



BC Ferry Commission
Request for Proposal
Financial Analysis for BC Ferries Price Cap Review
for the Third Performance Term
(Text for BC Bid Website www.bcbid.ca)
by the BC Ferry Commission)

The BC Ferry Commission (www.bcferrycommission.com) seeks a qualified consultant to provide analysis of financial information to be submitted by BC Ferries on September 30, 2010.

Background

The Commission is a provincial regulatory body with statutory responsibilities for making key regulatory decisions affecting ferry operators in the province, including British Columbia Ferry Services Inc. (BC Ferries).

Under the Coastal Ferry Act (Section 40) BC Ferries is required to provide the Commissioner by September 30, 2010, with extensive operating and financial information relating to the ferry routes for which BC Ferries provides services under its Coastal Ferry Services Contract with the provincial government. This information, relating to the second Performance Term ending on March 31, 2012 and forecasts for the third Performance Term, will be used by the Commissioner in determining the price cap limits (limits on weighted average fares) that will be applicable for the third Performance Term commencing April 1, 2012.

The Commissioner is required, under Section 41 of the Act, among other matters, to make decisions on allowable levels of expenditure for each route group before deciding on the price caps applicable to each route group. For this purpose the Commissioner is required to review the information provided by BC Ferries and to issue a report to BC Ferries and the provincial government by no later than March 31, 2011.

It is anticipated that the BC Ferries' submission for the third performance term will be in substantially the same format and level of detail as the Performance Term Two Submission to the Commission which can be found at under downloads and links at www.bcferrycommission.com.

Assignment

Your task as a consultant is to analyze the operating and financial information contained in BC Ferries' submission, referred to above, and to provide a report to the Commissioner addressing the following questions:

- Can the Cognos forecasting model used by BC Ferries to project revenues and expenses for the six year period April 1, 2010 to March 31, 2016 be relied upon to produce accurate projections of net income for BC Ferries?
- On a route and route group basis, is the information provided by BC Ferries accurate, reasonable and supportive of the forecast for the third Performance Term?
- Are the operating assumptions for revenue and expense projections for the third performance term reasonable and consistent with results projected for the second performance term?
- Are there reasonable assumptions built into the projections for productivity improvements?
- Have BC Ferries satisfactorily explained unusual trends or variances between actual and forecasted results? What adjustments do you recommend should be made to the forecasts provided by BC Ferries?

Consultants will be expected to conduct such analysis as they deem necessary. The Commission would like to see the following detailed tasks included in the analysis:

- Trend and ratio analysis for both revenue and expenditure.
- Selective detailed analysis of specific capital expenditure projects, including need for project, timing and cost estimate.
- Comparison of projected actual capital expenditure in the second performance term with the forecast of capital expenditures for the third performance term.

The company's submission will contain a large amount of information and further details can be obtained as required.

Interested consultants should refer to the Coastal Ferry Act, especially to sections 40 and 41.

In the course of this analysis you will be expected to meet with staff of BC Ferries and with the Commissioner and Deputy Commissioner to resolve issues that arise in the course of your work.

Proposal Outline

Consultants interested in undertaking this assignment should provide to the Commission a brief proposal featuring:

- The consultant's corporate credentials and experience in similar past assignments;
- The consultant's familiarity with IBM's Cognos planning and forecasting software.
- The specific individuals who will work on the assignment, their backgrounds and professional credentials, the time budgeted for the assignment and their hourly/daily rates presented in a time/cost budget;
- A work plan showing how the consultant will approach the assignment, with a basic list of tasks; and
- A declaration of any potential conflicts of interest on the part of the consultant.

Deliverables

- Two printed copies of the report will be provided to the Commission
- One compact disk with a version of the report text in both Microsoft Word and Adobe Acrobat (PDF) format (suitable for web publication) will be delivered to the Commission.
- Discussions with the Commissioner and the Deputy Commissioner as required during the assignment and one full-day discussion to present the report.

Timing and Fee

The assignment is expected to commence in early October 2010 and be completed by November 30, 2010.

The consultant should quote a fee based on a maximum of 30 days work by analysts and 20 days work by more senior staff. Expenses for two visits to BC Ferries headquarters in Victoria should be included. This is not a fixed price contract, but a fee in the range of \$50,000 to \$65,000 is anticipated for this assignment.

Proposal Evaluation Criteria and Weighting

The Commission will evaluate proposals according to the following:

- 50% Credentials and relevant experience both corporate and individual professionals.
- 35% Demonstrated understanding of the assignment, insights and key questions to be addressed in the assignment, as detailed in the work plan.

15% Fee

Interested consultants should submit their proposals by e-mail to the Deputy Commissioner by September 30, 2010 at sheldon.stoilen@bcferrycommission.com. All proposals will be acknowledged on receipt.

A handwritten signature in black ink, appearing to read 'M Crilly', written in a cursive style.

Martin Crilly
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