



Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

SUMMARY OF THE MEETING OF THE WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

June 16, 2009

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority ("SSA") held their regular monthly meeting at 9:30 a.m. on June 16, 2009 in the Discovery Room of the Whaling Museum, located at 15 Broad Street, Nantucket, Massachusetts. All five Board Members were in attendance: Chairman Robert L. O'Brien (Barnstable); Vice Chairman Marc N. Hanover (Martha's Vineyard); Secretary Robert S. Marshall (Falmouth); John A. Tierney (New Bedford); and H. Flint Ranney (Nantucket).

1. General Manager Wayne C. Lamson reported that the SSA is still waiting for word as to whether it will be receiving any money for the three projects it has submitted for federal stimulus funding – the first phase of the Hyannis Slip Improvements Project, the continuation of Phase 2 of the Oak Bluffs Terminal Reconstruction Project, and the installation of a center dolphin at the Woods Hole terminal. In addition, if the SSA does receive federal stimulus funding for the Hyannis Slip Improvements Project, it probably will have to re-bid the project in order to include in the construction contract all of the provisions now being required for all projects receiving federal stimulus funds (such as "Buy America" requirements). Further, the specifications for the project may have to be revised to meet federal and state highway and bridge design standards. All in all, it could be another two months before the SSA might be able to award the construction contract for the project, which could possibly delay it by a year. Meanwhile, the SSA has extended the deadline for submitting bids for the continuation of Phase 2 of the Oak Bluffs Terminal Reconstruction Project and the Woods Hole center dolphin installation until July 9, 2009 so that it can include these additional federal and state requirements in addenda to the invitations for bids and provide potential bidders with sufficient time to review them before submitting their bids.

2. Last week, the State Building Inspector agreed with the SSA that it will need to obtain a variance to undertake its proposed renovations to the terminal building at the Oak Bluffs terminal because the building is located in a flood zone and the lowest bid price for the work was more than 50% of the market value of the existing terminal building. The hearing on the variance will probably take place on July 2, 2009 and, if the variance is granted, the SSA will be able to award the terminal construction contract at the next Board meeting. The renovations principally consist of enlarging the building's footprint to add more accessible restrooms.
3. The Board approved management's recommendation to record a Notice of Activity and Use Limitation (typically called an "AUL Notice") with the Bristol County Registry of Deeds for the SSA's Fairhaven Vessel Maintenance Facility property. As a result of recording the AUL Notice, the SSA will no longer have to monitor the property for subsurface soil and groundwater contamination, although it will also not be allowed to use the property for such purposes as a daycare center, residence, athletic field, or garden.
4. The Board authorized management to proceed with engineering and design services for the *Eagle's* mid-life refurbishment. John W. Gilbert Associates, Inc., of Hingham, Massachusetts, has been selected as the naval architectural firm for the design work, given their knowledge of the *Eagle* and their many years of experience in the refurbishment of similar vessels. The total engineering and design estimate for the project is currently \$230,000. The construction work is expected to begin in the fall of 2010, and major items that will be included in the work include:
 - (a) complete sandblasting and recoating of all exterior surfaces;
 - (b) pilot house modifications (including the installation of larger, forward-sloping windows for better visibility and equipment consolidation into the console);
 - (c) food concession area modifications;
 - (d) installation of a new Marine Evacuation Slide (MES) system;
 - (e) replacement of all exterior windows;
 - (f) complete replacement of the 02 deck joiner work, decking and seating (including long bench-style seating, cup holders and more electrical outlets throughout the interior passenger areas);
 - (g) replacement of all exterior doors;
 - (h) HVAC upgrades;

- (i) bow thruster diesel upgrade;
- (j) elevator upgrades;
- (k) renovation of crew spaces;
- (l) installation of new sewage and potable water tanks;
- (m) modifications to the main fuel tanks;
- (n) replacement of the bow and stern doors; and
- (o) steel replacement as required.

In addition, the design work will include a feasibility study to determine whether it also makes sense to install vehicle lift decks in the vessel. Of course, if anyone has any ideas about what else the work should include, or any other suggestions for the project, please contact Director of Engineering and Maintenance Carl R. Walker or General Manager Wayne C. Lamson as soon as possible so the SSA can consider everything early on in the process.

5. Management presented the SSA's preliminary 2010 Winter and Spring Operating Schedules for public review before they are voted on at next month's Board meeting. The preliminary winter and spring schedules are patterned after the same seasonal schedules the SSA operated in 2009, except that the winter schedule will continue for ten more days than it did this past year. Also, as the SSA did this past winter, during the 2010 Winter Schedule management is proposing that the *Island Home* berth overnight at Vineyard Haven on Friday and Saturday nights, which would again eliminate the 9:30 PM trip from Vineyard Haven on Friday and Saturday nights, and the 6:00 AM trip from Woods Hole on Saturday and Sunday mornings. The *Island Home* will continue to berth overnight in Woods Hole during the winter the other nights of the week (Sundays through Thursdays).
6. The Board adopted a Bond Resolution authorizing Treasurer/Comptroller Robert B. Davis to issue and sell \$5,000,000 of Steamship Bonds on a competitive or negotiated basis by July 30, 2009. The proceeds of the bonds will be used to pay \$5,000,000 of currently outstanding notes that are due July 30, 2009, which were issued for the construction and refurbishment of the *Nantucket* (including without limitation the reconstruction of the deck and bridge, and the refurbishment of the vessel's seating and eating areas). After the issuance of these bonds, the SSA will have a total of \$56,530,000 of bonds outstanding (with a maximum bond authorization of \$75,000,000). The SSA's estimated annual debt service payments will also be between \$6,600,000 and \$6,900,000

for each of the next seven years, and then drop off to around \$5,200,000 in years 2017 through 2021.

7. The Board approved management's proposed 2010 Budget Policy Statement that sets forth the guidelines management will be using in the preparation of the SSA's 2010 Operating Budget. As mentioned by Mr. Davis at the meeting, the Budget Policy Statement requires management, among other things, to identify significant terminal repairs and maintenance that will need to be accomplished, to schedule the vessels that will be dry-docked (the *Eagle*, the *Nantucket*, the *Sankaty* and the *Iyanough*), to take into account the SSA's expected training expenses due to the continuation of STCW basic training and other programs, and to factor in health care and insurance costs. Of course, the most difficult expense to estimate for next year will be the cost of fuel oil. However, as a result of the hedge program for vessel fuel the SSA instituted a few months ago, the SSA's fuel oil requirements for the first half of 2010 are already effectively capped at an average cost of \$3.05 per gallon. The budgeted cost of vessel fuel oil for the remainder of 2010 will likely be higher, and will be based on oil price forecasts plus the premium cost for future hedging. After the process is completed, management will present a preliminary budget to the Board for discussion in September, and ask that the final version of the budget be approved in October.

At the conclusion of the meeting, the Board Members voted to go into executive session to discuss various matters appropriate for discussion in executive session, and they announced that they would not reconvene in public.

The next regular monthly meeting of the SSA's Board is currently scheduled for 9:30 a.m. on Tuesday, July 14, 2009, in the second floor meeting room of the SSA's Hyannis terminal, which is located at 141 School Street, Hyannis, Massachusetts. Of course, the date, time and location of that meeting are subject to change, but it will be publicized in the notice for the meeting that will appear on this website next month. Thank you.