

Ferry Advisory Committee Meeting Minutes



North Coast Ferry Advisory Committee

Date: April 3, 2008

Time: 9:00AM

Location: Vancouver Airport Marriott
Richmond, BC

Attendees:

<i>Committee</i>	<i>BC Ferries</i>
Steve Smith, Co-Chair	Captain Steve Poole, Marine Superintendent
Steve Waugh	Rob Clarke, EVP & CFO
Mayor Herb Pond	Parvinder Bal, Regional Director, Terminal Operations
Mayor Carol Kulesha	Kim Macaulay, Regional Manager, Terminal Operations
Mayor Hank Bood	Amar Johal, Director, Sales & Community Relations
IV Villani	Marina Lamb, Administrative Assistant
Sharon Cartier	Matthew Burns, Employee & Community Relations Advisor
	Steve Anderson Manager, Fleet Deployment & Scheduling

1. Call to Order:

09:03 – Steve Smith, Chair

2. Approval of Agenda:

Approved with the addition of:

- l.) pricing
- m.) website

Pre-meeting Motions:

Motion from Carol Kulesha (seconded by S. Waugh) for Steve Smith to stand as Chair. (Motion passed).

Matter of Eddie Russ (alternate chair) was raised. As Mr. Russ is not here, we agreed to wait until the next meeting to discuss.

Rob Clarke discussed the matter of pricing. Mr. Clarke discussed that since grant Bierlmeier was not present, we decided to pull pricing off the agenda, but would speak to it. Discussed the 4000 unique pricing items (motorcycles with side-cars, bicycle charges in some regions). Decision made to streamline the process and simplify the pricing structure. Item was raised at FAC Chair meeting. Given complexity of pricing, changes are not expected to happen until 2009.

Correspondence

Letter read aloud by Mr. Burns (from Mayor Kulesha).

Captain Poole discussed that all vehicles that don't fit in u/h spaces will be charged as an o/h. Kim Macaulay addressed the MTAP issue and stated that medical travel is normally reduced.

Steve Poole stated on the QPR if you have a dual-wheeled vehicle it is tight. There is only an inch or two on each side. It is a judgment call by the loading officer. Normally they err on the side of caution and load them in the middle lanes. There is also the issue of turning rate as dual wheeled vehicles often require additional space to turn around. Mayor Kulesha stated she was glad the company was looking at this issue and wondered if we could reply to this customer.

Action: *Matthew Burns to forward letter to Rob Clarke so he can draft a reply to this customer regarding this issue.*

Steve Smith addressed the issue of pricing. Steve Smith addressed the issue of pricing. He stated that the FAC has to lobby the caucus to allocate more money toward the fee for service rate, as the northern routes are in fact our highways they should be funded for both capital and maintenance accordingly. Steve stated the northern routes (because of their length and geography) are huge users of fuel and as such carry a large burden with fuel surcharges impacts on fares. It is difficult for BC Ferris to lobby our politicians in Victoria on our behalf with regard to the required route compensation, and expectations of the ferry traveler, our best course of action is to have strong representation within the provincial government and to have our elected officials at the local and regional level remind cabinet of the funding and service levels required to develop the mid and north coast corridor

Carol Kulesha added that the regional district. The QCI are losing money off of recycling initiatives as the product needs to be shipped to Prince Rupert. This is one more impact of rising fares.

Mr. Clarke talked about the relationship between route groups. He stated that he cannot make drastic changes to one route group over another. Within a route group (10, 11, 40) there is flexibility to move. However you can't compare route 10 to route 2. You can't take revenue from major routes to subsidize the minor routes. Unless there is a real traffic growth opportunity, it limits our options. Stated he will bring the pricing guide and have an open discussion about it. We spent 2 hours in Nanaimo on this very topic. We gave FAC some basic education regarding pricing, which got everyone on the same page and limited the anecdotal comments. Stated if that is the committee's will, he will have that discussion. If the FAC wants to discuss pricing within this route group, we can have that discussion.

Steve Waugh stated that on route 40 we speak very little about pricing. They feel it is a service issue. They feel if we can market and fill the boat, pricing won't be as big an issue. Pricing is a factor, but it is not the major driver. Rob Clarke stated the issue is more felt by the locals and not by the tourist passenger. The solution would be to segment the market and isolate the two groups; you can do something with pricing. There is no reason we can't do that if we speak to the issue. BCF has complete control provided we stay within the price cap. If we want to raise one route at the negative to another. Commercial passengers to locals. As long as it is feasible and does not drop ridership, we will have that discussion.

Carol volunteered to have the discussion. The most important thing on the islands is that the ferry is a highway. Service, pricing and any changes to service are main issues. Reefers (electric) will impact freight costs for shipping groceries.

Mayor Bood stated most of the discussions he has have nothing to do with fares. Frequency and timeliness of service is the issue. Customer service, infrastructure, these are the issues that I hear about. We should do an exercise with the people around the table and it would be interesting to see what each of our constituents feel are the major issues. Mayor Pond spoke regarding the reduction of service vs. higher taxes and overwhelmingly people prefer to have greater service. He feels that fare complaints are most political and not productive. Talk about two-tiered policies. Steve Waugh added to conversation has been valuable and raised the issue of holding a meeting regarding

Action: *To add the marketing/pricing discussion to the next meeting's agenda. Steve Waugh tabled a motion to host an informal session the night before the next meeting to discuss pricing options. (motion carried)*

Action: *To host a pricing session the night before next FAC meeting with Rob Clarke.*

3. Presentations – Fleet Operations Report – Captain Steve Poole

Steve Poole outlined performance/traffic numbers and the impact of tourism on the operations. 2005 numbers are down (approximately 10-15%). Steve discussed regarding marketing initiatives to European countries. The impact of the soft American economy and rising Canadian dollar. It has impacted our traffic. With regards to route 40, we had additional service due to the QOTN sinking. Route 26 has been consistent with the service; but greater frequency in storms. Discussed the issues of OTP and storms. Impacted BCF ability to provide OTP. As the crew's get more familiar with the vessel, the times are improving. SailSafe – brought in contractors from Europe to assist our joint union/management initiatives and dealing with solutions. The results have been great and led to a lot of improvements to safety and service.

Capital expenditures with respect to marine structure upgrades and NEXP in 2009. The only terminal that's an issue is Skidegate. We can't utilize any of the docks for vehicles (barging instead), so the issue is where we take the ship for passengers only. Steve took a team and reviewed all the options and has settled on the Massed dock. However our ships are not licensed to go in that area. We have petitioned TC to get a release to go into Masset. Steve Poole/Mayall will speak with Carol regarding the facility in Queen Charlotte City. The scheduled closure will amount to 4 weeks of lost service. The Alaska State facility has been temporarily closed and we are working through the challenges of that. Terminal security upgrades do to SOLAS requirements of the ships. We want to keep the SOLAS designation as we could then use them for short international voyages. If not for our own service, but even for resale. These boats (and by extension the terminals) are subject to domestic and international rules. The Northern Expedition is on track. Steve in the process of choosing senior crew for vessel. Parv spoke to TRACKR. Steve spoke to the Super Cs and Island Sky.

4. Community Relations Report – Matthew Burns

Matthew Burns reported on community investment events BCF has supported since November 2007. He noted that BCF is a strong supporter in the communities and are open for business when discussing new ways we can get involved. He highlighted some of the major events (music festivals, ANBT) and called on members to get in touch with additional ideas. Mayor Kulesha mentioned that in absence of Ed Russ, the opening of the centre has been moved from April to August.

5. Terminal Operations Report – Parv Bal

Parv discussed the Master Planning process & its involvement in the community based on 20 year strategic plan. Noted it allows us to manage assets & ensures affordability. Allows us to incorporate into Official Community Plans (Port McNeill). Discussed PSK terminal plans and right of way with road. Also land acquisition for structures. McLoughlin Bay is underway and now in financing stages. Prince Rupert working towards building a transportation hub and leverage our relationship/assets. Bear Cove master plan complete and now up for funding.

Herb Pond discussed the steps BCF took with the Alaska State Ferry system. Wanted to thank BCF for all their work. Rob stated he felt S. Poole was a reflection of the new management style. He stated this is another example of the new BCF.

Action: FAC to write a letter thanking BC Ferries for their work on the Alaska Ferry issue.

6. Previous minutes:

Steve Poole made a motion to reflect Gary Coons as a guest and not an FAC member. *Motion: to accept minutes as revised (carried).*

7. New Business:

a. Route 40

Steve Smith discussed that this is in hands of the government. There has been discussion regarding the replacement vessel and struggle to find the monies.

Rob Clarke noted that we have been in negotiations with government for a number of years on this topic. It is centered on money. Cost of vessel, fuel, etc. Vessel costs are more volatile than fuel costs. The Super Cs would cost 300 million and not 180 million like they did. There has been a ton of discussion in regards to the service. We have had to give up slots on two occasions and if we drop this slot, the next one out of Flensburg would be in 2014. We are trying.

Steve Waugh noted BCF effort and questioned the commitment from government. The community continues to lobby government and selling to product nationally and wonder if we can support the promises we are making to tour companies.

Hank Bood raised the issue that we have only a certain number of blue water assets and the reason for replacing the Chilliwack is not only for the service, but also like a contingency plan in case March 22 ever happens again.

***Motion:** Past experience has proven that 2 blue water vessels in the entire BCF fleet are not adequate to maintain service on the mid/north coasts (in the event that one of the vessels is disabled for any reason). Therefore the addition of another blue water vessel is critical, not only to maintain the service on route 40, but also to serve as the backup for the other routes, which impacts the BC Tourism Industry. Whereas an additional blue water is required to maintain continuity of ferry operations. The route 40 vessel (Queen of Chilliwack) is required to be replaced by 2012. The NC FAC recognizes that the importance of this vessel's replacement extending well beyond the benefit of the central coast commitment. The time required to fulfill this requirement moves that the NC FAC write the provincial government to request the resources necessary to provide a replacement vessel to BCF.*

***Action:** FAC to write the provincial government regarding the provision of resources to obtain a third blue water vessel. (motion carried).*

b. Route 10 Sales Opportunities

Steve Smith addressed the issue of maximizing sales on route 10. Gift shop closures, beer and wine locked up. Steve Poole addressed if the ship sails at 11:00pm, we do not operate the services that evening. If we sail during the day, it is the opposite. Steve Smith discussed the issue of booked seating. He stated he raised the issue with David Hahn who agreed with it but there is a block somewhere in the organization.

***Action:** Amar to carry forward to Geoff Dickson concerns from the North Coast FAC regarding lack of reserved seating as well as inclusion of healthier menu choices.*

c. NADV Capacity

Steve Smith talked about the usage of the garage on the NADV. Steve Poole confirmed it would be in place in time for the summer of 2008.

d. Coastal Naturalists (2008) Steve raised the issue of past years and having naturalists onboard the vessels.

***Action:** Amar to speak to Andrea Timlick and report back to the committee.*

e. Staff Interaction with Guests

Staff issues onboard the northern vessels are evident on what happened with the QOTN. The 14 day on/14 off impacts people with stress. Confined spaces lead to personal relationships and an erosion of the family unit. People are on there are trapped like a rat. Steve Poole rose that the issue of hours of work is not appropriate for discussion at this level. BCF does take very seriously the past issues and the new management structure in place is addressing these employee concerns. Some individuals have lost their positions, some have taken voluntary retirement.

Mayor Pond asked if we can address the issue of customer satisfaction and the provision of surveys to the committee. Steve Waugh supported Mayor Pond's and Steve Poole's positions and talked about this type of brainstorming session at the next meeting.

Steve Poole affirmed that we have had issues with performance. We have had issues with the employees post-March 22. We however do not feel it is due to the schedules. Steve Poole stated that it is part of his role and Matthew Burns' role in restoring the pride of the north. We have raised the level of professionalism of the operation.

Steve Waugh suggested that as members of the committee we need to highlight the positives of the crews and the service. Mayor Pond agreed and stated that from the airline industry that no one can see your maintenance record, but the can see the coffee stain and people make that leap.

f. Queen of Chilliwack replacement

Already discussed.

g. Central Reservations System

Steve Waugh is happy the service with the Nimpkish is running. There is some issue regarding the central reservations system. People are being told the vessel is coming in on the wrong day. There is misinformation being delivered. The policy of 24hr in advance tickets (particularly with FN passengers) is a concern. Sharon Cartier raised the schedule as an issue with people who are illiterate. Some people still come to us with concerns and wanting us to book their reservations.

Steve Anderson talked about the issues with our schedule and our IT systems in how we can make and schedule bookings. We have a significant capital investment for the software, the RFP is out now and we hope to have implementation in 2009.

Carol Kulesha raised the issue of aboriginal relations managers, to which Amar informed the group of the decentralized

FAC appointment/FAC survey

Amar spoke to the FAC committees and their mandates. In June of this year, Amar will advise current FAC members of the process of elections. We will post advertisements and encourage existing members to put their names forward should they wish to remain. We will host an orientation for new members to educate them on relevant issues (pricing, terms of reference, etc). January 2009 is when the new FAC committee is formed.

Carol had a question regarding the levels of representation and who will be included. She stated she was confused as to why BCF chose the members. Amar spoke to the survey. 11 of 12 FAC committees participated. 50% of people responded. It is moving to continuous improvement. Major themes were: meeting frequency, information flow to FACs, timely follow-up on action items and better process for dialoguing with the public. Amar asked committee what they felt would be effective. Steve Smith suggested an opportunity to have a public meeting.

Action: BC Ferries to add a survey to the next open house (Northern Expedition).

Amar asked members what they do to communicate back to the community. Sharron will make reports at monthly report. Most of the interaction happens after the meeting.

Mayor Pond stated that the FAC is a very good input device and not so much an output. Mayor Bood stated that there are not a lot of qualified people to sit on committees and that most people simply do not care about what is going on. Mayor Kulesha stated that getting the minutes out in prompt time assists her.

h. Experience Card Update

Launched Mar 19 & 26. Amar spoke to committee regarding consultation. Conversion promotion with paper tickets.

i. Environmental Initiatives

Amar spoke to this issue of the environmental initiatives. The marketing department is going to begin the communication, but the intention is to get the word out there to committee on regular basis. Fuel consumption and emission reductions (fuel meters, esp1000, redesign engines, vessels leaving on time to reduce idling). Reduction of solid waste (composting, recycling, garbage mgmt programs). Others (biodegradable hydraulic oil, cleaning products, sewage disposal plants, geothermal cooling at terminals, community initiatives – shoreline cleanup)

Steve Waugh was curious about our involvement in oil catch-basins. Rob Clarke stated he was not sure the exact strategy, but was certain we do something. Mayor Bood addressed the issue of sewage collection/treatment at Bear Cove. It is likely that sewer service will come over to that side of Port Hardy (Bear Cove) so that they may want to include it in our master planning. Mayor Kulesha noted that there is a Sunday roadside cleanup in Skidegate. Sharron Cartier raised on behalf an issue at the request of Kathy Nysten that the 1-800 number does not work outside of BC.

Action: Amar to verify that the 1-800 works in Canada.

Mayor Kulesha asked about the barge service. Parv/Steve stated we needed more money to make it worth it. Parv indicated it would amount to a significant shortage.

j. Pricing

Previously discussed.

k. Website

Previously discussed.

8. Next meeting: BCF to advise.

9. Meeting adjourned: 2:15 pm.

Approved:

Capt. Steve Poole, Marine Superintendent

Date: 2008

Steve Smith, Chair

Date: 2008