

TEMPORARY SERVICE LEVEL ADJUSTMENT AGREEMENT

THIS AGREEMENT is dated for reference the 1ST day of April, 2020

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA, as represented by the Minister of Transportation and Infrastructure

(the "Province")

AND:

BRITISH COLUMBIA FERRY SERVICES INC.

("BC Ferries")

- A. The COVID-19 pandemic has impacted BC Ferries in two key areas. It has impacted the ability to reliably crew its operations and general travel has reduced significantly on all Designated Ferry Routes. As of March 28, 2020, overall travel demand and fare revenues are 70% below previous-year's levels.
- B. BC Ferries communicated the company's intention to seek service level relief through an application to the British Columbia Ferries Commissioner under section 43 of the *Coastal Ferry Act*.
- C. BC Ferries suspended development of the submission in order to work in collaboration with the Ministry of Transportation and Infrastructure to temporarily amend Core Service Levels on Designated Ferry Routes currently required in the Coastal Ferry Services Contract (CFSC).
- D. The effort involves establishing guiding principles related to safeguarding and protecting crew in order to maintain essential passenger and car ferry operations, discouraging non-essential travel and providing minimum service levels to meet the needs of coastal communities while recognizing that BC Ferries may not have the ability to meet the needs of all ferry travelers.
- E. Subsequent to embarking on this effort and pursuant to Ministerial Order M084, issued under the *Emergency Program Act*, BC Ferries has been ordered to implement all procedures necessary to ensure priority loading on ferries for (a) vehicles carrying essential goods and supplies and (b) residents of ferry sailing destinations. In addition, the Order requires BC Ferries to consult with government before changing or varying its minimum ferry service levels.
- F. The parties acknowledge that temporary service levels will be established to balance the goal of matching capacity with anticipated traffic demand while ensuring the delivery of essential goods and services, access for residents, and transportation of emergency personnel and health care workers; and

- G. The parties wish to adjust the Core Service Levels under the CFSC on the terms and conditions set out in this Agreement.

NOW THEREFORE, in consideration of the foregoing premises and for other goods and valuable consideration (the receipt and sufficiency of which each of the Province and BC Ferries acknowledges) the parties agree as follows:

Definitions:

1. In this Agreement:
 - (a) "CFSC" means the service contract between the Province and BC Ferries entitled the "Coastal Ferry Services Contract", as amended;
 - (b) any other words having initial uppercase letters will have the meanings ascribed to them by the CFSC.

Major and Northern Routes:

2. The adjusted Core Service Levels with respect to the Major Routes and Northern Routes are specified in Appendix 1.

Minor Routes:

3. In order to ensure that emergency personnel and health care workers living in ferry dependent communities can continue to travel to work, BC Ferries will maintain existing Core Service Levels on all the Minor Routes except: Routes 5 and 9 which will be combined, and Route 12 which will be suspended in accordance with Appendix 1.
4. The Core Service Levels for the remaining Minor Routes will not be adjusted until such time as the parties have finalized discussions related to revised service levels. The Ministry and BC Ferries will continue to work to discuss revisions to these routes with the goal of finalizing service levels by April 10, 2020.

Ferry Transportation Fee:

5. Due to the extraordinary circumstances, the Ferry Transportation Fee payable by the Province will not be reduced on the Minor and Northern Routes as a result of the adjustments to the Core Service Levels set out in Appendix 1.

Term:

6. This Agreement is effective April 4, 2020 for a 60-day period and may be extended on a month to month basis by mutual agreement.
7. Notwithstanding the foregoing, upon expiration of this Agreement, Core Service Levels will revert to the Core Service Levels as set out in the CFSC-Performance Term Five Agreement (the "PT5 Agreement"). The parties acknowledge that BC Ferries will require time to revert to the Core Service Levels set out in the PT5 Agreement. For the Major and


Minor Routes, the service level will be increased within 30 days of expiry of this Agreement. The Province will provide written notice ("Notice") to BC Ferries indicating that service levels must be restored on the Northern Routes. BC Ferries will make reasonable efforts to provide the PT5 Agreement service levels on the Northern Routes as soon as practicable and no later than 90 days after receipt of the Notice.

Miscellaneous:

8. This Agreement may only be amended by written agreement executed on behalf of each of the Province and BC Ferries.
9. Upon the request of either BC Ferries or the Province, each of the parties will make, execute or deliver to each other any other reasonable documents, instruments and assurances and do any other reasonable acts required to carry out the true intent and meaning of this agreement.
10. This Agreement constitutes the entire agreement between the parties in respect of the subject matter of this agreement and supersedes all other understandings, representations or agreements as between the parties with respect to the subject matter of this agreement existing prior to the execution of this agreement.
11. Except as specifically modified in this Agreement, the terms and conditions of the CFSC are in all respects ratified and confirmed and remain in full force and effect (mutatis mutandis).

Each of the Province and BC Ferries has executed this Agreement by its duly authorized representative or officer, as follows:

Signed on behalf of **HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA** by a duly authorized representative of the Minister of Transportation and Infrastructure:



April 1, 2020
Grant Main, Deputy Minister
Ministry of Transportation and Infrastructure

BRITISH COLUMBIA FERRY SERVICES INC.

Per:  _____ 1 Apr 2020
Mark Collins, President and Chief Executive Officer

Appendix 1 – Majors, North and select Minor Routes

Route	Daily Minimum Round Trips	Daily Minimum Hours of Operation
Route 1 Swartz Bay to Tsawwassen	4	10 – Swartz Bay 14 - Tsawwassen
Route 2 Horseshoe Bay to Nanaimo	0	0
Route 3 Horseshoe Bay to Langdale	6	12
Route 30 Tsawwassen to Nanaimo	4	15
Route 10 Port Hardy – Mid Coast – Prince Rupert	1.5 RT/wk	Varies
Route 11 Haida Gwaii to Prince Rupert	3 RT/wk	Varies
Route 28A Bella Coola – Mid Coast	1 RT/wk	Varies
Route 12 Mill Bay to Brentwood Bay	0	0
Route 9* Tsawwassen to Southern Gulf Islands	2	9
Route 5* Swartz Bay to Southern Gulf Islands	4	13

*Routes 5 & 9 are effectively combined. Instead of Minimum Number of round trips departing from Long Harbour per day on Route 9, the service will depart from Swartz Bay.

The number of round trips to be delivered per Contract Year to meet Core Service Levels as set out in the PT5 Agreement will be amended by the parties when BC Ferries resumes performance of the Core Service Levels as set out in the PT5 Agreement.