

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

November 5, 2024

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

Port Council Members present: Chair Robert S.C. Munier of Falmouth; Vice Chair Nathaniel E. Lowell of Nantucket; Secretary Gordon M. Carr of New Bedford; and Member Joseph E. Sollitto Jr. of Oak Bluffs, and Member John F. Cahill of Tisbury. Messrs. Lowell and Cahill participated via Zoom videoconferencing.

Port Council Members absent: Member Eric R. Dawicki of Fairhaven.

Authority Board Members present: Board Chair Robert R. Jones of Barnstable and Member Peter J. Jeffrey of Falmouth (who both observed the meeting via Zoom).

Authority Management present: Treasurer/Comptroller Mark K. Rozum; General Counsel Terence G. Kenneally; Communications Director Sean F. Driscoll; Director of Engineering and Maintenance Mark H. Amundsen; Director of Shoreside Operations Alison A. Fletcher; Director of Human Resources Janice L. Kennefick; Director of Information Technologies Stephen M. Colman; and Assistant Treasurer Courtney M. Oliveira.

1. Mr. Munier called the meeting to order at 9:01 a.m.
2. Mr. Munier announced Mr. Driscoll was making a video and audio recording of the day’s meeting; Devin Ankeney (representing the *Falmouth Enterprise*) indicated he was making an audio recording of the meeting.

3. Mr. Munier announced that, pursuant to Section 20 of Chapter 20 of the Acts of 2021, as amended, Port Council members were participating remotely in the day's meeting because their physical attendance would be unreasonably difficult. Those 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.
4. Upon a motion by Mr. Sollitto and a second by Mr. Carr, the Port Council **voted** 5-0 to approve the minutes of the October 1, 2024, meeting.
5. Mr. Munier then read portions of the Enabling Act regarding the role of the Port Council and noted that the body's No. 1 role was to review and comment on oversight of the budget process and to advise the Board. Mr. Carr asked who communicated with the Board as to the Port Council's deliberations; it was noted that the draft minutes were provided to the Members, that the staff summaries were updated to note the Port Council's votes, that the chair of the Port Council made a report to the Board, and that members of the Board were often in attendance at the Port Council meetings.
6. Mr. Amundsen shared a PowerPoint update on the *M/V Aquinnah*, *M/V Barnstable*, and *M/V Monomoy* conversion projects. Recent milestones for the *M/V Aquinnah* include the completion of structural work on October 26, 2024. Stability tests, mechanical work, and departure from the shipyard are all dates to be determined, although he noted Alabama Shipyard was estimating a December completion date. The *M/V Barnstable* departed the shipyard on October 31, 2024, and is expected at the Authority's Fairhaven Maintenance Facility on November 8, 2024. The *M/V Monomoy* was stripped of its existing bulwarks and is being prepared for its mid-body removal in early December 2024.

Mr. Lowell noted he was glad to hear the *M/V Aquinnah* would be able to leave in December and said that was encouraging. He asked when the *M/V Barnstable* would be done with its work in Fairhaven; Mr. Amundsen said there was little to be done from a regulatory perspective but a considerable amount of finishing to do on the vessel, including training and deployment of the marine evacuation systems.

Mr. Munier asked what had been learned about the *M/V Barnstable* during its early days of operation and fuel consumption; Mr. Amundsen said the voyage was not a good benchmark in that regard, but during the sea trials the vessel performed well. He noted that poor sea states and timing of arrivals would not provide a good feel for fuel consumption rates.

7. Tom Innis with Gibbous LLC presented an update on the RFP development for the new reservation system. Recent milestones include finalizing the Request for Proposals, which is expected to be issued in November; beginning work with the internal project team; and refining the project charter. The RFP is currently in legal and procurement review;

launching the executive steering committee and launching sub-teams are upcoming steps in the project.

Mr. Carr asked what the deadline for responses would be; Mr. Innis said the RFP had not been finalized but sixty (60) days was typical for this kind of process.

Mr. Munier asked if there had been any engagement with potential vendors in advance of the RFP's issuance; Mr. Innis said, rather than go through a formal Request for Information process, informational presentations were sought by a large number of vendors to get a sense of what they were offering, what functionality they were trying to highlight, and what the market was like in this space. He noted that process had been "invaluable."

Mr. Munier asked what the expectation was as to the number of proposals; Mr. Innis said the "sweet spot" would be three (3) or more but seven (7) or fewer. That would allow for a good comparison and price competition but not so many that the team is bogged down evaluating a bunch of proposals that are coming from vendors that do not meet the criteria.

8. Mr. Amundsen then presented a PowerPoint update on the Woods Hole Terminal Reconstruction Project. Recent project milestones include geothermal well trenching for lateral lines to the terminal building; waterproofing and insulation installation at the utility building; and installation of the structural steel and metal pan deck at the utility building. The project cost remains at \$32.1 million.

Mr. Munier asked what would be on the ground floor of the utility building; Mr. Rozum said it would be storage.

9. Mr. Amundsen then reviewed the status of the dry dock of the *M/V Eagle* at Senesco Shipyard in North Kingstown, Rhode Island. An image of the polishing of the bow area due to the sandy conditions in the Hyannis Harbor was presented. Recent work included removal of the starboard tail shaft, rudder repairs, and propeller and rudder removals. The project cost to date is \$1.49 million.

Mr. Lowell noted the \$393,000 for an air handler in the budget; Mr. Amundsen said that was to remove the current air conditioning system and replace it with an updated system.

Noting that the vessel's bow was being affected by entering into Hyannis Harbor, Mr. Sollitto asked what the possibility was of the Town of Barnstable dredging that out. Mr. Rozum noted that General Manager Robert B. Davis had been in conversations with the U.S. Army Corps of Engineers to perform the dredging in the federal channel, so he would provide an update on that process.

In response to questions about the draft of the new vessels, Mr. Amundsen said the draft is slightly less than that of the *M/V Woods Hole* so one could infer the same problems will occur without dredging.

10. Ms. Fletcher then presented a proposal to move to extend the Reservation-Only Days to year-round on the Martha's Vineyard route due to construction at the Woods Hole and Vineyard Haven terminals. She noted that the Woods Hole Terminal will be significantly limited for space during the next two (2) years, and the Vineyard Haven Terminal will lose one (1) of its slips for the duration of its scheduled construction in winter 2025.

Ms. Fletcher said the Blue Line will be utilized seven (7) days a week, offering up to twelve (12) vehicles at a time to be staged on the terminal property for Preferred and Excursion account holders to line up for standby. She noted the Blue Line cannot be used for commercial purposes, and its availability can be suspended or halted at any time during the day at the discretion of the agent on duty. Placement in the Blue Line does not guarantee passage.

Mr. Sollitto said he thought the Authority would face backlash from this decision. He asked why the Palmer Avenue Parking Lot could not be used as a staging area. He noted that, on the Vineyard, the Blue Line availability is not seen as an encouraging option.

Mr. Carr asked if the status quo to be returned when construction periods were completed; Ms. Fletcher said that could be evaluated. Mr. Cahill noted that a period of staff and public reeducation on the Blue Line should be held prior to implementation, and that it would be a challenge to reach the seventy (70) to eighty (80) percent of the island residents who would not see social media or website notices.

Mr. Sollitto asked if the change could be delayed until the new year; Ms. Fletcher said that was definitely possible.

Mr. Munier asked what the potential impacts on the Falmouth side would be; Ms. Fletcher said it would stop standby cars from being staged on the property. Mr. Munier said there seemed to be some uncertainty as to how this would work.

In response to questions as to whether this could be done on a trial basis, Ms. Fletcher said that could be an option but she remains concerned about lack of space at the terminals.

Mr. Cahill suggested that this might be an option to rebrand the Blue Line to better describe its actual functionality.

Ms. Fletcher said she would take these points to the Board and determine if they wanted to move ahead with the change.

11. Mr. Rozum then reviewed via a PowerPoint presentation the September 2024 business summary, which showed the Authority carried more passengers (up 2.6%), more vehicles of less than twenty (20) feet (up 1.4%) and more freight trucks (up 1.1%) than it did in the same period in 2023. Year-to-date, the Authority has carried more passengers (up 0.4%), fewer vehicles of less than twenty (20) feet (down 3.1%), and more freight trucks (up 1.1%) than it did in the same period in 2023.

During September 2024, the Authority's vessels had 2,484 trips scheduled, of which fourteen (14) were canceled for mechanical reasons on the Vineyard route and four (4) were canceled for mechanical reasons on the Nantucket route, he said.

In September 2024, the Authority had approximately \$14,385,000 in operating income and \$10,803,000 in operating expenses, which, combined with nonoperating income and nonoperating expenses, resulted in a net operating income of \$4,346,000, which was \$929,000 lower than budgeted. Year-to-date, the Authority has a net operating income of \$17,035,000, which is approximately \$685,000 above budget.

Preliminary traffic data through October 21, 2024, showed the Authority carried essentially the same number of passengers and fewer vehicles of all sizes (down 6.5%) on both routes, he said.

Mr. Lowell noted that there are several trips on the Nantucket route that are likely underutilized but noted that vehicle traffic seemed low to him; Mr. Rozum said he would investigate further and report back at the next meeting. Mr. Carr said it seemed like it was a supply issue and that, when you see declines in the areas where you expect to generate the most revenue, it makes one wonder.

12. Mr. Rozum and Ms. Oliveira then presented the Proposed 2025 Operating Budget. The projected operating expenses are expected to be \$150,696,334, and operating revenues are projected to be \$139,109,274, which, when combined with other revenue and other expenses, results in a net loss of \$3.3 million.

The largest variances in operating expense are in payroll (up \$7.8 million), IT expenses (up \$1.3 million), and pension and relief (up \$1.2 million). Ms. Oliveira noted the initial IT costs had been reconsidered as some of those items were deemed to be capital expenses and presented an update on the IT hardware and software budget breakdowns by category. The vessel and terminal maintenance expenses, along with the training and crewing expenses, were also reviewed. Ms. Oliveira noted that vessel employees were receiving 44.1% of the 2025 budgeted payroll distribution, but 57.9% of the budgeted payroll increases.

Automobile revenue is estimated to be down \$2.5 million and passenger revenue is estimated to be down \$845,000, Mr. Rozum noted.

Mr. Carr noted that some of the 2025 budget costs are expected to be one-year costs but others are structural, and asked if the training budget was expected to be one or the other. Mr. Rozum said he expected to see that either flatten or decrease slightly as the new vessel training costs will be a one-time expense, but other expenses may occur that will replace those costs.

Mr. Lowell noted that he is concerned about the future and said that training costs "just happened" in the past.

Mr. Cahill asked if the IT costs were a one-time increase; Mr. Rozum said, as the Authority moves toward software-as-a-service model, the service agreements will change what areas of the budget are affected, but he does not expect the costs to drop moving forward.

Mr. Munier asked if taking the past twelve (12) months of traffic is the best model upon which to base the budget, especially if one-time changes could negatively affect those figures. Mr. Rozum said he does make adjustments to those figures based on one-time changes if it is a controllable factor, such as an outlier when a vessel is out of service. Mr. Munier asked if the budgeted or actual traffic levels were used; Mr. Rozum said it was the actual figures.

Mr. Munier asked if there was a metric or benchmark for deck space utilization; Mr. Rozum said those figures were contained in the cost-of-service report that was done annually. Mr. Munier asked if the decreased automobile revenue was due to a supply or demand issue; Mr. Rozum said he believed it was both.

Mr. Lowell noted the Nantucket route needed more service during the week than it did on the weekends, and it was hard to make the needs fit the crewing. Mr. Rozum then discussed some of the changes that happened this year on the Nantucket route with the *M/V Woods Hole* being shifted to the Vineyard route.

Mr. Munier then asked questions about the expenses related to the new vessels; Mr. Rozum said depreciation and insurance costs would be higher, as well as fuel costs.

Mr. Munier asked if the expense increases would be realized all at once or over the course of the year; Mr. Rozum said the Authority's run rate is spread fairly evenly throughout the year, with more maintenance costs in the offseason and more operating costs in the summer.

Then, upon a motion by Mr. Sollitto and a second by Mr. Lowell, the Port Council **voted** to recommend the proposed 2025 Operating Budget to the Board. (Mr. Munier abstained from the vote.)

13. Mr. Rozum then presented the Proposed 2025 Rate Adjustments, which total \$14 million.

The proposed Vineyard route adjustments are as follows:

Rate	Proposed Adjustment	Additional Revenue
Standard fare vehicles under 20' in length	\$6.00 - \$11.00 for 1/1 - 5/14 and 11/1 - 12/31 \$21.00 from 9/15 to 10/31; \$11.00 Mon-Thurs & \$25.00 Fri-Sun 5/15 – 9/14	\$4,430,913
Auto 10-Ride Coupon Book	\$100	\$63,972
Excursion Fare	NONE	NONE
Freight	10% increase	\$1,480,733
Passengers	\$0.50 one-way adult	\$858,970
Daily Fee Parking	\$4-\$5/day off-season; \$7/day Monday-Friday; \$2/day Saturday-Sunday	\$1,703,431
Parking Permits	\$200 Woods Hole Lot; \$50 Palmer Ave. Lot	\$124,500

The proposed Nantucket rate adjustments are as follows:

Rate	Proposed Adjustment	Additional Revenue
Standard fare vehicles under 20' in length	\$18.00 & \$25.00 – 1/1-5/14 and 11/1-12/31; \$30 – 5/15-9/14; \$45 – 9/15-10/31	\$1,619,231
Auto 6-Ride Coupon Book	\$144.00	\$32,760
Excursion fare	NONE	NONE
Vehicles 20' and over in length	10% increase	\$1,882,800
Passengers – High Speed Ferry	\$4.00 one-way Adult/\$3.00 Same Day RT Adult	\$971,643
Passengers – Conventional Ferry	NONE	NONE
Daily Fee Parking	NONE	NONE
Parking Permits	\$200 annually Lewis Bay \$100 annually Yarmouth Road	\$25,500
Driver Services	\$10 commercial year-round; \$12.50 passenger 5/15-9/14	\$368,050
Barges	\$1 per ton	\$500,000

Mr. Sollitto said he appreciated that the excursion rates were not changing.

Mr. Carr asked for context of when the automobile rates last changed; Mr. Rozum said over the last three (3) years it has been an average of 2.8% per year, which would increase to 4.6% over four (4) years with this adjustment. He said generally there has been a low year and then a spike.

Mr. Lowell noted that the Authority was getting funding now from sources that it did not have in the past; Mr. Rozum said most of that would be reflected in the capital budget.

Mr. Munier said the Authority seems to be relying on standard-fare automobiles and that source of revenue is not proving reliable. He said he was not convinced the Authority could count on that revenue if the rates were increased.

Mr. Munier asked Mr. Rozum if he thought the rate adjustments were equitable; Mr. Rozum said no one likes a rate adjustment, but he said he thought the Authority had made a mistake by not raising the rates consistently. In an ideal world there would be a baseline budget and everything would go up according to inflation, but there have been years with wild swings in fuel prices.

Mr. Carr said there should be an expectation that excursion rates will have to catch up over the next few years based on the improvements to service being invested in as a result of this budget. Mr. Munier asked why that would not be done now; Mr. Rozum said he could do that if the Port Council voted to make that recommendation. Mr. Sollitto noted that, based on conversations at the budget open houses that were held, the island residents were not expecting an increase.

Mr. Rozum asked Mr. Munier if his reluctance was based on the lack of excursion fare increases; Mr. Munier said it was that plus a continued reliance on automobile traffic, and he said there were other budget items that could be examined to soften the increase.

Mr. Cahill asked how Mr. Munier could be moved from a “no” vote to a “yes” vote; Mr. Munier said he was concerned about targeting the standard-fare automobiles and that evidence would suggest it is not going to generate the necessary revenue. Mr. Lowell said it was a good conversation but might be for future discussions.

Then, upon a motion by Mr. Sollitto and a second by Mr. Lowell, the Port Council **voted** 4-1 to recommend the budget to the Board. (Mr. Munier voted no.)

14. Regarding communication strategies, Mr. Driscoll reviewed a memo provided by Chief Operating Officer Mark Higgins that included objectives of improving information accuracy, enhancing timelines, increasing staff efficiency, and boosting customer satisfaction. Mr. Driscoll noted a lot of the items in the memo are being done but are collated in writing to present a better understanding of the process.

Mr. Munier asked what the metric for success would be; Mr. Driscoll noted the memo had information about the usage of various tools as a metric, and he noted that the annual customer surveys could be used as well.

15. Mr. Sollitto noted a listening session was in the process of being scheduled on the Vineyard and suggested that evening meetings could be held on each island once a year to allow similar events to happen on a regular basis.
16. In response to Mr. Munier's call for public comment, Kate Warner asked if solar panels would be put on the roof of the Vineyard Haven Terminal as part of the roof project; Mr. Rozum said he would get back to her.

Regarding the "new to us" vessels, she said a recent photograph showed the *M/V Barnstable* emitting a plume of black smoke, and she found that "really depressing."

She also said the Authority needed a plan to greatly reduce the emissions of the vessels and a plan for acquiring new vessels and that had been included in the capital budget. Mr. Rozum noted that engineering costs for a hybrid vessel had been accounted for in the current budget. Mr. Lowell noted that the new vessels would be a bridge to that project; Ms. Warner said climate change will not wait for funding and that she hoped the next general manager would have knowledge on the topic and a desire to help the Authority meet the state's climate goals.

Then, at 11:41 a.m., upon a motion from Mr. Sollitto and a second by Mr. Carr, the Port Council **voted** 5-0 to adjourn its meeting.

A TRUE RECORD

Gordon M. Carr, Secretary

Documents and Exhibits Used at the Port Council's November 5, 2024, Meeting

1. Agenda for the Port Council's November 5, 2024, meeting posted November 1, 2024.
2. Recording announcement.
3. Statement regarding remote participation.
4. Minutes of the October 1, 2024, Port Council meeting (draft dated November 1, 2024).
5. Presentation, *M/V Aquinnah*, *M/V Barnstable* and *M/V Monomoy* Conversion at Alabama Shipyard, dated November 5, 2024.
6. Presentation, Reservation System Update to Port Council, dated November 2024.
7. Presentation, Woods Hole Terminal Reconstruction Project Update, dated November 5, 2024.
8. Presentation, *M/V Eagle* Dry Dock at Senseco Shipyard, dated November 5, 2024.
9. Staff Summary #SO-2024-07, Extending Day-of-Sailing Year Round on the Martha's Vineyard Route, undated (draft).
10. Presentation, September 2024 Business Summary, dated November 5, 2024.
11. September 2024 Business Summary.
12. Staff Summary #A-704, Proposed 2025 Operating Budget, undated (draft).
13. Staff Summary #A-705, Proposed 2025 Rate Adjustments, undated (draft).
14. PowerPoint Presentation, 2025 Proposed Operating Budget, dated November 5, 2024.
15. PowerPoint Presentation, 2025 Proposed Rate Adjustments, dated November 5, 2024.
16. Communications Plan – Operations, undated (draft)