

**Meeting Details:**

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|-----------|--|
| FAC:      | Southern Sunshine Coast Ferry Advisory Committee |
| Date:     | November 5, 2008                                 |
| Location: | Cedars Inn, 895 Gibsons Way, Gibsons, BC         |
| Time:     | 8:30 a.m. – 11:30 a.m.                           |

**Attendees:**

|  |  |
|--|--|
| <i>Committee:</i>  | <i>BC Ferries:</i>   |
| Chair, Ed Steeves  | Rob Clarke – Chief Financial Officer                       |
| Jakob Knaus  | Captain Steve Graham – Marine Superintendent               |
| LeeAnn Johnson   | Chris Morris – Regional Manager, Terminal Operations       |
| Barry Cavens   | Amar Johal - Director, Sales & Community Relations         |
| Jordan Louie, Sechelt First Nations  | Grant Bierlmeier – Director, Pricing & Revenue Performance |
|  | Penny Lidstone – Manager, Sales & Community Relations      |
|  | Mark Stefanson – Vice President, Public Affairs            |
|  | Paul Madsen – Executive Director, Strategic Planning       |
| <b>Absent:</b><br>Marita Paul Frank<br>David Dick<br>Pat Barber  | Daniel Kuiper – Senior Master                              |
| <b>Guests:</b><br>Joyce Clegg, Gambier - Keats FAC Chair<br>Shannon Bond, Coast Reporter<br>Sean Eckford, CKAY-FM<br>7 Members of the Public |  |

1. **Call to Order:** The meeting was called to order at 8:38 a.m.
2. **Introductions:** Round table introductions were completed.
3. **Approval of Agenda:** Agenda approved
4. **Public Presentations:**
  - a. Public
    - The FAC presented a petition to BC Ferries that had 2,169 names requesting better service for residents during the peak season and shoulder season. These residents feel the performance of BC Ferries is negatively affecting the quality of coastal life and that the school and overall populations are declining as a result.

## b. Marine Superintendent Operations Report

Capt. Graham presented the Operations Report summarizing operations for the period since the last meeting. This report is attached.

FAC inquired about the recent incident at Langdale terminal when an ambulance was not able to board a specific sailing. Chris Morris indicated that while BC Ferries does have a good working relationship with BC Ambulance it is their responsibility to call BC Ferries terminal and give clear communication on the severity of the case and what sailing they need to be on. In this incident BC Ambulance did not provide this information had BC Ferries known we would have held the ferry. The FAC inquired if BC Ferries had spoken to the family. Chris Morris replied that BC Ambulance had followed up with the family and with BC Ferries to apologize. BC Ferries has an upcoming meeting with the senior management at BC Ambulance to discuss how to improve communication in the future.

- FAC inquired about the effect of the Community Investment program on rates and Amar Johal advised that it has a nominal effect, if any, and that it promotes growth and tourism for the FAC's communities which benefit them and us.

## c. Tariff Rationalization Report presented by Grant Bierlmeier. This purpose of this report was to receive feedback from the FAC's on how BC Ferries can streamline the fare system and better serve the communities. The report is attached.

FAC inquired about smart cars receiving a special discount fare and BC Ferries replied that we are focusing on reducing the amount of fares offered vs. adding new ones at the moment. However since BC Ferries is moving away from basing fares on height classifications and more to length classifications we are actually heading in that direction. The comment was made that just because you are in a smaller car with 1 person in it does not mean you are more environmentally friendly compared to a minivan with 7 people carpooling so why should a small car have a price break. Leanne Johnson asked how the Experience card rates are calculated per route as they differ and Rob Clarke said we are dealing with a lot of historical fares. BC Ferries is open to reviewing the Experience Card rates on this route but it has to be a revenue neutral exercise so if the Experience card rate goes down another rate needs to increase to compensate. The FAC pointed out that this route has received lower discount rates than other routes. Again BC Ferries can review how to further increase the discounted rate but then the regular fare needs to increase proportionately. BC Ferries has never gotten direction from the FAC on how they would like the discount applied and this feedback is needed before any changes can be implemented. The FAC also asked if a car with a trailer can be charged at the under-height rate for car and the over-height rate for trailer. BC Ferries replied that this is not rational because even though half of it is under-height it takes up a complete over-height space at the expense of another over-height vehicle. The focus of the fare rationalization discussion paper was to make the tariff less complicated, not more so. BC Ferries is leaning toward eliminating height and width premiums altogether.

## 5. Minutes of Previous Meeting – Review of Action Items:

- Steve Graham to confirm if FAC can attend scheduling meeting re Summer 2009:

BC Ferries is still planning a meeting and will advise of the outcome. Barry Cavens is concerned because the same summer schedule is already on the website. Rob Clarke advised BC Ferries is still going thru a lot of internal discussion and changes can still be made to the schedule.

**Action: Steve Graham to set up a meeting with Barry Cavens to discuss the schedule.**

- Rob Clarke to advise FAC of date and outcome of fare structure meeting: A meeting was never held. FAC chairs met in August and decided that all route fares would be addressed by a tariff rationalization process which is currently underway.
- Captain Graham to look into loading practices around painted areas by the elevators and respond to the FAC: The painted areas for the wheelchairs are used for vehicles if they need to be but spaces are mostly held for wheelchair access. Leanne Johnson wants fewer cars loaded first to ensure people with disability can have access to elevators and then maybe load additional cars on after. Daniel Kuiper, Senior Master, has tried to implement this when he is on shift and will look into having this done more consistently. The public asked about the overhead walkway and Rob Clarke advised this is in the capital plans and the master planning which is planned for 5 years in the future. Part of this process is the prioritization of capital projects. BC Ferries currently has over 150 projects underway at a value of over 1 billion dollars.

**Action: Daniel Kuiper to meet with Masters on Route 3 and advise that access to elevators must be kept clear on all sailings.**

- BC Ferries to communicate with large groups in an attempt to avoid the Friday 5:30pm sailing where possible: Groups and Key Accounts, who do the majority of group bookings, have been advised that any groups that can be shifted should be.
- BC Ferries to follow up with FAC about 2010 sailing schedule: This has been done and the schedule is posted on the BC Ferries website.
- Amar Johal to send FAC examples of what other FAC's do to communicate with their communities: Amar asked all the FAC's to provide information on what they do to communicate with communities and the responses were varied. Some of the major initiatives were giving Regional District and Chamber presentations, holding Town Hall meetings, writing articles for local newspaper and meeting with First Nation groups.

## **6. FAC Business:**

- a. FACC Report – no updates.
- b. How does the FAC engage with the community – Amar Johal discussed this earlier in the meeting. If there are any additional items please send to Penny Lidstone as BC Ferries is building best practices document for the FAC's.
- c. Options for summer schedule – this item was previously discussed in meeting.
- d. Student fares – BC Ferries has reviewed the FAC proposal on this subject. The preliminary high level analysis is that the regular fares would need to increase by .05% in order to implement this. This is a best estimate calculation based on using the same ridership numbers of children aged 5-11 because BC Ferries does not actually know how many children aged 12-16 ride the ferry as that is not a current fare category. The FAC chose the age of 16 because at that point a lot of students have a job and have their own money and it is in line with other responsibilities ie driver's license. During the

course of the conversation multiple objectives emerged and Rob Clarke asked FAC to clarify what their overall objective was so BC Ferries could better address the request.

**Action: The FAC to confirm their objective for student/children fares and communicate that to Rob Clarke/Grant Bierlmeier.**

- e. Fuel Surcharge Removal – Rob Clarke confirmed that the surcharge will be removed as quickly as feasible. It is in BC Ferries best interest to eliminate this as it impacts on traffic. The FAC asked for the account balance. Every 3 months Rob Clarke provides a reconciliation of fuel deferral accounts to the FACC.
  
- f. Review BCF announcements:
  - i. Reversal of sailing cancellations – FAC asked if we are subject to these cancellations occurring again. Rob Clarke replied that the suddenness of these decisions occurred because of the dramatic and unprecedented drop in travel that occurred in late August and September on the major routes and we had to react accordingly and quickly not allowing any time for consultation. BC Ferries appreciates the impact this had on communities but sailings were chosen based on their utilization rate. The Government entered into a commercial arrangement with BC Ferries allowing the reinstatement of these sailings. However, Rob Clarke says we should take this opportunity to have a discussion as to what is the best service response should this situation recur. The FAC has asked if any consultation is currently going on and can we offer discounts or promotions to shift people to that sailing. BC Ferries recognizes that fares have affected ridership but increased gasoline prices, poor economic situation etc. have also affected ridership as discretionary travel is the first item to go. To shift people thru discounts to an underutilized sailing does not help the problem because there are still no cost savings....a sailing would actually need to be cancelled in order to recognize cost savings.
  
  - ii. Dec. & Jan. discounts – BC Ferries has a commercial arrangement with the Government for December and January to provide 33% fare reduction and this will be implemented over that time period.
  
- g. Commissioning of the Island Sky – BC Ferries will take ownership of the vessel at the end of November and vessel will go into service in January.
  
- h. BCF Website progress – The proposed schedule goes to IT in December and BC Ferries will share information with FAC in January. Recommend timelines are as follows:
  - November: Community Relations to review above list and advise of any changes
  - December – Forward request to Paul Curtis
  - January – Share concept with FAC and gather feedback
  - February - Start work on redesigning website
  - April – Test & launch new site

**7. New Business:**

- a. FAC Appointment Process - Amar Johal presented the FAC Appointment Process report. The presentation is attached.
- b. Point of Assembly – no information to present.
- c. Promotional Initiatives/New Business Opportunities – Amar Johal presented report and it is attached.

- i. Travel & Tourism Center – Will open in Fall 2009 in downtown Vancouver.
- ii. Grow Commercial Sales – BC Ferries has created new business unit that Amar Johal will be in charge of.
- iii. Management Services of our expertise – national and international opportunities for BC Ferries to provide our services, which allows overhead costs to be spread out over a wider revenue base.
- d. Medical Assistance Travel Update- Chris Morris provided update on this process and that it will be implemented in December 2008 by the BC Ferries Customer Care department.

**8. Next meeting:** The next committee meeting is scheduled for Spring 2009.

**9. Correspondence:** Please add the 3 letters and their responses to David Hahn and include them in the minutes.

**10. Meeting adjourned:** At 11:35 a.m.

**Approved:**

Captain Steve Graham, Marine Superintendent  
Jakob Knaus, Acting Chair

Date: Dec 15, 2008

Date: Nov 30, 2008

5 October 2008

British Columbia Ferry Services Inc.  
1112 Fort Street  
Victoria, BC  
V8V 4V2

Mr. David Hahn, President and Chief Executive Officer

Re: October 1, 2008 News Release  
Off Peak Fall/Winter Major Route Sailing Reductions

Dear David:

Members of our Advisory Committee met on Friday afternoon to discuss the impact of the sailing reductions announced in the October 1, 2008 News Release. Our members and local governments are receiving many telephone calls and emails from individuals and organizations who are deeply concerned about these sailing reductions made without notice or consultation.

We decided at our meeting that we urgently require a meeting during the week of 6 October with BC Ferries personnel who have decision making power. The news release advised that the reductions will take place immediately following the Thanksgiving Day holiday weekend.

Purpose of the meeting is to obtain clarification on the following concerns and points:

- Advisory Committee members were given about 2 hours prior notice and are not in a position to provide an explanation.
- Action appears unilateral with no consultation with Committee members or others on the Southern Sunshine Coast.
- Release specifically states that reductions are on Major Routes. Route 3 is not considered a Major Route.
- The news release states that some sailings will be affected. The Upcoming Schedules are now posted on your web site through to March 31. They confirm that BC Ferries is eliminating all of the Sunday morning 6:20 am sailings from Langdale and 7:20 am sailings from Horseshoe Bay except for one sailing on December 28. They also confirm that BC Ferries is eliminating all of the Saturday evening 6:30 pm sailings from Langdale and 7:25 pm sailings from Horseshoe Bay except for one sailing on December 27.
- There will be substantial impacts on individuals and organizations and no details have been provided on how BC Ferries or the Ministry will be manage / mitigate these impacts and public consultation.
- Approval status by Commissioner and /or Ministry.
- Estimated savings and how they will be incorporated into lower fares on our route.

While there are significant concerns with the Saturday evening cancellations, the priority and immediate need is to understand and address the impact to individuals and the communities of the Sunday morning sailings. While the numbers of passengers may be small relative to other sailings, we believe that much of the Sunday morning travel is not discretionary and cannot readily be deferred to a later sailing.

1. Prior to making this schedule change, was there a survey of individuals who travel at 6:20 am and 7:20 am on Sunday mornings during this time of year?

2. Most people who travel on the 6:20 am and 7:20 am ferries on Sunday mornings likely do not have the option to take a later ferry. It is unlikely that people would get up at this very early hour on a Sunday morning if they could take a later ferry.
3. People who work a normal 8:00 am shift on Sunday in Vancouver area may no longer be able to commute. This has immediate consequences unless their family situation permits and they have the financial resources to pay for Saturday accommodation in the Vancouver area.
4. The precedent of making such a significant schedule change without adequate notice will have longer term consequences for the Sunshine Coast as commuters will not have confidence that service will be maintained.
5. While some may be able to adjust their work hours, it is unrealistic to expect that a change can be made between the time of the News Release and 14 October.
6. Sports teams and other community groups including schools generally schedule travel many months in advance. Sunshine Coast sports teams travel Sunday on the 6:20 am ferry; and other teams from the Lower Mainland travel Sunday on the 7:20 am ferry. Ice and sports field bookings are made for a season and there is no flexibility to change them at short notice.
7. Individuals travelling to Sunday events beginning at about 9 am in the Lower Mainland cannot wait for the next ferry at 8:20 as it does not arrive in Horseshoe Bay until 9:00 am (e.g. people travelling to Whistler for a day of skiing are likely travelling on the 6:20 am ferry).
8. People who have already purchased airline tickets for Sunday morning travel over the next few months may forfeit tickets if changes are not permitted, may be charged substantial amounts to rebook or cancel, or may have to stay overnight at a hotel in Vancouver.

This letter expresses the collective opinion of all our Committee members. We anxiously await the meeting with BC Ferries to address this matter.

Yours truly,

Dr. Ed Steeves  
Chair – Ferry Advisory Committee Southern Sunshine Coast

c.c. - Mr. Martin Crilly, Commissioner, BC Ferry Commission  
- Ms. Nancy Merston, Director - Marine Branch, Ministry of Transportation and Infrastructure  
- Mr. Tony Law, Ferry Advisory Committee Chairs

7 October 2008

British Columbia Ferry Services Inc.  
1112 Fort Street  
Victoria, BC  
V8V 4V2

Mr. David Hahn, President and Chief Executive Officer

Re: Your October 6, 2008 Letter re Sailing Reductions Route 3

Dear David:

Thank you for your prompt response to our 5 October letter expressing concern about the cancellation of sailings on Route 3.

While we recognize and appreciate your need to undertake cost reductions within BC Ferries operations, we disagree strongly that it is necessary to take immediate action to cancel early Sunday morning and Saturday evening sailings on Route 3 without first obtaining an understanding of how that action will affect your customers who regularly use these sailings, and without providing reasonable notice so that those who will be affected can make alternate arrangements.

BC Ferries has internally decided that it is appropriate to cancel these sailings with the rationale that you are scheduling additional sailings to support "peak travel" travel periods that you are not required to provide. Our October 5 letter outlined our concern for those who will be impacted. We limited our comments to addressing that fact that our members and local governments are receiving many telephone calls and emails from individuals and organizations who are deeply concerned about the sailing reductions being made without notice or consultation.

We do not feel our dialogue on this issue should be at the level of whether your contract with the government does or does not permit this action. That would reduce our interaction to a legal or accounting debate. That is best left to the specialists to provide a proper interpretation. We would prefer that initial discussions be at a higher level based more on human factors and what can practically be done to address your needs with appropriate consideration and respect for your customers (individuals and organized groups), BC Ferries, and our provincial government.

We recommend the following:

- Defer Route 3 cancellations (for 1 month).
- Conduct detailed survey on all Saturday and Sunday sailings during the next month that are proposed to be cancelled so that there is some understanding of individual customer and organized group requirements for those particular sailings.
- Arrange public meeting of our Advisory Committee as soon as possible.
- Advertise cancellations being proposed in local newspapers.
- Confirm requirements within Service Contract and other legal documents with regard to minimum daily and annual round trip sailings. There are differing opinions on whether Core Service requires a minimum of 8 round trip sailings per day, whether discretionary sailings can be substituted, and the role of the BC Ferry Commissioner in this regard. We are of the opinion that the proposed cancellations would result in

less than the contract minimum of 2985 sailings in the April 1 – March 31 contact year, and may require an order of the Commissioner.

If these recommendations are accepted and acted upon, we can collectively state confidently that there was meaningful consultation on the matter, and those who are affected had a reasonable opportunity for input. This is standard practice for other provincial organizations that provide essential monopoly services to individuals and communities, and is consistent with previous assurances from BC Ferries that there would be consultations before making a decision to cancel a scheduled runs.

We look forward to meeting with BC Ferries personnel at your convenience. If you decide that you cannot accept our recommendations in this regard, we strongly suggest that you place prominent advertisements with local newspapers and the radio station advising that the current printed schedule for September 2, 2008 to June 29, 2009 is no longer valid, and clearly state what sailings have been cancelled.

Yours truly,

Dr. Ed Steeves  
Chair – Ferry Advisory Committee Southern Sunshine Coast

c.c. - Mr. Martin Crilly, Commissioner, BC Ferry Commission  
- Ms. Nancy Merston, Director - Marine Branch, Ministry of Transportation and Infrastructure  
- Mr. Tony Law, Ferry Advisory Committee Chairs

APPENDIX #3

14 October 2008

British Columbia Ferry Services Inc.  
1112 Fort Street  
Victoria, BC  
V8V 4V2

Mr. David Hahn, President and Chief Executive Officer

Re: Your letter October 9, 2008  
Group 2//Route 3 - Service Level Reductions - Off-Peak Period

Dear David:

We acknowledge receipt of your letter of October 9.

You have clearly stated that the decision of BC Ferries to cancel sailings on Route 3 is not being reconsidered. You further stated that you cannot agree with any of our recommendations.

In our earlier letters dated October 5<sup>th</sup> and 7<sup>th</sup>, we attempted to briefly provide you with an overview of the impact that the decision is likely to have on our commuters, organized groups, and communities. Your letters indicate that BC Ferries is unable or unwilling to take a second look at the situation. We are disappointed that external consultations were not included in the decision making process, and that our Ferry Advisory Committee (FAC) was not provided with any information about whether any other options were considered to minimize or reduce the impact. As stated in our previous letters, those who must travel on the early Sunday morning sailings are unlikely to travel on later sailings. As a result your estimate of the savings of the cancelled sailings may be overstated.

We remain convinced that retaining a FAC consultation process provides value to BC Ferries, your customers, and our communities. An effective FAC provides a forum for open discussion about issues brought forward by BC Ferries and other stakeholders. The balance of this letter is intended to restore the FAC consultation process that we feel has been discounted and undermined by the recent decision. The expertise of the FAC and our individual members can be utilized, if you choose, to assist BC Ferries to review the available options and perhaps develop 'better' solution(s) that meet your financial objectives while showing sensitivity and empathy for your customers and communities.

We suggest that the following items be added to the proposed agenda for discussion at our next scheduled meeting on Wednesday November 5 in order that we have a common understanding of the issues / questions that this decision has raised:

- The Press Release stated that sailing reductions were to be on the Major Routes. According to the CFSC amendment 4 our Route 3 is not a Major Route; it is a separate group in schedule 1. We do not understand why we were described as a Major Route.
- You stated that the Chairs of the Ferry Advisory Committees have endorsed the need to increase efficiency. We agree that FACC members have shown a positive response and support of BC Ferries taking appropriate action to increase productivity and therefore minimize fares. We were assured by BC Ferries at FACC meetings that any proposed sailing cancellations on other than the Major Routes would be discussed in detail with the local FAC so that they could provide input and be in a position to bring forward other suggestions that may result in equivalent or greater savings. We disagree that the FACC would be supportive of making this change on Route 3 without substantial discussion of the options and adequate notice to affected parties.

- Process for bringing forward alternative solution(s). For example, we could visualize for Sunday mornings a triangular service by the Queen of Capilano from Snug Cove – Langdale – Horseshoe Bay and back (HB – Langdale – Snug Cove). Another example worthy of consideration is a reduction of one round trip on Saturday evenings, with a delay in the scheduled sailing for the second shift by one hour. This would reduce the 4 hour waiting time and would allow you to bunker the Queen of Surrey in Horseshoe Bay. This should allow you to save the “Langdale Bunkering Premium” of 3.44 cents per liter for minimum 2,500,000 liters off-peak fuel consumption on our Route 3, culminating in savings of minimum \$ 68,000. For this amount you could provide more than 40 roundtrips on Sunday mornings. These are two examples; there may be a number of alternatives if we seek them out. BC Ferries personnel are likely to have other solutions that should be considered as part this process.
- So far this year our passenger traffic is down 2.4 % and our private vehicle traffic is down 1.8 %, but our commercial vehicle traffic is up. For ordinary commercial vehicles we are up 9.1 % and for semis 60 ft and over we are up by 2.3 %. As our traffic picture is far better than most other routes, we are concerned as to why Route 3 was selected as the first Non-Major Route to be singled out and used as an example of how sailing reductions might be implemented on other Non-Major Routes. Our capacity utilization is the fifth highest out of 23 regulated routes.
- Your letter of October 6 confirmed that ‘46 sailings will be cancelled; however 1,455 sailings are scheduled including many discretionary sailings to support “peak” travel periods that you are not required to provide’. From your perspective, “it makes good business and common sense to add these sailings.” Discretionary sailings are necessary as a minimum of 2985 roundtrips per year are required in amendment 4 of the contract. It is our understanding that a refund of \$ 1,227.80 per sailing is payable to the Ministry if the target is not met. Our FAC would like to have an opportunity to provide input into what sailings will be added to displace the 46 core sailings that will be cancelled.

We calculate the number of roundtrips as follows:

|                |   |
|----------------|---|
| 2920 RT        | 8 RT for 365 days                                     |
| <u>100 RT</u>  | Peak Season 5 days 2 additional sailings for 10 weeks |
| 3020 RT        |   |
| <u>(46) RT</u> | 10/14/08 – 03/31/09 24 weeks 46 RT cancelled          |
| 2974 RT        | Total RT during 2008/09                               |

It appears that 11 additional sailings will be required to meet the minimum.

- Application of requirement of the Commissioner stated in his “Summary and Comments on the Contract Amendment” of July 6<sup>th</sup> 2007:  
 “Non-Major Routes. The minimum number of round trips required to be delivered each day is one less than in performance term one (with associated reduced hours of operation) with a commitment that, on each route, the annual number of round trips remains the same as in term one”.

Our intent is to seek solutions through effective two way FAC dialogue to provide opinion and advice to assist BC Ferries in understanding your relationship with customers and communities on the southern Sunshine Coast.

Yours truly:

Ferry Advisory Committee Southern Sunshine Coast

Dr. Ed Steeves  
 Chair

Cc Mr. Martin Crilly, Commissioner, BC Ferry Commission  
 Nancy Merston, Director – Marine Branch, Ministry of Transportation and Infrastructure  
 Mr. Tony Law, Ferry Advisory Committee Chairs