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Steamship Authority suffers from 'penny-pinching' mentality, report says















MATTHEW J. LEE/GLOBE STAFF

Fred Condon of Edgartown had pointed questions for the Steamship Authority's board during a meeting Monday at Falmouth High School.

**By Matt Rocheleau** 

GLOBE STAFF DECEMBER 17, 2018

FALMOUTH — The Steamship Authority is badly understaffed, suffers from a "penny-pinching"

mentality, and is hampered by sparring internal factions, according to a scathing report from consultants tasked with dissecting problems that led to an unprecedented number of service breakdowns this year.

The 140-page report said the agency, which runs ferries to Martha's Vineyard and Nantucket, was fortunate to have avoided more frequent and severe problems before this year. It warned that failing to address widespread problems could lead to "a repeat of the spate of incidents that instigated this study, or worse."

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"The study team does not consider the casualties of 2018 that led to this investigation to be an anomaly but, rather, the beginning of a trend that is bound to repeat itself if systemic changes are not made," stated the report, which was released Monday.

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The report urged the ferry service to mre more stan, develop systems to polster the oversight of board

members and management, and give workers better training and equipment. The changes would cost about \$1 million, the report estimated.

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The quasi-public authority came under sharp criticism last spring after mechanical troubles plagued a large portion of its fleet, causing many canceled trips.

Consultants found nearly two

dozen issues contributed to a high-

profile breakdown on St. Patrick's

Day when one ferry lost power,

stranding 72 passengers off

Martha's Vineyard for five hours.

Had the authority noticed and

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The 140-page report said the agency, which runs ferries to Martha's Vineyard and Nantucket, was fortunate to have avoided more frequent and severe problems before this year.

fixed just one of the issues, the episode may have been prevented, the report said.

A review in May found the authority had canceled 550 trips from January through April, about 15 times the yearly average. That's a big problem for the island, since the boats operated by the Steamship Authority are a crucial link with the mainland, carrying more than 3 million passengers and nearly half a million cars last year to and from Martha's Vineyard and Nantucket, according to statistics published by the agency.

The persistent problems prompted the authority's governing board to spend more than \$200,000 to conduct a broad review of operations by HMS Consulting and Technical, a Seattle-based maritime firm.



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John Sainsbury of HMS Consulting & Technical, the company which wrote the report, spoke at Monday's meeting.

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Its monthslong review found systemic problems. It faulted the agency's leadership for lacking "a clear and aspirational vision," a failure that has "led to competing factions within the organization," the report concluded.

The review accused Steamship Authority management of "penny pinching" and said the agency's

"overemphasis on cost reductions has been penny-wise and pound-foolish."

It also noted that managers were far too focused on "day-to-day firefighting" at the expense of long-range planning. They were also in denial about the scope of the problems, the report found. Interviews with employees found they believed the problems that began in the spring were the result of a "perfect storm" of variables outside the agency's control.

"We have operated this ferry system for years and years without problems like we had in the spring of 2018, and we will operate for years and years without any similar issues," the report said in summarizing the views of key agency personnel.

The consultants sharply disagreed with that conclusion.

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"From our experience, this could not be further from the truth, they wrote. "Our investigation suggests that the SSA may, in fact, have had good luck not to have had more frequent and severe incidents."

In a statement, Steamship Authority general manager Robert Davis thanked the consultants for their "thorough work," saying it contained beneficial insights.

But he stressed that the ferries are safe and disagreed with the report's findings that recent problems were likely to crop up again if major changes aren't made.

"That's one area that I do disagree," Davis said after a board meeting in Falmouth. The problems in the spring were the result of "a lot of items that came together at the same time," he added.

Marc N. Hanover, secretary of the authority's five-member governing board, said the report "reaffirms concerns that a lot of us had." He said he expects the board and agency managers to begin implementing recommendations from the report.

In 1960, the state Legislature passed a law to create the authority, which operates independently from state government. The oversight board is appointed by local officials from Cape Cod, the Islands, and New Bedford.

State Senator Julian Cyr, who represents the Cape and Islands, said Monday he plans to speak with authority officials to determine whether state intervention is necessary.

"I have a question as to whether the Legislature needs to take steps to make sure the Steamship is doing some of these things," he said. "The Steamship Authority is the lifeline to Martha's Vineyard and Nantucket and it's imperative that they operate with safety and accountability."

In a statement, a spokesman for Governor Charlie Baker's office said the administration is urging "the Steamship Authority to address concerns raised in this report to ensure safety is a top priority for their riders."

J.B. Blau, who owns five restaurants on Martha's Vineyard and has been pushing the ferry service to improve, said the public needs to make sure the agency follows through on the report's recommendations.

"I have the confidence they're going to take it to heart, but I think it's on all of us to hold them accountable so it's not just a waste of effort, time, and funds," he said.

Joseph S. Murphy, a retired Merchant Marine captain and a former instructor at the Massachusetts Maritime Academy, said he was not surprised by the report's findings.

"They don't have any vision as to what they're going to do," he said. "They're reactionary."  $\,$ 

Many ferry services are run poorly, he said.

On Monday, John Sainsbury, president of HMS Consulting, presented the firm's findings at a Steamship Authority board meeting attended by several dozen residents Monday at Falmouth High School.

Several local ferry customers and residents offered feedback and asked questions. Fred Condon, 52, of Edgartown, said the authority has been too complacent.

"Let's figure out how to go forward . . . to take advantage of the opportunities that are out there," Condon said.



DAVID L. RYAN/GLOBE STAFF/FILE

The 140-page report faulted the Steamship Authority's leadership for lacking "a clear and aspirational vision," which "has led to competing factions within the organization."

Danny McDonald of the Globe staff contributed to this report. Matt Rocheleau can be reached at matthew.rocheleau@globe.com. Follow him on Twitter @mrochele.

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