

RECORD OF MEETING

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

DATE: February 19, 2018	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: Cynthia Lukaitis Alana Gallagher Mark Wilson Jason Eamer-Goult Darren Johnston 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 Executive Director, Fleet Operations & Training (agenda item 4.a.) Vice President, Marketing & Customer Experience (agenda items 4.c. and 7.a.i.) Vice President & Chief Information Officer (agenda item 10.e.)
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1. ADOPTION OF AGENDA

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

2. DISCLOSURES

BCFS referred to a consulting firm identified in previous quarterly meetings which has been further engaged to conduct work related to a vessel refit.

BCFC confirmed another consulting firm is now no longer on its list of eligible consultants.

3. RECORD OF MEETING

a. December 8, 2017 Quarterly Meeting

b. Action Items

The record of the December 8, 2017 quarterly meeting and action items were reviewed and approved.

4. FISCAL 2017 – COMPLIANCE REPORTS

a. Q3 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 on-time performance on some of the

minor routes. The reports indicate BCFS' compliance with the core service level requirements in the quarter.

b. Q3 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 December 31, 2017 was reviewed and discussed. The report indicates BCFS' compliance with all regulatory requirements in respect of the average fares charged in the quarter.

There was discussion on the extent to which cross-subsidization between the major routes and the minor and northern routes has occurred.

d. Q3 Drop Trailer

BCFS' calculation of its average drop trailer tariff for the quarter ended December 31, 2017 was reviewed and discussed. The report on drop trailers indicates BCFS is in compliance with Order 16-01.

5. FUEL DEFERRAL ACCOUNTS

a. Balance at December 31, 2017

A report prepared by BCFS on the deferred fuel account balances as at December 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.

b. Forecast

BCFS' projections for the regulatory account balances were reviewed and discussed..

c. Account Balance Filing

BCFS reported on strategies under consideration for managing the projected debit balance (funds owed to BCFS) in the fuel deferral account for the non-northern routes. It was agreed that further discussion would occur in regard to whether a filing to BCFC will be required, once BCFS has confirmed its preferred strategy.

6. 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.

b. Coastal Ferry Services Contract Amendments

BCFS provided an update regarding the status of its discussions with the provincial government regarding possible amendments to the Coastal Ferry Services Contract for the government's fare initiatives, incremental service levels on Route 11 (Haida Gwaii to Prince Rupert), and the introduction of Route 28 (Bella Coola to Port Hardy).

c. Service Level Adjustments

BCFS provided an update on the request from the ferry advisory committees to the provincial government to reinstate round trips on various routes that were eliminated by the government in 2014. BCFS noted it has already reinstated service on routes where it is cost effective and demand warrants, and that it will continue to work with ferry advisory committees as they submit significant service requests.

d. Coastal Ferry Services Review

BCFS provided an update on the review of the Coastal Ferry Services Contract and the provision of coastal ferry services being undertaken by a special advisor to the Minister of Transportation and Infrastructure.

7. PERFORMANCE REVIEWS

b. Procurement Policies and Practices

BCFC advised of the expected timing for the completion of the performance review on BCFS' procurement policies and practices.

BCFC advised of its intent to undertake additional performance reviews in support of the performance term five price cap determination, and identified the possible areas of focus of these reviews.

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

c. Q3 Feedback and Engagement Report

BCFS' feedback and engagement report for the quarter ended December 31, 2017, prepared in accordance with Memoranda 40 and 40A and in response to the recommendations in the October, 2017 report of the performance review on BCFS's Customer Satisfaction Tracking Survey, was reviewed and discussed. BCFC suggested some minor adjustments to the feedback and engagement report going forward, and confirmed the report is in compliance with regulatory requirements.

7. PERFORMANCE REVIEWS (cont'd)

a. Customer Satisfaction Tracking Survey

i. BCFS Follow-Up

BCFS provided details regarding its planned actions in response to both the recommendations the performance review of BCFS's Customer Satisfaction Tracking Survey and the requirements set out in Order 18-01 regarding this performance review. BCFS confirmed its intent to submit its response to BCFC on this matter on or before June 1, 2018 in accordance with the Order.

In respect of the directive in the Order to increase the number of routes surveyed, BCFC advised that BCFS has some flexibility in the approach and frequency of surveying routes, but noted that all routes must be surveyed within a reasonable time, and in accordance with the timing set out in the Order.

8. AEQ VESSEL CAPACITY OVER TIME

BCFS reported on the projected changes in average fleet capacity as the fleet is renewed.

9. 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.

10. UPDATES

a. Spirit Class Vessels Mid-Life Upgrades

b. Minor Class Vessels

c. Mid Coast Service

BCFS provided updates regarding 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 vessel *Queen of Burnaby*.

d. Federal Funding

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

e. Major IT Projects

BCFS provided an update regarding the automated customer experience program and the fare flexibility and digital experience initiative. BCFS also provided an overview of its plans with respect to implementing variable pricing.

11. OTHER BUSINESS

Nil

12. NEXT MEETING

The next BCFC / BCFS quarterly meeting is scheduled for June 26, 2018.

13. TERMINATION

The meeting terminated.