

CASCO BAY ISLAND TRANSIT DISTRICT
MINUTES OF THE BOARD OF DIRECTORS MEETING OF
April 25, 2019

Directors Present: Luedke, Murray, Crowley, Braden, Doane, Overlock, Wentworth, Clark, Burr
Directors Absent: Flynn, Johnston, Hayes
Public Present: (According to sign in sheet) M. Winchester, R. Schaeffer, C. Chess, S. Anderson, J. Halliday, S. Cohen, M. Kelsey, J. Lavanhere, L. Penalver, B. Carter, B. Burkholder, G. Fox
Staff Present: Berg, Harris, Greven, Thibeault, Pottle

1. Call to Order: The Board meeting was called to order at 7:45 AM by Dan Doane, and he noted that the meeting was being recorded.
2. Approve the minutes of the March 28, 2019 Board of Directors meeting: Murray moved to approve the minutes of the March 28, 2019 meeting, Overlock seconded. The vote was unanimous and the motion passed.
3. Business: No business items
4. Treasurer's Report: Overlock reviewed March 2019 financials. Discussion followed.
5. General Information Reports:
 - a. Committee Reports: No Committee Reports
 - i. Operations Committee: There was no Operations Committee meeting.
 - ii. Finance Committee: There was no Finance Committee meeting
 - iii. Sales and Marketing Committee: There was no Sales and Marketing Committee meeting.
 - b. Staff Reports:
 - i. General Manager: Berg reported:
 1. The Machigonne is in dry dock. The estimate was she would be there for 6-8 weeks. The Aucocisco will go to dry dock as soon as possible following the return of the Machigonne and needs to get back before Memorial Day weekend.
 2. Submitted a proposal for FTA competitive ferry boat grant, which is the same grant that CBITD was awarded \$6M dollars for the construction of the Peaks vessel. Casco Bay Lines has submitted a proposal for \$4.3M, it is an 80/20 split. There were two parts, one was the pier extension down by Gate 4 which will give extra staging area and extra berthing area and the possibility of side loading on the new car ferry for passengers. The second part was for marine repair work along the pier.
 3. The PACTS MPO (Metropolitan Planning Office) is going through their annual budgeting process. In this year's budget there is over \$5.5M dollars for Casco Bay Lines, \$1.8M for additional funding for the renovation because the cost for construction is now astronomical due to the construction environment. Additionally there is \$1.4M dollars for vessels which include funds for the designs of the next down bay boat as well as generator, and some engine overhauls on existing vessels. Also included is over \$2M dollars for annual preventative maintenance for both the vessels and the facility.
 - c. Project updates:
 - i. General Manager Berg reported:
 1. We are continuing to pursue a diesel electric hybrid option with the naval architects for the new Peaks vessel. Staff will be going out this weekend to San Francisco to look at and ride on a vessel that was recently launched by the red and white fleet that has a diesel electric hybrid propulsion system similar to what we are considering. This visit and an economic analysis will help with making the decision.
 2. Terminal renovation project: We went out with an RFP and are scheduled to open the bids next week. Nervous because contractors are very busy and we are waiting to see who will respond.
 3. The schedule project: The revised schedule is ready to go and the website will be updated within the week. Publishing the KPFF's final report on the website and then we are ready to go for public outreach. Thought it would be best to wait a little bit until we have resolved the

vessel issue. We will go out to each island, then to the advisory committee, and then the board. The implementation on this will be no earlier than January of 2020.

4. Charles asked that Berg address an article that was in “Working Waterfront” about the new Peaks Island ferry. Berg reported that the author stated “Transit District Board of Directors believes the larger vessel is necessary to handle increasing demand to and from Peaks.” Berg did not know the source of this statement, but it was not Berg and he doesn’t believe the author spoke with any of the directors. Also, Berg was quoted directly “some people wanted a bigger boat, some wanted a smaller boat there was real no majority, but no one wanted to wait in line.” Berg explained this was in the context of the initial island meeting that staff went out to and was taken out of context by the author.

Discussion Followed Project Updates.

d. Wharf and MDOT Reports: None

7. General Announcements

a. Establish next meeting dates:

- | | |
|--------------------------------------|------------------------------------|
| i. Executive Committee: | Thursday, May 2 at 7:45 AM |
| ii. Finance Committee: | Wednesday, May 22 at 7:45 AM (TBD) |
| iii. Board of Directors: | Thursday, May 23 at 7:45 AM |
| iv. Operations Committee: | TBD |
| v. Sales & Marketing Committee: | No meeting planned |
| vi. Personnel Committee: | No meeting planned |
| vii. Government Relations Committee: | No meeting planned |
| viii. Pension Committee: | No meeting planned |

b. Correspondence: None

8. Public Comment:

- a. Steve Anderson, resident of Peaks Island, stated he would like to talk about financials and that each board member is liable personally for the decisions they make about the finances. The decision to look at the financials is really important. As you look at 30 year Pro Forma, there are things like recessions and economic expansions so there will be best case and worst case over the next 30 years and we should look at both. He performed a statistical analysis of tourism in Maine going back to 2012 and ran it forward in time. In the past week or so tourism is dropping. If you look at the curve over the next five years it levels out to 1.3-1.6%. He encouraged the Board to think about getting a third party neutral party to come in to say whether or not the decision being made about the new vessel makes sense.
- b. Randy Schaeffer, Peaks Island Resident and Chair of the Peaks Island Council, stated that at last night’s council meeting they passed, unanimously, a resolution that encourages and asks the Board to make the results of due diligence that were established at the time that the motion to extend the decision was made at the last meeting and that these results of the due diligent investigations available to the public at least 7 days before the next meeting. They also called on the city to participate in what is going to be done over on the island as far as infrastructure needs. The Board has one set of responsibilities and the City has another set of responsibilities. Is encouraged by the conversations that took place already about the fulfillment of those due diligence and making those results available. He also mentioned that there was no agenda posted on the website for this month’s meeting. Provided a copy of the resolution that was passed at the Peaks Island Council meeting the night before.
- c. Lisa Penalver, resident of Peaks Island, stated “I have been in touch with an internationally recognized naval architect John Bolyston. First of all I want to say that I’ve done a lot of research in the past couple months. I recognize that we can’t reproduce the Machigonne. If we reproduced the same size we would not be able to carry as many people that we now carry because of the various requirements that exist. I recognized a larger vessel is needed, I recognized that we need to carry somewhat more people, and from what I’ve heard the need exists for more vehicles because the capacity hasn’t been there and the backing up of cars is not good. First of all I want you guys to have a new ferry, I know we need a new ferry, and I recognize it needs to be larger and have a greater capacity. I have real concerns about the financial plusses and minuses of this very large vessel that is being proposed or that has been worked on in the past three years. John Boylston is a naval architect he’s got an extensive professional license. He is internationally recognized and he was hired by the state of Washington to overhaul the Washington State Ferry system

and evaluate their planned fleet expansion and he's worked with ferry design firms across the country and internationally. He's done work in Alaska, for services and commercial fleets in Japan and Norway so he is intimately familiar with the existing electric propulsion systems and is in touch with me almost daily. I am learning a lot. I am going to make this information available to you too because it is going to be part of your due diligence. He knows a lot about how ferry system's work, he's actually developed ticketing systems. We have a power point presentation that we wanted to present but because it was going to be 10 minutes we were not allowed so I am handing it out to you now and we will send it to you in e-mail form so you will have it digitally as well."

- d. Jody Halliday, Peaks Island Resident, stated " I am following up on some of the things that Lisa just presented, my question is can we afford the new larger capacity ferry. The acquisition costs based on John Boylston data we are estimating that the new larger boat will cost \$15-16M dollars to build this is based on the cost of similar sized ferry's that were recently built. Plus the cost of steel has gone up significantly through the tariffs. The current grants do not cover this cost. Where is this money going to come from? Operating costs, Mr. Boylston estimates that there will be in access of \$0.5M of additional operating costs. He's estimated \$547,000 as a yearly increase based on \$1,500 additional cost per day to run a new larger ferry running at 365 days a year. So we are looking at estimated cost of access of \$0.5M. What about the additional cost to acquire? So in addition to \$15-16M to build this boat there's an additional \$0.5M to run this boat. Are you willing to bet the financial health of Casco Bay Lines on a significant likelihood that the costs will exceed the current estimates in the budgets. According to John Boylston there is compromise option which will meet the current budget and carry up to 499 passengers and carry up to 18 cars and in your PowerPoint you will see this option is reconfiguring the recently contracted state of Maine 154 ft. long by 38 ft. wide ferry that is currently being built at Washburn and Doughty. I want to make sure that all the board members here are aware that there is very likely there will be additional costs with the larger vessel."
- e. Berg responded to let everyone know that the figures being quoted are incorrect.
- f. Margaret Kelsey, resident of Peaks Island, stated she looks at this situation a little differently. Looks at it knowing that what is going to motivate the board members decisions on how he/she will move forward is their values. Values are what drive us. There are several levels of values. She went on to describe the values. Kelsey stated she is not here to lecture on the seven levels of consciousness but is here to ask the board to get in touch with what your values driving this decision are as they move forward. Stated she cares tremendously about safety and that every summer she sees the elderly and disabled struggle with the crowds and has yet to see a resolution on either side on how to handle that.
- g. Sharon Cohen, resident of Peaks Island, stated she has been supporting Casco Bay Lines for about 20 years now. Echo's a lot of concern of safety and infrastructure. Asked the board to consider not just to spread the tourism but to add an interisland ferry. Asked that when there is public outreach can the boat stay at Peaks Island longer than 10 minutes and shut off the engine so that people can hear the presentation. Mentioned there used to be a customer service box where islanders could express input. Feels that with all decisions being made that Casco Bay Lines would benefit from some customer input. Mentioned that the Red and White Fleet is expensive for just one adult and one child and is exclusively just for tourists. Feels the research could be focused more on similar ferry and ferry services like Casco Bay Lines.
- h. Caran Chess, resident of Peaks Island, stated she appreciates the information that has been provided particularly on over capacity. Chess said she reviewed the figures and sees that there was a large jump from 2012 to 2016 in overcapacity and there was \$144,000 spent on Marketing. Questioned how much of this is a result of Casco Bay Lines own marketing of Peaks Island.
- i. Jennifer Lowanhere, resident of Peaks Island, stated she agrees with some of the concerns that some of her colleagues have voiced regarding risks to cost overruns from both construction of the boat and also operating expense. I think one point that hasn't been raised in the discussion today to the extent there are potential cost overruns as it relates to construction, how those will be financed and I ask that to the extent there's any capital costs that that be included in consideration of the pro-formas that are being developed by the Bay Lines. Lowanhere further stated the sentiment around the risk that traffic to the island continues to increase and that we are looking at applying some continued rate of growth in tourism to Maine. She explained that if you look at where we are in the economic cycle and when we have our recessions, one would expect that it's likely there are one or two within a thirty year time or life cycle of

the boat. If you take the data from the last 2008 recession, and superimpose that over the projections even factoring in a continued rate into growth, you're looking at a \$3M in aggregate versus baseline reduction in revenue from passenger and \$1M in vehicle fares. This all is based on information obtained from the KPFF report and CBL audits.

- j. Michelle Winchester, stated she has a specific follow up to the vehicle reservation research that was made and done. Questioned if Casco Bay Lines is also looking outside of experiences here within the company and looking at other ferry systems. And asked for clarification if it is being looked at on the Portland or Peaks Island side for vehicle reservations. Berg answered that CBL will be looking at other examples of vehicle reservations and that the focus will be on the Portland side both sides will be evaluated
 - k. Sharon Cohen, added at the end that people are not swimming back from the island and if there are going to be reservations on the Portland side then there needs to be reservations on the Peaks side.
 - l. Caran Chess added a question asking if Casco Bay Lines has been looking at reservation systems going on in other states?
 - m. Gary Fox, Resident of Peaks Island, stated residents should have priority boarding due to the level of importance of getting home.
 - n. Barbara Carter: Stated that tourism should be spread out a little bit and at the ticket window tourists should be directed to other islands and not just Peaks Island
- After Public comment discussion followed.

9. Workshop: No workshop.

Adjournment: Crowley moved to adjourn, Wentworth seconded. The vote was unanimous to adjourn at 8:55 AM.

Respectfully submitted by: _____
Robin Clark, Clerk