

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

January 4, 2022

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

Port Council Members present: Chairman John F. Cahill of Tisbury; Vice Chairman Robert S.C. Munier of Falmouth; Secretary Nathaniel E. Lowell of Nantucket; Mark H. Rees of Fairhaven; and Joseph E. Sollitto Jr. of Oak Bluffs (all of whom participated via Zoom videoconferencing).

Authority Board Members present: Board Secretary Robert R. Jones of Barnstable 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; General Counsel Terence G. Kenneally; Communications Director Sean F. Driscoll; Reservations and Customer Relations Manager Angela C. Campbell; Director of Marine Operations Mark H. Amundsen; Woods Hole Reconstruction Project Manager William J. Cloutier; and Health, Safety, Quality and Environmental Manager Angela M. Sampson (all of whom participated and observed via Zoom videoconferencing).

1. Mr. Cahill called the meeting to order at 9:02 a.m.
2. Mr. Cahill 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. Cahill announced Mr. Driscoll was making a video and audio recording of today's meeting. At 9:27 a.m., during discussion of the Woods Hole Terminal Reconstruction Project, Rich Saltzberg (representing the *Martha's Vineyard Times*) indicated via the Zoom chat he was making an audio recording of the meeting.
4. Upon a motion by Mr. Sollitto and a second by Mr. Lowell, the Port Council **voted** 5-0 to approve the minutes of their joint meeting with the Board on December 13, 2021.
5. Mr. Davis reviewed via a PowerPoint presentation the November 2021 business summary, which showed the Authority carried more passengers (up 2.6%), more automobiles (up 11.4%) and trucks (up 11.5%) than it did in November 2019, the month used for budget purposes. Year-to-date figures versus budgeted estimates show the Authority has carried fewer passengers (down 10.0%), more automobiles (up 5.3%) and more trucks (up 0.8%) than anticipated.

In November 2021, the Authority had approximately \$7,374,000 in operating income and \$10,448,000 in operating expenses for a net operating loss of \$2,859,000 which was \$62,000 higher than budgeted. Year-to-date figures show the Authority has a net operating income of \$19,553,000, approximately \$6,258,000 higher than the budgeted amount.

During the month of November, the Authority's vessels had 1,800 trips that were scheduled and available, of which twelve (12) were canceled for mechanical reasons on the Vineyard route and eleven (11) were canceled for mechanical reasons on the Nantucket route.

Mr. Munier asked Mr. Davis for his analysis of how the year's finances are turning out, saying his layman's interpretation was that, since the Authority budgeted against 2019 metrics, the performance came in under those figures. He noted that, despite that, revenue is significantly more than budgeted. Mr. Davis said the budget was based on 2019 traffic, with the exception of January and February, which were based on 2020 performance, and staff anticipated 100% of the freight and automobile traffic during that time and about 90% of the passenger traffic. Those figures have been met, and in some cases exceeded, while the mix of vehicles has been more standard-fare travel and less excursion-fare travel, which has affected the Authority's revenue to the positive. He said he feels there are more people making the islands their primary residence, which is driving the demand for goods and services to get to the islands. While some expensive items have been purchased this year, Mr. Davis said the Authority would end the year comfortably ahead of budget projections.

Mr. Munier asked what the biggest drivers of the additional surplus were; Mr. Davis said the additional automobile and freight traffic, plus the additional standard-fare travel, is approximately sixty percent (60%) to sixty-five percent (65%) of the driver between the surplus. He said there were some year-end expenses in December that would affect the final surplus number, such as the Authority's pension obligations.

6. Mr. Davis shared the following updates on the Woods Hole Terminal Reconstruction Project:

- Marine contractor Jay Cashman Inc.'s crew worked on drilling the two 36-inch piles inside Monopile No. 31 and succeeded in getting the second 36-inch pile drilled to the design depth of -85 feet inside monopile 31. They are demobilizing the drill equipment. They also filled the 36-inch pile and the monopile with concrete.
- The divers placed stone riprap along the bulkhead south of the Slip No. 1 transfer bridge to reinforce the toe of the steel sheet piles. They placed the concrete mattresses for scour protection in Slip No. 1. Then divers tied the concrete mattresses together.
- Lawrence Lynch Corp. was on site to repair paving on the south side of Slip No. 2.
- The electrical contractor has been onsite to complete additional electrical work, including replacing the lights on the transfer bridge gallows with units which can be shielded.
- Thus far, the Authority has sent out 179 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 \$14,530,043, or 34% of the original contract, for a total cost to date of \$57,673,323, or \$3,983,423 above the original waterside cost estimate.

Mr. Sollitto asked when the marine project would be completed; Mr. Cloutier said he expects to open Slip No. 1 in March 2022.

7. Regarding the landside portion of the project, Mr. Davis said the Authority had scheduled a community engagement session for 5 p.m. Wednesday, January 19, 2022, to coincide with the completion of approximately 90% of the design development phase. Project architect BIA.studio will share updates on the site at the event, which will be held via Zoom.

8. Ms. Sampson shared an update on the Safety Quality Management System (SQMS) project, noting that the project's consultants, SMSLLC, continue to review comments on the draft Support Operations Manual, which should be completed within the week. Mr. Rees asked if the Port Council was supposed to get written updates on the project; Mr. Davis said those have typically been provided during the meetings, but once the Authority got further along in the project, audit reports would be able to be shared with the Port Council and Board.

9. Mr. Driscoll then provided the following updates on the website redesign project:

- After a review of the proposed master services agreement and statement of work with outside legal counsel, ADK Group and the Steamship Authority have agreed to terms on both documents and executed them shortly before the new year.
- Both parties are working to schedule a kickoff meeting in the following week and get the project under way.

Mr. Cahill asked what process had been set up for the public to comment on the website's development; Mr. Driscoll said he would be working on that issue with ADK Group and said, in the meantime, any thoughts or feedback could be emailed directly to him.

10. Mr. Amundsen then presented an update on the dry-dock of the *M/V Sankaty*, which was recently completed at Thames Shipyard in New London, Connecticut. Highlights of the project included partial installation of a new fire detection system, blasting and coating of the superstructure and underwater areas, installation of a new fuel oil purification system, and overhaul of the shaft and rudders. The total project cost, including change orders and credits, currently stands at \$953,100.

Mr. Munier asked if the Authority bid each of its shipyard projects individually or if there was a blanket order with shipyards for the work; Mr. Amundsen said each project is bid individually and packets are typically sent to 10 or 11 shipyards. He said a lot of the reason for the same shipyards bidding was proximity to the Authority; some of the shipyards that receive the package are as far south as Florida, but the Authority is open to working with any shipyard, he said. Mr. Munier asked if the Authority typically gets multiple bids; Mr. Amundsen said usually two (2) or three (3) companies bid on each project. He said his staff continues to work to get specifications for the projects issued farther in advance so more companies will have the opportunity to bid on the project. Mr. Munier said other companies may be reluctant to bid when they see the same companies getting the work; Mr. Amundsen said the Authority has very timely needs, and there is an added cost to getting vessels to shipyards that are farther away. Mr. Davis added the bid goes to the lowest qualified and responsive bidder, but the Authority would love to get more shipyards involved.

11. Mr. Amundsen shared an update on the repair period for the *M/V Eagle* at the Authority's Fairhaven repair facility, the highlights of which are the installation of a new fire detection system and planned maintenance on the main engine fuel injector. Mr. Amundsen noted repair staff noticed that a seal on the bow thruster required replacement; the vessel will be dry docked for two (2) to three (3) days in the early part of the month to replace the seal before returning the vessel to operation. Mr. Amundsen noted this was a situation where having a good relationship with local shipyards was essential as this was work that needed to be completed quickly.
12. Mr. Davis said, on November 29, 2021, the Authority received a written request from Cape & Islands Transport's counsel seeking a three-year renewal of its license agreement to carry passengers for hire on its ferries, the *M/V Pied Piper* and the *M/V Sandpiper*. In its letter requesting the renewal, Cape & Islands Transport has proposed no changes to its operating schedule.

The Authority advertised the renewal request in local newspapers and on its website. Seven (7) public comments were received, and Mr. Davis said they had been provided to the Port Council members.

Cape & Islands Transport has been operating a seasonal passenger transportation service between Falmouth Inner Harbor, Falmouth, and Edgartown Memorial Wharf since 1996. Most recently, in February 2021, the Board approved Cape & Islands Transport's request to add the *M/V Sandpiper* as a substitute vessel for the *M/V Pied Piper*, Mr. Davis said.

Mr. Munier asked what Cape & Islands Transport has typically achieved under the sliding-scale license fee arrangement in the contract; Mr. Davis said, in the past two years, they have fallen into the lowest category of under 20,000 passengers, but in the past, it has been above 26,000 passengers a year since 1996. Mr. Cahill asked what the revenue typically was per year; Mr. Davis said it was about \$8,500. He noted this was one of the smaller carriers the Authority licenses, but it provides a convenience for those individuals who are seeking to get to Edgartown without having to travel on the Vineyard's roads.

Mr. Munier said it would be helpful to have a comparison of all the license fees assessed of the various carriers; Mr. Davis said such a table has been done before and could be updated and provided to the Port Council.

Then, upon a motion by Mr. Lowell and a second by Mr. Sollitto, the Port Council **voted** 5-0 to recommend that the general manager be authorized to execute the license agreement.

13. Mr. Davis then reviewed the request for authorization to hold the preseason sale for high-speed ticket books. He noted that, for the past ten (10) years, the Authority has offered a twenty percent (20%) discount on the sale of high-speed passenger ticket books for a short period prior to the return of the *M/V Iyanough* to service. This preseason promotion is quite popular, as over 45% of the yearly ticket book sales for the *M/V Iyanough* occur during the promotional period.

Mr. Davis said staff is proposing that the Authority continue to offer a twenty percent (20%) discount on the sale of electronic ticket books for the high-speed ferry during the period from Sunday, March 20, 2022, through Saturday, April 2, 2022. The discount would apply solely to electronic ticket books for adults, seniors, and children.

Mr. Davis said, in 2020, the Authority held two (2) rounds of the preseason sale, as the first attempt at the sale coincided with the onset of the COVID-19 pandemic and the subsequent delay of the resumption of the high-speed service between Hyannis and Nantucket. In 2021, given the uncertainty surrounding COVID-19, the Board additionally authorized the general manager to either delay the preseason sale dates proposed or hold a second preseason sale that would coincide with a delayed resumption of the high-speed service to Nantucket. Mr. Davis said, although no delay in the return of high-speed service is anticipated in 2022, staff was still asking for that flexibility should the need arise.

Mr. Lowell said this promotion provides many people the opportunity to buy a high-speed ticket book who ordinarily would not have the means do to so, and it also provides a discount for those individuals or companies that need to buy multiple books.

Mr. Rees asked, as a percentage of the total ticket sales for the high-speed ferry, how many were sold through these books; Mr. Davis said he would check on that.

Mr. Sollitto asked how long the tickets were good for; Mr. Davis said they do not expire.

Then, upon a motion from Mr. Lowell and a second from Mr. Sollitto, the Port Council **voted** 5-0 to recommend approval of the preseason sale to the Board.

14. At 10:04 a.m., Mr. Rees ended his participation in the meeting.
15. Mr. Davis said, pursuant to regulations adopted in July 2010, the Commonwealth requires any state entity authorized to issue debt to formally adopt one or more policies related to debt management. The regulations require that the purpose and use of debt proceeds, internal debt management, debt limitations and the process for debt issuance be addressed with the policies. Administration for these new regulations was assigned to the Commonwealth's Executive Office for Administration and Finance. Debt Issuance and Debt Management policies are required to be formally readopted every two years, in each even-numbered year.

In January 2020 the Members reviewed and approved the then-proposed Steamship Authority's Debt Issuance and Debt Management Policy. Since the last adoption of this policy, the Authority has made its required debt service payments. The Authority's current bonding limit is \$100,000,000, and it has \$73,155,000 in outstanding bonds as of December 31, 2021.

In response to a question from Mr. Munier, Mr. Davis said during 2021 the Authority was able to fully fund its Replacement Fund, plus transfer money into the Reserve Fund and Bond Redemption Account; those funds can only be used to redeem bonds or be used for capital projects.

Then, upon a motion by Mr. Munier and a second by Mr. Lowell, the Port Council **voted** 4-0 to recommend reauthorization of the Debt Issuance and Debt Management Policy.

16. Mr. Lowell asked what progress was being made to restore food service on board the *M/V Eagle*. Mr. Davis said the Authority's concessionaire, Centerplate, continues to have staffing issues and is trying to source vending machines for that vessel, noting the machines on hand were too wide to get through the vessel's doors. Mr. Davis noted the Authority was planning a job fair and would partner with Centerplate to help get applications for their positions as well. Mr. Lowell noted people who did not travel to Nantucket often were unaware that there were no concessions on the vessel.

17. Mr. Cahill asked if there was any update on new members to the Port Council; Mr. Davis said he expected word this week on a new New Bedford member, but he had not heard anything from Barnstable.
18. In response to Mr. Cahill’s call for public comment, Mr. Saltzberg asked Mr. Davis if a COVID-19 vaccine mandate had been recently announced; Mr. Davis noted it had, and outlined the requirements, which included at least a first shot by Wednesday, January 5, 2022, and full vaccination by February 16, 2022.

Mr. Saltzberg asked if Mr. Amundsen could answer some questions about the recent issue with a motor on the Slip No. 2 transfer bridge in Vineyard Haven; Mr. Cahill asked him to follow up with Mr. Driscoll.

Then, at approximately 10:20 a.m., upon a motion from Mr. Sollitto and a second from Mr. Lowell, the Port Council **voted** 4-0 to adjourn its meeting.

A TRUE RECORD

Nathaniel E. Lowell, Secretary

Documents and Exhibits Used at the Port Council’s January 4, 2022, Meeting

1. Agenda for the Port Council’s January 4, 2022, Meeting, posted December 29, 2021.
2. Minutes of the December 13, 2021, Joint Board and Port Council Meeting in Public Session.
3. PowerPoint presentation, Business Summary – November 2021, dated January 4, 2022.
4. Business Summary, November 2021.
5. PowerPoint presentation, Woods Hole Terminal Reconstruction Project, dated January 4, 2022.
6. PowerPoint presentation, *M/V Sankaty* Dry Dock at Thames Shipyard & Repair, undated.
7. PowerPoint presentation, *M/V Eagle* Repair Period Update, undated.
8. Unnumbered Staff Summary, Renewal of License Agreement with Cape & Islands Transport Inc., undated (draft).
9. Staff Summary #COMM 2022-1, Approval of Preseason Promotion for High-Speed Passenger Ticket Books, undated (draft).
10. Staff Summary #A-642, Reauthorization of Debt Issuance and Debt Management Policy, undated (draft).