



**Provincetown Public Pier Corporation (PPPC)
Judge Welsh Room - Town Hall
Meeting Minutes of Thursday, February 13, 2014**

Members Present: Kerry Adams (KA), Scott Fraser (SF), Carlos Verde (CV), Herbie Hintze (HH).

Members Absent: Ginny Binder (GB) (remote participation via telephone).

Other Attendees: Rex McKinsey (RM), Harbormaster, Attorney Greg Corbo (Town Counsel) and Ellen C. Battaglini, Administrative Assistant.

Chair Kerry Adams called the Public Meeting to order at 5:00 P.M. He announced that Ginny Binder will be remotely participating in the meeting pursuant to 940CMR 29.10(5) (e).

AGENDA

Public Statements

Steve Milliken, owner of the Dolphin Fleet, spoke to the possibility of an increase in excursion float fees. He reminded the Board that the excursion floats are privately owned and maintained. He is paying a fee of approximately \$56,000 per year to carry over 49 passengers on each boat, plus an annual fee of \$9,000 per float. Over and above those fees, he pays for electricity and water. He said that is more than enough money and doesn't think the PPPC should increase his fees. His financial obligations include paying for a mortgage on his boats, maintenance of the floats and gangways, which this year included having to replace pilings. He thinks there is a way for the PPPC to increase revenues without raising his fees. He is also unhappy about the location of the security camera on his booth. He had requested that the camera be sited in a certain location, however it was not installed there.

RM replied that the camera location issue was in the process of being resolved.

Special Agenda

Draft Public Hearing notice with Town Counsel:

RM reviewed the proposed changes. The Harbor Committee is recommending changes to the definition of 'resident', 'non-resident' and 'occupant'. The PPPC will be recommending clarifying the definition of 'Provincetown-based vessels', correcting a numbering error and proposing the establishment of a passenger-for-hire embarkation fee of \$.50 per paying passenger, except for school-aged children group field trips. The PPPC Public Hearing would be scheduled for March 13th if the Board voted to approve the changes tonight. If the Board waited until the next Public Meeting to approve the changes, the Public Hearing would be held on March 27th. The changes must be adopted before Town Meeting, as does a request that the Board

of Selectmen place the PPPC's annual warrant article, wherein the Town votes to enforce the Pier regulations as they would any Town regulation, on the warrant. RM reviewed additional proposed changes from the Harbor Committee, including instituting a charge for the processing of a new mooring application if the department has to physically go out and locate a mooring position, an update to a reference to the mooring chart, revising the beached boat season permit to run from April 15th to November 15th and a requirement that all vessels over a certain size or horsepower have insurance. There is a proposed increase in the fee for beached boat stickers of \$10 for mooring holders and \$20 for individuals without a mooring. If a mooring fee is not paid by June 30th, a late charge of \$50 will be assessed if the fee is paid in July and \$100 if paid in August. If the late fee is not paid by the end of August, the permit holder will forfeit the mooring location. These changes, if approved, would take effect in 2015.

SF: He mentioned an outstanding receivables discussion the Board had about a year and a half ago, which included a revision of the Harbor regulations to allow the Harbormaster to remove a tenant's boat from the Pier for non-payment of a bill and a requirement that commercial tenants maintain moorings. The removal of a boat would occur if the owner of the vessel did not respond to communications regarding the arrears. The owner would be required, as part of the dockage lease, to hold the PPPC harmless.

CV thought the BB sticker fee increase was too high. He wanted to know who proposed the embarkation fee.

HH asked about the commuter exemption.

RM said that the commuter exemption would not pertain to the passenger-for-hire vessels.

A motion was made to request that the annual PPPC General By-Law change be placed on the April 7, 2014 Town Meeting warrant.

Motion: Scott Fraser

2nd: Herbie Hintze

Vote: Roll Call:

GB: Yes.

CV: Yes.

SF: Yes.

HH: Yes.

KA: Yes.

Motion passes.

Attorney Corbo asked if the Board wanted him to clarify the changes he proposed to the Harbor Committee. The Board declined the offer.

Review of Minutes

A motion was made to approve the minutes of the Public Meeting on 12/12/13 as written.

Motion: Herbie Hintze

2nd: Scott Fraser

Vote: Roll Call:

GB: Yes.

CV: Yes.

SF: Yes.

HH: Yes.

KA: Yes.

Motion passes.

A motion was made to approve the minutes of the Public Meeting on 01/23/14 as written.

Motion: Ginny Binder

2nd: Scott Fraser

Vote: Roll Call:

GB: Yes.

CV: Yes.

SF: Yes.

HH: Yes.

KA: Yes.

Motion passes.

Directors' Statements

GB: The idea of locating a raw bar in the pavilion has met with a lot of interest and curiosity. She has been trying to get in touch with Brian Carlson, the local Health Inspector, to help her figure out what the regulations, septic or otherwise, would require. She has had several calls about it. She thinks that the Pier is a great venue for events and that our event fees are arbitrary. The Board should revise those fees and create a rate sheet based on capacity and head count, for-profit and not-for-profit, in order to encourage more use of the Pier.

SF: He had a lunch meeting with the auditor this week. The auditor has prepared the audits for the last 5 years and has written a letter to Dan Hoort asking for confirmation of cash balances for several accounts. There are still differences that need to be worked out. The auditors were working on the issue, but too much time and money was being spent on the issue and they stopped. The issue needs further discussion. The cheapest solution may be to come to an agreement, start with a clean slate and move on. He has some ideas about how to prevent this

situation from happening in the future, such as a monthly reconciliation of cash balances. At the same time, he would like to sit down with the Town auditor and agree on a mutual set of processes so no one's work is duplicated. He will organize that meeting.

CV: He said that the Floating Dock Working Group had a great meeting.

HH: He asked why we no longer have cruise ships coming into Provincetown.

RM replied that Olivia Cruises has scheduled a cruise to arrive on May 23rd for the Memorial Day Weekend. There are some issues associated with cruise ships. The Chamber of Commerce, the Town Tourism Office and the Mass. Office of Travel and Tourism have all been working to promote and market Provincetown as a part of the historic ports of Massachusetts. The one thing the Pier needs to help attract cruise ships is a facility security plan that would allow a vessel that is in port to take care of its passengers and allow them to use their own tenders. RM has spoken to the Acting Chief about that issue and they will have to move forward with that. When the plan is complete, it can be announced to the cruise industry that the Pier has a port security plan which will allow Provincetown to be marketed as a destination for their ships.

CV: He asked if cruise ships pay a fee when they come to Provincetown.

RM said that there has been a \$500 landing fee, which has sometimes been waived for cruise ships that can be docked at the Pier. Or a charge of \$1.00 a head has been levied in order to allow embarkation at the transportation float. The potential for revenue is there, but it will always be a small part of the overall operation. The economic activity generated by cruise ships benefits the Town and not necessarily the Pier.

KA: He, too, has had several inquiries from local restaurateurs about setting up a raw bar in the Pavilion and all were enthusiastic about the idea. He is hoping for a positive outcome. He suggested hiring an event coordinator to handle the task of renting the facilities on the Pier.

Working Group Reports

Pavilion Working Group:

Both GB and KA commented on the progress of the group in their respective Director's statements. GB added that she thought that an event coordinator made a lot of sense. There is such a diversity of events that could potentially take place on the Pier under the guidance of a creative person with a sensible rate structure that was based on some kind of metrics. She is still waiting to hear from the Health Inspector. Her goal is to minimize the costs on all sides and implement the idea for a year or two, like a pilot project, to gauge demand and any increase in traffic to the Pier.

Floating Docks Group:

RM has sent a pre-design report to the Board. At the last meeting, the Board looked at options for floating docks and wave attenuation. There were some initial cost estimates, including life cycle costs, maintenance costs in addition to construction costs, and rankings of the various

options. The Directors should review the information. The next step will be a meeting with the engineers.

Pier Manager's Report

RM reviewed the list of priorities for the Pier in order of importance, including the mooring field mapping, the security camera contract, the Columbia Queen's pending deposit, the Army Corps of Engineers permitted structures update, which was turned over to Bourne Engineering, SF's report on the auditors and the financials, the truck purchase, which is pending Town Meeting, the negotiations with the ferry companies, which will be pending a sense of where the next contract is headed, the transportation dock repairs, looking for grants for an HM vessel with fire-fighting capabilities and the delivery of a new pumpout boat next spring. The Harbor Committee is getting ready to submit an application to the Department of Coastal Zone Management for up to \$200,000 for a beach management plan.

KA mentioned the trap shed program and having received more applications than the existing available spaces. There is room for two more sheds, each of which would cost about \$9,000. The Board should move forward with this project. The sheds will pay for themselves in the first season of rental. CV said that the Fisherman's Memorial must be considered when thinking about space for more trap sheds. RM said that the drawings that the Army Corps of Engineers received for their consideration included a space for the Memorial.

CV asked about the meeting with Rafael Richter to discuss his spring Traffic Hearing proposal for parking changes on the Pier. RM responded that once it was explained to Mr. Richter how the parking situation was going to be handled and the changes that will be taking place this season, he was satisfied and withdrew his proposal.

New Business

Board of Selectmen/PPPC five-year pro-forma workgroup session:

Tom Donegan, Clarence Walker, David Gardner and Jerry Irmer joined this discussion. SF reviewed several slides in his powerpoint presentation on the re-negotiation of certain agreements that the PPPC has with the Town. He mentioned the three documents that structure that relationship. The first two are Chapter 13 of the Acts of 2000, the PPPC enabling legislation, and the lease between the Town as landlord and the PPPC as tenant. The lease is a convoluted document which requires that rents be set for the Pier through a pro-forma process of forecasting what the financial performance of the Pier will be over the next five years. What happens is that the rent gets paid pursuant to the pro-forma and the financials are not always as forecasted. The third document is an amendment to an agreement for marine management services, which needs some work. The pro-forma part of the lease needs to be re-structured and possibly the lease as well.

First, in his view, there needs to be an agreement on the mission and responsibilities of the PPPC as specified by the Town, a clear articulation of what standards the PPPC will be held

accountable for in managing the Pier. There needs to be a review of existing shareholder governance and control systems as embodied in the lease, the Act and the management agreement. It needs to be determined whether or not they are adequate enough to allow the Director's to fulfill the fiduciary responsibilities that they have under the Act and that the BOS is able to control the actions of the PPC, which manages this important Town asset. After that, the desired financial outcomes need to be determined. These are the costs and capital items that need to be purchased and the amount of money that should be set aside for maintenance costs. The needed revenue can then be determined and compared to the existing revenue, after which decisions can be made on how to close the gap between the two. Once that is done, the lease and agreements can be re-written. SF thought that five or six meetings would be adequate to accomplish this task.

SF reviewed RM's draft pro-forma spreadsheet of actual operating expenses up to 2013, unaudited, the budget and year-to-date expenses for 2014 and the projected expenses for the next five years.

SF then reviewed the documents and spreadsheets that deal with the whole process by which maintenance expenses are forecast. It included an engineering survey and cost estimates based on the condition of various structural and functional components of the Pier. These documents will determine how much should be set aside, in the short term and the long term, for the maintenance reserve. RM reviewed the engineering survey that evaluated the Pier's components. The survey attempts to determine the rate of decay and how much it will cost to maintain the Pier in a sustainable state.

SF summarized the key elements of the operating agreements, including the Act, the lease and the agreement. These control the governance and operation of the Pier and its financial relationship with the Town.

The BOS has given the PPC a one-year extension, however SF would like to outline the PPC's changes by the beginning of May.

TD said that this is a busy time for the Town and suggested that they start with a one-year lease renewal and that the remainder of the work be continued in the coming year.

DG said that it hadn't been determined whether the lease would be renewed or a one-year extension would be done.

CW thinks that the one-year renewal should be done and then work on the more serious issues can occur later.

TD said that the mission and financials need to be sorted out and it must be determined whether the Pier can or should be self-supporting. In his opinion, there should be a one-year renewal and then the group can work together on a new lease.

CW agrees about the one-year extension and working out the issues and the financials at a later date.

SF thinks that the PPPC should have a rolling five-year budget. Look at the budget in a five-year perspective, but only commit to one year. That year will hopefully determine where the budget is headed.

TD said that question is how sustainable the Pier and the revenue it generates is and what the expectation of the Town is in terms of its subsidy.

SF said that it would be easier for the PPPC to do its job if the Directors knew what they were working towards and had a kind of 'charter' from the BOS to guide them.

TD said that the first thing to do would be to develop a five-year rolling pro-forma and then get the Pier Corp., the Harbor Committee, the BOS and all the other constituent groups sorted out on that and then begin to look at the mission, the subsidies against the mission, understand the financials, figure out what the burden will be on the taxpayer and what the benefits the Pier brings to the Town. The thinking behind the BOS decision to extend for a year was that a lot of change is happening now and a new Town Manager will be hired in the coming year and the Selectmen wanted whoever is hired to be comfortable with what is going on with this process.

Meeting adjourned at 6:30 P.M.

Respectfully submitted,
Ellen C. Battaglini,
PPPC Administrative Coordinator

Kerry Adams, Chair