

Meeting Details:

FAC:	Southern Sunshine Coast Ferry Advisory Committee
Date:	November 23, 2007
Location:	Gibsons & District Public Library, 340 S. Fletcher Rd., Gibsons, BC
Time:	10:30 a.m. – 1:30 p.m.

Attendees:

<i>Committee:</i>	<i>BC Ferries:</i>
Chair, Ed Steeves	Captain Steve Graham – Marine Superintendent
Pat Barber	Captain Janice Lloyd – Senior Master, Queen of Surrey
Jakob Knaus	Jason Bowman – Regional Director, Terminal Operations
David Dick	Rob Clarke – Chief Financial Officer
LeeAnn Johnson	Amar Johal - Director, Sales & Community Relations
	Dan Wong – Vice President – Corporate Development
	Gabe Tonin – Manager, Sales & Community Relations
Absent: Marita Paul Frank Barry Cavens	
Guests: John Henderson, BC Ferries Board Member Greg Amos - Coast Reporter, Sean Eckford - CKAY FM 8 members of the public	

1. Call to Order: The meeting was called to order at 10:30 a.m.
2. Introductions: Round table introductions were completed.
3. Approval of Agenda: The agenda was approved.
4. Correspondence: A copy of recent correspondence from the FAC to BC Ferries was distributed to all meeting members. Rob Clarke provided further clarification to written responses by FAC members
 - BC Ferries advised that Route Elasticity studies would not be distributed publicly due to their highly technical nature. An offer was extended to individual FAC members to meet with BC Ferries Revenue Manager to review the study if necessary.
 - The traffic estimate used for the PT2 submission was +1.3%. This number was inadvertently omitted from the written response.

- A summary document was provided to the FAC members showing infrastructure costs for Route #3. "Net interest" expense is reflected in cost exhibits. (Exhibit attached).
- The federal interest subsidy to supplement refit cost for the Queen of Surrey is assigned to the vessel and ends December 2007.
- BC Ferries reconfirmed that allocation of overheads based on total revenues is accepted practice that has been adopted for route accounting by the BC Ferry Commissioner. The FAC may consider petitioning the Commissioner to consider other forms of overhead allocation (based on passenger miles) methods.
- Fuelling for the Queen of Surrey will continue in Langdale Terminal as this provides the Sunshine Coast with a home ported vessel, minimizes berth congestion at Horseshoe Bay, enhances safe operations and provides lower overall total operating costs than fuelling in Horseshoe Bay. Captain Graham advised that the fuel tankers are now loaded at Horseshoe Bay on the last ferry, bunkering the ferries at Langdale overnight and returning the following day, on the first ferry to Horseshoe Bay.
- The base price cap for the start of PT2 is the current price cap plus fuel surcharge. It was a Government policy decision to redistribute service fees such that all tax supported route groups would have the same price cap percentage increases.
- There is no cross subsidization from Route #3 to any other route group.
- Fuel savings plans have been filed with the Commissioner.

Action - Rob Clarke to confirm to the FAC fuel budget (in liters) for the upcoming fiscal year.

5. Public Presentations:

a. Public

- None

b. Marine Superintendent Operations Report

- Capt. Graham presented the Operations Report summarizing operations for the period since the last meeting. This report is attached.
- Route #3 on time performance has been impacted by berth construction at the Horseshoe Bay terminal. Terminal upgrades at Horseshoe Bay are scheduled to be completed by late December 2007.
- Both vehicle and passenger traffic on Route #3 remained flat or declining versus the previous year (-1%). It is hypothesized that these trends are attributed to aging demographic profile, who potentially have a reduced need for ferry travel and increased availability of big box retail outlets on the Sunshine Coast.

- Fuel Liters saved year to date September 2007 (compared to the same period as year ago) on Route #3 are 152,000L reflecting benefits of fuel monitoring systems.
- Completion of Horseshoe Bay berth construction is late-December, 2007. Deadline is subject to favourable tide and weather conditions.
- Captain Graham presented the SailSafe program, a joint management and union imitative designed to take the company's current safety program to the highest level within the industry.
- For the fiscal year, Total Route Revenue has grown by 7%. Ancillary (+13%) and Social Program Reimbursements (+16%) revenues are outpacing growth on Tariff Revenue which experienced a growth rate of 5%. The FAC questioned the growth on tariff revenue. The tariff increases did not exceed the price cap index.
- Operating expense overheads were up 3% versus the previous fiscal year due to the loss of North Route revenues during the period that there was no replacement vessel for the Queen of the North. The insurance proceeds from the Queen of the North were recognized as revenue, which assisted the company in building its equity base.
- Three new vessels (Coastal Class) are planned to arrive in 2008 on time and on budget. A new intermediate vessel for Route 7 ("MV Island Sky) is scheduled to be introduced in the summer of 2008.
- Major Terminal capital projects underway in current fiscal year include Horseshoe Bay (berth upgrade), Departure Bay (terminal upgrade), North Coast (dock upgrades).

6. Minutes of Previous Meeting – Review of Action Items from May 31, 2007

- **Terms of Reference** – Discussion ensued on amendments and accommodations that had been developed by each party since the last FAC meeting.
- **Action – Amar Johal to forward revised FAC terms of reference noting suggested appointment process in writing for FAC review.**
- **5:30 pm Summer Sailing** – Captain Graham outlined the challenges of creating a schedule with 5:30pm departure, chiefly ship movements and terminal congestion. A proposed Summer 2008 schedule with a 5:50pm departure from Horseshoe Bay on Mon. Thu. Fri and Sun. was distributed. (Exhibit is attached)

Captain Graham explained that the Queen of Coquitlam with three sailings a day during peak periods offers a larger capacity than the Queen of Esquimalt. It is not yet envisaged to operate four sailings per shift.

- **Action – FAC to provide Captain Graham with feedback on Summer 2008 schedule.**

7. New Business:

a) Langdale Master Planning

- Jason Bowman presented an overview of the Terminal Master Planning process and some of the “pre implementation” key issues to be addressed for Langdale planning including queue jumping, highway traffic congestion, safety of pick up and drop off areas, size of parking areas, passenger security, passenger facilities, protection from the elements and enhanced security being introduced by Transport Canada.
- The FAC introduced other issues for consideration including how vehicles are held in the terminal, idling issues, coordination with public transit, access and egress for passengers with limited mobility, separate passenger loading and unloading facilities to improve vessel turn around times and double decking berth 2.
- The implementation phase of Langdale Terminal upgrades is scheduled to run from 2010 to 2014.
- **Action – BC Ferries is committed to formal consultation with Stakeholders as part of the Langdale Master Planning through 2008.**

b) Langdale Terminal Security

- Jason Bowman provided an overview Marine Security measures to be implemented by Transport Canada and how routes and terminals are assigned risk classifications. Both Route 3 and Langdale are classified as Class I – High Risk. In the future, BC Ferries will be expected to administer prescriptive security measures based on MARSEC levels determined by the Federal Government.

c) Horseshoe Bay Ticket Sales and Cut off Times

- Jason Bowman provided an outline of new proposed ticket selling cut-off procedures at Horseshoe Bay. Moving to a 10 minute cut time in June 2008 would enhance overall on time performance and safety. The proposed changes will be in effect at Horseshoe Bay, cut-off times currently in place at Langdale Terminal will not change.

d) Smart Card Update

- Amar Johal presented an update on the development plans for the introduction an electronic stored value (Smart) and payment card. The system has been programmed to apply prepaid discount fares on all routes where they currently exist. The system is also being programmed to make it compliant with the draft Federal tax credit for public transit passes. The new system will replace prepaid paper tickets. The new card is planned to be rolled out in Spring 2008. The cost to develop the electronic card is estimated at \$1.4 million and is part of the Information Technology budget. Saving from printing paper tickets is \$250,000 annually. Once fully operational, the new system will be able to provide

enhanced revenue controls over paper tickets and the opportunity to provide automated fare discounts to encourage travel during off peak sailings.

e) **Performance Term 2** - Not reviewed due to meeting time constraints.

f) **New Vessel Introductions** – Not reviewed due to meeting time constraints.

8. Next meeting: The next full committee meeting is scheduled for Spring 2008.

9. Meeting adjourned: At 1:30 p.m.

Approved:

Captain Steve Graham, Marine Superintendent
Ed Steeves, Chair

Date:

Date: