

RECORD OF MEETING

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

DATE: December 8, 2017	TIME: 10:00 a.m. – 1:45 p.m.	SITE: 1321 Blanshard Street Victoria, BC
-------------------------------	-------------------------------------	--

ATTENDANCE: BCFC: Gord Macatee Sheldon Stoilen BCFS: Cynthia Lukaitis Alana Gallagher Mark Wilson Jason Eamer-Goult David Hendry Janet Carson Erwin Martinez	Commissioner Deputy Commissioner Vice President & Corporate Secretary Vice President, Finance & Chief Financial Officer Vice President, Strategy & Community Engagement Senior Manager, Regulatory & Freedom of Information Director, Strategic Planning (agenda item 8.) Vice President, Marketing & Customer Experience (agenda item 9.a) Vice President & Chief Information Officer (agenda item 12.f.)
--	--

1. ADOPTION OF AGENDA

The agenda was approved as circulated, with some re-ordering of agenda items.

2. DISCLOSURES

BCFS referred to its disclosures at the previous quarterly meeting and reported that one of two consulting firms identified at that time has also been further engaged to conduct vessel condition assessments. In addition, BCFS identified another consulting firm that was involved in various stages of assorted competitive procurement processes to provide services to BCFS.

BCFC noted that Ernst & Young will provide support in the performance review under section 46.1 of the *Coastal Ferry Act* regarding BCFS's procurement policies and practices.

3. RECORD OF MEETING

a. September 22, 2017 Quarterly Meeting

b. Action Items

The record of the September 22, 2017 quarterly meeting and action items were reviewed and approved.

4. FISCAL 2017 – COMPLIANCE REPORTS

a. Q2 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 ended September 30, 2017 were reviewed and discussed, including approaches to address overloads and other service implications arising from high capacity utilization, particularly on the major routes. The reports indicate BCFS' compliance with the core service level requirements in the quarter.

b. Q2 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 September 30, 2017 was reviewed and discussed. The report indicates BCFS' compliance with all regulatory requirements in respect of the average fares charged in the quarter.

7. GOVERNMENT INITIATIVES

a. Fare Initiatives

BCFS reported on discussions to date with the Ministry of Transportation and Infrastructure regarding the provincial government's initiatives to freeze fares on the major routes, reduce fares on the minor routes and re-introduce discounts for seniors. Discussion occurred in respect of the possible impacts the initiatives may have on traffic levels and the implications for overloads and other effects on service due to vessel and terminal capacity constraints.

6. FUEL DEFERRAL ACCOUNTS

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 (funds owed to BCFS) in the fuel deferral account for the non-Northern routes. BCFC indicated that further engagement with BCFC is required prior to BCFS implementing such strategies.

4. FISCAL 2018 – COMPLIANCE REPORTS (Cont'd)

d. Q2 Drop Trailer

BCFS' calculation of its average drop trailer tariff for the quarter ended September 30, 2017 was reviewed and discussed. The report on drop trailers indicates BCFS is in compliance with Order 16-01.

c. Q2 Complaints Resolution

BCFS' complaints resolution report for the quarter ended September 30, 2017, prepared in accordance with Memoranda 40 and 40A, was reviewed and discussed.

5. ROUTE 1 OVERLOADS YEAR-OVER-YEAR COMPARISON

A report prepared by BCFS comparing year-over-year overloads on Route 1 (Swartz Bay to Tsawwassen) was reviewed and discussed.

6. FUEL DEFERRAL ACCOUNTS

a. Balance at October 31, 2017

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

7. GOVERNMENT INITIATIVES (Cont'd)

b. Route 28

BCFS provided an update regarding the status of its discussions with the provincial government regarding the ferry transportation fees for Route 28 (Port Hardy to Bella Coola).

c. Service Level Adjustments

BCFS reported that the ferry advisory committees have provided the provincial government with a request to reinstate round trips on various routes that were eliminated by the government 2014. BCFS noted it has already reinstated service on routes where it is cost effective and demand warrants.

8. STAKEHOLDER AND COMMUNITY ENGAGEMENT FRAMEWORK

BCFS provided an overview of its stakeholder and community engagement framework, wherein those affected by a BCFS decision may be invited into the decision-making process in some capacity. BCFS reported that in accordance with this framework it will be starting a community and stakeholder engagement process on the Horseshoe Bay terminal redevelopment plan in January 2018.

9. PERFORMANCE REVIEWS

a. Customer Satisfaction Tracking Survey

i. BCFS Next Steps

BCFC reported on the findings of its performance review of BCFS's Customer Satisfaction Tracking Survey and discussed with BCFS the company's plan for addressing the recommendations of the report. BCFC requested that BCFS provide an action plan for

implementing the recommendations at the next meeting. As part of its action plan, BCFS confirmed it would update the format for the quarterly complaints reports prepared in accordance with Memoranda 40 and 40A commencing next quarter, with a view to segmenting the information, where possible, by route. BCFS will also report quarterly to BCFC regarding the community engagement undertaken during the previous quarter

b. Procurement Policies and Practices

BCFC advised of its planned next steps for its review of BCFS' procurement policies and practices under section 46.1 of the *Coastal Ferry Act*.

11. OPTIMUM VESSEL AGE CONSIDERATIONS

BCFS provided a report on the historic and future average age and tonnage (i.e. average loaded displacement) of its fleet. It was noted that the average age is declining as the fleet is renewed.

11. SECTION 55 FILINGS

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.

b. Potential Filings

- i. Bowen Class Vessel Replacement**
- ii. Fleet Maintenance Unit**
- iii. Langdale Terminal**

BCFS provided updates regarding potential filings for the Bowen class vessel replacement project, the Fleet Maintenance Unit revitalization project, and Langdale terminal upgrade project.

12. UPDATES

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

BCFS provided updates regarding the Salish class vessels, the Spirit class vessels mid-life upgrades project, the minor class vessel replacement project, and the mid coast service project.

BCFS also provided an update on the disposal of the retired vessels *Queen of Burnaby* and *Queen of Nanaimo*.

e. Federal Funding

BCFS provided an update regarding applications made for federal funding of capital projects.

f. Major IT Projects

BCFS provided an update regarding the automated customer experience program and the fare flexibility and digital experience initiative, including their status and a comparison between original and current timelines.

13. OTHER BUSINESS

Nil

14. NEXT MEETING

The next BCFC / BCFS quarterly meeting is scheduled for February 19, 2018.

15. TERMINATION

The meeting terminated.