



**Provincetown Public Pier Corporation (PPPC)  
Judge Welsh Room - Town Hall  
Meeting Minutes of Thursday, December 12, 2013**

**Members Present:** Kerry Adams (KA), Scott Fraser (SF), Carlos Verde (CV) and Herbie Hintze (HH).  
**Members Absent:** Ginny Binder (excused).  
**Other Attendees:** Rex McKinsey (RM), Harbormaster

Chair Kerry Adams called the Public Meeting to order at 5:00 P.M.

## ***AGENDA***

### ***Public Statements***

None.

### ***Special Agenda***

#### **Engineering infrastructure services proposal:**

RM reviewed the proposal from Bourne Engineering for potential infrastructure improvements required to accommodate the use of the vessel Columbia Queen as a 'flotel'. The study will allow the Directors to begin to understand what changes need to be made to MacMillan Pier in order to host a tenant with a 75-room steamboat and a 150-seat restaurant. The proposal was broken out into individual tasks dealing with electrical, communications and water utilities evaluations to determine whether any upgrades or new or additional infrastructure will be necessary. The Pier might need additional water infrastructure. The fire flow testing may not be necessary, depending upon what kind of fire suppression equipment the boat has. RM wants to know more from Russ Titmuss and about the boat itself. The boat probably would have a foam retardant fire suppression system to fight fires on board. The next step will be to start the process of implementing infrastructure improvements and whatever else the tenant is going to have to pay for in order for them to run their business off the Pier.

The Directors discussed the proposal. SF suggested asking for a reimbursement for this expense. He said that the tenant should reimburse the PPPC for costs before the project moves forward. CV thought that the tenant should pay the bill for the engineer's assessment. RM has sent the estimate to Rich Waldo for review. CV thought the tenant should be hiring the engineer to do an assessment. SF suggested a motion to approve with a proviso that before anything moves forward the PPPC has a deposit from the tenant and that the tenant also establish an escrow account that the PPPC that draw from and pay expenses on their behalf. CV agreed. RM suggested having the Columbia Queen send a check for \$10,600 before any work is started. The Board discussed how additional costs will be paid. It was agreed that the work wouldn't start until the tenant paid for it.

*A motion was made that Rex McKinsey enter into a discussion and reach an agreement with the Columbia Queen people for a process by which they reimburse the Pier Corp. for the proposed engineer's study, which will then be approved by the Board only when a deposit has been made and money sufficient to pay for the entire assessment has been received.*

**Motion:** Scott Fraser

**2nd:** Carlos Verde

**Vote:**

**Yes:** 4      **No:** 0      **Absence:** 1

*Motion passes.*

### ***Review of Minutes***

*A motion was made to approve the minutes of the Public Meeting on 11/14/13 as written.*

**Motion:** Carlos Verde

**2nd:** Herbie Hintze

**Vote:**

**Yes:** 4      **No:** 0      **Absence:** 1

*Motion passes.*

### ***Directors' Statements***

SF: He and RM met with the auditors. They want to move forward quickly with the confirmation letter for Dan Hoort for cash balances and liabilities and assets. The auditors want to change the auditing procedure. They want to make sure that there are no discrepancies between the Town's MUNIS system and Quickbooks. The previous method was to audit Quickbooks and then reconcile that with MUNIS. Going forward, they will audit the MUNIS system and then reconcile with Quickbooks. DH has agreed to this. The auditors will need to meet with DH. The auditors have sent an engagement letter for the Board to sign. The Directors should read it and be prepared to vote on it at the next meeting. The auditors are willing to go forward on an ad hoc basis. SF asked what the fees would be, but they did not have a figure. They did indicate that they would be discounting some fees involved in the transition period from the old audit person to the new one.

CV: He has checked out the new cameras at the HM Office.

HH: He has checked out the cameras as well.

## ***Working Group Reports***

**Treasurer/Auditor:** SF just gave his report.

**Floating Docks:** CV reported that the floating docks group met with Russ Titmuss and the wave study engineer, Ramsey. They have started the wave study. That information will then allow Bourne Engineering to come up with some options. Part of that study can be used for beach management as well. They discussed wave attenuation and floating dock protection. This will be the main focus, if additional dock space is gained, all the better, but they will try to keep costs down, and protecting the floating docks is paramount.

SF: He thought PPPC was going to present a problem and ask how to solve it instead of asking engineers to design a wave attenuation system. He suggested that Bourne should create performance specifications and ask bidders to come up with a system that would meet those criteria. Different companies will come up with different systems to meet the conditions that exist in the Harbor.

CV: Our Harbor is very unique in terms of the conditions that exist. Everything needs to be engineered anyway. And if they have the performance specifications from Bourne, then the contractor will build to fit those criteria. The contractor will still want an engineer's approval for the site.

SF: But Bourne, according to their tasks, is going to develop a preliminary and then a final design, which implies that they are going to put out drawings that specify the design and the materials, like an architect's set of construction drawings for a house. You should be giving contractors the specific environmental and aesthetic factors that are to be considered and ask them to come back with a proposed system to meet those criteria. Then you have a variety of options from which to choose and Bourne would be consulted as to whether the designs received would meet their performance specifications. That is different from designing a structure and then going out and soliciting bids from various contractors.

CV: Doesn't know whether contractors would be willing to do all of that work without being paid.

SF: Doesn't agree. It may happen, but a lot of these contractors already have designs for various criteria and may just have to tweak them.

CV: This is just the beginning of a process. First is getting Bourne out here and getting the contract signed and getting the wave study underway. Once all of the information has been gathered, a group of people will weigh in on it and it will be brought to a public meeting. There are many more steps to the process.

SF: What happens when they come up with a preliminary design that needs to be revised as a result of input from the public? Bourne will have to revise it and the PPPC will have to spend a lot of money for this process. We may not be taking advantage of all of the available technologies out there.

CV: A schedule is needed in order to go through the process.

SF: Doesn't agree with the tasks as set forth.

KA: Suggested that the topic go on the next agenda.

RM: If on the next agenda, he can check in with Russ about the discussion.

CV: A lot of input is needed in order to make some preliminary decisions, based on input from the public and tenants, including if all or part of the floating docks are going to remain in the water all year or if some will be taken out.

### ***Pier Manager's Report***

**Annual Report due January 23<sup>rd</sup>:** He and KA will work on a draft to be sent to the Board for comments or revisions and put the issue on the agenda for both January meetings for discussion and voting.

**Priorities list update:** *He reviewed* the list. The camera system is almost done. He is meeting with Lynne and Craig about the mooring field mapping and forms. In regard to the floating docks, an application for \$1.9 million has been submitted. It allows for a replacement for what was lost and improvements so they do not have to go through this again. Repairs on the transportation dock are proceeding in-house, including repairs on the broken welds. The coatings on the underside are fine, but the coatings on the upper deck are not in good shape. This will be addressed in the spring.

**Administrative Assistant position:** Ellen Battaglini will be returning to the Administrative Assistant position on January 2nd. He was thankful to have Connie in that position over the summer and is excited and proud of her in her new position as the Town Treasurer.

**Vacation rollover buyout:** The Town is allowing only a rollover of 40 hours for employees. Luis had 136 hours to be rolled over and he had 68 hours. They weren't able to use those hours because of the blizzard. He is requesting a one-time buy-down of the excess vacation time in order to clear the liability off the books. The amount would be \$2208 for Luis and \$1661.44 for Rex. He has talked to Dan Hoort about this and he needs a motion and a vote.

***A motion was made to make a one-time buy-down of excess vacation time for Luis and Rex in order to clear the liability off the Pier Corporation books in the amount of \$2208 for Luis and \$1661.44 for Rex.***

**Motion:** Herbie Hintze

**2nd:** Scott Fraser

**Vote:**

**Yes:** 4

**No:** 0

**Absence:** 1

## *New Business*

**Joint Meeting with BoS January 13, 2014:** Scott reviewed his draft presentation, the purpose of which is to introduce some of the things the Selectmen should be thinking of as the negotiation with the PPPC nears. Four things need to be renegotiated; two ferry contracts, sections of the lease whereby the Town has leased the Pier to the PPPC, certain sections of which discuss how the rent is calculated and the agreement by which the PPPC provides harbormaster and other marine-related services. His presentation is only about the PPPC relationship with the Town, the lease and the services provided. The key decisions needed right away are whether the Town wants to continue in its role as the Pier's manager, and whether the Town wants the PPPC to continue providing harbormaster and marine-related services. The BOS has chosen Tom Donegan to represent them in the negotiations. By when do they want the negotiations done? There is a budgeting cycle that the pro-forma needs to fit into. He will presume that the Town will want the PPPC to continue in its existing roles. He reviewed the pros and cons of in-house versus out-sourcing Pier management.

CV suggested that the Directors discuss whether they wanted to provide harbormaster services to the Town.

SF reviewed the advantages of having the PPPC manage the Pier, including not having the Town duplicate the organization of the PPPC. The only things that the Town would be eliminating would be the Directors and their meetings, which do not cost anything. The disadvantages to the Town would be that the Pier Manager would work for the Town Manager and be one more department for that person to worry about. In addition, the costs to run the Pier would be moved into various Town budgets leading to less transparency about Pier finances. Financial decisions would become political. There would be a potential risk of repeating history in that the Town would end up mismanaging the Pier and letting it fall into disrepair. The net cost to the Town of managing the Pier and providing harbormaster services over the last six years was \$17,359, which seems to make it worthwhile for the Town to continue that relationship. The Town pays \$219,000 in principal and interest on the loan that was taken out to rebuild the Pier. However the Town receives \$35,000 from a head tax on passengers of the Boston ferries plus whatever the net payment from the Pier to the Town is, which last year was about \$5,000. The net cost of the Pier to Town's taxpayers is about \$180,000. SF suggested finding things to agree to with the BOS and then negotiate the rest. It is agreed that the PPPC is organized as an entity separate from the Town, but financially integrated with the Town. The PPPC assets are the Town's assets, the Town's gains and losses are the PPPC's as well. You could agree that the BOS provides the overall guidance for the PPPC. The PPPC would like concurrence from the BOS on the goals of, and the process to be used in, negotiations. Each entity should be allowed to do their jobs. The objective in the negotiation is to establish clear lines of accountability and authority. SF thought that the terms of the relationship have gotten out of line in the last year. The relationship should be structured to promote transparency. Stakeholders, such as the taxpayers and Pier's customers, should be brought into the process. There should be an agreement on Pier missions and responsibilities. The two entities should review governance and control mechanisms and agree on some financial outcomes and revise the lease and other documents so they are consistent with PPPC thinking. To start the financial planning process, the PPPC should determine the level of profits that needs to be generated, which is not a lot. The next step is to agree on what the cost

structure should look like, with guidance from the BOS. Then the amount of revenue that is required can be calculated. The core mission of the PPPC is to keep the asset functioning, manage the Town's property in a business-like way, ensure public access and safety and make sure adequate infrastructure is in place for tenants to conduct their business, to use market-based pricing strategies based on a principle of user pays and to ensure that operations are efficient and cost effective, all the while taking advantage of new business opportunities. Another responsibility is to ensure the long-term financial strength and capability of the corporation to pursue its core mission. The performance standards are that the Pier should be maintained in a fully operational state and avoid any reoccurrence of past history. The Pier has hired engineers to help guide this process. This includes a change in the way that the maintenance reserve is handled. The important issue is how big the maintenance reserve should be and what it should be used for, which includes, according to the Town, but is not limited to, routine and non-routine maintenance. But there is a question as to whether it should include replacing assets that are destroyed in storms. There was a suggestion from the Finance Committee that the maintenance reserve should be 5% of the value of the assets, which would be about a million dollars. It took eight years for the PPPC to build a reserve of \$250,000. In the event that price increases are needed to achieve satisfactory operating results, the BOS is going to have to guide the PPPC in how those price burdens should be shared by Pier users. The difficult issue is finding the right balance amongst the customer base. The question is should the PPPC try to get all the money from the users of the Pier and not the taxpayers. SF said that the taxpayer does not know what kind of subsidy the PPPC is providing to the commercial fishermen and that should be more transparent. Now that subsidy is hidden in the commercial dockage fees. This issue needs to be thought about. To what extent should the requirement to encourage and support the fishing industry govern the pricing to that segment? The commercial fishing industry adds an economic and cultural value to the Town and has always been a key part of the Town, however the PPPC has other responsibilities as well. There needs to be a debate as to how to balance those in the effort to maintain a vibrant, successful commercial fishing industry with a need not to burden the taxpayers. Another issue related to the subsidies provided to the commercial fishing industry is that, at a minimum, the first priority is to Provincetown-based fishing vessels. There is no language in the PPPC's enabling act about subsidies or discounts. Do non-Provincetown-based fishing vessels deserve the same rights? Lastly, these issues will require a great deal of sensitivity in regard to financial, commercial and political realities.

The Directors discussed the presentation. SF thought that the amount of additional revenue needed was about \$250,000 and it will have to come as a direct subsidy from the Town, through some sort of mitigation of the lease. It could come from dockage price increases from the fishing industry, which would put some fishermen out of business, or from the users of the whale watch boats or ferries in the form of a head tax on passengers.

Meeting adjourned at 6:30 P.M.

Respectfully submitted,  
Ellen C. Battaglini,  
PPPC Administrative Coordinator

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Kerry Adams, Chair