

RECORD OF MEETING

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

DATE: June 24, 2015	TIME: 10:00 a.m. – 4:00 p.m.	SITE: 1321 Blanshard Street Victoria, BC
----------------------------	-------------------------------------	--

ATTENDANCE: BCFC: Gord Macatee Sheldon Stoilen BCFS: Dennis Dodo Cynthia Lukaitis Mark Collins Alana Gallagher Shirley Bains David Hendry Joanne Carpendale Jason Eamer-Goult Mark Wilson Rob McNair Rob Clarke	Commissioner Deputy Commissioner Vice President & Chief Financial Officer Vice President & Corporate Secretary Vice President, Strategic Planning & Community Engagement Treasurer Comptroller Director, Strategic Planning Director, Corporate Planning Manager, Regulatory & Freedom of Information Vice President, Engineering (agenda items 7 and 8.a.) Director, Tariff & Revenue (agenda item 8.d.) Executive Sponsor Major IT Projects (agenda items 6, 8.f., and 8.g.)
---	--

1. ADOPTION OF AGENDA

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

2. RECORD OF MEETING

- a. **March 23, 2015 Quarterly Meeting**
- b. **Action Items**

The record of the March 23, 2015 quarterly meeting and action items were reviewed and approved.

3. FISCAL 2015 – 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, 2015 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.

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, 2015 were reviewed and discussed. The reports indicate BCFS' compliance with the core service level requirements in the quarter and fiscal year.

c. Q4 Drop Trailer

BCFS' calculation of its average drop trailer tariff for the quarter ended March 31, 2015 was reviewed and discussed. The calculation indicates that BCFS has complied with the Minimum Allowed Average Tariff for the quarter based on the methodology set out in Order 11-01A.

d. Q4 Complaints Resolution

BCFS' complaints resolution report for the quarter ended March 31, 2015, prepared in accordance with Memoranda 40 and 40A, was reviewed and discussed.

4. FUEL DEFERRAL ACCOUNTS

a. Balance at May 31, 2015

A report prepared by BCFS on the deferred fuel account balances as at May 31, 2015 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 12-03.

b. Forecast

BCFS' projections for the regulatory account balances were discussed. There was a discussion of next steps for managing the fuel deferral balances.

5. PERFORMANCE TERM FOUR

a. Price Cap Calculation Methodology (Reservations)

BCFS reported on the status of an external consultant's review of the proposed methodology to address the expected impact on the calculations of the price cap and average fare indices, arising from the planned introduction of the revenue management strategy and the associated forecast increase in the number of reservations. BCFC and BCFS will meet in due course to discuss the proposed methodology further.

b. Price Cap Rebasing

There was a discussion about rebasing the price cap index to 100 at the commencement of performance term four ("PT4"), which includes the need to address the impact arising from the reduction in the Province's payment of the seniors' discounts from 100% to

50%, and the redirection to the Ferry Transportation Fees of the funding the Province would have paid if there had been no change in the level of discounts. BCFC and BCFS will meet in due course to discuss this matter further.

c. Coastal Ferry Services Contract Amendments

BCFS reported on the status of the discussions with government regarding the amending agreement for the Coastal Ferry Services Contract for PT4.

d. Fuel Strategies – Reporting Requirements

BCFC described the requirements under consideration for BCFS's fuel strategies reporting for PT4.

e. Price Cap Finalisation

There was a discussion of BCFC's preliminary decision on price caps for PT4 ("Order 15-02") and next steps in anticipation of BCFC's final decision for the price cap in accordance with section 40 of the *Coastal Ferry Act*.

8. UPDATES

b. Strategic Planning and Community Engagement

BCFS provided a briefing on changes that have been made to the organizational structure of BCFS to strengthen the corporate strategic planning and community engagement functions of the company, including the processes involving liaison with local governments and the Ferry Advisory Committees.

d. Fare Initiatives

BCFS provided a briefing on work under way with regard to the fare flexibility and revenue management strategy, including the pilot trial on route 9 (Tsawwassen – Gulf Islands) for walk on reservations, and the 'extra foot' promotion for extra length private vehicles on select sailings on route 1 (Swartz Bay to Tsawwassen) and route 30 (Duke Point to Tsawwassen).

c. Southern Gulf Islands Strategy

BCFS reported on the status of the public consultation regarding the schedule changes for the Southern Gulf Islands which arise from the planned introduction into service of the new intermediate class vessels.

7. SECTION 55 FILINGS

a. Cable Ferry Project

BCFS gave a progress report on the construction of the *Baynes Sound Connector* as well as on meeting the conditions set out BCFC's order approving the major capital expenditure for this vessel and its associated infrastructure.

8. UPDATES (Cont'd)

a. Intermediate Class Vessels

BCFS gave a progress report on the intermediate class vessel construction project.

7. SECTION 55 FILINGS (Cont'd)

b. Spirit Class Mid-life Upgrades

BCFS provided an update on the procurement process to identify a shipyard for the mid-life upgrades for the Spirit Class vessels. BCFS reported that a one year deferral of the project is being contemplated in order to ensure sufficient equipment procurement lead times, detailed engineering and necessary regulatory approvals, and to perform additional financial due diligence.

c. Potential Filings

BCFS provided a briefing on potential upcoming filings for major capital expenditures under section 55 of the *Coastal Ferry Act*. There was a discussion of the approval process for major capital expenditures.

8. UPDATES (Cont'd)

e. Mid Coast 10S Service / *Nimpkish*

BCFS provided an update with regard to the *Nimpkish* replacement and reported on the status of discussions with the Province in regard to Mid-Coast service.

6. COMMERCIAL BUSINESS

There was a discussion of next steps by BCFC now that it has received notification that the drop trailer volume set out in Order 11-01A has been reached.

8. UPDATES (Cont'd)

f. Automated Customer Experience

g. Fare Flexibility and Digital Experience Initiative

BCFS provided updates with regard to the Automated Customer Experience program and the Fare Flexibility and Digital Experience Initiative.

9. OTHER BUSINESS

Agenda items for the next quarterly meeting were discussed.

10. NEXT MEETING

The next BCFC / BCFS quarterly meeting is scheduled for September 10, 2015.

11. TERMINATION

The meeting terminated.