

RECORD OF MEETING

**BRITISH COLUMBIA FERRY COMMISSION (BCFC)
BRITISH COLUMBIA FERRY SERVICES INC. (BCFS)
QUARTERLY COMPLIANCE MEETING**

DATE: June 2, 2017	TIME: 10:00 a.m. – 2:00 p.m.	SITE: 1321 Blanshard Street Victoria, BC
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ATTENDANCE: BCFC: Gord Macatee Sheldon Stoilen BCFS: Dennis Dodo Cynthia Lukaitis Alana Gallagher Jason Eamer-Goult Scott Elliott Darren Johnston Mark Collins Mark Wilson Erwin Martinez	Commissioner Deputy Commissioner Chief Financial Officer Vice President & Corporate Secretary Treasurer Senior Manager, Regulatory & Freedom of Information Director, Corporate Planning (agenda items 4.d. and 7.) Director, Fleet Operations (agenda item 7.) President & CEO (agenda items 8., 9. and 12.) Vice President, Engineering (agenda items 14.a. to e.) Chief Information Officer (agenda item 14.g.)
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1. ADOPTION OF AGENDA

The agenda was approved as circulated.

2. DISCLOSURES

BCFC and BCFS each advised that they had not identified any services by consultants that are known to be in common.

3. RECORD OF MEETING

a. December 7, 2016 Quarterly Meeting

b. Action Items

The record of the March 3, 2017 quarterly meeting and action items were reviewed and approved.

4. FISCAL 2017 – COMPLIANCE REPORTS

a. Q4 Price Caps

A report prepared by BCFS comparing the quarterly average fare index with the quarterly price cap index by route group for the seven quarters ended March 31, 2017 was reviewed and discussed. The report indicates BCFS' compliance with all regulatory requirements, including section 45.3 of the *Coastal Ferry Act*, in respect of the average fares charged in the quarter.

6. RESERVATION FEE REVENUE AND GST

BCFS reported that it is contesting a finding by Canada Revenue Agency that reservation fees are a separate taxable supply from exempt ferry travel and are therefore subject to the goods and services tax. There was a discussion of the possible impact of the final outcome of this matter on the price cap compliance index.

4. FISCAL 2017 – COMPLIANCE REPORTS (Cont'd)

b. Q4 and YE Core Service Levels

Reports prepared by BCFS on its performance against core service levels as set out in the Coastal Ferry Services Contract for the quarter and year ended March 31, 2017 were reviewed and discussed. The reports indicate BCFS' compliance with the core service level requirements in the quarter. For the fiscal year, core service level requirements on a system-wide basis were exceeded, and, on a route-specific basis, were met with the exception of five missed round trips.

c. Q4 Complaints Resolution

BCFS' complaints resolution report for the quarter ended March 31, 2017, prepared in accordance with Memoranda 40 and 40A, was reviewed and discussed.

d. Q4 Drop Trailer

BCFS' calculation of its average drop trailer tariff for the quarter ended March 31, 2017 was reviewed and discussed.

5. FUEL DEFERRAL ACCOUNTS

a. Balance at March 31, 2017

A report prepared by BCFS on the deferred fuel account balances as at March 31, 2017 was reviewed and discussed. The report tabled by BCFS indicates that it has complied with terms and conditions for fuel deferral accounts set out in Order 15-03A.

10. FISCAL 2017 FARE PROMOTIONS RESULTS

BCFS reported on outcomes and learnings from the fiscal 2017 fare promotions initiatives.

7. FUEL CONSUMPTION METRIC

BCFS reviewed some key factors influencing fuel consumption and presented fuel consumption metrics based on sailing hour and passenger nautical mile. It was noted that increased traffic on the major routes is the primary driver of increased fuel consumption in the last two fiscal years.

8. HORSESHOE BAY INITIATIVES

BCFS discussed the importance of the Horseshoe Bay terminal in the Company's overall strategic planning, and noted that it is currently engaging with Sunshine Coast and Bowen Island communities by seeking public input on their ferry schedules. There was a discussion about terminal planning within the context of the next performance term, as well as the need to plan for BCFS's longer term role within the larger regional transportation system.

9. TERMINAL AND FLEET MASTER PLANS

BCFS provided a briefing on the master planning process for its fleet and terminals. These master plans assist BCFS by enabling predictable, consistent decisions about major assets, and by bringing certainty to asset planning and forecasting.

9. UPDATES

- a. **Cable Ferry**
- b. **Salish Class Vessels**
- c. **Spirit Class Vessels Mid-Life Upgrades**
- d. **Minor Class Vessels**
- e. **Mid Coast Service**

BCFS gave updates regarding the *Baynes Sound Connector*, the Salish class vessels, the Spirit class vessels mid-life upgrades project, the minor class vessel replacement project, and the mid coast service project.

11. PERFORMANCE TERM FIVE DISCUSSION

There was a discussion of planning considerations for BCFS's price cap submission and other deliverables in anticipation of Performance Term Five.

12. PERFORMANCE REVIEWS

There was a discussion of the aspects of BCFS's operations which could be the subject of future performance reviews under section 46.1 of the *Coastal Ferry Act*.

13. SECTION 55 FILINGS

- b. **Potential filings**

BCFS provided an update with regard to potential upcoming filings for major capital expenditures under section 55 of the *Coastal Ferry Act*.

a. Conditions Status Update

BCFS' progress in meeting the conditions set out in BCFC's orders approving major capital expenditures under section 55 of the *Coastal Ferry Act* was reviewed and discussed.

14. UPDATES (Cont'd)

e. New Building Canada Fund Applications

BCFS provided a status update respecting its applications for funding under the New Building Canada Fund program.

5. FUEL DEFERRAL ACCOUNTS (Cont'd)

b. Forecast

BCFS' projections for the regulatory account balances were reviewed and discussed, including a discussion of possible strategies for managing the projected debit balance in the fuel deferral accounts.

14. UPDATES (Cont'd)

g. Major Information Technology (IT) Projects

i. Portfolio Oversight

ii. ACE and FFDEI Update

iii. Major Components Status and Timelines Summary

BCFS provided an update with regard to the Automated Customer Experience program and the Fare Flexibility and Digital Experience Initiative, including their status and projected timelines, and planned changes to the portfolio oversight function across the two programs.

16. NEXT MEETING

The next BCFC / BCFS quarterly meeting is scheduled for September 22, 2017.

17. TERMINATION

The meeting terminated.