

RECORD OF MEETING

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

DATE: September 9, 2020	TIME: 11:00 a.m. – 3:40 p.m.	SITE: 1321 Blanshard Street Victoria, BC
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ATTENDANCE:	
BCFC: Sheldon Stoilen Eva Hage	Commissioner Deputy Commissioner
BCFS: Jill Sharland Joanne Carpendale Jason Barabash Jason Eamer-Goult Scott Elliott Brian Anderson Janet Carson Karen Tindall George van Heest Erwin Martinez Mike Chanin Ed Hooper Frank Camaraire	Chief Financial Officer Treasurer Vice President, General Counsel & Corporate Secretary Senior Manager, Regulatory & Freedom of Information Director, Corporate Planning (agenda items 5.a, 10.a, 5.b. and 12.c.i.) Vice President, Strategy & Community Engagement (agenda items 7.c. and d., 13.a., 4.c. and 9.) Vice President, Marketing & Customer Experience (agenda items 7.c. and d., 13.a., 4.c., 9., 11.b., and 12.a. and b.ii.) Director, Customer Care (agenda items 4.c., 9., 11.b., and 12.a. and b.ii.) Schedule Coordinator (agenda item 12.b.ii.) Vice President & Chief Information Officer (agenda item 12.b. and b.i.) Director, Application Management (agenda item 12.b. and b.i.) Executive Director, Shipbuilding (agenda items 12.c. to e.) Executive Director, Engineering (agenda item 12.f.)

1. ADOPTION OF AGENDA

The agenda was approved as circulated, with the addition of 'Medical Assured Loading' to item 13 'Other Business' and some reordering of agenda items.

3. RECORD OF MEETING

a. June 15, 2020 Quarterly Meeting

The record of the June 15, 2020 quarterly meeting was reviewed and approved, with some corrections.

2. DISCLOSURES

BCFC advised there was nothing new to report.

BCFS referred to a consulting firm identified in previous quarterly meetings that has been further engaged to conduct services related to upgrades to a vessel propulsion system.

3. RECORD OF MEETING (cont'd)

b. Action Items

The action items from the June 15, 2020 quarterly meeting were reviewed and approved.

4. FISCAL 2021 – COMPLIANCE REPORTS

a. Q1 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 June 30, 2020 were reviewed and discussed. The reports indicate BCFS' compliance with the core service level requirements in the quarter.

b. Q1 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 June 30, 2020 was reviewed and discussed. The report indicates BCFS' compliance with all regulatory requirements in respect of the average fares charged in the quarter.

d. Q1 Drop Trailer

BCFS' calculation of its average drop trailer tariff for the quarter ended June 30, 2020 was reviewed and discussed. The report indicates BCFS is in compliance with Order 16-01.

5. 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. With regard to Order 19-02 (A Major Capital Expenditure for four Island Class Vessels and one Salish Class Vessel) dated January 7, 2019, BCFS noted that anticipated capital expenditures for individual terminals vary from BCFS' application but altogether are within the approved overall amounts.

10. PERFORMANCE TERM FIVE

a. Price Cap Compliance Index Reset

BCFC provided an update on its review, undertaken by a qualified third party, of BCFS' calculations for the reset of the price cap index for Performance Term Five.

5. REGULATORY FILINGS (cont'd)

b. Potential Section 55 Filings – timing

BCFS provided an update regarding timing related to potential filings for seeking approval of major capital expenditures under section 55 of the *Coastal Ferry Act*.

12. UPDATES

c. Island Class Vessels Phase 1

i. Full Electrification – status

There was a discussion of budgetary considerations with respect to the possible full electrification of the Island class vessels.

7. COVID-19 PANDEMIC IMPACTS

a. Traffic

BCFS provided a briefing on current passenger and vehicle traffic levels, which are slowly recovering from the impacts of the COVID-19 pandemic. BCFS discussed the anticipated return of domestic versus international traffic.

6. FUEL DEFERRAL ACCOUNTS

a. Balance at July 31, 2020

A report prepared by BCFS on the deferred fuel account balances as at July 31, 2020 was reviewed and discussed. The report indicates that BCFS has complied with the terms and conditions for fuel deferral accounts set out in Orders 15-03A and 19-04.

b. Forecast

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

c. GST Appeal Legal Costs – Status

BCFS provided an update on its appeal of the Canada Revenue Agency's tax assessment disallowing any recovery of goods and services taxes through input tax credits for fuel costs. BCFS shared the amount currently at issue in this matter.

7. COVID-19 PANDEMIC IMPACTS (cont'd)

b. Financial

There was a discussion of the funds the federal and provincial governments have allocated for BC Ferries, as well as TransLink and BC Transit, to assist transportation and economic recovery from the impacts of the COVID-19 pandemic.

c. Service Levels

BCFS described how it is managing reduced vessel passenger capacities due to the pandemic, as mandated by Transport Canada. There was a discussion of Transport Canada's decision to rescind, as of September 30, 2020, the temporary flexibility it granted to ferry operators allowing passengers to remain in their vehicles on enclosed vehicle decks.

d. Government Relations

BCFS' engagement activities with the provincial government as a result of the pandemic were reviewed and discussed. BCFS noted it is working closely and regularly communicating with the provincial government.

13. OTHER BUSINESS

a. Medical Assured Loading

BCFS described some of the operational and other considerations arising from the implementation of the Ministerial Order (MO 73/2020) respecting travel for medical reasons during the period of the declaration of the state of emergency for the COVID-19 pandemic.

4. FISCAL 2021 – COMPLIANCE REPORTS (cont'd)

c. Q1 Feedback and Engagement Report

BCFS' engagement activities described in the feedback and engagement report for the quarter ended June 30, 2020 were reviewed and discussed.

9. FLEET STANDARDIZATION – SAVINGS

BCFS' progress in identifying the savings resulting from fleet standardization was discussed.

11. PERFORMANCE REVIEWS

b. Customer Complaints Process Review

The status of the recommendations arising from the performance review of BCFS' complaints process was reviewed and discussed.

12. UPDATES (cont'd)

a. Customer Service Centre Crisis Management Plan

BCFS described its progress in implementing its crisis management plan for customer service recovery when responding to extended service disruptions. BCFS has been providing training to staff who could be called upon during such disruptions to augment regular Customer Service Centre staff.

b. Major IT Projects

ii. Assisted Service Module

BCFS provided a demonstration of its Assisted Service Module, which is a custom web application used by the Customer Service Centre and Vacations Centre for making bookings and other transactions.

10. PERFORMANCE TERM FIVE (cont'd)

b. Capital Plan – update

BCFS provided an update with respect to the capital plan for Performance Term Five.

c. Percent Efficiency Target – Possible Metrics and Reporting

BCFS reviewed its progress with respect to developing an efficiency target as required by Order 19-04 regarding the final decision on price caps for Performance Term Five.

11. PERFORMANCE REVIEWS (cont'd)

a. Upcoming Reviews

BCFC provided an update with respect to future performance reviews under section 46.1 of the *Coastal Ferry Act*.

8. PROPOSAL FOR SIMPLIFICATION OF ALLOCATION OF FEDERAL SUBSIDY BY ROUTE

There was a discussion of a possible approach to simplifying how the funds received under the Canada/British Columbia coastal ferry subsidy agreement dated April 18, 1977 are allocated across the regulated routes.

12. UPDATES (con't)

b. Major IT Projects

i. Transition to Sustainment

BCFS provided updates for the Automated Customer Experience program and the Fare Flexibility and Digital Experience Initiative (FFDEI), including the arrangements for the transition of FFDEI to sustainment.

c. Island Class Vessels Phase 1

i. Full Electrification – status

d. Salish Class Vessel 4, Island Class Vessels Phase 2 and Terminals

e. New Major Class Vessel Program

BCFS provided an update with respect to ongoing and upcoming activities regarding the recent introduction into service of the phase 1 Island class vessels (*Island Discovery* and *Island Aurora*). BCFS also described the progress of the construction of the phase 2 Island class vessels and the fourth Salish class vessel, as well as the status of related terminal improvements. In addition, BCFS reviewed its progress with respect to consideration of possible full electrification of the Island class vessels.

There was a review and discussion of the possible considerations arising from the revised timeline for the New Major Class Vessel Program.

f. Coastal Class Quarter-Life Upgrades

BCFS provided an update for the Coastal class vessels' quarter-life upgrades, including the amount currently set aside in the capital plan for the refit of each vessel, and possible options with regard to project scope.

14. NEXT MEETINGS

The next BCFC / BCFS quarterly meetings are scheduled for December 9, 2020 and March 9, 2021.

15. TERMINATION

The meeting terminated.