

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

July 12, 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; Secretary Nathaniel E. Lowell of Nantucket; Roland “Bud” Breault of Barnstable; Robert S.C. Munier of Falmouth; and Joseph E. Sollitto Jr. of Oak Bluffs (all of whom participated via Zoom videoconferencing).

Port Council Members absent: Mark H. Rees of Fairhaven

Authority Board Members present: Board Secretary Robert R. Jones of Barnstable and members Peter J. Jeffrey of Falmouth and James M. Malkin of Dukes County (all 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 via Zoom videoconferencing); Director of Shoreside Operations Alison A. Fletcher; Director of Human Resources Janice L. Kennefick; and Health, Safety, Quality and Environmental Manager Angela M. Sampson.

1. Mr. Cahill called the meeting to order at 9:03 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 10:20 a.m., Rich Saltzberg (representing the *Martha's Vineyard Times*) indicated he was making an audio recording of the day's 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 meeting on June 7, 2022.
5. Mr. Driscoll then introduced Sam Zoloth and Rob Erskine from ADK Group, who participated via Zoom videoconferencing, to provide a quarterly update on the website redesign project, including the following:
 - Technology updates, including an update on the engineering progress to date; a review of the construction of the application programming interface, or API; and the translation of designs and prototypes into a system of reusable components.
 - Page design updates, including reviews of the Fares & Discounts page, the Operations and Governance page, and other features including increased search capabilities and moving information from PDF files into a more accessible format.
 - Account flow updates, including a more robust account and logged-in experience, including a fully responsive mobile website.

Mr. Driscoll then introduced David Jensen, president of Regan Digital Studio, who is acting as the Authority's consultant on the project.

Mr. Sollitto noted that, in Mr. Jensen's memorandum reviewing the progress of the project, he noted that it was "likely" that the Authority would choose not to launch the website in November 2022 as it would coincide with peak reservation activity. Mr. Sollitto noted that at the last meeting the Port Council members were told the project was proceeding "on time and on budget," and asked what had changed. Mr. Driscoll noted it had always been in the realm of possibility that the launch could be delayed due to the expected completion date's proximity to the summer schedule's internet opening each January. Additionally, Mr. Driscoll noted the Authority had recently been unable to reach an agreement on a contract with Contentful, the company that operates the preferred content management system (CMS) for the new website, so a new solution would have to be found. Finally, the Authority was changing its credit card processor, and the launch of the website was also dependent on the development time needed by the new processor, Eigen.

Mr. Jensen said the two (2) teams have worked very well together and ADK Group is "exceptional" in what has been done so far. The Authority, likewise, has been communicating the complexities of its systems and operations to ADK and ensuring the designs and prototypes are fitting those systems appropriately. Mr. Jensen said one of the

prime reasons the Authority selected ADK Group was their proposed architecture of the site, which makes the need to select a new CMS less of an impediment to the project than it otherwise would have been. Mr. Jensen added that, from the start of the process, developing an improved user experience has been the primary goal and to launch any product too close to a peak reservation time is a risk. He said the adjustments that Mr. Driscoll mentioned are all within the normal range of adjustments within the scope of such a project.

Mr. Lowell asked how the new website would affect existing processes; Mr. Driscoll said, other than identifying a few areas that would be “smoothed out,” nothing would not be affected.

Mr. Munier asked what the value of the contract was for the work; Mr. Driscoll said it was nearly \$2,000,000. Mr. Munier asked what the projected maintenance costs would be; Mr. Driscoll said that service agreement had not been finalized. Mr. Munier asked when the site’s launch would officially be delayed, given that it seems “self-evident” that a launch this year is off the table; Mr. Driscoll said the decision would probably wait until after a decision on the CMS provider was made, as the answer to that would inform the timeline of the project. Mr. Munier asked when the optimum time for a handover to the new site would then be; Mr. Driscoll said February or March would be most likely.

Mr. Cahill asked how dependent the website was on technology that was still housed physically at the Authority’s facility versus the cloud; Mr. Jensen said the reservation system was the Authority’s key operation software and would always remain in existence, likely physically at the Authority. The new website architecture would allow some information to be temporarily cached in a cloud-based service if the reservation system were to be offline, however, and would overall allow for a more seamless user experience.

Mr. Cahill asked if the Authority was holding on to a “legacy” reservation system that was impeding the progress of the website; Mr. Davis said the reservation system was being upgraded as well to a newer programming language. In response to a question from Mr. Cahill, Mr. Jensen said the API is a new build-out for the Authority and was the best system to bridge both the current reservation system and the new one. He added that the API development was not causing the project to be delayed.

Mr. Cahill asked if it would be possible to add more resources to the project so it could be completed by November; Mr. Driscoll said it was not necessarily an internal resource issue at this point, as both the Authority and ADK were devoting considerable resources to the project. He said he felt it was more likely that the work would have to be set aside if additional development time was needed by Eigen.

Mr. Cahill asked, if the next time ADK made a presentation it could start with the user experience from the home page through booking on the new site. Mr. Zoloth said the home page design was being finalized and, after future testing and refinement, the experience could be shown as requested.

Mr. Sollitto asked if it would be better to delay the launch now to allow for more development time on the project; Mr. Driscoll said the timeline would probably not change because of ADK's resource commitment to the project.

Mr. Malkin asked that ADK's presentation to the Authority Board focus more on the island experience and users and less on items like search engine optimization; Mr. Driscoll said extensive work had been done on that regard, and that the team would discuss that at the next Board meeting.

6. Mr. Davis noted the dry dock of the *M/V Katama* had been scheduled for June 25-August 8, 2022, but had been delayed because the *M/V Gay Head* had experienced an issue with a main engine turbo that required repair, thus delaying that vessel's ability to relieve the *M/V Katama*. The *M/V Katama* was now expected to go to Thames Shipyard later in the week.
7. Mr. Davis then presented for approval the proposed 2023 Summer and Fall operating schedules for the Nantucket route, noting that no public comments had been raised regarding this route's schedule. The proposed operating schedules from May 18, 2023, to June 16, 2023, would start one (1) day later and end five (5) days earlier than in 2022 for the Nantucket route. The proposed operating schedules from June 17, 2023, to September 5, 2023, would start five (5) days earlier and end two (2) days earlier than in 2022 for the Nantucket route. The proposed operating schedules from September 6, 2023, to October 23, 2023, would start two (2) days earlier and end four (4) days later than in 2022 for the Nantucket route. The proposed 2023 operating schedules from October 24, 2023, to January 3, 2024, would start four (4) days later and would end one (1) day later than in late 2022 and early 2023. The proposed operating schedule for the high-speed service on the Nantucket route would run March 29, 2023, to January 3, 2024, and would start one (1) day earlier and end one (1) day later than in 2022.

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

8. Mr. Rozum reviewed via a PowerPoint presentation the May 2022 business summary, which showed the Authority carried more passengers (up 6.8%), fewer vehicles of less than 20 feet (down 3.5%) and more freight trucks (up 5.8%) than it did in May 2021. Year-to-date totals show the Authority has carried more passengers (up 8.5%), fewer vehicles of less than 20 feet (down 1.6%) and more freight vehicles (up 2.7%) than it did in the first five (5) months of 2021.

In May, the Authority had approximately \$12,326,000 in operating income and \$9,814,000 in operating expenses; combined with non-operating income and non-operating losses, a net income of \$2,492,000, which was \$323,000 higher than budgeted.

In response to a question from Mr. Munier, Mr. Rozum said he believed the Authority was shifting back to travel patterns seen before the pandemic, in which second homeowners were not traveling as much and residents were traveling more.

During the month of May, the Authority’s vessels had 2,246 trips scheduled, of which fourteen (14) were canceled for mechanical reasons on the Vineyard route and sixteen (16) were canceled for mechanical reasons on the Nantucket route.

Preliminary traffic reports for June 2022 showed the Authority carried more passengers but fewer vehicles of all sizes compared to the same time period in 2021, Mr. Rozum said. Traffic for the first week of July 2022, which does not include the full Independence Day week traffic, showed passengers were up, automobiles were down, and truck traffic was essentially the same as the same time period the prior year.

9. Mr. Rozum then presented an overview of the Authority’s fuel hedge program and how the Authority’s fuel costs were calculated each month. He said the Authority hedges approximately 3.3 million of its 3.4 million gallons of fuel each year, and he noted that the last three (3) months have shown a lot of volatility in the fuel market. So far, the Authority is over its fuel budget by \$164,000, or about 6.4%, he said. Without the hedges, the Authority would have had approximately \$2,300,000 in additional fuel expenses. He said the volatility has also increased the price to purchase fuel hedges; in the 2023 budget, fuel alone has the potential to increase expenses by \$5,000,000.

Mr. Lowell asked how the hedge costs would gradually reduce if the price of fuel dramatically dropped; Mr. Rozum said the budget uses a blended average of the fuel hedge costs, so it would take some time for those higher costs to work themselves out of the budget. Mr. Davis said, if fuel prices were lower than the hedge cap, then that would be the fuel costs. He likened the program to an “insurance policy” to offset potentially higher fuel costs, which is coming into play in the current situation.

10. Mr. Rozum then presented a proposal from RSM US LLP to renew its engagement with the Authority for annual audit services for an additional three (3) years. Mr. Munier asked what the process would be to solicit proposals for a new firm; Mr. Davis said there is no requirement to do so, but in the past a Request for Proposal had been issued.

Mr. Breault asked what required the Authority to be audited annually; Mr. Davis said the Authority’s Enabling Act, plus the requirements of its bond issuances, required it.

Then, upon a motion by Mr. Sollitto and a second by Mr. Lowell, the Port Council **voted** 5-0 to recommend reappointment of RSM US LLP to the Board.

11. Ms. Kennefick then asked the Port Council members to share their reviews of Mr. Davis.

Mr. Sollitto said two (2) areas for improvement he noted was communication internally and externally, and that Mr. Davis has too much on his plate and needs to better distribute his workload. He said he gave Mr. Davis a 92% overall.

Mr. Munier noted he had not completed his review yet and asked for an update on Mr. Davis' goals to be sent out. However, he said the Authority continues to need to be more strategic in its top-level management.

Mr. Lowell said, despite the complexities of running the organization, the most important issues were the day-to-day problems that present themselves from a customer perspective, and that Mr. Davis and management need to ensure terminal employees are free to make decisions based on the circumstances. He said he gave Mr. Davis a 98.5%.

Mr. Cahill said he has been amazed at Mr. Davis' level of knowledge, but that he hopes Mr. Davis can find a way to improve the Authority's relationships with its customers via getting its story out in public. He said he gave Mr. Davis a 90%.

Ms. Kennefick noted Mr. Rees had given Mr. Davis a 90% as well.

Mr. Davis thanked the Port Council and noted he had provided an update on his goals, but said he would resend it to Mr. Munier. He thanked the staff and frontline employees for their hard work, and said his review is only a testament to their dedication.

12. Mr. Davis presented a draft revised Port Council meeting schedule prepared in light of the pending expiration of the remote meeting provision from the state. Mr. Davis said the Authority would still offer a remote option for the public but, absent a legislative change, the Port Council would be required to have a quorum in person to meet. In response to comments from the members, Mr. Davis said staff would monitor the situation and update the Port Council as needed.
13. In response to Mr. Cahill's call for public comment, Mr. Saltzberg asked for more information on the *M/V Gay Head*; Mr. Davis said, following its annual repair period, an impeller on one of the engine turbos was damaged as it transited back to Hyannis. It was discovered that a piece of metal made its way into the turbo and damaged the impeller.

Then, at approximately 10:54 a.m., upon a motion from Mr. Sollitto and a second from Mr. Breault, the Port Council **voted** 5-0 to adjourn its meeting.

A TRUE RECORD

Nathaniel E. Lowell, Secretary

Documents and Exhibits Used at the Port Council’s July 12, 2022, Meeting

1. Agenda for the Port Council’s July 12, 2022, Meeting, posted July 8, 2022.
2. Minutes of the June 7, 2022, Port Council meeting (draft dated July 11, 2022).
3. Memorandum, Website Development Process Third-Party Review, dated June 27, 2022.
4. Presentation, July 2022 website redevelopment progress update.
5. Staff Summary #SO-2022-07, Proposed 2023 Summer and Fall Operating Schedules for the Nantucket Route, dated July 5, 2022.
6. PowerPoint presentation, May 2022 Business Summary, dated July 12, 2022.
7. Business Summary, May 2022.
8. Presentation, 2022 & 2023 Vessel Fuel Price Update, dated July 12, 2022.
9. Letter to General Manager Robert Davis from RSM US LLP regarding re-engagement of services, undated.
10. 2022 Port Council Meeting Schedule, revised draft dated June 28, 2022.