

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

October 6, 2021

First-Floor Meeting Room (Room 103)
Steamship Authority Administrative Offices
228 Palmer Avenue, Falmouth, Massachusetts

Port Council Members present: Chairman Edward C. Anthes-Washburn of New Bedford; Vice Chairman Eric W. Shufelt of Barnstable; Secretary Robert S.C. Munier of Falmouth; Nathaniel E. Lowell of Nantucket; Joseph E. Sollitto Jr. of Oak Bluffs; and John F. Cahill of Tisbury (all of whom participated via Zoom videoconferencing).

Port Council Members absent: Mark H. Rees of Fairhaven.

Authority Board Members present: Chair Kathryn Wilson of Falmouth and member James M. Malkin of Dukes County (both of whom observed the meeting via Zoom videoconferencing).

Authority Management present: General Manager Robert B. Davis; Treasurer/Comptroller Mark K. Rozum; General Counsel Terence G. Kenneally; Communications Director Sean F. Driscoll (who participated in the meeting via Zoom videoconferencing); Director of Marine Operations Mark H. Amundsen; Reservations and Customer Relations Manager Angela C. Campbell; Woods Hole Reconstruction Project Manager William J. Cloutier; Director of Shoreside Operations Alison A. Fletcher (who participated in the meeting via Zoom videoconferencing); Director of Human Resources Janice L. Kennefick; and Assistant Treasurer Courtney M. Oliveira.

1. Mr. Anthes-Washburn called the meeting to order at 9:02 a.m.

2. Mr. Anthes-Washburn announced that, pursuant to Section 20 of Chapter 20 of the Acts of 2021 and in line with social distancing guidelines followed during the COVID-19 pandemic, all of the Port Council members were participating remotely in the day's meeting because their physical attendance would be unreasonably difficult. All the members were participating via Zoom videoconferencing and were clearly audible to one another. As a result of the members' remote participation, all votes taken were to be by roll call vote.
3. Mr. Anthes-Washburn announced Mr. Driscoll was making a video and audio recording of today's meeting. At 9:55 a.m., Rich Saltzberg (representing the *Martha's Vineyard Times*) informed Mr. Driscoll he was making an audio recording of the meeting.
4. Mr. Cahill asked that, in the September 16, 2021, minutes, his comments on Page 7 note that he was referring to population figures provided by the U.S. Census Bureau. Upon a motion by Mr. Lowell and a second by Mr. Sollitto, the Port Council **voted** 4-0 to approve the minutes of their meeting on September 16, 2021 as amended. (Messrs. Anthes-Washburn and Shufelt abstained.)
5. Mr. Rozum reviewed via a PowerPoint presentation the August 2021 business summary, which showed the Authority carried fewer passengers (down 19.0%) and automobiles (down 2.3%) and essentially the same number of trucks than it did in August 2019, the month used for budget purposes. Year-to-date figures versus budgeted estimates show the Authority has carried fewer passengers (down 13.4%), more automobiles (up 2.3%) and fewer trucks (down 0.9%) than anticipated.

In August 2021, the Authority had approximately \$18,989,000 in income and \$9,717,000 in expenses for a net operating income of \$9,388,000, which was \$69,000 lower than budgeted. Year-to-date figures show the Authority has a net operating income of \$16,020,000, approximately \$4,066,000 higher than the budgeted amount.

During the month of August, the Authority's vessels had 2,750 trips that were scheduled and available, of which four (4) were canceled for mechanical reasons on the Vineyard route and two (2) were canceled for mechanical reasons on the Nantucket route. A total of sixty-four (64) trips were canceled due to weather across both routes.

Mr. Lowell asked if the parking revenues noted in the report included permit holders; Mr. Rozum said it represented daily fee parking only.

Mr. Sollitto said he had received many calls from merchants in Oak Bluffs concerned about the number of diversions from that terminal to Vineyard Haven and asked how many such diversions had been made so far this year. Mr. Rozum said staff would provide that information.

Mr. Cahill asked what the “other income” line item included; Mr. Rozum said it included licensing fees, interest income and bond amortization.

6. Mr. Rozum then shared a series of graphs illustrating net vehicular and passenger traffic flows for both the Martha’s Vineyard and Nantucket routes from January 2019 through December 2020, and from January 2019 through September 2021. In all cases, the Authority’s data showed a net increase of both vehicles and passengers traveling to the islands versus leaving the islands, although for passenger traffic he noted there was no way of knowing if individuals were leaving by other means such as another ferry line or an airline.

Mr. Lowell noted, on Nantucket, that both Hy-Line Cruises and airlines are large factors in the movement of people on and off the island. Mr. Rozum said staff would work on adding the data from the licensed carriers to this analysis.

Mr. Munier asked if the net increases were a reflection of temporary traffic trends due to COVID-19 or signs of a permanent shift; Mr. Rozum said he believed people were staying longer when traveling to the islands, but it will be interesting to see if people end up leaving as the year draws to a close, especially those individuals who may have gone to a warmer climate during winter.

7. Mr. Davis provided the following updates on the Woods Hole Terminal Reconstruction Project:
 - Since the Port Council last met, marine contractor Jay Cashman Inc. has had difficulty with obstructions at the south head dolphin on Slip No. 1, noting that it took four (4) days to set four (4) temporary piles so the work could continue.
 - United Stone has been installing pavers on the south canopy platform, and Silverback Forms was grinding part of the platform due to it being out of specifications by being too high.
 - Cherry Hill Glass was sealing the panels on the passenger pier canopy roof.
 - Fishback Electric was resealing electric cabinets at Slip No. 2 and Slip No. 3 due to some leaks; the cabinet at Slip No. 1 was also checked.

Mr. Davis noted the Authority has sent 167 community email updates for the project.

Mr. Cloutier shared a PowerPoint presentation of recent activity from the site, including a cost update showing change orders of \$13,413,397, or 31% of the original contract, for a total cost to date of \$56,566,667, or \$2,866,770 above the original waterside cost estimate. Mr. Munier asked where the project would end up financially; Mr. Cloutier said several change orders were still anticipated for the anti-scour pad and additional work on Monopile No. 31 and added the Authority would receive approximately \$900,000 in credits.

Mr. Shufelt said he remembered asking about the elimination of anti-scour pads several years ago and asked why it was now needed; Mr. Cloutier said it was needed in Slip No. 1

due to the difficulties encountered in driving sheetpiles in that area. Mr. Cloutier added that the use of an anti-scour pad was permitted in each slip but did not appear to be necessary in the two (2) slips completed thus far.

8. Regarding the landside portion of the project, Mr. Davis said project architect BIA.studio continues to work on the design development phase of the project. The goal is to have community engagement sessions at approximately the forty percent (40%) and ninety percent (90%) thresholds, which are anticipated to be in October 2021 and December 2021.
9. Ms. Sampson shared a PowerPoint presentation updating the background and status of the Safety Quality Management System (SQMS) project, which she said is currently in Phase 5. Phase 6, the SQMS internal audit and review, has been moved to 2022 at a date range to be determined. Ms. Sampson noted that, the project's consultants from Safety Management Systems LLC (SMSLLC), will be stepping back from the project and the Authority's management at all levels must take the lead on owning, promoting and practicing the SQMS. SMSLLC recently conducted on-site visits and were very impressed with the cleanliness of the terminals as well as a MARSEC drill and provided some recommendations for improvement.

Mr. Munier asked if there would be a set of metrics developed to measure the success of the program; Ms. Sampson said those would be developed during the next phase of the project.

Mr. Anthes-Washburn asked if Ms. Sampson had received any feedback from employees on the new system; Ms. Sampson said she received good input on the use of the new logbooks and has fielded requests from terminal employees to have meetings to help them get used to the Terminal and Facilities Operations Manual. Mr. Anthes-Washburn asked if there had been any negative reaction; Ms. Sampson said change is hard and some employees questioned why procedures needed to be changed, which she said was a great way to educate staff on the benefits of the process.

10. Mr. Driscoll then provided the following updates on the website redesign project:
 - The bids were opened on August 16, 2021. The Authority received 16 proposals for the project.
 - The project team has been in the process of thoroughly and diligently reviewing and scoring each proposal.
 - The project team met September 10, 2021, and October 4, 2021.
 - Following that meeting, the project team identified top candidates but have additional due diligence to do before presenting a recommendation to the Board.
 - Therefore, the project team now expects to bring a recommendation to the Board at its November meeting.

11. Mr. Amundsen then presented an update on the dry-dock of the *M/V Martha's Vineyard*, which is under way at Thames Shipyard in New London, Connecticut. Highlights of the project include steel renewal on the freight deck, replacement of the port shaft bearing, installation of a new fuel oil purification system, and overhaul of the bow thruster. The total project cost, including change orders and credits, currently stands at \$1,403,634.

12. Mr. Davis shared the proposed 2022 reservation timeline and noted that the Authority was again planning to split the internet general opening up by island so as to manage demand. The timeline is as follows:
 - Headstart (mail and internet only): January 11-17, 2022
 - General opening (internet only) Nantucket: January 18-24, 2022
 - General opening (internet only) Martha's Vineyard: January 25-31, 2022
 - Telephone opening: February 1, 2022
 - Headstart transfer deadline date: May 15, 2022 or thirty (30) days prior to travel
 - Fall opening: June 20, 2022
 - Winter opening: October 24, 2022

Mr. Davis noted that, during both the Nantucket and Vineyard internet general opening periods, reservation office hours will be extended to provide support to the Authority's internet/web customers. Office hours during this time period will be from 5 a.m. – 6 p.m.

Mr. Sollitto said he was recently stopped by a visitor from Connecticut who said they came to the terminal early trying to get on an earlier departure but were told they would have to call to make a reservation. He asked why they could not have gone into the terminal to make the booking; Mr. Davis said they should have been able to do so, or to book online. Mr. Davis said the issue may have been that vehicles could have gone ahead on an earlier trip and the tickets were not scanned in, so the trip was not shown as available to book, but he said staff would look at the issue. Mr. Lowell asked if customers could not go on standby even if there was space available; Mr. Davis said they could not on a reservation-only day unless they were an excursion customer and, therefore, could use the Blue Line. Mr. Cahill asked how such a situation works on Nantucket; Mr. Davis said with the difference in the frequency of trips, the Nantucket terminal is able to contact standby customers to stage them before the next trip.

13. Mr. Rozum and Ms. Oliveira then presented the 2022 Proposed Operating Budget, the highlights of which are as follows:
 - No rate adjustments are recommended for 2022.
 - The baseline for revenues is actual traffic statistics for the year ending August 31, 2021, with some adjustments made to reflect current traffic patterns.
 - Operating revenues are forecast at \$123,699,399, operating expenses at \$119,653,202 other income at \$8,604,900, and other expenses at \$3,516,919, for a bottom line of \$9,134,178.

- The largest operating expense changes were in vessel fuel oil (up approximately \$2.2 million), payroll (up approximately \$2.1 million), pension and benefits (up approximately \$1.1 million), and maintenance expense (up approximately \$620,000).
- Vessel dry-docks were budgeted at approximately \$5 million, with the *M/V Eagle*, *M/V Island Home*, *M/V Iyanough*, *M/V Katama*, and *M/V Nantucket* slated for work. Terminal, dolphin and dock repairs were budgeted at approximately \$3.7 million, up 2.2% from the 2021 budget.
- Operating revenue was projected to be up 1.9% for parking, 1% for freight and 0.3% for automobiles, and down 1.5% for passengers.

Mr. Anthes-Washburn asked if any public feedback was received on the budget; Mr. Rozum noted that a public information session was held on Zoom, and staff received no questions or feedback on the budget.

Mr. Munier noted he did not see the actual budget figures, just the variances, in the presentation; Mr. Rozum said they were included in the summary provided in the members' packet. Mr. Munier asked what the percentage difference was in the payroll total; Mr. Rozum said it was approximately 5.2%, which is due to a combination of contractual increases and additional service being run in the shoulder season. He said the number of employees is not changing materially.

Then, upon a motion by Mr. Lowell and a second by Mr. Sollitto, the Port Council **voted** 6-0 to recommend approval of the proposed 2022 Operating Budget.

Subsequent to the vote, Mr. Lowell asked about the Authority's fuel oil costs for 2022; Mr. Rozum said the Authority was hedged through September 2022 with prices in the \$1.81-\$2.49 a gallon range. Mr. Rozum said he was expecting an average cost of \$72 per barrel for his budget projections.

14. Mr. Rozum then reviewed the September 2021 traffic figures, which showed passengers were down approximately 5.6%, automobile traffic was up 8.4%, and truck traffic was up 3.5%. Mr. Rozum noted there were several storms in September 2019, the month against which this month's data was measured for budgetary purposes, which explains some of the increases seen.
15. Mr. Davis noted that, when the Port Council and Board voted in September to approve the 2022 Summer and Fall Operating Schedules for the Vineyard route, the January 5, 2022-March 29, 2022 schedule had either the *M/V Island Home* or *M/V Nantucket* running on the schedule; there will be a period after February 5, 2021, where both vessels are unavailable due to their repair schedules, so the *M/V Woods Hole* will run in their place.
16. Mr. Cahill asked if enhancements could be made to the Oak Bluffs transfer bridge to reduce the number of trip diversions necessary at that facility. Mr. Davis said the issue was more complex than that for several reasons, including the way the *M/V Katama* or *M/V Sankaty*

had to tie up in the slip if they were running the route. Mr. Davis said the issue was also related to the swells the vessels experienced while berthed at the dock and mentioned a recent incident in which a passenger gangway became dislodged from a vessel due to the wake of another vessel passing nearby. While vessels could dock there and not use the passenger gangway, crews were often reluctant to have passengers embark and disembark over the transfer bridge. Mr. Davis said staff will continue to look at the issue to minimize the number of diversions and added that the captains do not like to divert either, except when it is necessary. Mr. Sollitto asked who makes that decision; Mr. Davis said it is made after a vessel captain talks to the agent on duty.

Mr. Cahill asked about the timing of repair work to be done at the Vineyard Haven terminal; Mr. Davis said a bid package was being prepared for the work, which will include shoring up some critical areas of the dock. Other work to be reviewed will be the gallows and transfer bridges, although those will take several off-seasons to be completed.

17. Mr. Anthes-Washburn said he would be resigning from the Port Council at the end of the year and is working with the mayor of New Bedford on his successor. He said it had been a decade since he joined the Port Council and he has learned quite a bit from the other members, and he hoped there would be a smooth transition to the new representative. The Port Council members and Mr. Davis wished Mr. Anthes-Washburn well and thanked him for his contributions to the Authority.
18. Mr. Anthes-Washburn then asked for public comment; Mr. Malkin noted he had asked Messrs. Davis and Driscoll about more clearly communicating the various programs available to island residents and encouraged “more and better” communications as most people did not understand the various programs.

Mr. Malkin then noted that, with their votes on the 2022 Summer and Fall Operating Schedules for the Vineyard route, the Authority had committed to issuing an RFP for freight service to the Vineyard from an off-Cape port and asked the Port Council to engage in that process as it relates to the Authority’s revenues and expenses.

Mr. Saltzberg asked if anyone could speak to a recent online video showing sparks emanating from the exhaust stack of the *M/V Katama*; Mr. Amundsen said it is not uncommon and it is usually caused by unburnt fuel. He said an examination of the vessel’s exhaust system showed no anomalies.

Mr. Saltzberg then asked why a Hy-Line Cruises vessel recently docked in Vineyard Haven; Mr. Davis said the vessel could have had an issue with the Oak Bluffs dock, but that it was not unusual as their vessels could fit in the Authority’s transfer bridges.

Then, at approximately 10:33 a.m., upon a motion from Mr. Sollitto and a second from Mr. Cahill, the Port Council **voted** 6-0 to adjourn its meeting.

A TRUE RECORD

Robert S.C. Munier, Secretary

Documents and Exhibits Used at the Port Council’s October 6, 2021 Meeting

1. Agenda for the Port Council’s October 6, 2021, Meeting, posted October 4, 2021 (updated October 5, 2021).
2. Minutes of the September 16, 2021, Port Council Meeting in Public Session (draft dated October 5, 2021).
3. PowerPoint presentation, Business Summary – August 2021, dated October 6, 2021.
4. Business Summary, August 2021.
5. Chart: January 2019 to December 2020 Net Vehicle Traffic to Martha’s Vineyard.
6. Chart: January 2019 to September 2021 Net Vehicle Traffic to Martha's Vineyard.
7. Chart: January 2019 to December 2020 Net Vehicle Traffic to Nantucket.
8. Chart: January 2019 to September 2021 Net Vehicle Traffic to Nantucket.
9. Chart: January 2019 to December 2020 Net Passenger Traffic to Martha’s Vineyard.
10. Chart: January 2019 to September 2021 Net Passenger Traffic to Martha's Vineyard.
11. Chart: January 2019 to December 2020 Net Passenger Traffic to Nantucket.
12. Chart: January 2019 to September 2021 Net Passenger Traffic to Nantucket.
13. PowerPoint presentation, Woods Hole Terminal Reconstruction Project, dated October 6, 2021.
14. PowerPoint presentation, SQMS update, undated.
15. Staff Summary #RCR-2021-01, Proposed 2022 Reservation Opening Dates, October 5, 2021 (draft).
16. Staff Summary #A-665, Proposed 2022 Operating Budget, undated (draft).
17. PowerPoint presentation, 2022 Proposed Operating Budget, dated October 6, 2021.