

Meeting Details:

FAC:	Southern Gulf Islands Ferry Advisory Committee
Date	September 15, 2008
Location:	Mary Winspear Centre, Sidney
Time:	9:30 a.m.

Attendees:

Committee	BC Ferries
Dave Dryer, FAC Chair - Pender Island	Rob Clarke, Executive Vice President, and Chief Financial Officer
Jim Deverill – Mayne Island	Captain Christian (Chris) Frappell, Marine Superintendent, Southern Islands
Barry Wilks – Mayne Island	Amar Johal, Director, Sales and Community Relations
Jill Justice – Pender Island	Paul McDaniel, Regional Director, Terminal Operations, Swartz Bay and Southern Islands
Don Watson – Pender Island	Grant Bierlmeier, Director, Tariff and Revenue
Sue Syverson – Saturna Island	Paul Madsen, Executive Director, Strategic Planning
Val McMillan – Saturna Island	Ron Gray, Terminal Manager, Swartz Bay/Southern Islands
Susan Jamieson-McLarnon – Saturna Island	Allan Bell, Senior Master, Queen of Cumberland
Bill Noble – Galiano Island	Steve Anderson, Manager, Fleet Deployment and Scheduling
Harold Swierenga – Salt Spring Island	Sarah Cotton, Manager, Sales and Community Relations
Brian Hollingshead – Guest	
Absent: Donna Branston – Mayne Island James Clelland – CRD David Smith – Galiano Island	
Public:	
Stephen Cropper – Mayne Island	

- 1. Call to Order:** The meeting was called to order at 9:32 a.m.
- 2. Introductions:** Round table introductions were completed.
- 3. Approval of Agenda:** Approved.
- 4. Correspondence:** No correspondence was presented.

5. Presentations:

a. Operations Report

Captain Chris Frappell presented the Marine Operations report with information on traffic, on time performance and vessels. This report is attached.

Highlights

- SailSafe - Dave Dryer asked about Engine Room Resource Management Training – Chris Frappell replied that everyone responds as a team, and the team examines the best ways to respond to a situation, in addition to what resources are in place to respond to engineering issues as quickly as possible.
- Traffic - Strengthened traffic in the first two weeks of August. Once the bad weather came in during the second two weeks in August, traffic and passenger numbers went down. Weather has a bigger indicator in the soft market, more than ferry fares.
- Rob Clarke mentioned that oil is down and trading in the \$96 region. There is a rise in costs at the pump across North America, in addition to value of dollar having a big impact. One of the reasons for traffic decline is ferry fares, but it is not the significant reason. Reduction of fuel consumption in Canada is down as well as the US. People in BC are staying home and not traveling at all.
- Another factor that has contributed to the decrease in ferry traffic includes the hit of American tourism which is down 6% nationwide. Victoria accommodation was down 20% this summer.

Barry Wilks asked for a breakdown of traffic for each island to see the decline in numbers.

Action: Grant Bierlmeier to get breakdown of traffic per island for Barry Wilks.

Bill Noble mentioned that the numbers were down slightly for the Galiano Wine Festival. He heard a few comments from attendees that fares were higher, so we may see a difference next year.

Brian Hollingshead mentioned that part time residents coming over to the islands less frequently.

The delay of route 9A starting this summer impacted on-time performance for route 5/5A and 9.

One of the greater challenges for the Southern Gulf Islands is the interaction of the routes. Operating ramps on Queen of Cumberland also impacts on-time performance.

Tsawwassen tries to keep Queen of Nanaimo in Berth 2 as it's a complex system. Jill Justice suggested that if BC Ferries switched berths with the Coastal Inspiration, then the Queen of Nanaimo on route 9 wouldn't be late.

Action: Chris Frappell to check with terminal operations at Tsawwassen to see if switching berths is feasible.

Updates: Queen of Tsawwassen has been sold.

b. Financial Performance

Rob Clarke presented on F2009 Financial Performance.

The FAC asked how BC Ferries manages fuel costs? Rob Clarke responded that BC Ferries hedges them – averaging hedge program. The company buys layers to dampen volatility of the fuel. BC Ferries hedges on crude oil. When crude oil prices are rising, one makes money. When they are falling, one loses money. In this fashion, volatility is lowered.

Barry Wilks asked if BC Ferries has considered converting to natural gas like they do on Albion Ferries. Chris Frappell responded that BC Ferries has looked at it, but supply of fuel is problematic.

In terms of fuel expenditures, when Rob Clarke joined the company, BC Ferries used 130 million litres fuel per year, now the company is burning 120 million per year with more vessels. The deployment of the Super Cs will cause consumption to 123 million litres as the new ships are significantly larger than the V-Class ships they are replacing.

c. Tariff Rationalization

Grant Bierlmeier led a discussion around the Southern Gulf Islands' routes and tariff rationalization for April 1, 2009. He stated that he wanted to get FAC's thoughts.

Guiding Principles:
Revenue Neutrality
Simplicity
Reasonability
Current Tariffs

6. Minutes of Previous Meeting – Review of Action Items:

Paul McDaniel to work with Customer Care to improve accuracy of reservations during refit. Ongoing. Val McMillan mentioned that the BC Ferries reservations system is convoluted. Regarding the Southern Gulf Islands route, there is an icon on the website that no one sees – the icon doesn't attract people. Someone who doesn't know how to use the system, doesn't know how to use it. Most gulf islanders call in to speak with someone.

Action: Amar Johal to look into reservation system and talk to Paul Curtis regarding the icon.

Paul McDaniel to look at improved BC Transit bus service from Swartz Bay.

BC Transit service has improved. BC Transit is putting in a rapid service from downtown to Swartz Bay, and there is improved service in Sidney.

Captain Chris Frappell to look at the possibility of free reservations for Pender Transfers during the shoulder Friday schedule.

Jill Justice mentioned that Pender Islanders can only leave at 4:00 pm. Half of the residents can't make that sailing. Chris Frappell responded that it is a perception that people won't make the connection, travelers can, in fact, make the connection.

Action: Chris Frappell will commit to providing details of the second half of shoulder season. BC Ferries to do a comparison of arrival time of route 1 vessel and departure of route 5 on Friday PMs during the shoulder season.

Action: Sarah Cotton and Chris Frappell to set up a meeting with Jill Justice after shoulder season is over and before the end of December.

7. SGI FAC Island Specific Issues

- a. **FAC Chairs Report (Dave Dryer)** - FACC has the potential to have more of an effect on fares than any FAC meetings can have. Dave Dryer suggests that Brian Hollingshead become a Saturna Island representative and FAC Chair next year, as Brian and John Sprungman are two of the key players on the FACC.

FACC Report (Brian Hollingshead) – The FACC gets information on rates / fuel surcharge and explain it to the people and the media so there is a greater understanding. Provincial and Federal Government Subsidies – (BCF service fee since 2003) – do not cover the added fuel costs, so it is on the backs of the customers. Refits, vessel replacement are also on the backs of the customers. Government has committed to a northern service strategy.

FACC is presenting a paper to the ministry for the smaller routes that is similar to the northern strategy. Paper is in draft form and is getting fine-tuned. The FACC will work with government before it goes to election time. If government doesn't want to engage, it does give the FACC a paper to go public with.

Twelve people are working to get this message out there to Transportation and Infrastructure Ministry. The real concern is that this is turning out to be an election issue.

The fuel surcharge amounted to 20%. BC Ferries will provide a quarterly report on where money of surcharge is going.

BC Ferries has provided all information to FACC relevant to traffic and numbers. FACC is helping BC Ferries so that the company can operate with lesser fares and surcharges.

The committee would like to thank Brian Hollingshead for all his efforts on the FACC.

- b. **Saturna Island** – Val McMillan - Kudos to staffing crew on route 1. A Saturna Islander taken to Whiterock for medical attention, and the staff was wonderful – they took very good care of her and took her to a separate room for privacy.

Susan Jamieson-McLarnon suggests that the line in the schedule, "from time to time we may not be able to pick up foot passengers" be more specific. Chris Frappell responded by saying it is difficult to determine the dates. BC Ferries allocates to each terminal how many foot passenger spaces can be full once we know vehicle/passenger numbers.

- c. **Mayne Island** - Barry Wilks – The FAC now hears from BC Ferries about how the schedule will be, rather than having input from islanders. Consultation of schedule changes would be good.

During summer schedule, on a Friday evening it's not scheduled that you can go to Salt Spring Island. It was possible to do that – people thought it was a 2 fare issue from Mayne Island to Salt Spring Island.

From Village Bay – Otter Bay, the vessel leaves at 21:00, arrives at Swartz Bay at 22:50. Village Bay needs to go to Saturna to get to SWB. Cumberland could stop at Village Bay to get traffic to Swartz Bay faster.

Action: Barry Wilks to email Chris Frappell all facts on this.

- d. **Galiano Island** - Bill Noble discussed the walk on passenger situation. He mentioned that we'll see a situation where there will be more walk on passengers because of costs. It will be evident on the weekends especially. This will not go away - it will become more of an issue.

Chris Frappell responded that the Galiano incident was a one time occurrence this summer. BC Ferries got caught on the change of license number. Many people went away and were fine to travel later. It is difficult to predict license levels. BC Ferries bases license numbers on historical data. BC Ferries changed almost all licenses all summer (most were to smaller licenses), but BC Ferries does increase them where appropriate.

Galiano FAC representation is down to one member on the island so the FAC will work on more numbers.

Bill Noble received complaints regarding the Friday afternoon schedule, but it's become quiet now. Bill was pleased how BC Ferries jumped onboard to improve schedule.

- e. **Pender Island** - Jill Justice asked the committee if there was support for the shoulder season schedule from any other FAC members. Jill would like a breakdown of Chris' shoulder season numbers.

Action: Chris to provide a breakdown of numbers for the shoulder season schedule after the completion of the season.

The Pender FAC would like a review of afternoon schedule, to make the sailing from Swartz Bay – Otter Bay later in the afternoon. Dave Dryer noted that customers are having to return on the 2:15 pm sailing rather than the 4:15 pm sailing, which is an issue for some residents, as they would like to have more time to be in Sidney/Victoria. He asked if it is possible to have the sailing to Pender Island be the second afternoon sailing and Mayne Island being the first sailing, therefore giving Pender Island residents more time in Victoria.

Action: Chris Frappell and Steve Anderson to review the Pender Island and Mayne Island afternoon sailings.

- f. **General FAC Business** - Bill Noble discussed Queen of Cumberland operations as the vessel has been late the last three times he's travelled. (Approximately 35-45 minutes late).

He is aware that there are some mechanical issues. He asked if BC Ferries can get the mechanics working properly to achieve better on-time performance.

Chris replied that the Queen of Cumberland is late because of the need to use ramps when she's busy. The vessel has good mechanical operations, but some things are beyond our control.

(i.e.) Lateness gets compounded, and the ramp plays a role.

The summer schedule worked well to improve on time performance.

Steve Anderson added that on-time performance is difficult in shoulder season from an economic perspective. On-time performance is good in the winter.

Allan Bell added that the Cumberland goes a long way in an 8 hour day. The vessel has no spare speed capability and is challenged by the schedule. If traffic varies slightly, it throws the vessel off schedule.

8. New Business (Amar Johal):

- a. FAC Survey FAC Appointment Process** - FAC members to advise if they want to continue to serve for the next FAC term. BC Ferries will implement Fall 2008 general advertising (if required) to solicit additional representation. If you as an individual want to stay on, let us know. If you're representing an organization/association, then they need to let us know if they want you to stay on.

Brian Hollingshead mentioned that there were initially three representatives from each island (one full-time resident/ one business representative/one part-time resident).

- b. Point of Assembly (POA) Update** – BC Ferries is looking at centralizing POAs to larger centres such as Swartz Bay and Nanaimo as retention of officers on the islands is proving problematic. . However, implementation of this would not occur without discussion with the FAC.

c. New Business Opportunities

- **New Travel Centre in Downtown Vancouver (Fairmont Pacific Rim)** – The new BC Ferries Travel and Sales Centre is located across from the Tourism Vancouver office and near the cruise ship terminal, thereby exposing BC Ferries to a new customer base.
- **Growing Commercial Sales Business** – BC Ferries is looking at options to increase its market share in the commercial customer segment. More details will be released as they become available.
- **Management Services** – BC Ferries plans to expand consultative work by providing management services to other organizations. One recent example is BC Ferries' management of the Sidney Terminal.

- **2010 Winter Olympics** – BC Ferries is working on a 2010 plan which includes additional sailings, vessel charters, etc. 2010 is also important for employee engagement, as it falls on BC Ferries' 50 year anniversary.

9. Next Meeting: May/June 2009.