

## INFORMATION BRIEFING NOTE

**DATE:** August 10, 2021

**PREPARED FOR:** Honourable Rob Fleming, Minister of Transportation and Infrastructure

**ISSUE:** BC Ferry Authority (BCFA) and public interest oversight

**PURPOSE:** Information on BCFA-commissioned reviews results and potential actions

### SUMMARY:

s.13; s.16; s.17

### BACKGROUND:

In 2019, the *Coastal Ferry Act* was amended in response to the recommendation from the 2018 Coastal Ferry Services Review to strengthen the requirement that BCFS operate in the public interest. The 2019 changes expanded the BCFA's mandate to oversee the strategic direction of BCFS in support of the public interest in safe, reliable and affordable ferry services. The BCFA is also responsible for electing BCFS board directors and establishing or amending their compensation plans, and for approving BC Ferries executive compensation plans.

s.13; s.16; s.17

s.13; s.16; s.17

s.13; s.16; s.17

s.13; s.16; s.17

These challenges exist even with the BCFA oversight role laid out in legislation and s.13; s.16; s.17 s.13; s.16; s.17; s.21

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### FINANCIAL IMPLICATIONS:

- Attachments:**

## 2. BCFS Board Appointments and Expirations

s.13; s.16; s.17; s.21

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BCFS board members, appointed by the BCFA to terms up to 4-years and a maximum of 8 consecutive years total, have terms that end at the BCFS AGM (typically in June):

Name	Appointed	Term End	Notes
Bruce Chan	June 26, 2014	2022	Member in maximum term
Gordon Kuhec	June 26, 2014	2022	Member in maximum term
Jan Grude	June 29, 2017	2022	Board Vice Chair
Judith Sayers	June 28, 2018	2022	
Brenda Eaton	January 1, 2019	2022	Board Chair
David Podmore	February 1, 2019	2023	
Sarah Morgan-Silvester	June 23, 2016	2024	
Janine North	June 23, 2020	2024	
Eric Denhoff	August 14, 2020	2024	
Shona Moore	August 14, 2020	2024	
Michael Pucci	August 14, 2020	2024	

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## **B.C. Ferry Authority (BCFA)**

### **Reports on BC Ferry Services Inc. Executive Compensation**

- 1. BCFA spreadsheet report**  
(summary and analysis of confidential BCFS executive contracts)
- 2. BCFA spreadsheet notes**
- 3. PSEC Secretariat's July 9, 2021 letter to BCFA committee co-chairs**
- 4. PSEC Secretariat attachment to July 9, 2021 letter**  
s.13; s.17; s.21
- 5. Western Compensation & Benefits Consultants report for BCFA**  
s.13; s.17; s.21







s.13; s.17; s.21

s.13; s.17; s.21

s.13; s.17; s.21

**BCFA Executive Compensation Committee  
Notes and Comments on Spreadsheet**

s.13; s.17; s.21

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## DECISION BRIEFING NOTE

**DATE:** August 19, 2021

**PREPARED FOR:** Honourable Rob Fleming, Minister of Transportation and Infrastructure

**ISSUE:** September 30, 2021 Holiday - Construction Contracts

**PURPOSE:** Seek direction on work permitted on September 30, 2021

### SUMMARY:

- The Province has announced that provincial public sector employers will follow the Federal Government's direction and recognize September 30, 2021 as a holiday in recognition of Truth and Reconciliation Day.
- The Province is committed to working with Indigenous Groups on the most suitable way to recognize this day beyond 2021 which may include continued observance of a holiday.
- Legal Services Branch has advised that September 30, 2021 is included as a holiday in that definition within section 29 of BC's *Interpretation Act*.
- The Ministry of Transportation and Infrastructure (TRAN) and the Transportation Investment Corporation (TI Corp) have entered into numerous project agreements and contracts ("Contracts") for construction periods that include September 30, 2021. The impact of a new holiday varies across the Contracts.
- TRAN and TI Corp have completed preliminary reviews of its Contracts to understand the potential implications of this new holiday.

s.13; s.16

s.14

- Many of the Contracts have restrictions/obligations related to whether traffic can be impacted by construction on Statutory Holidays / Long weekends / Special Events.

s.13; s.17

s.13; s.17

- TRAN and TI Corp construction supervision staff required to work on this day will qualify for overtime compensation.
- Projects being delivered by TRAN and TI Corp where labour is sourced through the Community Benefits Agreement (CBA) managed by BC Infrastructure Benefits Inc (BCIB) will recognize September 30, 2021 as a new statutory holiday.

s.13; s.16; s.17



s.13; s.16; s.17

## RECOMMENDATION:

### Option 1:

s.13; s.16; s.17

## BACKGROUND:

Federal Bill C-5 came into effect on August 3, 2021. Bill C-5 amends certain federal Acts (Bills of Exchange Act, the Interpretation Act and the Canada Labour Code) to add a new holiday, namely, National Day for Truth and Reconciliation, which is observed on September 30<sup>th</sup>.

On August 3<sup>rd</sup>, BC's Minister of Indigenous Relations and Reconciliation and Minister of Finance released a statement acknowledging the new federal holiday, noting that:

- over the coming months the Province will work with Indigenous leaders, organization, and communities on the best and most respectful ways to mark Truth and Reconciliation Day in BC.
- provincial public-sector employers have been advised s.13; s.16; s.17  
s.13; s.16; s.17

The introduction of a new holiday has implications for construction projects being delivered by TRAN and TI Corp including:

- Schedule – s.13; s.16; s.17
- Traffic Management – Highway construction may be limited on Special Events / Long Weekends / Statutory Holidays in contracts and agreements governing delivery of projects.
- s.13; s.16; s.17

Public sector employees will recognize September 30, 2021 as a statutory holiday and, if required to work, will be entitled to benefits consistent with other statutory holidays.

The CBA contemplates the addition of new statutory holidays and sets out pay requirements for workers working on these days. Article 16.100 lists recognized holidays and includes a clause, 16.100(n), to include “any such day that may be declared a Statutory Holiday by the Federal and/or Provincial Government”. Article 14.303 states employees who are required to work on statutory holidays as per Article 16.000 are entitled to double time rates.



### PAST INTERACTIONS:

- None.

### DISCUSSION:

#### TRAN Projects - Design Bid Build

##### *Limitations of Work on Statutory Holidays*

Projects often have language in their agreements that prohibit works that affect traffic for Long Weekends / Special Events. The language can differ from project-to-project, s.13; s.16; s.17

s.13; s.16; s.17

s.13; s.16; s.17

The following table summarizes the impacts of this type of contract language.

Project name	Delivery Agency	Agreement Type	Comments
Numbered highway and side road projects province wide – Capital Resurfacing, Bridge Replacements, Bridge Rehabilitation, DFAA and other (65+ projects)	TRAN – Highways Dept	Design-Bid-build	s.13; s.16; s.17

s.13; s.16; s.17

s.13; s.16; s.17



s.13; s.16; s.17

### Holiday wages for TRAN Staff

Construction supervision provided by Field Services will be impacted by the addition of a new statutory holiday. People who are required to work on September 30, 2021 will be entitled to overtime compensation.

s.13; s.16; s.17

### TRAN and TI Corp – Design Build Projects

#### *Limitations of Work on Statutory Holidays*

Projects have language in their agreements that prohibit works that affect traffic for Long Weekends / Special Events.

Project name	Delivery Agency	Agreement Type	Comments
Pattullo Bridge Replacement	TI Corp	Design-Build - Finance	s.13; s.16; s.17
Broadway Subway	TI Corp	Design-Build-Finance	
Kicking Horse Phase 4	TI Corp	Design-Build	



		s.13; s.16; s.17
91/17 Interchange Upgrade	TRAN	Design-Build

s.13; s.16; s.17



Ministry of  
Transportation  
and Infrastructure

s.13; s.16; s.17





## INFORMATION BRIEFING NOTE

**DATE:** August 20, 2021

**PREPARED FOR:** Honourable Rob Fleming, Minister of Transportation, and Infrastructure

**ISSUE:** Central Okanagan Integrated Transportation Strategy (CO-ITS) (formally Central Okanagan Planning Study (COPS))

**PURPOSE:** Status of Central Okanagan Planning Study

### SUMMARY:

- CO-ITS incorporates the province's Integrated Transportation and Development Strategy which identifies and prioritizes transportation investments that contribute to an efficient and accessible multi-modal transportation network connecting communities, regions, and global markets.
- CO-ITS will also align with and confirm feasibility of options identified in the Regional Transportation Plan recently completed by the Central Okanagan communities.
- The final phase of CO-ITS will include a comprehensive strategy for the Central Okanagan corridor that prioritizes short, medium, and long-term strategies and improvements that will support the region through to 2040.
- The final phase of CO-ITS began in December 2020 and is expected to take 12 to 18 months to complete.

### BACKGROUND:

In late 2014, the province commenced the Central Okanagan Planning Study (COPS) to identify options to meet future mobility needs, including a review of a second crossing of Okanagan Lake. The study area extended from Greata Ranch (4 km south of Peachland), northward to Clerke Road / College Way south of Vernon, encompassing the communities of Peachland, West Kelowna, Kelowna, Lake Country, West Bank First Nation and Okanagan Indian Band (see Appendix A).

Phase one evaluated existing and future conditions and developed multiple improvement options for Highway 97 and the supporting road network but transit or multi-modal considerations were limited. Options primarily looked at ways to optimize the existing highway corridor.

Phase one also included multiple engagement opportunities (over 80 meetings) with local and Indigenous governments, and the public to inform the planning process and guide options development.

In 2017, the City of Kelowna was starting the process to update their Master Transportation plan for the first time since 1991. Also, at that time, the Central Okanagan communities started working on a Regional Transportation Plan, led by the Sustainable Transportation Partnership of Central Okanagan (STPCO). The ministry agreed to pause COPS until these plans were complete as both transportation plans would be important inputs and will provide a stronger connection to regional/municipal plans. Work to date on COPS informed both these plans and Ministry staff have collaborated with STPCO and CoK on their plans.





In recognition of immediate transportation needs identified in Phase one of COPS, the following studies were advanced to more detailed planning:

- Peachland Transportation Study – Winter 2015\16 to Spring 2021
- Okanagan Gateway Transportation Study (Airport\UBCO) - Fall 2019 to Summer 2020
- Lake Country Transportation Study - Winter 2019\20 to Spring 2021

In fall 2020, the final phase of CO-ITS commenced and has embraced an integrated systems approach that will support the development of a multi-modal corridor strategy that optimizes the movement of people and goods through the Central Okanagan. This final phase is expected to take 12 to 18 months to complete.

## DISCUSSION:

### *The need for a plan*

The Central Okanagan region is the fourth largest regional district in British Columbia (BC) and the largest population hub and trading center between Vancouver and Calgary. The area is one of the fastest growing regions in the province, growing by 8.3% between 2011 and 2016. By 2040 the regional population is forecast to exceed 275,000, an increase of 84,000 people from 2016, placing increasing pressure on the provincial and local government transportation systems for additional people movement capacity.

Since 2016, the region has seen above average growth in young professionals moving to the area given career opportunities and relative lifestyle affordability. As the region grows, travel demand will also continue to grow which will increase existing congestion, leading to travel delays and worsening reliability for industry and the community.

Highway 97 through the Central Okanagan has the highest average daily traffic volumes of any other provincial highway corridor outside of the lower mainland. The corridor experiences traffic volumes in the order of 50,000 vehicles per day to over 65,000 vehicles per day in the peak summer period. The WR Bennett Bridge is the only link between the east and west sides of Okanagan Lake. Since the bridge was replaced in 2008, traffic demand forecasts have shown that there is sufficient capacity on the bridge to meet demand through 2040.

Mobility and growing congestion along Highway 97 through the urban corridor from West Kelowna to the north end of Kelowna/Lake Country is a primary concern expressed by stakeholders particularly along the urban Kelowna segment of Highway 97 and at the signalized intersections through West Kelowna and Westbank First Nation (WFN).

The 2018 Okanagan Travel Survey collected data on travel modes, and the origins and destinations of people in the region. The survey found that 20% of all trip's cross municipal boundaries, and while auto travel was the dominant mode, transit trips and active transportation have increased by 2% over the last 10 years. Kelowna has the highest active transportation mode share in the region, with 11% of all trips made by foot or bicycle.

Goods movement in the Okanagan Valley is primarily serviced by truck. With no major rail lines or ports, commercial goods are transported on the provincial highway system. Understanding the flow of goods is an important element in determining the future needs of the corridor.



Regionally, the communities of the Central Okanagan as well as the Regional District have identified growth management, housing affordability, livability as key priorities. Local OCPs are increasingly focused on policy goals such as investing in urban centres, targeting growth to transit corridors, prioritizing sustainable transportation and shared mobility, and protecting the environment. They are moving away from more traditional types of hillside, low density, suburban subdivisions. This approach is intended to reduce the overall transportation cost burden on households and move towards creating complete and accessible communities.

With many factors influencing the way the provincial highway system is utilized in the Central Okanagan, an integrated multi-modal approach to future planning is required to meet the needs of this growing and evolving region.

### *Central Okanagan Planning Study (Phase 1)*

At the time the W.R. Bennett Bridge was built (2008), it was estimated that the new bridge would be adequate for 25 years. Although current growth projections continue to support the bridge will not reach capacity until 2040, other long-term needs along Highway 97 corridor through the Central Okanagan need to be addressed and planned accordingly. This required that planning begin now to address future mobility, including congestion relief and requires working with local governments, first nations, stakeholders, and the public.

The Central Okanagan Planning Study began in late 2014 to evaluate long-term transportation corridor requirements, including a possible second crossing of Okanagan Lake. More specifically, CO-ITS will define short, medium- and long-term infrastructure improvements through the study area along Highway 97, and includes:

- assessment of current conditions and identification of short-term (0 to 5 years) improvements,
- assessment and identification of future (10- and 25-year horizons) improvements, including supporting infrastructure such as local road and highway improvements or realignments, intersection, and access road improvements; and
- identification of alternative highway corridors and preferred location of a potential second crossing.

Key corridor performance findings from the initial phase of CO-ITS identified:

- Only 4% of the traffic entering the Central Okanagan is destined through the region, meaning approximately 96 % of traffic is originating and/or destined within the communities.
- The WR Bennett Bridge will reach capacity in its current configuration by 2040.
- Almost all signalized intersection will have significant congestion and delay by 2040.
- Travel times between Peachland and Lake Country will increase by 15 to 24 minutes in the morning and afternoon peak hours respectively by 2040.

To understand future needs of the corridor, the project team worked closely with the various municipalities in the region to review future land use plans and demographic projections to estimate future 2040 population and employment values. Local and regional municipal plans (i.e. OCPs and RGS) were referenced to understand future road network, transit and walk / bike networks plans.





### ***Aligning with Local Government Plans***

Ministry staff worked collaboratively with STPCO and CoK on their transportation plans to ensure alignment with provincial initiatives and priorities. The STPCO RTP identified strategic objectives concerning land use, multi-modal integration, shared mobility and parking/mobility pricing. From a transportation perspective the RTP focused on enhancing their road network and have a strong focus on transit and active transportation networks as part of their long-term transportation solutions.

The RTP, completed in late 2020, largely focused on transit improvements. Some of the recommendations identified in the RTP will be further evaluated in the final phase of CO-ITS to confirm feasibility. These include:

- Dedicated transit lanes on Highway 97 from Highway 33 to Water Street
- Transit counterflow lanes on WR Bennet Bridge
- Transit shoulder lanes on Highway 97 in West Kelowna

The City of Kelowna TMP is nearing completion and Ministry staff continue to work with CoK staff to ensure alignment of both studies. During the development of their TMP, City council has publicly stated that the focus should be on sustainable improvements that focus on people moving.

It should be noted that these local government plans were developed by applying the community and land-use aspirations as identified in the Regional District of Central Okanagan Regional Growth Strategy and local OCPs. In general, there is an increasing focus on policy goals such as investing in urban centres, targeting growth to transit corridors and prioritizing sustainable transportation. To manage growth, regional policies and local OCPs have intentionally identified urban and town centres to direct significant future population and employment growth. Many of these nodes abut or dissect Highway 97 and therefore strategic decisions around the corridor may influence land-use choices.

This final phase of CO-ITS will integrate the multi-modal transportation solutions developed through these previous planning studies and incorporate regional land use planning aspirations.

### ***Integrated Transportation Development Strategy (ITDS) Alignment***

The Ministry of Transportation (MoTI) in partnership with Municipal Affairs (MUNI) is developing the Integrated Transportation and Development Strategy (ITDS) to ensure greater alignment between transportation and land-use planning. The ITDS is intended to improve the seamless movement of people and goods, enable trade, prepare for future growth, and encourage the development of diverse, affordable, resilient, and connected communities.

An integrated systems approach to planning is required to focus government policy, coordinate economic development initiatives, and prioritize transportation investments that contribute to an efficient and accessible multi-modal transportation network that moves people and goods while connecting communities, regions, and global markets.

The final phase of CO-ITS is an ideal opportunity for ITDS. In support of this government initiative and with strong local government support, ITDS concepts and language has been used to refresh the scope. This next phase of CO-ITS will develop a multi-modal transportation and development strategy for the Central Okanagan that will link transportation and land use planning with broader government priorities (i.e.



CleanBC, Move. Commute. Connect, etc.). Findings and recommendations from this study will inform investments for the region, including multi-modal transportation improvements.

### ***Re-Branding COPS***

The majority of COPS was carried out between 2015-2018 until the project was paused to allow the STPCO RTP to be completed. During this time, there was a change of provincial government and corresponding change in provincial priorities. As the ministry is now set to launch this final phase of the COPS, there is an opportunity to re-brand COPS to reflect the current government priorities and increase alignment with local government plans.

The project team considered the following:

- Indicate a new, reframed project direction reflective of the current provincial government's priorities, including CleanBC and Integrated Transportation and Development Strategy, and
- Distinguish the current project from the recently completed STPCO "Regional Transportation Plan".
- Change from "Planning Study" or "Plan" to "Strategy" – to distinguish it from the first phase and the Regional Transportation Plan; and to reflect the objective of the current phase (to develop a cohesive strategy),
- Incorporate current provincial policy priority language such as "Integrated", "Multi-modal", etc.,
- Incorporate "Transportation" as the current title does not make this distinction, and
- Avoid using "Regional" as this would be confused with the STPCO work.

Based on these considerations the team will move forward with the project name; 'Central Okanagan Integrated Transportation Strategy' (CO-ITS) for the final phase of this study.

A communications strategy to ensure the public is aware of the change and linkage to the CO-ITS has been developed and includes an update to the project website.

### ***Central Okanagan Integrated Transportation Strategy (CO-ITS)***

The final phase of the study will complete a comprehensive strategy for the Central Okanagan corridor that prioritizes short, medium, and long-term strategies and improvements that will ensure an efficient transportation system that enhances the livability within the Central Okanagan through to 2040.

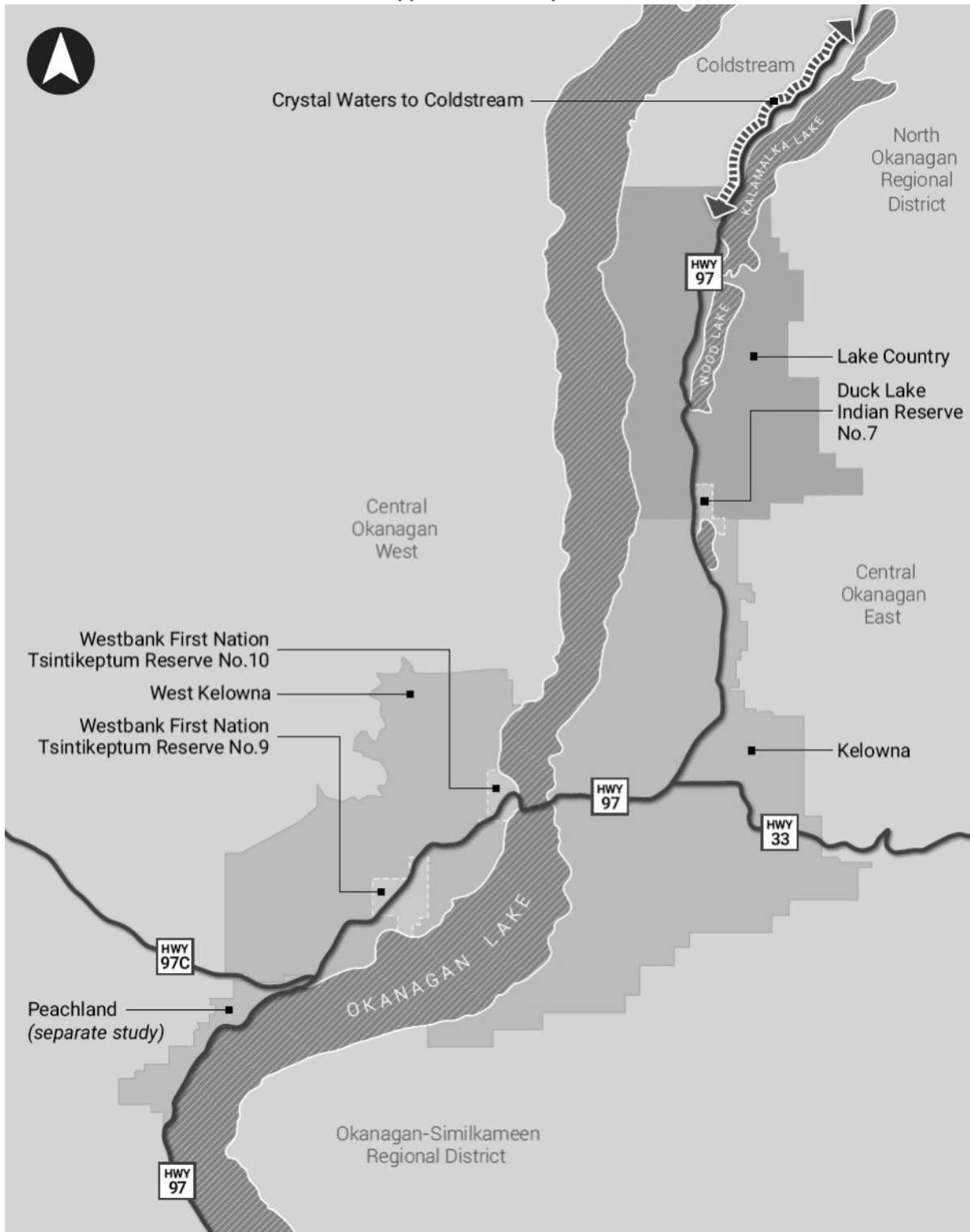
The final phase will:

- Build off previous planning work undertaken by the province and local government (i.e. COPS Phase 1, RTP, Central Okanagan Housing Needs Assessment, BC Transit's Transit Future Plan, etc.)
- Refine options from Phase 1 to ensure alignment with ITDS principles and broader government priorities.
- Determine feasibility of options identified in STPCO's RTP that relate to Highway 97.

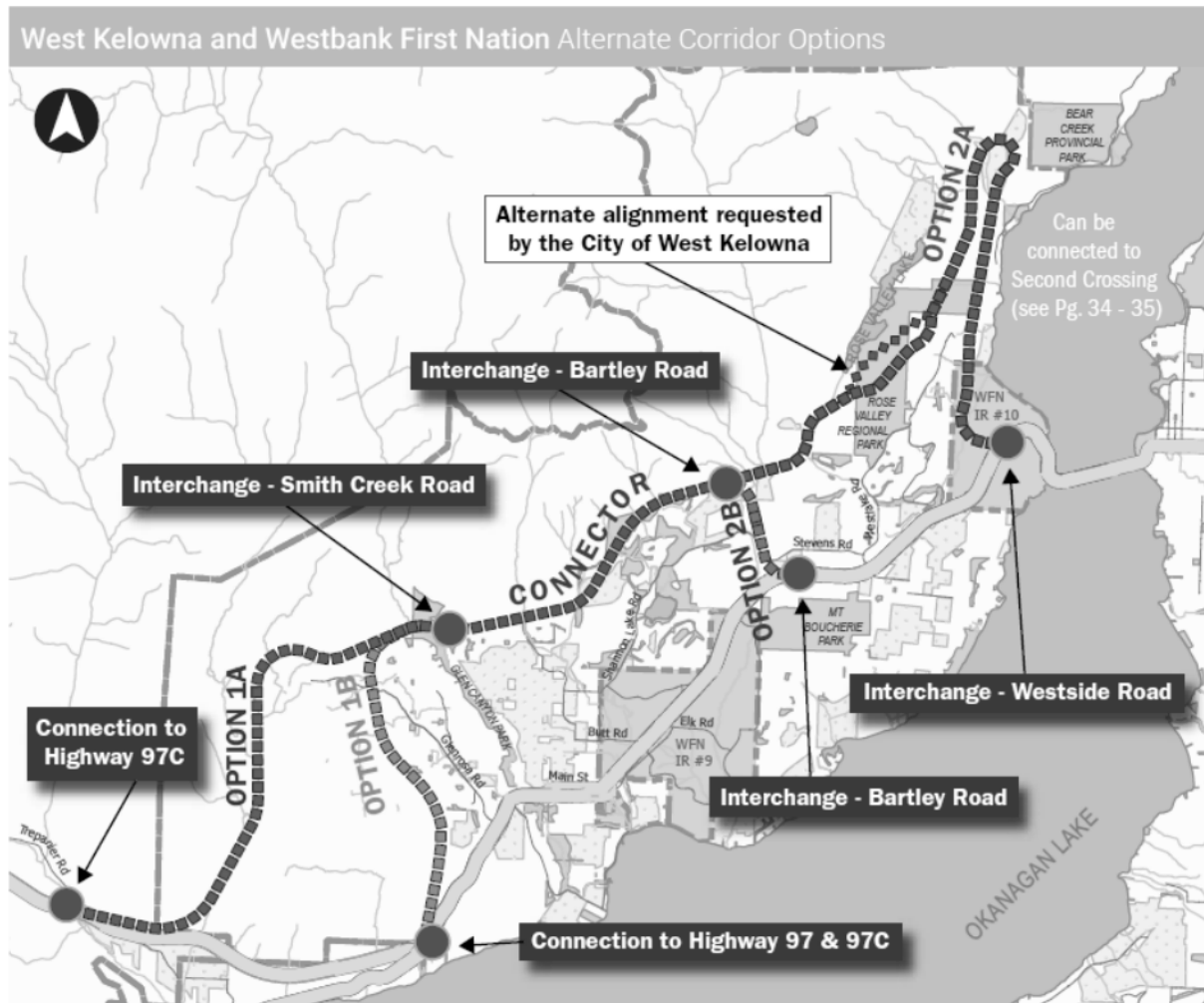




## Appendix A – Study Area



## Appendix B – West Kelowna Alternate Corridor

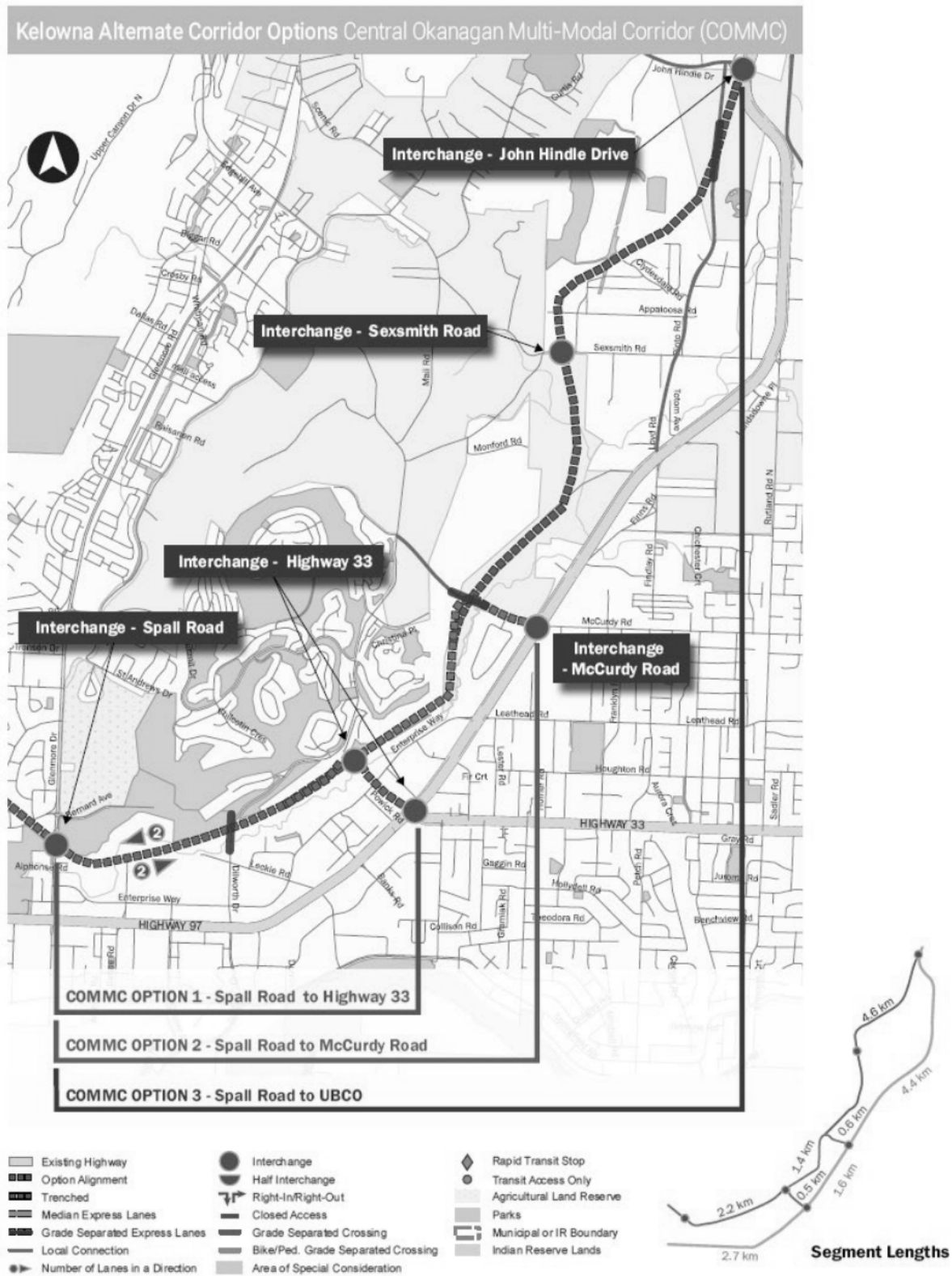


### Segment Lengths

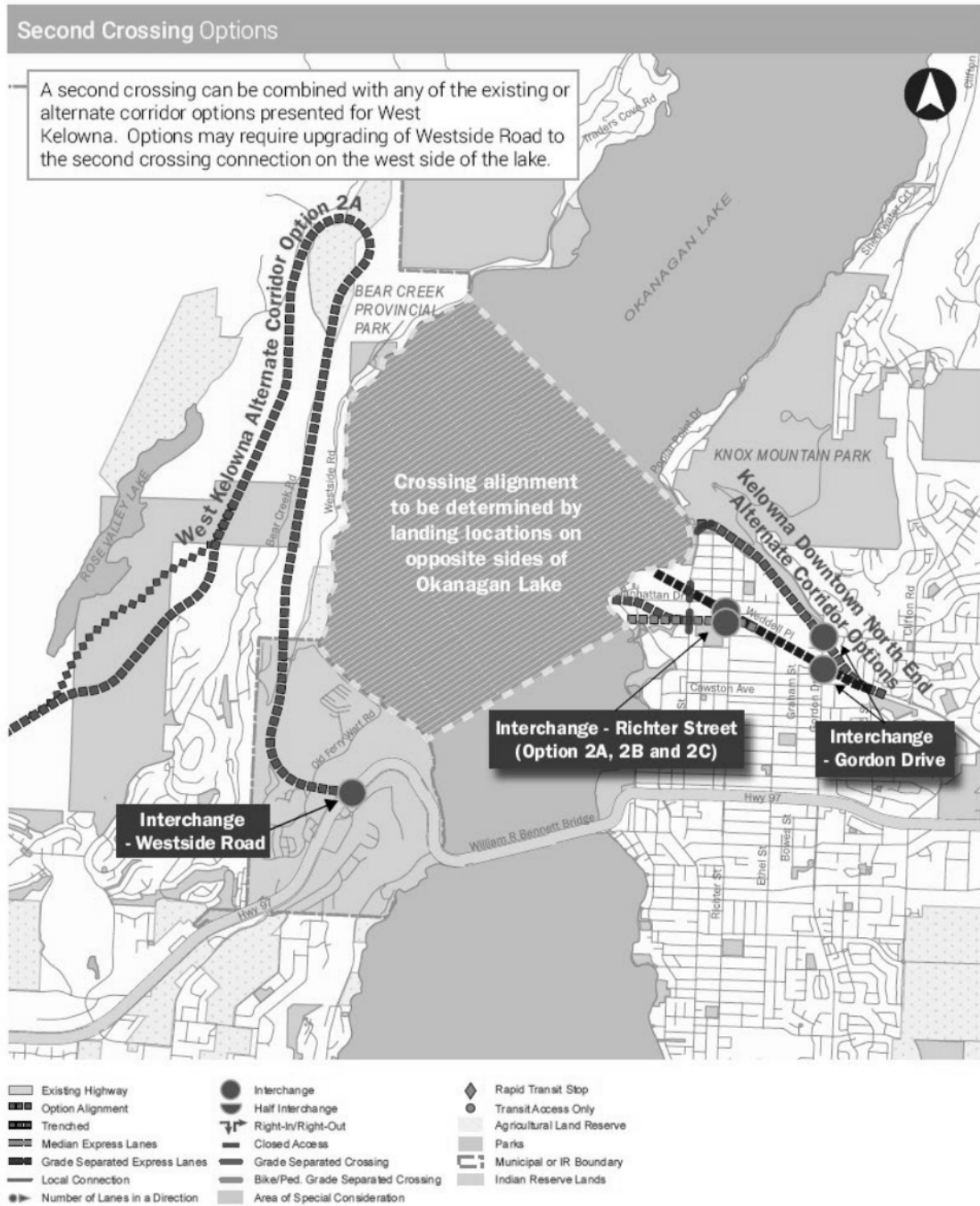




# Appendix C – Kelowna COMMC Alternate Corridor



## Appendix D – Second Crossing Options





## MEETING BRIEFING NOTE

**DATE:** August 17, 2021  
**PREPARED FOR:** Honourable Rob Fleming, Minister of Transportation and Infrastructure  
**ISSUE:** CN Rail in the Northern Rockies as it relates to a renewable resource project.  
**MEETING:** Mayor Gary Foster, Northern Rockies Regional Municipality on August 26, 2021

### PROPOSED KEY MESSAGES:

s.13; s.16; s.17

### PAST INTERACTIONS:

- N/A

### BACKGROUND:

s.13; s.16; s.17



s.13; s.16; s.17

PREPARED BY:	REVIEWED BY:	DATE:
Andrew Brooke, Executive Director Properties and Land Management (250) 508-7228	Kevin Volk, Assistant Deputy Minister Division	21-Aug-18
	Nancy Bain, Executive Financial Officer Finance and Management Services Department	21-Aug-20
	Kaye Krishna, Deputy Minister	23-Aug-21



Ministry of  
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CLIFF #304474  
(X-REF. #301438)

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s.12 ; s.13

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s.12 ; s.13



## DM BULLETS

**DATE:** August 25, 2021  
**PREPARED FOR:** Kaye Krishna, Deputy Minister of Transportation and Infrastructure  
**ISSUE:** TransLink's 2022 Investment Plan

### KEY MESSAGES

s.13; s.16; s.17

- This includes addressing TransLink's capital and regional revenue pressures as it relates to the agency's new 2022 Investment Plan, s.13; s.16; s.17 project.

s.13; s.16; s.17

- As well, because of the pandemic, TransLink's proposed 2022 Investment Plan will include new capital costs only for projects commencing in the years 2022-2024 and that an update is anticipated in 2025 to reflect pandemic recovery.
- We were pleased that the federal government has stepped up to fund \$1.3 billion of the SLS project and has also committed to the Permanent Transit Fund beginning in 2026.
- I believe this will strengthen our continued commitment to the region, including our commitment to work with all levels of government on the delivery of the entire SLS project as part of the capital projects being considered in your 2022 Investment Plan.

s.12; s.13; s.16; s.17

- I look forward to continuing this work between our teams to make sure TransLink's next Investment Plan can set the region up for continued growth and recovery.





## BULLETS

**DATE:** August 27, 2021

**PREPARED FOR:** Kaye Krishna, Minister of Transportation and Infrastructure

**ISSUE:** Deputy Minister meeting on August 30 to discuss the Millennium Line Phase 2 (UBCx) coordination with Jericho Land planning with the MST First Nations

### KEY FACTS

- The Minister of Environment and Climate Change Strategy and Minister of State for Infrastructure mandate letters include direction to work with the TransLink Mayors' Council through its 10-year planning process to continue work to extend the Millennium Line to Arbutus, with an eventual terminus at UBC.
- Improved and expanded transit service remains key to meeting transportation needs across the province and particularly in Metro Vancouver.

s.13

s.12; s.13; s.16; s.17

s.13

### PAST INTERACTIONS:

- TransLink, the City of Vancouver (CoV), Metro Vancouver, the Musqueam, Squamish and Tsleil-Waututh First Nations, the University Endowment Lands, UBC and the Province are currently engaged in pre-business case work for the proposed UBCx project.
- TransLink has established three working groups involved in the pre-business case study, known as the Executive Project Board, the Partner Leadership Team, and the Partner Working Group.

### BACKGROUND

#### UBCx

- The 2014 Mayors' Council's 10-Year Vision confirmed the need for rapid transit along Vancouver's Broadway corridor and determined it would be delivered in two phases. The first stage identified was a 5.7 km extension of the Millennium SkyTrain Line from VCC-Clark Station to Broadway and Arbutus. The Province committed to fund and deliver the first phase of the Broadway Subway Project (BSP). Only this first phase (to Arbutus) was included in TransLink's 2018–2027 Investment Plan and in the provincial funding commitment.
- The Province is funding and building the Millennium Line extension to Arbutus Street. Construction began in 2020 and will be in service in 2025.
- In January 2019, Vancouver City Council endorsed the phase 2 SkyTrain extension from Arbutus Street to UBC based on the findings of a TransLink study.
- In February 2019, the Mayors' Council endorsed SkyTrain as the preferred technology for phase 2 rapid transit between Arbutus Street (terminus of the Broadway Subway Project) and UBC, as the only technology that could accommodate long-term forecast ridership and future expansion.



- In November 2019, UBC, the City of Vancouver and MST First Nations signed a Memorandum of Understanding (MOU) to signify their commitment to advocating for phase 2 to be built as soon as possible and calling on federal, provincial and regional governments for funding support.

s.12; s.13; s.16; s.17

s.13

- TransLink's work on the UBCx project to date includes a project definition, a complete alternative assessment and short list, preliminary business case inputs, and public and stakeholder consultation.

s.13; s.16

- The Province will continue to work with TransLink and partners on the next stage of analysis to determine a preferred alignment. s.13

s.13

### **Jericho Lands Design Development**

s.13

- The Jericho Lands are a 90-acre redevelopment site located within the City of Vancouver and owned by the MST Partnership and Canada Lands. The site is currently the subject of a comprehensive planning program by the City of Vancouver.

s.12; s.13; s.16; s.17

s.12; s.13; s.16; s.17

s.12; s.13; s.16; s.17

**PREPARED BY:**

Sean Nacey, Director, Metro Vancouver Major Projects  
Major Projects and Alternate Procurement

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s.12 ; s.13 ; s.16 ; s.17

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s.12 ; s.13 ; s.16 ; s.17







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s.13; s.16





## MEETING BRIEFING NOTE

**DATE:** August 30, 2021

**PREPARED FOR:** Honourable George Heyman, Minister of Environment and Climate Change Strategy and Minister Responsible for TransLink

**ISSUE:** TransLink 2022 Investment Plan

**MEETING:** Mayor Jonathan - Cote Chair, Mayors Council, Mika Buda, Executive Director, Mayors Council, Tony Gugliotta, Chair, TransLink Board and Kevin Quinn, CEO, TransLink on August 31, 2021 to discuss timing, decision points, and proposed regional revenue tools for their 2022 Investment Plan

### PROPOSED KEY MESSAGES:

- I understand that provincial and TransLink staff have been working together to address TransLink's capital and regional revenue pressures as it relates to the agency's new 2022 Investment Plan.
- Because of the pandemic, I understand TransLink's proposed 2022 Investment Plan will include new capital costs only for projects commencing in the years 2022-2024, and that an update is planned for 2025. s.13; s.16; s.17
- I know staff have put in a lot of work identifying and analysing potential regional revenue tools to help close TransLink's revenue gap. s.13; s.16; s.17
- s.13; s.16; s.17
- I'm also interested in hearing from the Mayors' Council on what revenue tools they might consider in the near-term and in the longer term as it relates to funding sources for the full 10 years of the 2022 Plan.

### PAST INTERACTIONS:

- s.13; s.16; s.17

### BACKGROUND:

In 2020/21, senior government provided TransLink with \$678 million in federal/provincial Safe Restart funding which TransLink received to:

- Offset pandemic related losses in 2020 and 2021;
- Ensure the continued delivery of essential transit services;
- Keep transit fares at the rate of inflation; and
- Fund the Free Transit for 12 and Under initiative.



Even with \$678 million in Safe Restart funding, TransLink is forecasting a minimum \$100-300 million annual revenue gap that assumes 40% capital funding from the Province, additional non-taxation revenues and ridership recovery.

As part of a Memorandum of Understanding (MOU) signed by the Province and TransLink, the two parties are working together to develop TransLink's 2022 Investment Plan that will include the provincial 40% capital commitment as well as potential new regional funding tools to help close the agency's revenue gap.

#### **DISCUSSION:**

TransLink's draft 2022 Investment Plan is intended to focus on economic recovery while maintaining transit as an essential service, ensuring state of good repair, and restoring financial stability.

#### ***Service Levels and Ridership***

TransLink and the Mayors' Council are assuming service levels that will see reductions in frequencies where they are not needed. However, these service level scenarios still support economic recovery, avoid lay-offs and s.13; s.16

Currently ridership is at approximately 50% of pre-COVID levels and in a medium case scenario is expected to increase to about 80% by fall 2022. (See Attachment 1). This is a welcome trend as ridership had plateaued around the 40% mark for much of late 2020 and into 2021.

#### ***Capital Funding***

s.12; s.13; s.16; s.17

Because of the pandemic, TransLink's proposed 2022 Investment Plan will include new capital costs only for projects commencing in the years 2022-2024, s.12; s.13; s.16; s.17

s.12; s.13;  
s.16; s.17

s.13; s.16; s.17



s.13; s.16

PREPARED BY:	REVIEWED BY:	DATE:
Kate Mukasa, Director Transit Branch, TransLink Unit (250) 361-6839	Deborah Bowman, Assistant Deputy Minister Transportation Policy & Programs Department	21-Aug-27
	Kaye Krishna, Deputy Minister	21-Aug-30

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s.13 ; s.16

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s.13 ; s.16





## INFORMATION BRIEFING NOTE

**DATE:** August 31, 2021

**PREPARED FOR:** Honourable Rob Fleming, Minister of Transportation and Infrastructure

**ISSUE:** Federal Subsidy for Coastal Ferry Services

**PURPOSE:** To provide background on matters relating to the federal subsidy

### BACKGROUND:

s.13; s.16; s.17

### DISCUSSION:

The following provides a summary of the two issues noted above:

#### *Federal Government Engagement on the Annual Federal Subsidy:*

Under a 1977 Federal/Provincial Marine Agreement, British Columbia assumed sole responsibility for coastal ferry services in return for an ongoing annual federal grant. The original grant was \$8 million and it is adjusted by inflation each year based on the Vancouver Consumer Price Index. The amount of the 2021/22 federal subsidy is \$32.2 million.

s.13; s.16; s.17

Attached are copies of related correspondence on this issue and two engagement Fact Sheets that were used in previous discussions with the federal government outlining the Province's position on matters of interest vis a vis ferries, including the federal subsidy.



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and Infrastructure

***Provincial Budget Allocation for the Federal Subsidy***

s.13; s.16; s.17

**GBA+ OR DIVERSITY AND INCLUSION IMPLICATIONS:**

- N/A





Ministry of  
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## Appendix 1: Correspondence



FEB 14 2018

The Honourable Claire Trevena, M.L.A.  
Minister of Transportation and Infrastructure  
Government of British Columbia  
Parliament Buildings  
Victoria BC V8V 1X4

Dear Minister:

Thank you for your correspondence of October 20, 2017, regarding coastal ferry services in British Columbia. I appreciate your taking the time to discuss this with me in person on the margins of the Council of Minister's meeting on January 30, 2018, in Ottawa, which also provided us with the opportunity to discuss our shared priorities for transportation.

The Government of Canada understands the importance of the ferry services to coastal communities and regional economies in British Columbia. As you noted, the Government of Canada has been providing an annual grant to the Province of British Columbia to support ferry services since 1977. In 2016–2017, that grant was approximately \$30 million.

You also noted that the Government of Canada has taken a number of steps to reduce costs to ferry operators, including expanding the eligible project categories of the Provincial–Territorial Infrastructure Component to include ferry services infrastructure. In addition, the federal government has eliminated import duties on ferry vessels, including those purchased by BC Ferries.

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In view of the ongoing annual grant and the other measures to support ferry operations referenced above, Transport Canada is not open to considering additional direct support for ferry services in British Columbia at this time. I would encourage BC Ferries to continue to take advantage of other federal support that is available, particularly for infrastructure investments.

Thank you again for writing.

Yours sincerely,

A handwritten signature in cursive script, reading "Marc Garneau".

The Honourable Marc Garneau, P.C., M.P.  
Minister of Transport

c.c. The Honourable John Horgan, M.L.A.  
Premier, British Columbia



Ministry of  
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and Infrastructure



**OCT 20 2017**

The Honourable Marc Garneau  
Minister of Transport  
House of Commons  
Ottawa ON K1A 0A6

Reference: 270407

Dear Minister Garneau,

**Re: Coastal Ferry Services**

Thank you for taking the time to meet with me in Vancouver on September 7, 2017. I appreciated the opportunity to discuss a range of British Columbia's transportation priorities, and I am pleased that we agree on many of the same priorities.

Specifically, I want to take this opportunity to seek your support for increasing the federal contribution towards the provision of coastal ferry service in British Columbia.

As you know, many coastal communities across British Columbia, including many First Nations communities, are completely dependent on ferry services to travel to and from their homes and communities. Economies of coastal communities are dependent on the ferry system to access essential goods and services, to connect to employment and education opportunities, as well as to ship locally produced products to market. Ferries are also often the only way to access medical and other essential health services. It is extremely important to me that all British Columbians, including our province's indigenous communities, have access to affordable, safe, reliable and efficient ferry services that connect them to the provincial highway system and, in turn, the rest of Canada.

The cost to provide this important transportation link has been rising steadily over the last decade. Investments to replace aging infrastructure and rising operating costs impose an increased financial burden on ferry users and the government of British Columbia. BC Ferry Services Inc., the provincial service provider, has invested over \$2 billion in capital in the past decade, with plans to invest \$3 billion in its current capital plan to ensure the continued viability of this vital transportation service.

I very much appreciate that the federal government provides an annual subsidy to support ferry service in this province, with British Columbia receiving \$29.2 million last year. As you are aware, this funding was established in the 1977 Federal – Provincial Subsidy Agreement, which set a level of federal funding to support ferry services that would rise by the rate of inflation.

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Mailing Address:  
Parliament Buildings  
Victoria BC V8V 1X4



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Over the last decade, federal funding has risen by 15 per cent. However, the cost of providing services during this time has risen by more than 50 per cent. The Province currently contributes \$175 million annually to support coastal ferry services, and ferry users pay more than \$600 million. These amounts represent increases of 65 per cent and 67 per cent, respectively, over the last decade.

I note the federal contribution towards ferry services in Atlantic Canada was approximately \$180 million last year. I recognize that the Atlantic services support travel between provinces, while BC Ferries only provides ferry services operating within British Columbia. That said, BC Ferries' services enable British Columbians and all Canadians to travel to and from ferry dependent areas of Canada. Increasing federal funding to support affordable ferry travel will enable coastal communities to thrive and provide a vibrant contribution to Canada.

I applaud the federal government's decision last year to explicitly include ferry infrastructure in the eligibility criteria for the New Building Canada Fund, and I sincerely appreciate the more than \$60 million in federal funding committed to three BC Ferries projects. The inclusion of ferry service addressed a gap in previous infrastructure programs and will provide necessary support for the renewal of aging ferry infrastructure in British Columbia. Given that those living in and travelling to/from coastal communities depend heavily on BC Ferries' services to connect to the rest of Canada, I urge you to also consider increasing the annual federal funding to support the delivery of these critical services.

Again, it was a pleasure to meet you, and I look forward to further opportunities to discuss and work collaboratively to address transportation policies, funding and infrastructure for the benefit of all Canadians.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Claire Trevena".

Claire Trevena  
Minister

Copy to: Premier Horgan



Ministry of  
Transportation  
and Infrastructure

Minister of Transport



Ministre des Transports

Ottawa, Canada K1A 0N5

JUN 17 2016

The Honourable Todd Stone, M.L.A.  
Minister of Transportation and Infrastructure  
Government of British Columbia  
Parliament Buildings  
Victoria BC V8V 1X4



Dear Minister:

Thank you for your correspondence of December 15, 2015, which was co-addressed to my colleague, the Honourable Amarjeet Sohi, Minister of Infrastructure and Communities, regarding transportation and infrastructure priorities in British Columbia. Please accept my apology for the delay in replying.

It was a pleasure to meet you at the Council of Ministers Responsible for Transportation and Highway Safety on January 28, 2016, in Ottawa where we discussed mutual transportation and infrastructure priorities. Your letter raises a number of important issues with respect to transportation challenges in British Columbia. Many of these issues were also considered by the recent *Canada Transportation Act* Review (CTAR), and the resulting Report reinforces the point that trade and transportation are fundamental to Canada's continuing economic performance and competitiveness.

It is important that provinces, territories and other stakeholders have an opportunity to share their perspectives on the Report findings. Transport Canada has established the Federal Provincial Territorial (FPT) Discussion Group on the CTAR Report to engage with provinces and territories as it reviews the Report and develops a long-term agenda for transportation in Canada. Transport Canada is pleased that provinces and territories are participating in this Discussion Group, which is the forum where the federal government will engage exclusively with its provincial and territorial partners on issues raised by CTAR Report. These discussions will help inform the dialogue on the CTAR Report at FPT meetings in the spring and summer, as well as our own discussions at the next Council of Ministers meeting in September in Toronto. I look forward to working with you and hearing your views on the best ways to collaborate to improve Canada's transportation system in support of economic growth.

That said, I am pleased to provide you with my comments on the specific issues raised in your letter that fall under my mandate as Minister of Transport.

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### **Investing in Infrastructure**

The Government of Canada has committed to doubling federal investment in public infrastructure over the next 10 years, including \$60 billion in new funding. This plan will focus on new investments for public transit, social and green infrastructure that will help build sustainable, inclusive and livable communities across the country.

### **Supporting the Asia-Pacific Gateway**

To assist with the visibility and coordination of end-to-end supply chains, Transport Canada measures the performance of the marine, port and rail segments of import containers and grain supply chains across the West Coast.

In collaboration with industry stakeholders, key performance indicators were established to capture the performance of end-to-end supply chains, as well as the efficiency of each segment.

I understand that November dwell time at British Columbia ports was less than three days, indicating fluid operation in the container supply chain. Since the beginning of the crop year, grain activities at British Columbia ports showed no sign of stress.

Under the Pacific Gateway theme, the Transportation Development Centre is working with China's Ministry of Transportation and the private sector (including the Port of Vancouver, Global Containers Terminals Canada, the Prince Rupert Port Authority and Canadian Tire) to introduce innovative Radio Frequency Identification (RFID) technologies to improve the security and efficiency of the Canada-China supply chain. Under several research and development demonstration projects, Canadian Tire cargo containers equipped with RFID tracking tags are being monitored as they travel from Shanghai and Qingdao to Vancouver. These technologies can help improve the resiliency of the supply chain, which is critical for Canada-China trade and commerce.

### **Supporting British Columbia's Coastal and Inland Ferry Systems**

BC Ferries is an important stakeholder and collaborator with Transport Canada's Research and Development group, with the objective of improving the sustainability of its fleet. BC Ferries provides in-kind support by offering vessels to be analyzed for a better understanding of energy distribution to different systems and ship hydrodynamics so that ferry designs and propulsion systems can be optimized. BC Ferries is also regularly involved in stakeholder consultations and offers expert advice on overcoming barriers to implementing new technologies and adopting liquefied natural gas (LNG) as a fuel.



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### **Supporting the Aviation Sector**

The most recent air transport negotiations took place in December 2015, with successful announcements of enhanced air transport agreements with China and with Australia that will benefit British Columbia. I would note that, in recent years, all of Canada's most important air transport markets have been liberalized to the greatest extent possible; however, many of our partners in Asia and the Pacific are not interested in concluding Open Skies agreements with Canada (China, Philippines, Japan, Australia and India). That being said, I understand that many of British Columbia's identified priorities (Taiwan, Philippines, China) have been recently addressed, and I also take note of the many new or expanded air services that have benefited Vancouver International Airport, as well as the economy of your province. These services include China Southern Cargo, All Nippon Airways, Air Canada, Qantas and Sichuan Airlines. Transport Canada will continue to look for opportunities to engage stakeholders, including the Government of British Columbia and Vancouver International Airport, on negotiating priorities in support of the implementation of the Blue Sky policy.

The federal government is aware of the importance of facilitating the competitiveness of the Canadian air transport sector. In-transit air traffic is an important means of augmenting the number and viability of flights through Canadian airports, thereby increasing Canada's global connectivity.

Transport Canada is working with Immigration, Refugees and Citizenship Canada and the Canada Border Services Agency to facilitate screening and border processing for legitimate international travellers to help Canadian airports and air carriers compete more effectively on the global stage.

### **Supporting the Competitiveness of Canadian Port Authorities**

Transport Canada's Research and Development, and Marine Safety and Security groups worked with industry and the British Columbia government to produce *Liquefied Natural Gas: A Marine Fuel for Canada's West Coast*, which was published in April 2014. This pivotal report looked at technology readiness, economic and environmental benefits, infrastructure options, regulatory challenges, human resource requirements and potential implementation scenarios to encourage the use of LNG on Canada's West Coast and encourage international vessels to bunker in Canada.

### **Implementing the Beyond the Border Action Plan and Additional Cross-Border Initiatives**

Transport Canada works to support an efficient, safe and secure land border with the United States and recognizes the critical role the border plays in facilitating trade and travel.



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The department continues to advance key border initiatives in collaboration with Canadian and U.S. government partners. These activities include investing in infrastructure at key border crossings; updating the binational Border Infrastructure Investment Plan in consultation with the provinces; deploying border wait time measurement technology; and working with partners, including British Columbia, to foster policy innovation through the Canada-U.S. Transportation Border Working Group.

#### **Enhancing Climate-related Monitoring**

Transport Canada was pleased to collaborate with your Ministry on a report on climate impacts and adaptation practices for the Canadian transportation sector. I recognize the importance of climate and hydrological data in supporting adaptation decisions for infrastructure. While federal climate data services fall under the purview of the Minister of Environment and Climate Change, federal departments are working together to identify and address stakeholder needs, including data gaps, to properly respond to the climate change challenge.

#### **Derelict Vessels**

The department understands your concerns regarding abandoned vessels and wrecks (derelicts) along the Pacific Coast and inland waters of British Columbia. This is a complex issue in which all levels of government have a role to play. Responsible vessel ownership is key to preventing vessels from becoming abandoned or wrecked. I look forward to opportunities to work together to strengthen the prevention regime in Canada.

Finally, as you have raised a number of policy matters that are under the purview of my colleagues, I have taken the liberty of copying them on my reply. They include the Ministers of Public Safety (preclearance, RFID and NEXUS); Immigration, Refugees and Citizenship (visas and RFID); Finance (import duties); and Environment and Climate Change (climate and hydrological data).

Thank you again for writing and for sharing your views on these important matters.

Yours sincerely,

A handwritten signature in black ink, reading "Marc Garneau".

The Honourable Marc Garneau, P.C., M.P.  
Minister of Transport



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c.c. The Honourable Amarjeet Sohi, P.C., M.P.  
Minister of Infrastructure and Communities

The Honourable Ralph Goodale, P.C., M.P.  
Minister of Public Safety and Emergency Preparedness

The Honourable John McCallum, P.C., M.P.  
Minister of Immigration, Refugees and Citizenship

The Honourable Bill Morneau, P.C., M.P.  
Minister of Finance

The Honourable Catherine McKenna, P.C., M.P.  
Minister of Environment and Climate Change

The Honourable Peter Fassbender, M.L.A.  
Minister of Community, Sport and Cultural Development and Minister Responsible for  
TransLink

The Honourable Steve Thomson, M.L.A.  
Minister of Forests, Lands and Natural Resource Operations



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December 15, 2015

Reference: 251241

Honourable Marc Garneau  
Minister of Transport  
Government of Canada  
House of Commons

Honourable Amarjeet Sohi  
Minister of Infrastructure and Communities  
Government of Canada  
House of Commons  
Ottawa ON K1A 0A6

Ottawa ON K1A 0A6

Dear Minister Garneau and Minister Sohi:

**Re: Transportation and Infrastructure Priorities in British Columbia**

Congratulations to you both on your government's success in the recent federal election and on your appointments as Minister of Transport and Minister of Infrastructure and Communities, respectively.

The Government of British Columbia has collaborated with the federal government on many transportation initiatives over the years to help create a robust and reliable multi-modal transportation system and a competitive transportation environment in this province. Many of our priorities and recommendations build upon work undertaken by British Columbia in collaboration with the federal government and other western provinces. Many of the key transportation priorities British Columbia has identified today complement your government's priorities identified during the election campaign.

As our two governments prepare to build upon our past successes and future priorities, I would like to share British Columbia's priorities and recommendations for transportation and infrastructure. Many of British Columbia's transportation priorities are identified in *B.C. on the Move*, our 10-year transportation plan, the Pacific Gateway Transportation Strategy 2012-2020 and in British Columbia's submission to the *Canada Transportation Act* review that is currently underway.

Since 2005, British Columbia has worked very closely with the federal government, Alberta and Saskatchewan, and the private sector (e.g. CN, Canadian Pacific, Port Metro Vancouver, Prince Rupert Port Authority and Vancouver International Airport) to establish and enhance the Pacific Gateway initiative. The Pacific Gateway initiative was originally conceived and established in collaboration with the federal government under Prime Minister Paul Martin to improve the competitiveness and reliability of exports and imports between North America and Asia.

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### Supporting the Asia Pacific Gateway

B.C. is pleased to see that the new federal government recognizes the importance of transportation corridors in getting Canadian goods to market. As Canada's gateway to the Asia Pacific, B.C. facilitates global trade and travel that bring prosperity and new opportunities to Canada. Over the next decade, the movement of Canadian coal, forest products, oil and gas, uranium, grain, oilseeds and agri-value products, and potash through Canada's Pacific Gateway is projected to double. Large scale growth in imports of Asia Pacific goods is projected to increase container movements by over 70 per cent in the next 10 years.

To make the most of the Pacific Gateway's advantages, we recommend that the federal government:

- continue to collaborate with B.C., neighbouring provinces and the private sector on the Pacific Gateway to improve the efficiency, reliability and international competitiveness of the supply chain;
- dedicate new federal funding to support the Pacific Gateway; and,
- ensure that Transport Canada has appropriate representation at the Pacific Gateway Alliance table.

### Supporting B.C.'s Coastal and Inland Ferry Systems

Ferries are an essential social and commercial link for citizens, families and businesses in many B.C. communities. To ensure the long-term sustainability of B.C.'s ferry service and improve livability and economic growth in ferry-dependent communities, we recommend that the federal government:

- increase federal capital and operating funding to BC Ferries to ensure the sustainability of the ferry system. The federal government currently provides much less federal operating funding to B.C. than it provides to the provinces in Atlantic Canada;
- review ferry crewing requirements. Ferry service is regulated by Transport Canada, which sets the minimum crew levels for vessels. Crewing levels in B.C. appear to be higher than in adjacent jurisdictions, such as Washington State, for comparable vessels, increasing the cost of providing ferry service. Without compromising safety, Transport Canada should review its crewing requirements to ensure that these levels are required to ensure the safe operation of these ferries;
- remit the federal import duty on ferries built outside of Canada in cases where a public procurement process determined there was no qualified Canadian shipyard; and,
- include new ferry vessels and terminal upgrades under Building Canada Fund eligibility.

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### **Supporting the Aviation Sector**

Enhanced air access to B.C. would create jobs and economic growth through increased tourism, international education opportunities, corporate investment and the continued expansion of B.C.'s aerospace sector. We recommend that the federal government:

- liberalize air transport agreements to enhance air access to B.C., creating jobs and economic growth;
- improve visa processes to better enable citizens of other countries to access or transit through B.C.; and,
- implement a risk-based regulatory framework for unmanned aerial vehicles (UAVs), based on the size and complexity of UAVs that will allow regulatory requirements to be tailored to UAV use and operators.

### **Supporting the Competitiveness of Canadian Port Authorities**

West coast ports are a critical part of Canada's supply chain. By improving financial flexibility for Canada Port Authorities (CPAs), the federal government will help these organizations to access the funding necessary to support major capital upgrades and to improve their competitiveness.

We recommend that the federal government:

- remove the borrowing limits from letters patent, allowing CPAs to establish borrowing capacity with lending institutions;
- streamline and improve the transparency in the amendment process for letters patents; and,
- pursue innovative funding opportunities for port infrastructure development through partnerships with CPAs and other potential funding partners.

### **Implementing Beyond the Border Action Plan and additional Cross-Border Initiatives**

B.C. is pleased that the Government of Canada recognizes the importance of the relationship with the United States, our largest trading partner. New procedures and technologies, along with updated border infrastructure, can improve the efficiency of travel and trade between Canada and the United States. We recommend that the federal government:

- implement legislation to bring into force the Canada/U.S. preclearance agreement;
- enhance the NEXUS program and offer more convenient NEXUS interview options for those living outside Vancouver through the use of technology;
- expand the use of Radio Frequency Identification (RFID) technology to reduce border delays; and,
- work closely with provincial governments when developing and implementing further initiatives to improve the movement of people and goods across the Canada/U.S. border.

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### **Enhancing Climate-related Monitoring**

B.C.'s Ministry of Transportation and Infrastructure has been working with the federal natural resources and transport departments on engineering adaptation to climate change projects, but the basic data gathering mechanisms need federal financial and administrative support. B.C. would like the federal government to enhance and reinstate climate data and hydrological data gathering sites around the province to inform adaptation strategies and critical decision-making.

### **Derelict Vessels**

While abandoned and derelict vessels and floating structures (vessels) have been a long standing problem along the Pacific coast and within the inland waters of British Columbia, there has been a recent proliferation in the number of vessels being abandoned. B.C. has done its best to address the public safety and environmental impacts associated with derelict vessels in navigable waterways and works closely with municipal governments and federal representatives on individual cases. However, B.C. believes there is a need for a coordinated, consistent approach to managing this issue and that the federal government support a collaborative exploration of the issue.

### **In Closing**

The Government of British Columbia has been growing the economy and improving the livability of its communities through such initiatives as the BC Jobs Plan, B.C.'s Liquefied Natural Gas Strategy, Connecting with the World: An Aviation Strategy for British Columbia, Gaining the Edge: A Five-year Strategy for Tourism in British Columbia 2012-2016, B.C. on the Move: A 10 year Transportation Plan, Climate Action Plan, Accessibility 2024, as well as the Pacific Gateway Transportation Strategy and the New West Partnership Trade Agreement. With our partners in the federal government, other jurisdictions and the private sector, we will continue to build a first class transportation network that can welcome the world's visitors, strengthen Canada's access to trade and increase economic development across our great country.

...6



Ministry of  
Transportation  
and Infrastructure

-6-

I was pleased to have the recent opportunity to meet with both of you in Ottawa. I want to welcome you both to British Columbia to meet with me and our Pacific Gateway transportation service providers to discuss the ways we can work together to strengthen British Columbia and Canada's economies and create new opportunities for our citizens.

Again, please accept my sincere congratulations on your recent appointment.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd G. Stone".

Todd G. Stone  
Minister

Copy to:      Honourable Peter Fassbender  
                 Minister of Community, Sport and Cultural Development and  
                 Minister Responsible for TransLink  
                 MLA, Surrey-Fleetwood

Honourable Steve Thomson  
Minister of Forests, Lands and Natural Resource Operations  
MLA, Kelowna Mission



## Appendix 2: Federal Engagement Fact Sheets

*Note: these documents are from 2017 so contain some outdated information*



### BRITISH COLUMBIA FERRIES – FACT SHEET

#### CANADA'S FINANCIAL CONTRIBUTIONS FOR FERRY SERVICES

- Over the last decade, BC has been addressing significant challenges to ensure its ferry systems are sustainable.
- BC has 24 coastal ferry routes. In 2013/14 the federal contribution to support coastal ferries was \$28 million. Meanwhile that year, a handful of ferry routes in Atlantic Canada received over \$180 million.
- Increased financial support for BC's coastal ferry system would help ensure its long-term sustainability while improving economic growth in and livability of ferry-dependant communities.

#### FEDERAL INFRASTRUCTURE PROGRAMS

- Federal Infrastructure Programs, such as the Building Canada Fund, do not support ferry transportation services.
- Expanding eligibility under federal infrastructure programs to include ferry vessels and terminals would help support the necessary capital investments required to deliver services.

#### FEDERAL REGULATORY MATTERS

- Crewing regulations in Canada are vastly different when compared to the regulations in the US.
- BC's coastal ferries must crew a similar size vessel with up to three times the crew compared to Washington State Ferries.
- Reviewing federal crewing regulations for coastal ferry services would ensure that Canadian regulations achieve both safety and efficiency.  
Transport Canada inspectors are looking to increase crewing levels for cable ferries despite the lack of a clear regulatory framework governing crewing for cable ferry operations, and BCs exceptionally strong safety record.
- Accepting BC's independent consultant's recommendations regarding crewing levels for inland cable ferries would preserve an exceptional safety record in BC and help ensure operational efficiency.

#### FEDERAL IMPORT DUTY ON IMPORTED VESSELS

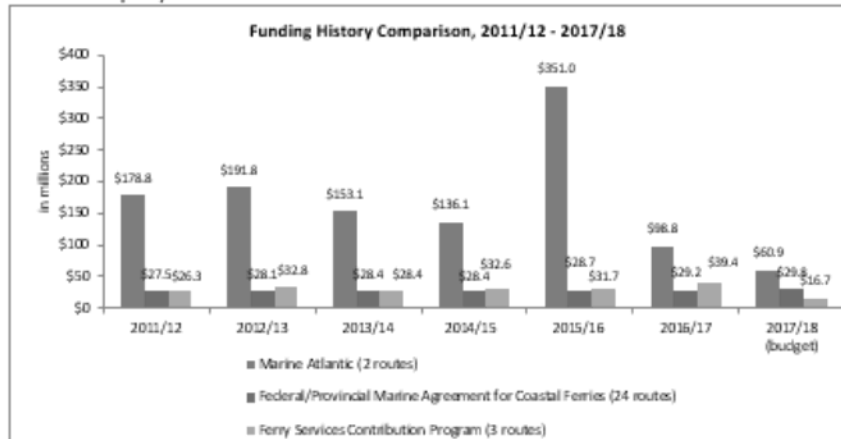
- The federal government applies a 25 percent duty on all ferries imported into Canada that measure less than 129 meters, even when qualified Canadian shipyards have chosen not to participate in the bidding process.
- Waiving the duty when qualified Canadian shipyards do not compete on projects would reduce the financial pressure on ferry users and taxpayers.



## FEDERAL ENGAGEMENT FACT SHEET

### SECTION 1: CANADA'S FINANCIAL CONTRIBUTIONS FOR FERRY SERVICES

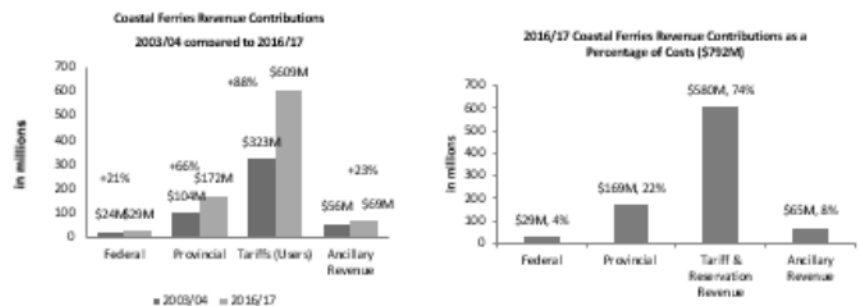
- The federal government owns assets and provides funding in support of five inter-provincial ferry routes in Atlantic Canada and Eastern Quebec.
  - The largest federal subsidy is provided to Marine Atlantic, a federal crown corporation which operates two ferry routes between the provinces of Newfoundland and Labrador, and Nova Scotia.
  - Funding through the Ferry Services Contribution Program is also provided to private ferry operators to support the following three inter-provincial ferry routes:
    - the service between Wood Islands, Prince Edward Island and Caribou, Nova Scotia operated by Northumberland Ferries Ltd.;
    - the service between Cap-aux-Meules, Îles de la Madeleine, Quebec and Souris, Prince Edward Island operated by CTMA Traversier Ltée;
    - the service between Saint John, New Brunswick and Digby, Nova Scotia operated by Bay Ferries Ltd.
- British Columbia's coastal ferry service, one of the largest, most complex and expensive ferry systems in the world with 25 routes, 47 terminals and 37 vessels receives an annual contribution under a 1977 Federal/ Provincial Marine Agreement which is indexed annually to the Vancouver Consumer Price Index (currently \$29.8 million).
- The Federal / Provincial Marine Agreement cannot be terminated unless there is agreement from both Canada and the Province. This agreement began with a contribution level of \$8 million which was based on route mileage for two water links connecting the lower mainland of BC with the southern portion of Vancouver Island (the strait of Georgia crossing), and connecting the northern portion of Vancouver Island with the upper mainland of BC (Port Hardy to Prince Rupert).



Sources: Transport Canada, 2015-16 Departmental Performance Report, 2017-18 Plans & Priorities Report, Marine Atlantic Annual Report 2016-17 & Corporate Planning Summary 2016/17 – 2020/21

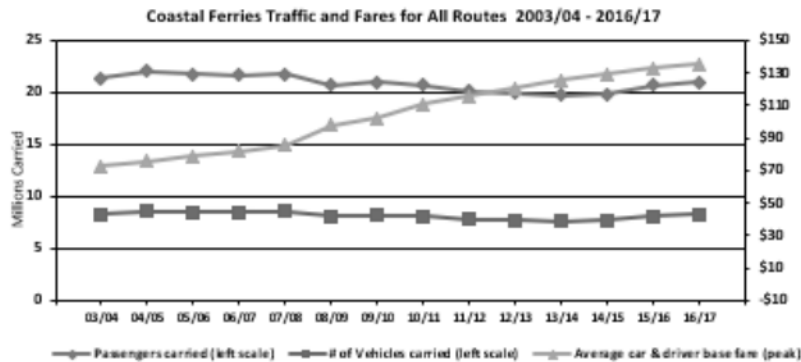


- As illustrated in the graphs below, federal contributions have not increased as significantly as the contributions from users and provincial taxpayers. In 2016/17, the federal contribution (\$29M) represents less than four percent of the total cost of providing these services (\$792M).



Source: BC Ferries' Annual Report to the BC Ferries Commissioner, 2016/17

- As fares have increased, the numbers of passengers and vehicles using the ferry system has decreased as illustrated in the graph below.



Note: Average car & driver fare is return in peak season.

	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17
Passengers carried (left scale)	21,307,480	20,036,543	21,729,803	21,864,953	21,786,640	20,727,499	21,035,644	20,746,222	20,38,937	19,919,398	19,69,678	19,796,221	20,04,756	21,04,756
# of Vehicles carried (left scale)	62,922,26	65,57,389	65,40,300	6,521,985	6,578,710	6,130,354	6,255,409	6,101,514	7,837,919	7,740,743	7,644,344	7,690,904	8,06,548	8,105,842
Average car & driver base fare (peak)	\$72.57	\$75.56	\$76.67	\$81.08	\$85.53	\$98.36	\$101.94	\$100.80	\$105.66	\$106.68	\$105.63	\$109.05	\$102.85	\$103.56
Fare Index (2003/04 = 100)	100	104	106	111	118	135	140	139	145	146	146	151	141	143

## SECTION 2: FEDERAL REGULATORY MATTERS

### Crewing Level Differences between USA and Canada

- Due to vastly different federal crewing regulations in Canada compared to the United States, British Columbia's coastal ferries must crew a similar size vessel in Canada with up to three times the crew as compared to Washington State Ferries.
- In Canada, crewing regulations are regulated by Transport Canada under the Canada Shipping Act.
- In the U.S., crewing levels are determined by the U.S. Coast Guard through the U.S. Code of Federal Regulations.
- Crewing requirements vary for BC Ferries vessels with the smallest vessel requiring a crew of 4 to carry 146 passengers, and the largest vessel with a crew of 48 to carry 2,052 passengers.
- The table below illustrates a comparable vessel and mandated crewing levels between the Washington State Ferry system and BC Ferries.

**Example of Comparable Vessels and Crew Requirements**

	Vessel Class	Passenger Capacity (Max.)	Crew Size	# of Passengers per crew member
BC Ferries	Spirit Class	2052	48	43 passengers per one crew member
WSF	Jumbo Class	2499	15	167 passengers per one crew member

### Cable Ferry Crewing Requirements

- For decades, the Province's 10 cable ferries operated without any involvement from Transport Canada.
- Since the introduction of the Canada Shipping Act 2001, Transport Canada is becoming more involved in the regulatory oversight of cable ferries despite the fact that Transport Canada lacks appropriate regulations for accommodating these unique operations.
- Two issues have arisen as a result of this oversight: (1) As part of routine certification processes, Transport Canada is applying crewing regulations for free-running vessels to cable ferries, and (2) Transport Canada is proposing to extend the crewing regulations for free-running ferries to a cable ferry on a permanent basis.
- These changes could require the Ministry to significantly increase the number of crew, and would require that certificated seafarers be hired or trained to operate the vessels.
- The estimated increase to the Ministry's operating costs as a result of these changes is \$55 million to \$90 million over the next 25 years and the changes would not materially improve safety.
- The regulations are planned to come into force in the fall of 2016.
- The safety record of the province's cable ferries is exceptionally strong as outlined in the table below. In a combined 418 years of operation, these ferries have been involved in just three marine incidents. None of these incidents have been subject of a Transportation Safety Board report.

Vessel	Years of Service	Number of Incidents
HARROP	50 + years	1
NEEDLES	25 years	0
GLADE	25 years	0
LYTTON FERRY	50 + years	1



Vessel	Years of Service	Number of Incidents
BARNSTON 4	18 years	0
ARROW PARK II	50 + years	0
MCLURE FERRY	50 + years	1
LITTLE FORT FERRY	50 + years	0
USK FERRY	50 + years	0
BIG BAR FERRY	50 + years	0
TOTAL		3

### SECTION 3: FEDERAL IMPORT DUTY ON IMPORTED VESSELS

- The federal government applies a 25 percent duty on all ferries less than 129 meters imported into Canada.
- The duty was applied to all ferries imported into Canada regardless of length until 2010 when the federal government waived the requirement for all general cargo vessels and tankers, and ferries in excess of 129 meters in length.
- Applications for duty remission are reviewed by the federal government on a case by case basis.
- In Budget 2016, the federal government proposes to waive the 25-per-cent tariff on ferries of all sizes imported after October 2015. BC Ferries has forecasted close to \$50 million in savings on the Salish Class vessels because of the tariff exemption.
- In past years, BC Ferries paid duty on the three Super C-class vessels, the Northern Adventure formerly known as the M.V. Sonia, and the Northern Expedition. BC Ferries made requests for duty remission on these five vessels totaling over \$133 million and the federal government agreed with those requests and reimbursed BC Ferries for the duty paid.

### SECTION 4: FEDERAL INFRASTRUCTURE PROGRAMS

#### Federal Gas Tax Fund (GTF)

- A renewed gas tax agreement is in place for the next 10 years, from 2014-15 until 2023-24
- An estimated \$2.76 billion will be provided to B.C. over the period to support local public infrastructure priorities.
- The Union of British Columbia Municipalities (UBCM) administers the GTF in collaboration with Canada and British Columbia.
- Eligible Project categories under the GTF continue to include: public transit, local roads and bridges, active transportation infrastructure, wastewater, water, solid waste and community energy infrastructure and non-capital investments in capacity building initiatives, e.g. training for asset management.
- New eligible project categories effective April 1, 2014 include highways, local and regional airports, short-line rail, short-sea shipping, disaster mitigation, broadband and connectivity, brownfield redevelopment, culture, tourism, sport and recreation infrastructure.
- Short-sea shipping is defined as infrastructure related to the movement of cargo and passengers around the coast and on inland waterways, without directly crossing an ocean.



- Currently, the GTF cannot be used to support coastal ferry services as:
  - (1) With the exception of non-capital investments in capacity building, expenditures are for capital investments for local public infrastructure, i.e., public infrastructure assets owned by local governments.
  - (2) Supporting BC Ferries' capital and/or operating costs do not fall within the agreement as eligible project categories.

#### **Building Canada Fund**

- The new Building Canada Fund will represent almost \$1.3 billion in dedicated federal funding for British Columbia over the next decade.
- There are two major components under the New Building Canada Fund:
  - The \$4-billion National Infrastructure Component (NIC) which provides funding for projects across the country of national significance, with a focus on projects that have broad public benefits, and that contribute to long-term economic growth and prosperity.
  - The \$10-billion Provincial-Territorial Infrastructure Component (PTIC) which supports infrastructure projects of national, regional and local significance that contribute to economic growth, a clean environment, and stronger communities. The PTIC is divided into two sub-components:
    - \$9 billion for National and Regional projects (PTIC-NRP); and
    - \$1 billion for projects located in communities of fewer than 100,000 residents through the Small Communities Fund (PTIC-SCF).
- Under the PTIC, each province and territory will receive a base amount of \$250 million plus a per capita allocation over the 10 years of the program. The per capita amount is based on the Statistics Canada Final 2011 Census figures.
- Building Canada Fund eligible project categories do not include ferry services.



Fiscal Year	Inflationary Adjustment (millions)
2012/13	.577
2013/14	.295
2014/15	.567
2015/16	0
2016/17	.383
2017/18	.436
2018/19	.637
2019/20	.962
2020/21	1.65
2021/22	1.805
Total	7.312