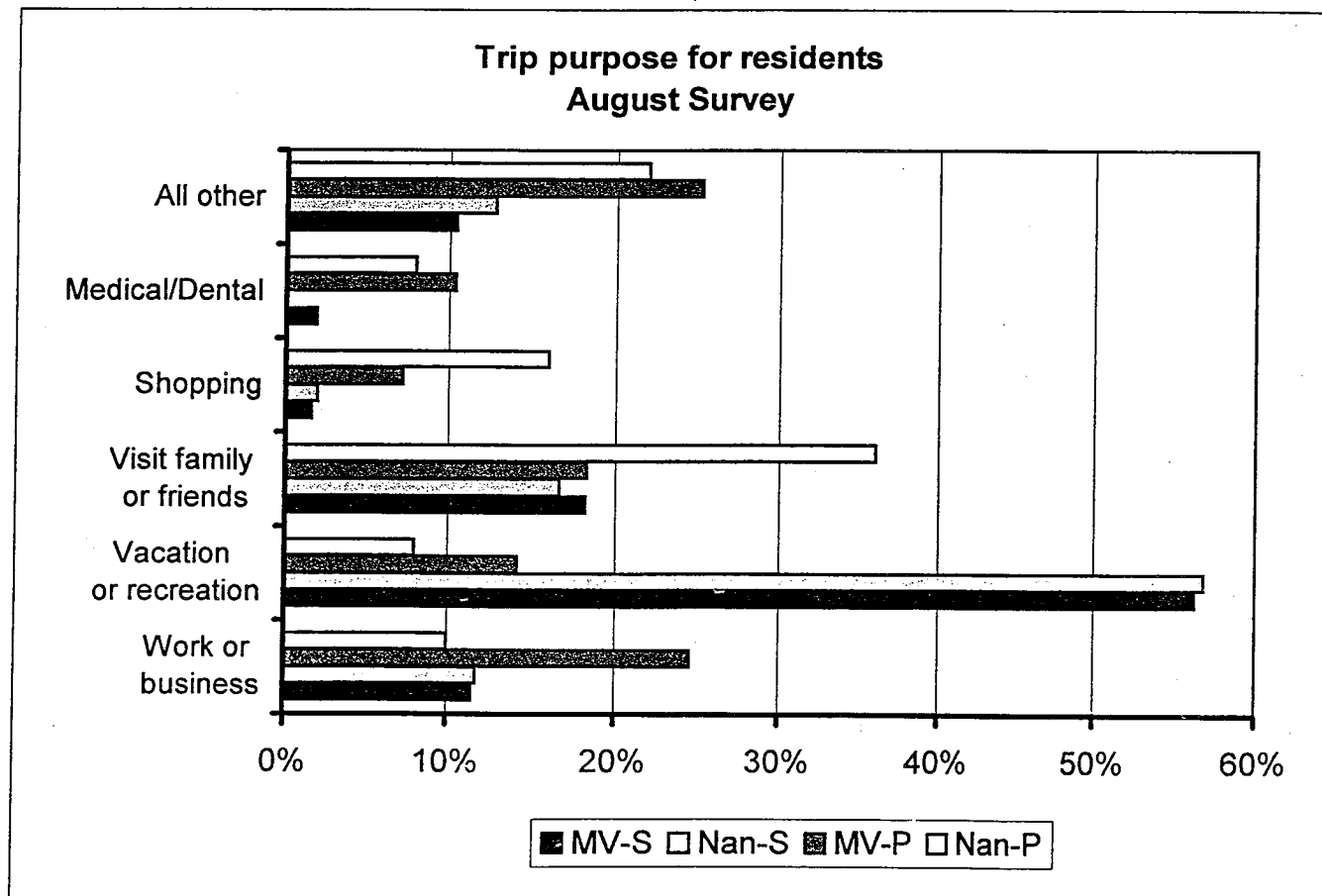
**Trip purpose for residents  
April Survey**

| Trip Purpose            | Permanent |       | Seasonal |       |
|-------------------------|-----------|-------|----------|-------|
|                         | MV-P      | Nan-P | MV-S     | Nan-S |
| Work or business        | 32%       | 22%   | 25%      | 27%   |
| Vacation or recreation  | 13%       | 15%   | 40%      | 37%   |
| Visit family or friends | 18%       | 24%   | 13%      | 10%   |
| Shopping                | 12%       | 14%   | 0%       | 3%    |
| Medical/Dental          | 8%        | 7%    | 0%       | 0%    |
| All other               | 17%       | 18%   | 22%      | 23%   |



**Trip purpose for residents  
August Survey**

| Trip Purpose            | Permanent |       | Seasonal |       |
|-------------------------|-----------|-------|----------|-------|
|                         | MV-P      | Nan-P | MV-S     | Nan-S |
| Work or business        | 25%       | 10%   | 12%      | 12%   |
| Vacation or recreation  | 14%       | 8%    | 56%      | 57%   |
| Visit family or friends | 18%       | 36%   | 18%      | 17%   |
| Shopping                | 7%        | 16%   | 2%       | 2%    |
| Medical/Dental          | 10%       | 8%    | 2%       | 0%    |
| All other               | 25%       | 22%   | 10%      | 13%   |

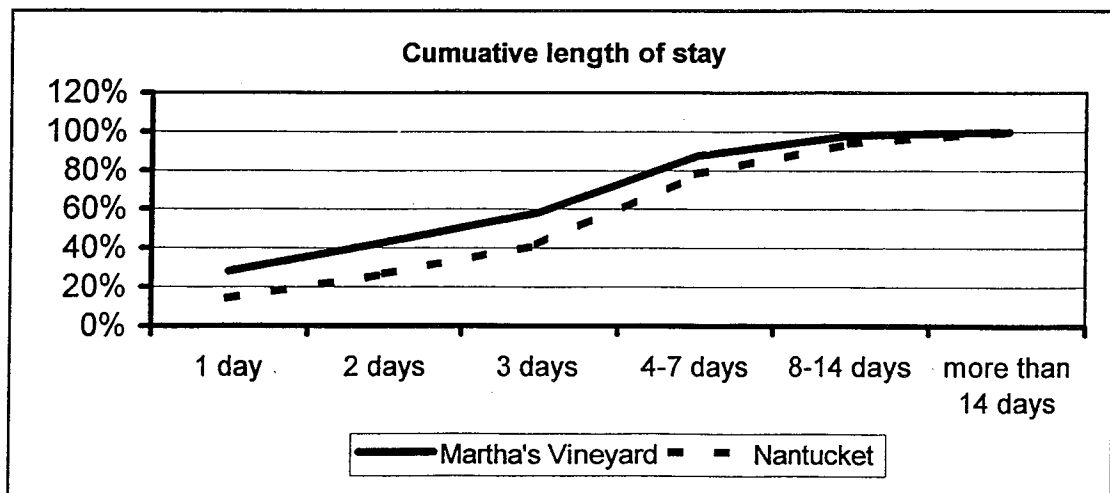
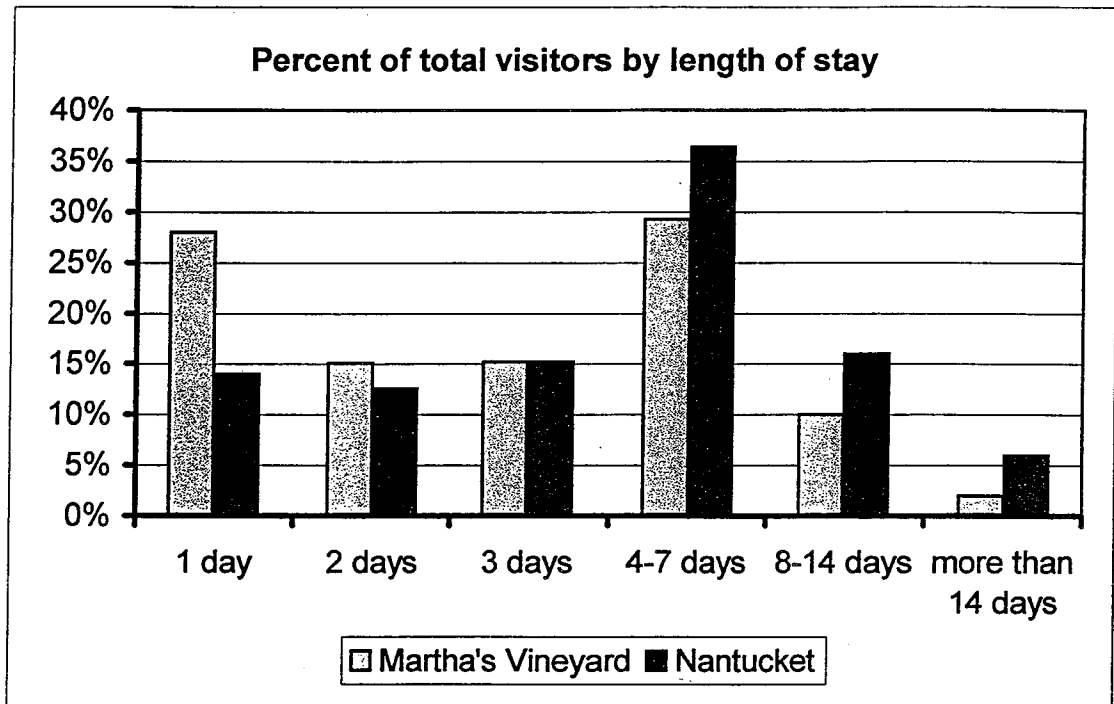


# Boarding mode by category

| Survey month                           | <i>Martha's Vineyard</i> |            | <i>Nantucket</i> |            |
|--|--------------------------|------------|------------------|------------|
|  | Auto                     | Walk, bike | Auto             | Walk, bike |
| <i>Permanent residents</i>             |                          |            |                  |            |
| April                                  | 52%                      | 46%        | 56%              | 42%        |
| August                                 | 24%                      | 74%        | 18%              | 78%        |
| <i>Seasonal residents</i>              |                          |            |                  |            |
| April                                  | 60%                      | 36%        | 56%              | 43%        |
| August                                 | 30%                      | 69%        | 33%              | 67%        |
| <i>Short-stay visitors (1-7 days)</i>  |                          |            |                  |            |
| April                                  | 38%                      | 56%        | 19%              | 73%        |
| August                                 | 20%                      | 75%        | 12%              | 86%        |
| <i>Long-stay visitors (8-29+ days)</i> |                          |            |                  |            |
| April                                  | n/a                      | n/a        | n/a              | n/a        |
| August                                 | 64%                      | 35%        | 23%              | 76%        |

## Length of stay for non residents

| Length of stay    | Martha's Vineyard | Nantucket |
|-------------------|-------------------|-----------|
| 1 day             | 28%               | 14%       |
| 2 days            | 15%               | 13%       |
| 3 days            | 15%               | 15%       |
| 4-7 days          | 29%               | 36%       |
| 8-14 days         | 10%               | 16%       |
| more than 14 days | 2%                | 6%        |

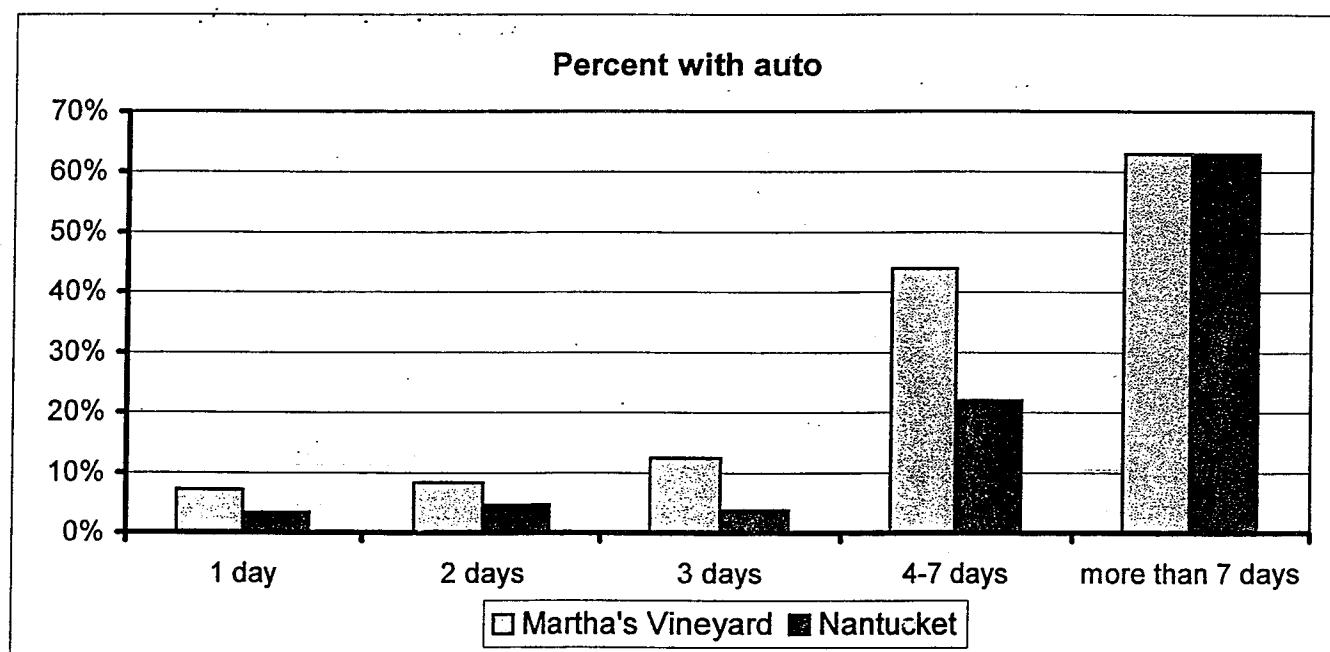


Comment: There are more short-stay visitors on Martha's Vineyard and more long-stay visitors and vacationers on Nantucket.

# Boarding mode for non residents

| Length of stay   | Martha's Vineyard |            | Nantucket |            |
|------------------|-------------------|------------|-----------|------------|
|                  | Auto              | Walk, bike | Auto      | Walk, bike |
| 1 day            | 7%                | 89%        | 3%        | 95%        |
| 2 days           | 8%                | 88%        | 5%        | 93%        |
| 3 days           | 12%               | 85%        | 4%        | 96%        |
| 4-7 days         | 44%               | 55%        | 22%       | 77%        |
| more than 7 days | 63%               | 35%        | 63%       | 36%        |

August survey

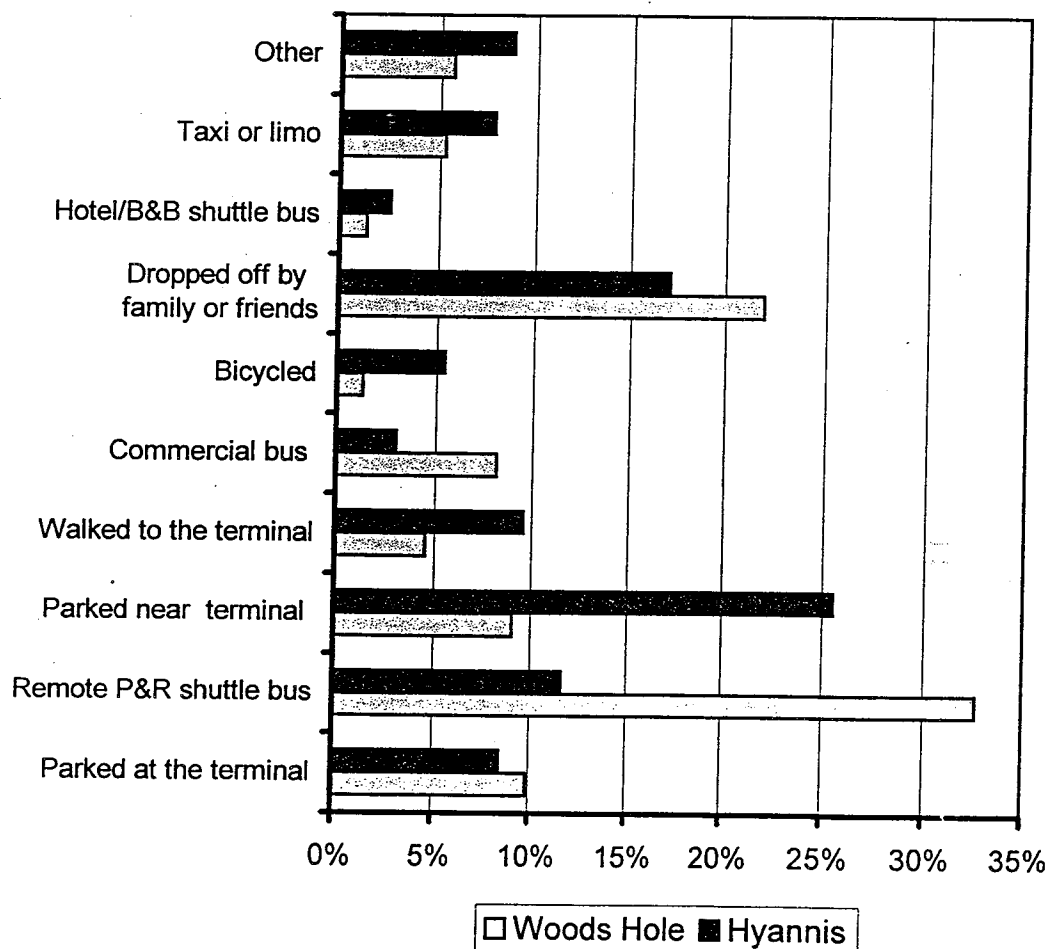


Comment: Short-stay visitors don't take an auto to the Islands, but two-thirds of visitors staying longer than a week do take their car with them. Short-stay visitors to Martha's Vineyard are more than twice as likely to take an auto than those to Nantucket.

## Walk-on Access

| Walk-on Access Mode    | Woods Hole | Hyannis |
|------------------------|------------|---------|
| Parked at the terminal | 10%        | 8%      |
| Remote P&R shuttle bus | 33%        | 12%     |
| Parked near terminal   | 9%         | 26%     |
| Walked to the terminal | 5%         | 10%     |
| Commercial bus         | 8%         | 3%      |
| Bicycled               | 1%         | 5%      |
| Dropped off by         |            |         |
| family or friends      | 22%        | 17%     |
| Hotel/B&B shuttle bus  | 1%         | 3%      |
| Taxi or limo           | 5%         | 8%      |
| Other                  | 6%         | 9%      |

Percent of walk-on riders by access mode

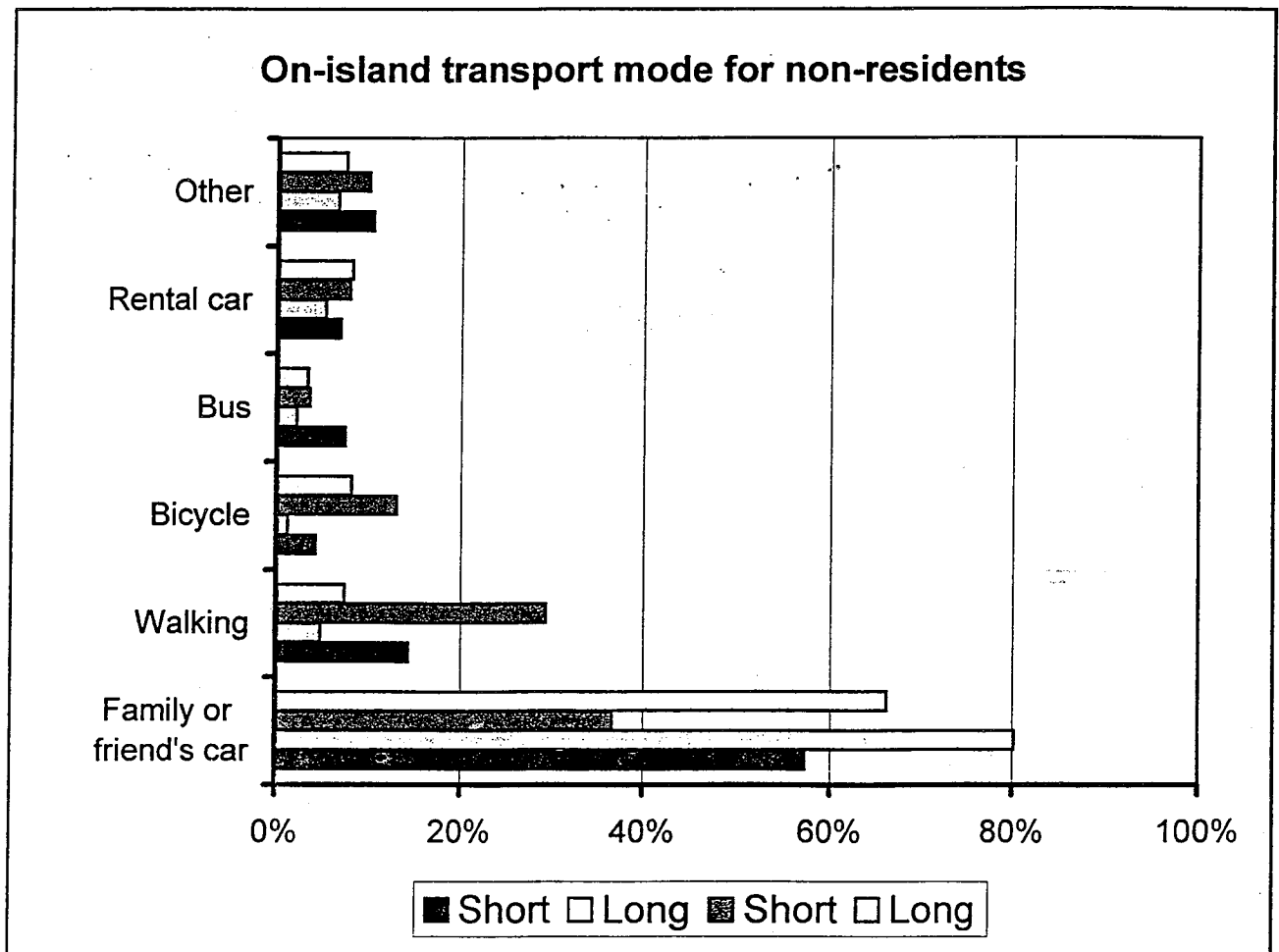


Comment: Parking own auto accounts for about one-half of all SSA walk-on passengers in August. P&R shuttle is the most popular option at Woods Hole, and parking in a pay lot near the terminal is most often the case at Hyannis. Drop-off by family or friends is the next most popular method with about 17% to 22% of all walk-ons.



## Transportation On-Island

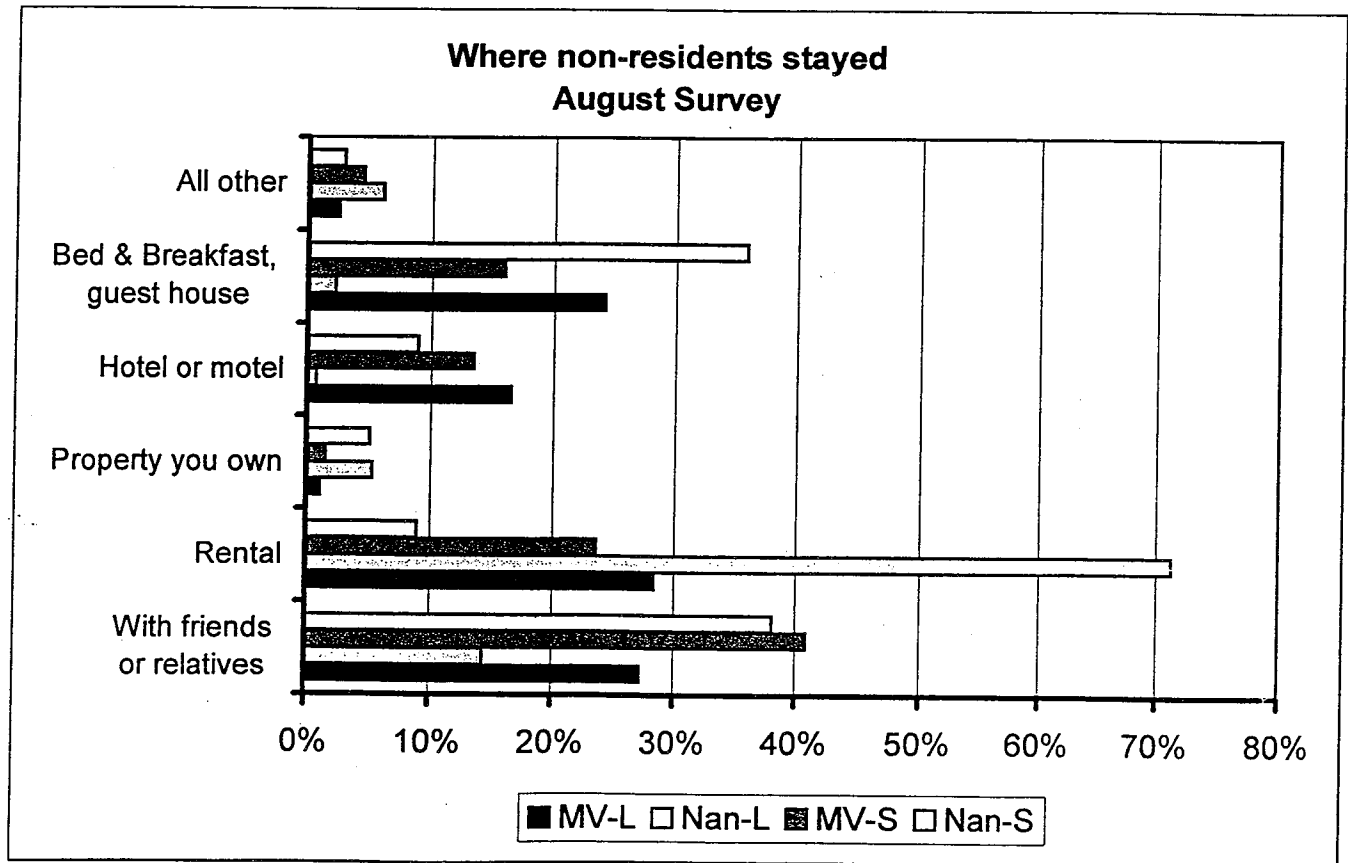
| Island<br>Transport<br>Mode | Martha's Vineyard |      |       |      | Nantucket |      |       |      |
|-----------------------------|-------------------|------|-------|------|-----------|------|-------|------|
|                             | Perm              | Seas | Short | Long | Perm      | Seas | Short | Long |
| Family or friend's car      | 95%               | 89%  | 57%   | 80%  | 86%       | 86%  | 37%   | 66%  |
| Walking                     | 1%                | 2%   | 14%   | 5%   | 0%        | 7%   | 29%   | 7%   |
| Bicycle                     | 1%                | 2%   | 4%    | 1%   | 0%        | 7%   | 13%   | 8%   |
| Bus                         | 0%                | 0%   | 7%    | 2%   | 14%       | 0%   | 3%    | 3%   |
| Rental car                  | 1%                | 1%   | 7%    | 5%   | 0%        | 0%   | 8%    | 8%   |
| Other                       | 2%                | 5%   | 10%   | 6%   | 0%        | 0%   | 10%   | 7%   |



Comment: The vast majority of permanent and seasonal residents use their own auto on the islands, as do most of the long-stay vacationers (over 8 days on-island). Many short-stay visitors also bring their family car, although walking and bicycle are popular modes.

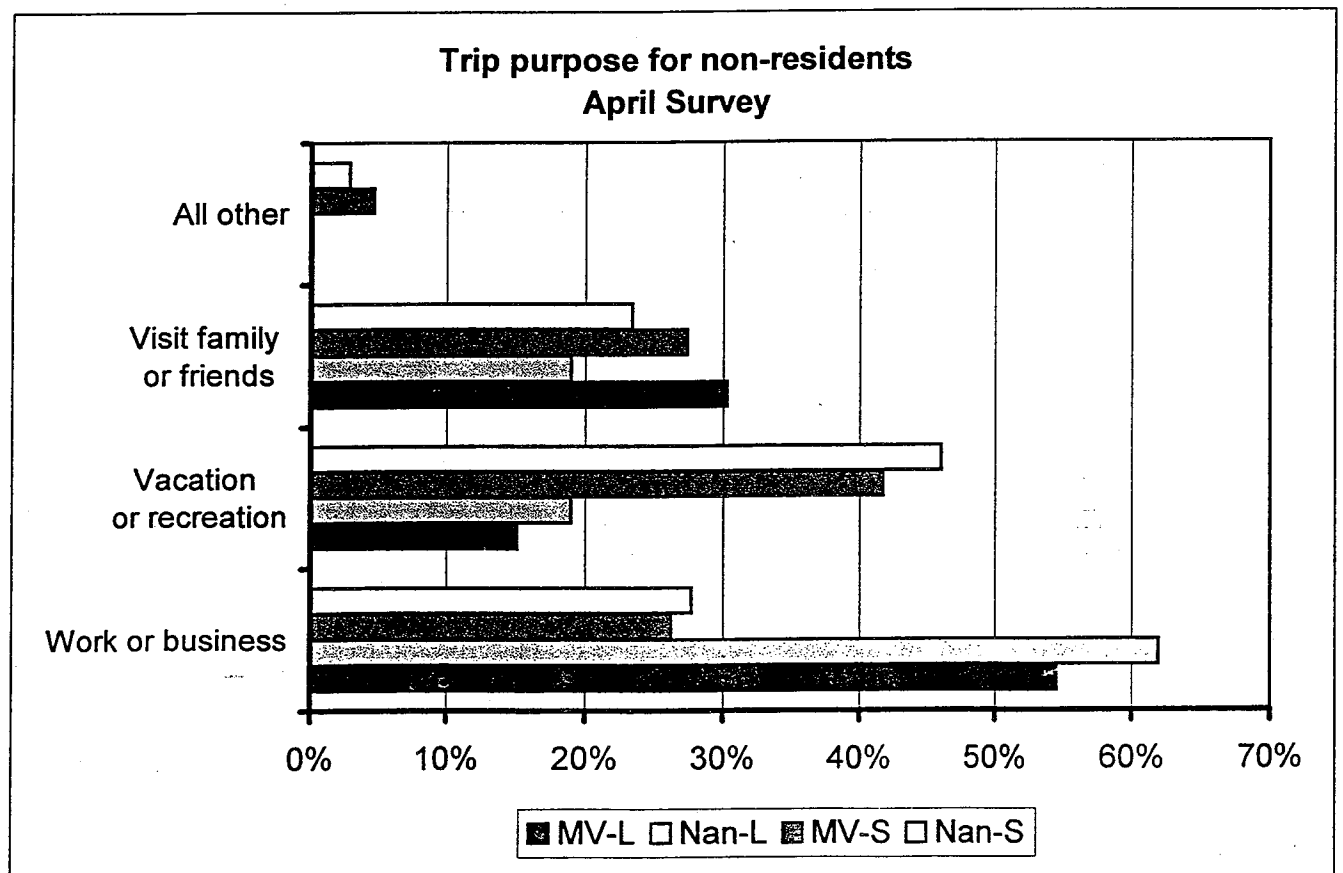
**Where stayed overnight  
August Survey**

|                               | <u>Short-stay</u> |              | <u>Long-stay</u> |              |
|-------------------------------|-------------------|--------------|------------------|--------------|
| <b>Where stayed overnight</b> | <b>MV-S</b>       | <b>Nan-S</b> | <b>MV-L</b>      | <b>Nan-L</b> |
| With friends or relatives     | 41%               | 38%          | 27%              | 14%          |
| Rental                        | 24%               | 9%           | 28%              | 71%          |
| Property you own              | 2%                | 5%           | 1%               | 5%           |
| Hotel or motel                | 14%               | 9%           | 17%              | 1%           |
| Bed & Breakfast, guest house  | 16%               | 36%          | 24%              | 2%           |
| All other                     | 4%                | 3%           | 2%               | 6%           |



**Trip purpose for non-residents  
April Survey**

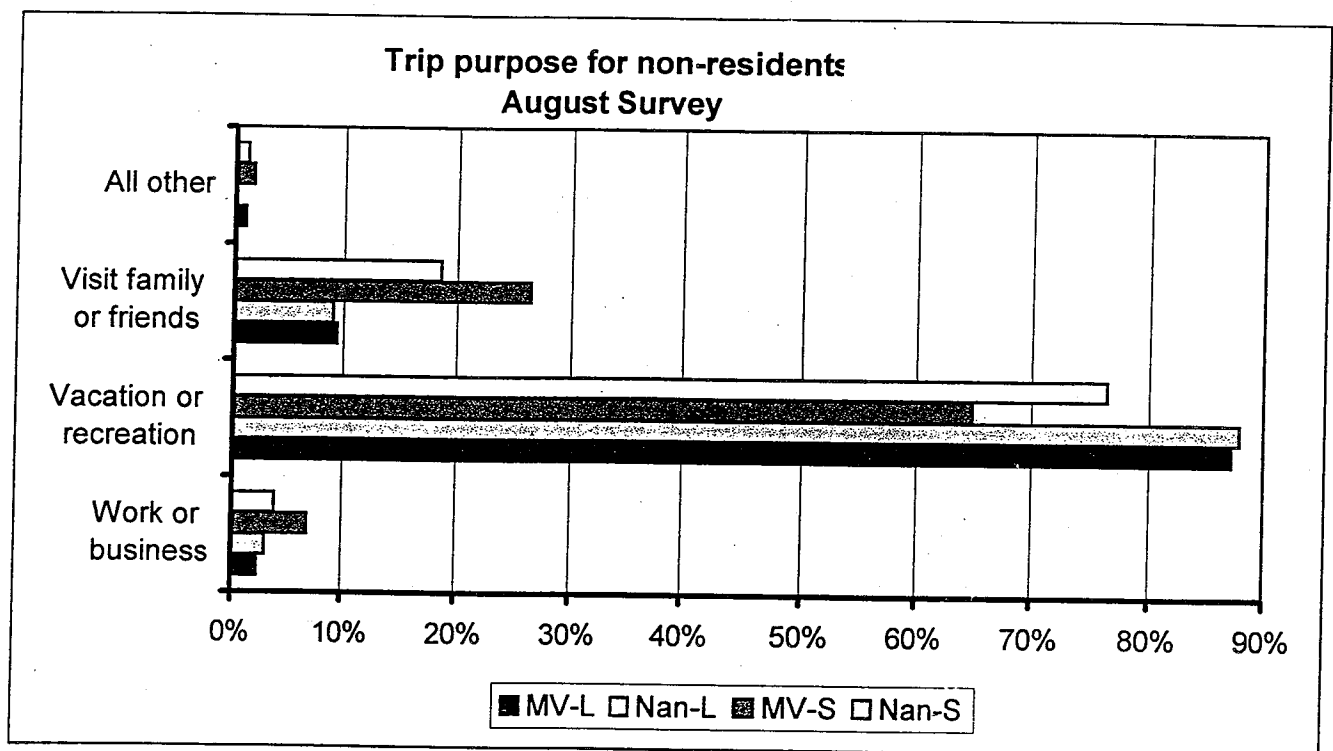
| Trip Purpose               | Short-stay |       | Long-stay |       |
|----------------------------|------------|-------|-----------|-------|
|                            | MV-S       | Nan-S | MV-L      | Nan-L |
| Work or business           | 26%        | 28%   | 55%       | 62%   |
| Vacation<br>or recreation  | 42%        | 46%   | 15%       | 19%   |
| Visit family<br>or friends | 27%        | 23%   | 30%       | 19%   |
| All other                  | 5%         | 3%    | 0%        | 0%    |



Comment: In the non-summer months, work and business trips are an important segment of non-resident SSA riders.

**Trip purpose for non-residents  
August Survey**

| Trip Purpose            | Short-stay |       | Long-stay |       |
|-------------------------|------------|-------|-----------|-------|
|                         | MV-S       | Nan-S | MV-L      | Nan-L |
| Work or business        | 7%         | 4%    | 2%        | 3%    |
| Vacation or recreation  | 65%        | 76%   | 87%       | 88%   |
| Visit family or friends | 26%        | 19%   | 9%        | 9%    |
| All other               | 2%         | 1%    | 1%        | 0%    |



Comment: In the summer months, vacation, recreation and visiting family and friends account for nearly all SSA non-resident riders. There are only a very small percentage of work and business trips during the summer months.

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

**The Meeting in Public Session**

**December 18, 1997**

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 18th day of December, 1997, beginning at 9:30 a.m., in the second floor 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 Grace S. Grossman of Nantucket; Vice Chairman Ronald H. Rappaport of Dukes County; Secretary Paul R. Kelleher of Falmouth; 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; Engineering & Maintenance Manager James P. Swindler; Vineyard Haven Terminal Manager Bridget Tobin; and Executive Secretary to the General Manager Maxine Horn.

Noting that this would be their last meeting in 1997, Messrs. Rappaport, Kelleher and O'Brien took the occasion to thank Mrs. Grossman personally for the many accomplishments she had championed during her year as Chairman of the Authority. They also congratulated her for being selected Woman of the Year by the Nantucket Rotary Club, which, they said, was not surprising given

the great amount of time she spends on both Authority and community matters. Finally, they praised the Nantucket Selectmen for their wise choice in reappointing Mrs. Grossman for another three-year term as the Authority's Nantucket Member.

Election of Officers:

Mrs. Grossman informed the audience that, in accordance with the Authority's enabling act, Mr. Rappaport would automatically become the Authority's Chairman for the year 1998. Mrs. Grossman then entertained motions for the election of the remainder of the Authority's officers for the upcoming year.

**IT WAS VOTED -- upon Mr. Rappaport's motion, seconded by Mr. O'Brien -- to elect Paul R. Kelleher to serve as the Authority's Vice Chairman for the year 1998**

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

**IT WAS VOTED -- upon Mr. Kelleher's motion, seconded by Mr. Rappaport -- to elect Grace S. Grossman to serve as the Authority's Secretary for the year 1998.**

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

**IT WAS VOTED -- upon Mr. Rappaport's motion, seconded by Mr. Kelleher -- to elect Robert L. O'Brien to serve as the Authority's Associate Secretary for the year 1998.**

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

**VOTING NAY: None**

**IT WAS VOTED -- upon Mr. Kelleher's motion, seconded by Mr. O'Brien -- to elect Wayne C. Lamson to serve as the Authority's Treasurer for the year 1998.**

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

**VOTING NAY: None**

Minutes:

**IT WAS VOTED -- upon Mr. Rappaport's motion, seconded by Mr. O'Brien -- to approve the minutes of the Members' meeting in public session on November 20, 1997.**

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

**VOTING NAY: None**

Vineyard Haven Terminal Passenger Drop-Off Shelter:

Mr. Tiberio summarized the status of the public dispute surrounding the passenger drop-off shelter at the Vineyard Haven terminal, which had been discussed at some length at the Members' prior meeting on November 20, 1997, and then recommended that no modifications be made to the structure except to cut back the Water Street overhang by approximately two feet in order to prevent further damage. Mr. Tiberio stated several reasons for his recommendation. First, he noted that reducing the length of the shelter by one-third to fifty percent, as requested by the Tisbury Selectmen, would cost approximately \$20,000, or around fifteen percent of the \$129,000 it had cost to build the structure. Second, although he acknowledged that some concerns had been raised about the shelter blocking the view of the harbor, Mr. Tiberio said that there were other factors to consider, among them the fact that the decision to build the structure in the first place, as well as its design, had been the product of considerable public debate. Third, Mr. Tiberio observed that,

since its construction, the shelter had become heavily used as a pick-up and drop-off location during inclement weather by a considerable number of the 2.2 million passengers who pass through the Vineyard Haven terminal on a yearly basis, and he felt that the number of people using it would only increase in the future.

In response to a question from Mr. Rappaport, Vineyard Haven Terminal Manager Bridget Tobin said that she was in agreement with Mr. Tiberio's recommendation and that, based upon her personal observations, the shelter was being utilized all the time by the Authority's passengers.

Mr. Murphy also agreed with Mr. Tiberio's recommendation. Noting that the Authority was looking towards carrying more passengers in the future without their automobiles, he observed that those passengers would need some place outside to queue up either to catch a bus or to wait for a ride from family members or friends, because it was exceedingly difficult for them to wait inside the terminal building and drag their luggage back and forth. Accordingly, if the Authority were to reduce the length of the structure now, Mr. Murphy predicted that the Authority would soon find itself in the position of having to reconstruct the shelter or build something else for that purpose. In sum, Mr. Murphy said, the Authority would be shortchanging itself by reducing the shelter's length, and it simply did not make sense to chop down something that took a lot of public money to build.

Tisbury Selectman Kirk Briggs acknowledged that Mr. Tiberio's reasons for his recommendation were perfectly valid, but he nevertheless encouraged the Members to reserve any final decision on whether to reduce the shelter's length until after the Town of Tisbury had the opportunity to discuss the subject at a town meeting.

Mr. Rappaport then recounted how the shelter had been the product of an extensive cooperative public hearing process between the Authority and the Town of Tisbury, how the chairmen of both the Tisbury Board of Selectmen and the Tisbury Planning Board had been involved throughout that process, and how, at their request, a number of other improvements and structures had been added to the Vineyard Haven terminal project, such as the gazebo, the Visitors Center and the walkway along the beach. Mr. Rappaport then observed that aesthetic issues, such as how long the passenger shelter ought to be, were the hardest ones to decide and, in light of Ms. Tobin's statement that the shelter was being used by the Authority's passengers, it would be difficult for him to vote against Mr. Tiberio's recommendation. However, Mr.



Rappaport encouraged the Tisbury selectmen to continue the dialogue if they found that the public still had a strong opinion on the subject.

**IT WAS VOTED -- upon Mr. Kelleher's motion, seconded by Mr. O'Brien -- to approve management's recommendation, as set forth in Staff Summary #GM-372, dated December 12, 1997, not to modify the passenger drop-off shelter at the Vineyard Haven terminal except to cut back the Water Street overhang by approximately two feet to prevent further damage.**

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

**VOTING NAY: None**

Island Government Transportation Rate:

Mr. Tiberio then recounted how the Members, at their October 9, 1997 meeting, had adopted management's proposed 1998 fare schedule which included an adjustment, effective July 1, 1998, that would end the Authority's policy of providing free transportation for town and county travel and instead would charge those towns and counties fifty percent (50%) of whatever rate ordinarily would be charged for such travel. Mr. Tiberio said that the Authority subsequently had received a request from the All-Island Selectmen's Association on Martha's Vineyard to discuss the matter and that, as a result of those discussions, management was now recommending that the Authority postpone the adjustment for one year while the towns conducted a more aggressive audit of who was receiving free transportation under the policy in an effort to eliminate any abuses. Mr. Tiberio stated that in the event the abuses were not corrected by the end of the one-year period, management would renew its original recommendation to eliminate the policy.

Mr. Murphy disagreed with any reconsideration by the Members of their prior decision to eliminate the free transportation policy effective on July 1, 1998, arguing that it was a matter of accountability. Mr. Murphy declared that the Authority had been expected to police the conduct of these municipal officials, but that it was simply unreasonable for the Authority to do so, as it

was not in a position to know which trips were legitimate and which were abuses. It also was costing the Authority money and time to keep track of such travel, which he felt was particularly inappropriate given the fact that the Authority already was providing the towns with not only free transportation, but also reservations without receiving any revenue in return. Mr. Murphy declared that the responsibility for supervising the conduct of municipal employees should fall upon the towns and that, if they were required to pay fifty percent of the applicable fare, the towns would cause their employees to use the Authority's services more frugally, resulting in more accountability to the taxpayers.

Also noting that the Authority's most valuable commodity was space, Mr. Murphy further pointed out that the annual loss of revenue to the Authority from the free transportation policy was more likely double the \$60,000 referred to in the staff summary, assuming that the free trips given to island officials would have been used by paying customers originating off-island. Mr. Murphy reminded the Members that those lost revenues were being paid for by the rest of the traveling public in the form of higher tariffs.

In response to a question from Mrs. Grossman, Messrs. Beach and Asendorf confirmed that Mr. Murphy's statements reflected the unanimous view of the Finance Advisory Board. Mr. Kelleher then declared that he similarly saw no reason for deferring the fare adjustment for another year. In this regard, Mr. Kelleher noted how management's original proposal had been to eliminate altogether the discount then being given to the towns, but had agreed to a compromise which included not only reducing the discount to fifty percent instead of eliminating it, but also deferring the adjustment to July 1, 1998 so that the towns could include the expense in their budgets for the next fiscal year. Mr. Kelleher said that he thought the Authority thus had already taken positive steps to place the governmental agencies on notice that they would have to begin to bear responsibility for these expenses and concern themselves with the legitimacy of their employees' travel.

Mr. Rappaport noted that the towns had apparently agreed that there had been some instances of abuse which they would try to eliminate in the future, but he observed that the current policy provided no incentive for the towns to carpool or otherwise restrict the number of automobiles used by their employees when traveling off-island for official purposes. On the other hand, Mr. Rappaport said, he did not think that there had been a concerted effort to sit down with the towns and county and review with them the various abuses that have occurred. In addition, he had heard that some fault for the abuses

lay with the Authority, in that Authority employees were allowing municipal employees to travel for free even though their vouchers had not been signed. Ultimately, Mr. Rappaport said, he did not believe the Members should vote to change their decision that day. Instead, he felt that the Members should wait to see whether the management staff, through subsequent meetings with the towns and county, could arrive at a solution to the various problems that were inherent in the current policy.

Mr. O'Brien similarly declared that he felt it was inappropriate for the Authority to have to be responsible for policing the conduct of municipal employees traveling under the free transportation policy. Mrs. Grossman also expressed her concern that such free travel was depriving the Authority of revenues that it otherwise would receive by carrying other vehicles. Therefore, the Members declined to take any action on Mr. Tiberio's recommendation.

High Speed Passenger-Only Ferry Operations:

Mr. Tiberio reported that discussions were continuing with New York Fast Ferry Services, Inc. regarding the possible use of one of its vessels in connection with the Authority's proposed high speed passenger-only pilot project for Nantucket, but that he was not prepared to request that the Members take any specific action that day.

Treasurer's Report:

Mr. Lamson reported that the Authority's estimated net operating loss for the month of November would be approximately \$275,000 higher than the amount projected in the 1997 operating budget, leaving the Authority with a net operating income of approximately \$2,500,000 for the first eleven months of 1997. Mr. Lamson said that it now appeared that the Authority would finish the year with an annual net operating income of less than \$1,000,000, with total revenues being about what had been projected in the operating budget.

Conversion of the Motor Vessel *Katama*:

Mr. Tiberio reported that bids for the *Katama* conversion contract were scheduled to be opened the following day, but that at that time it appeared that only one bid would be submitted for the work and that the amount of that bid would be higher than originally anticipated. Accordingly, Mr. Tiberio said, management in all likelihood would have to revise the contract's specifications to reduce the scope of the work in an effort to attract the interest of more shipyards. The contract would then be re-advertised, and the bid opening date re-scheduled for sometime in January 1998, which would still allow sufficient time to complete the work and have the vessel back in service by June 1998.

In response to a question from Mr. Beach, Mr. Tiberio stated that a critical part of the project was the re-powering of the vessel with new engines. Currently, Mr. Tiberio said, the *Katama* was unable to make three round trips on the Nantucket route within the eighteen-hour operating day, but that she will gain enough speed as a result of the re-powering to make those trips within that time period. Mr. Tiberio then discussed the reasons for undertaking the project, which included the fact that the vessel will not only be faster, but also have roughly double her current capacity. In addition, the *Katama* will be a "drive-through" vessel so that customers will no longer have to back their cars and trucks onto the freight deck.

Mr. Tiberio estimated that, if the Authority instead were to build a new freight vessel, it would cost somewhere between \$10 million and \$13 million. Accordingly, he would recommend proceeding with the conversion project if the expected cost of the conversion did not exceed forty-five to fifty percent (45% to 50%) of the cost of new construction. On the other hand, if the conversion project were expected to cost more than fifty-five to sixty percent (55% to 60%) of what the construction of a new vessel would cost, he would recommend reconsidering the project in light of the vessel's life expectancy.

Nevertheless, Mr. Tiberio noted that constructing a new freight vessel would take a minimum of two years, and he did not believe the Authority could wait two years before increasing its freight capacity. Therefore, Mr. Tiberio said that if that option were pursued, the Authority would have to begin an eight-vessel operating schedule (including the *Governor*) during the summer seasons (and possibly the spring seasons as well) in order to provide the necessary level of service.

1998 Freight Reservations Status:

Mr. Tiberio announced that, within the following month, management would be providing the Members with an accurate report on how many 1998 freight reservations had been requested, and how many of those reservations the Authority will be able to honor based upon the level of service that had been approved by the Members at their October 1997 meeting. However, Mr. Tiberio said that, based upon the initial figures he had received, it did not appear that the approved level of service would be sufficient to meet the freight industry's demands.

Massachusetts Military Reservation:

Mr. Tiberio reported that management had met with the Citizens Working Group that had been established by Executive Secretary for Environmental Affairs Trudy Coxe to oversee the Master Plan for the Massachusetts Military Reservation in connection with the Authority's efforts to establish an off-site parking facility at the Reservation. Mr. Tiberio stated that the Authority had requested approval from Secretary Coxe to proceed with the development of the facility outside of the Master Plan so that it could begin operating out of that location on a limited basis by the 1998 summer season. Mr. Tiberio also said that the Authority had filed an Environmental Notification Form ("ENF") for the project because, even if the project were allowed to proceed outside of the Master Plan, it would still be the subject of a stringent MEPA review process.

Mr. Tiberio reported that management would be meeting again with the Citizens Working Group on January 9, 1998, and that the public comment period on the Authority's ENF had been extended through January 13, 1998. Secretary Coxe will then have until January 27, 1998 to decide whether to exempt the Authority's project from the Master Plan. If she does not grant the exemption, Mr. Tiberio observed that the Authority would have to immediately develop a completely different parking strategy for the 1998 summer season.

Mr. Kelleher expressed his concern that, while the Authority's proposed development of a parking facility at the Massachusetts Military Reservation had been undertaken in response to the community, he had not yet seen any letters from the community to Secretary Coxe or the Citizens Working Group supporting the project, and he encouraged people to write such letters. Mr. Kelleher

also suggested that Mr. Tiberio draft a similar letter on behalf of the Members, so that they could go on record collectively in strong support of the project.

Dukes County Commissioner Daniel Flynn then announced that the Dukes County Commissioners had voted unanimously to support Phase One of the Authority's proposed project so that a parking facility could be opened at the Massachusetts Military Reservation as soon as possible. Similarly, Tisbury Selectman Kirk Briggs announced that the Martha's Vineyard Commission also had voted unanimously to approve the Authority's project, although it had also voted to request the Authority to spend an equal amount of energy on land-based transportation on the island.

Motor Vessel Governor:

Mr. Tiberio advised the Members that the *Governor*, which was at that moment tied up in Slip #2 of the Woods Hole terminal, would be returning to Fall River later that day. He then reviewed the scope of work that would be performed, as set forth in Staff Summary #E-7004, dated December 17, 1997, when the vessel was overhauled prior to putting her into service around March 1, 1998. Mr. Tiberio said that the work was expected to cost approximately \$500,000, with Authority personnel performing about \$200,000 of that amount.

The Cornell Group:

Mr. Tiberio announced that the Authority had received a proposal from The Cornell Group to evaluate what effect the Authority's proposed construction and operation of an additional freight terminal in New Bedford would have on the cost of transportation of goods to the islands. Mr. Tiberio stated that he thought the proposal represented a very clear and accurate statement of the Authority's needs and requirements, but that he would not ask the Members to approve the proposal until their January 1998 meeting.

1998 Meeting Dates:

**IT WAS VOTED -- on Mr. O'Brien's motion, seconded by Mr. Rappaport -- to go approve the dates and locations for the 1998 Authority meetings, as set forth in Executive Secretary Maxine Horn's memorandum to the Members dated December 3, 1997.**

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

**VOTING NAY: None**

Old and New Business:


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

**VOTING NAY: None**

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

A TRUE RECORD



PAUL R. KELLEHER, Secretary