

RECORD OF MEETING

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

DATE: June 26, 2018	TIME: 10:00 a.m. – 3:00 p.m.	SITE: 1321 Blanshard Street Victoria, BC
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ATTENDANCE: BCFC: Sheldon Stoilen Gordon Macatee BCFS: Cynthia Lukaitis Alana Gallagher Mark Wilson Jason Eamer-Goult Rob McNair Janet Carson Darren Johnston	Commissioner Advisor to the Commissioner Vice President & Corporate Secretary Vice President, Finance & Chief Financial Officer Vice President, Strategy & Community Engagement Senior Manager, Regulatory & Freedom of Information Director, Tariff & Revenue (agenda item 9) Vice President, Marketing & Customer Experience (agenda items 9 and 11.e. and h.) Executive Director, Fleet Operations & Training (agenda items 11.g. and h.)
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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 two consulting firms identified in previous quarterly meetings which have been further engaged.

BCFC advised of four consulting firms that have been added to its list of eligible consultants.

3. RECORD OF MEETING

a. February 19, 2018 Quarterly Meeting

b. Action Items

The record of the February 19, 2018 quarterly meeting and action items were reviewed and approved.

4. FISCAL 2018 – COMPLIANCE REPORTS

a. 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, 2018 were received. The reports indicate BCFS' compliance with the core service level requirements

in the quarter and the year. BCFS reported that for the fiscal year, core service level requirements on a system-wide basis were exceeded, and were fully met on a route-specific basis.

b. 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, 2018 was received. The report indicates BCFS' compliance with all regulatory requirements in respect of the average fares charged in the quarter.

c. Q4 Feedback and Engagement Report

BCFS' feedback and engagement report for the quarter ended March 31, 2018, 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' Customer Satisfaction Tracking Survey, was received.

d. Q4 Drop Trailer

BCFS' calculation of its average drop trailer tariff for the quarter ended March 31, 2018 was received. The report indicates BCFS is in compliance with Order 16-01.

5. FUEL DEFERRAL ACCOUNTS

a. Balance at May 31, 2018

A report prepared by BCFS on the deferred fuel account balances as at May 31, 2018 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.

6. FUEL CONSUMPTION ANNUAL UPDATE

BCFS' report on fuel consumption for the year ended March 31, 2018 was received.

7. GOVERNMENT INITIATIVES

a. Fare Initiative

BCFS presented options for the treatment of the Fare Relief Program funds received from the provincial government for the purposes of calculating compliance with the price cap. BCFC determined that the program funds for the fare reductions, fare freezes, and

enhanced seniors' discounts are to be treated in the same manner as ferry transportation fees and are not to be included in the price cap compliance index.

b. Service Level Adjustments

BCFS provided a summary of routes where service levels have been increased above the round trips required to be delivered under the Coastal Ferry Services Contract, generally because the service level adjustments are cost effective and warranted by demand. BCFS reported that it has a formal process to consider requests from the ferry advisory committees to increase service levels and that this process will continue to guide its decision making process with respect to such requests.

c. Coastal Ferry Services Review

There were no matters to report by BCFC or BCFS.

8. PERFORMANCE TERM FIVE

d. Review Process

There was a discussion of the legislative requirements and timelines respecting BCFS' filing obligations for Performance Term Five.

BCFC confirmed that a number of performance reviews will be undertaken in conjunction with the Performance Term Five review process, and advised of the topics selected to date. There was discussion of additional performance reviews that may be conducted.

i. Traffic Forecast

There was a discussion of BCFS' anticipated approach to develop its traffic forecast for Performance Term Five. BCFS advised of its intent to follow the same approach undertaken in Performance Term Four, and to prepare a forecast internally and have it reviewed by an external and independent party to ensure the methodology is appropriate. BCFC concurred with this approach.

Discussion also occurred in respect of the approach BCFS will use to forecast fuel price for Performance Term Five. BCFC concurred with BCFS' plan to follow the same methodology as was followed in Performance Term Four, and to develop a forecast internally with a review by an external expert.

b. Capital Plan

There was a discussion of the content and timing for the submission by BCFS of its long term capital plan. It was noted that the *Coastal Ferry Act* requires that the plan be approved by BCFC for inclusion in BCFS' Performance Term Five filing.

c. Efficiency Report

There was a discussion of the focus and approach for BCFS' efficiency report for Performance Term Five.

a. Strategic, Fleet and Terminal Master Plans Update

BCFS reported on its strategic planning process and how its fleet and terminal network master plans align with its corporate strategic plan. BCFS indicated that information technology and customer experience master plans are expected to be completed shortly.

9. FLEXIBLE FARE STRUCTURE

BCFS provided an overview of the planned variable fare structure which will be implemented as part of the fare flexibility and digital experience initiative.

11. UPDATES

e. Customer Satisfaction Tracking

BCFS provided an update on the status of the actions outlined in its letter of May 28, 2018 to BCFC in response to the conditions set out in Order 18-01 regarding the Customer Satisfaction Survey Performance Review.

h. Customer Care

BCFS provided a briefing of the factors driving volumes in the Customer Service Centre, actions taken to address customer service concerns, and lessons learned.

g. Queen of Cumberland Incident Investigation

BCFS reported on the status of its internal investigation regarding the *Queen of Cumberland* incident. It was agreed that the interim findings will be shared with BCFC when available, and that BCFS will submit a final report after receiving and considering subsequent findings about the incident from the external agencies.

f. Major IT Projects

BCFS' report on the status of the major information technology projects was received.

10. REGULATORY FILINGS

a. Conditions Status Update

BCFS' progress in meeting the conditions set out in BCFC's orders under the *Coastal Ferry Act* was reviewed and discussed.

- b. Potential Section 55 Filings**
 - i. Bowen Class Vessel Replacement**
 - ii. Langdale Terminal Walkway**
 - iii. Langdale Terminal Development**
 - iv. Fleet Maintenance Unit**

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

- 11. UPDATES (cont'd)**
 - a. Spirit Class Vessels Mid-Life Upgrades**
 - b. Island Class Vessels**
 - c. New Major Class Vessel**
 - d. Mid Coast Service**

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

- 12. OTHER BUSINESS**

Nil.

- 13. NEXT MEETING**

The next BCFC / BCFS quarterly meeting is scheduled for September 13, 2018.

- 14. TERMINATION**

The meeting terminated.