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BC FERRIES AWARDS CONTRACT FOR TWO NEW MINOR VESSELS

VICTORIA – BC Ferries continues to roll out its vessel class and standardization strategy to achieve operating cost savings and efficiencies, awarding Damen Shipyards Group of the Netherlands a contract to build two new minor class vessels that are scheduled to go into service in 2020.

Damen has entered into an agreement with Point Hope Shipyards of Victoria, B.C. to provide technical and warranty support for the new vessels, ensuring repair and maintenance activities will be performed in British Columbia.

BC Ferries has been carrying out a public participation process with the communities that will be served by the new vessels. This allows communities input in the vessel design and operation. The first of three phases is complete with two more phases to follow before the end of this year.

The first of the new vessels will be deployed on the Powell River – Texada Island route, replacing the 59-year old North Island Princess, which will be retired from the BC Ferries fleet. The second vessel will replace the Quadra Queen II on the Port McNeill – Alert Bay – Sointula route. The Quadra Queen II will become a relief vessel, allowing for fleet redeployments and the retirement of the 53-year old Howe Sound Queen.

The agreement is a design-build, fixed-priced contract that provides BC Ferries with substantial guarantees related to delivery dates, performance criteria, cost certainty and quality construction. The total project budget, which includes financing and project management costs, is approximately \$86.5 million CAD. As announced on March 31, 2017, this project is partially funded by the Government of Canada.

The two minor class vessels will have the capacity to carry at least 44 vehicles and up to 300 passengers and crew. They will have a number of key features that support BC Ferries' goal to be efficient and environmentally responsible throughout its system.

Highlights include:

- A hybrid diesel electric - battery power generation and propulsion system that uses on board electric battery power for operation of the vessel. Electric propulsion is quiet, smooth and efficient compared to traditional diesel propulsion. The design

allows for future expansion of the on board battery capacity to permit full electric operation when the shore-side charging capacities are available.

- Engines which operate on ultra-low sulphur diesel fuel, which has lower environmental impact than regular marine diesel oil. The “Tier III compliant diesel engines” also have low NOx and particulate emissions.
- Hull, propeller and thruster design that minimizes underwater radiated noise.
- Arrangements to minimize shipboard vibration and airborne noise to improve conditions for communities, passengers and crew.
- A fully contained waste water handling system which eliminates discharges to the sea.

BC Ferries issued a Request for Expressions of Interest (RFEOI) for the design and construction of the vessels to leading shipyards in Canada and around the world in March 2016. In the lead up to this process, BC Ferries raised awareness of the upcoming tender to Canadian shipyards through such forums as the Canadian Ferry Association, the Association of British Columbia Marine Industries and other local and national industry events. Canadian shipyards were invited to participate in the competitive bidding process.

In the end, BC Ferries received responses from 28 national and international shipyards and short-listed 12 shipyards to proceed to the Request for Proposal (RFP) stage, including five Canadian shipyards. BC Ferries received four compliant RFP responses, however, none of the shortlisted Canadian companies submitted a bid.

Damen operates multiple international shipyards and will build BC Ferries’ new ships at Damen Shipyards Galati, in Romania. The company has considerable engineering expertise and a proven track record in delivering ferries and other vessels from numerous international shipyards. Damen has over 9,000 employees and 33 shipyards around the world.

Under contract to the Province of British Columbia, BC Ferries is the service provider responsible for the delivery of safe, efficient and dependable ferry service along coastal British Columbia.

Quotes:

“Our mandate is to serve communities with safe, reliable and efficient marine transportation services in the most cost effective manner. We ran a full competitive bidding process that was open to all B.C., national and international shipyards. We are excited that this project continues our commitment to coastal communities to replace aging ships with standardized vessels, which will reduce costs and improve operations.”

Mark Collins, BC Ferries’ President and CEO

“I am very pleased to hear the news of the announcement that the community of Powell River/ Texada Island will be receiving in due course its last of three vessels totally renewed; given Texada Island is the last route in our area in need of vessel replacement. Hearing the contract to build the

replacement for the 59-year old North Island Princess that serves the Texada Island – Powell River route is great news for our whole community. This will round off the complete refurbishment of our systems from new updated ferry terminals to now all new and newer vessels servicing our community. Given the renewal of basically our entire water transport infrastructure once this last piece of the puzzle is complete, I'm sure we will see far fewer service interruptions for many years ahead.”

Mayor Dave Formosa, City of Powell River

"The community looks forward to a replacement for the aging North Island Princess — she has earned her retirement after 59 years of service. The Northern Sunshine Coast Ferry Advisory Committee has been working with BC Ferries and is confident that the requirements in terms of vessel capacity and performance on the Powell River – Texada Island route will be met by the new minor class ferry. The Ferry Advisory Committee commends BC Ferries on moving forward with their standardized vessel replacement plan.”

Kim Barton-Bridges, Chair, Northern Sunshine Coast Ferry Advisory Committee

“While Texada Island residents are very fond of the North Island Princess, we realize the time is coming to let her retire gracefully. The awarding of this contract is the next step in the process. We appreciate the opportunities BC Ferries has made and will make available to the Texada community to have input regarding the design of the North Island Princess replacement. We've been assured by BC Ferries that the new vessel will have the operational capacity in terms of size and performance that the North Island Princess was able to provide.”

Sandy McCormick, Electoral Area D Director, Powell River Regional District and member of the Northern Sunshine Coast Ferry Advisory Committee representing Texada Island

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Artist renderings attached

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Artist Renderings of New Minor Class Vessels

