

Unofficial Version

COASTAL FERRY SERVICES CONTRACT

***Effective April 1, 2003 and includes
16 Amending Agreements up to and including Performance Term Five Amending
Agreement No. 1 dated February 27, 2020***

Consolidated Version

Between

British Columbia Ferry Services Inc.

And

The Province of British Columbia

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UNOFFICIAL VERSION

COASTAL FERRY SERVICES CONTRACT – CONSOLIDATED VERSION

THIS AGREEMENT is made as of the 1 day of April, 2003

BETWEEN:

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

(the “Province”)

OF THE FIRST PART

AND:

BRITISH COLUMBIA FERRY SERVICES INC. a body corporate, incorporated under the laws of the Province of British Columbia under Certificate of Incorporation No. 0667014

(“BC Ferries”)

OF THE SECOND PART

WHEREAS:

- A. BC Ferries was formed on January 1, 1977 to operate the coastal ferry service that was initiated by the Province in 1960 to provide marine vehicle and passenger transportation services on the British Columbia coast.
- B. The coastal ferry system is integral to economic growth and development in British Columbia, and getting people and goods to their destinations safely, efficiently and on time is essential if British Columbia is to be competitive in the world economy in which it operates.
- C. BC Ferries is an integral part of British Columbia’s coastal ferry system, linking Vancouver Island to the mainland of British Columbia and linking many other coastal communities.
- D. BC Ferries will be independent from government and will operate on a commercial basis, subject to regulatory oversight by an independent regulator, known as the British Columbia Ferries Commissioner.
- E. Coordination between the public and private sectors in the delivery of coastal ferry services will serve to enhance and strengthen the transportation sector in British Columbia.

E. & O.E.

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Under no circumstances, including but not limited to, negligence, gross negligence and negligent misrepresentation will the Province or BC Ferries and their respective servants, employees, agents, contractors, directors and officers be liable for any direct, indirect, special or consequential damages or any loss that results from the use of any content, information or material attached hereto.

- F. As a service integrator, BC Ferries will plan and co-ordinate ferry transportation activity throughout the BC Ferry System.
- G. For the travelling public, fares and schedules should be predictable and consumer choice should be expanded significantly, when financially viable.
- H. Core Service Levels are designed to ensure basic ferry service is, at a minimum, maintained, recognising the need for some operational flexibility.

NOW THEREFORE in consideration of the premises and the covenants and agreements set out in this Agreement and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by the parties), the parties agree as follows:

ARTICLE 1 - INTERPRETATION

Definitions

- 1.01 In this Agreement, its Schedules and the Recitals to it, unless the context otherwise requires, the following definitions will apply:

“Acknowledgement Agreement” means the agreement made as of May 19, 2004 among the Province, the BC Transportation Financing Authority, BC Ferries and Computershare Trust Company of Canada;

“Act” means the Coastal Ferry Act;

“BC Ferry System” means the coastal marine vehicle and passenger ferry transportation system operated by or on behalf of BC Ferries using the Designated Ferry Routes to serve Vancouver Island, the Gulf Islands, Haida Gwaii and the mainland using the Vessels and the ferry terminals;

“Commencement Date” means April 1, 2003;

“Commissioner” means the British Columbia Ferries Commissioner appointed under the Act;

“Contract Year” means the period of twelve consecutive months commencing on the Commencement Date and each subsequent twelve month period thereafter for the duration of the Term;

“Core Service Level” means the service level that BC Ferries is required by this Agreement to meet in relation to a Designated Ferry Route operated by or on behalf of BC Ferries as more particularly specified in Schedule “A”, as such service level may be otherwise adjusted in accordance with this Agreement;

“Designated Ferry Route” means any one of the ferry transportation service routes identified in Schedule “A” to this Agreement, but for greater certainty excludes the Unregulated Routes;

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“**Event of Default**” means an event referred to in Article 14;

“**Ferry Terminal Lease**” means a lease of any or all of the ferry terminal properties (as defined in the Act) entered into by the BC Transportation Financing Authority and BC Ferries pursuant to section 31 of the Act;

“**First Performance Term**” means the period commencing on the Commencement Date and ending on the day before the fifth anniversary of the Commencement Date;

“**Major Route**” includes all of the following Designated Ferry Routes which form part of the Designated Ferry Route Group:

Designated Ferry Route	
Route No.	Designated Ferry Route Name
1	Tsawwassen/Swartz Bay
2	Horseshoe Bay/Nanaimo
30	Tsawwassen/Nanaimo

“**Minister**” means that member of the Executive Council of the Province who is, from time to time, charged with the administration of the Act and includes any one appointed by the Province or the Minister to act as his representative;

“**Necessary Government Approvals**” mean the issuance by any government (including the Province and Canada) or municipality or any department, branch, official or agency thereof of all consents, tenures, permits, licences or approvals, required for BC Ferries to perform the Services;

“**Northern Route**” includes all of the following Designated Ferry Routes which form part of the Designated Ferry Route Group:

Designated Ferry Route	
Route No.	Designated Ferry Route Name
10	Port Hardy/Prince Rupert
11	Prince Rupert/Skidegate
28	Port Hardy/Mid Coast/Bella Coola

“**Option to Purchase**” means the option to purchase the Vessels referred to in Article 8 of the Agreement;

“**Order**” means a determination, direction, decision or authorization made by the Commissioner pursuant to sections 38(4), 38(5), 41.1, 42, 43, 43.1, 44, or 45 of the Act.

- (a) an application to reduce the Core Service Level in relation to a Designated Ferry Route or Route Group,
- (b) an application to discontinue a Designated Ferry Route or Route Group, or

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- (c) an application to remove a Designated Ferry Route from regulation under the Act;

“Performance Term” means

- (a) the First Performance Term;
- (b) the four year period that commences on the day following the last day of First Performance Term; and
- (c) any other four year period that commences on an anniversary, divisible by four, of the day following the last day of the First Performance Term;

“Price Cap” in relation to a Designated Ferry Route or Route Group means the price cap established in relation to that Designated Ferry Route or Route Group by the Commissioner under the Act;

“Published Schedule” means the schedule, for each Designated Ferry Route, as located on the BC Ferries internet web-site.

“Route Group” means a Designated Ferry Route or grouping of Designated Ferry Routes identified in Schedule “A” to this Agreement as a Route Group;

“Service Fees” mean the Service Fees described in Article 5 of this Agreement;

“Services” means the provision of the services described in Sections 4.01 and 4.02 and Schedule A of the Agreement;

“Temporary Service Disruption” means a short term temporary ferry service disruption for the period described in section 2 of Schedule “A”, and for greater certainty excludes temporary reductions in service contemplated in sections 42 or 43 of the Act;

“Term” means a period described in Article 3 and includes any renewal agreed pursuant to that Article;

“Unregulated Route” means any one of the ferry transportation service routes operated by independent operators and administered by BC Ferries identified in Appendix 2 of Schedule “A” to this Agreement, but for greater certainty excludes the Designated Ferry Routes;

“Vessels” means, collectively, any and all of the vessels and their various components owned or leased by BC Ferries and used to provide the Services on a Designated Ferry Route;

“Vessel Purchase Price” means, in respect of a Vessel, the net book value of the Vessel and its various components on the date of its purchase pursuant to the Option to Purchase with the original cost of the vessel and their various components being amortized on a straight line basis over their respective useful lives, as determined in accordance with Canadian generally accepted accounting principles.

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1.02 The following Schedules are incorporated into and form an integral part of this Agreement:

- Schedule A – Designated Ferry Routes and Services
 - Appendix 1 - Core Service Levels
 - Appendix 2 - Unregulated Routes
- Schedule B - Service Fees for Regulated Routes
 - Appendix 1 – Ferry Transportation Fee Table 1
 - Appendix 2 – Table 2
- Schedule C – Service Fees for Unregulated Routes

1.03 Other capitalized terms used in this Agreement are defined in the context in which they are used and shall have their respective meaning there indicated.

ARTICLE 2 REPRESENTATIONS AND WARRANTIES

Representations and warranties of BC Ferries

- 2.01 BC Ferries represents and warrants to the Province that on the execution of this Agreement
- (a) it is a corporation continued under the *Ferry Corporation Act*, R.S.B.C. 1996, c. 137;
 - (b) it has the power and capacity to enter into this Agreement and to observe, perform and comply with the terms of this Agreement;
 - (c) this Agreement has been duly authorized by all necessary corporate action of the BC Ferries and this Agreement constitutes a valid, subsisting and legally binding obligation upon the BC Ferries that is enforceable against the BC Ferries in accordance with its terms;
 - (d) the observance and performance of the terms and conditions of this Agreement will not constitute a breach by it of or a default by it under
 - (i) any statute or regulation of British Columbia or Canada applicable to or binding upon it,
 - (ii) its constating documents, or
 - (iii) any contract or agreement to which it is a party;
 - (e) it has filed all tax, corporate information and other returns required to be filed by the laws of British Columbia and Canada and has complied with all workers compensation legislation and other similar legislation to which it may be subject and has paid all taxes, fees and assessments calculated to be due by it under those laws as of the date of this Agreement;

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- (f) to its knowledge, it is not in material breach of any statute or regulation of British Columbia or Canada applicable to it or its operations;
- (g) it holds all material permits, licenses, consents and authorizations issued by any federal or provincial government, or an agency of either of them, that are necessary in connection with its operations; and
- (h) it has sufficient trained staff, facilities, materials and appropriate equipment in place and available to enable it to fully perform its obligations under this Agreement.

2.02 All representations, warranties, covenants and agreements made in this Agreement and all certificates and other documents delivered by or on behalf of the BC Ferries to the Province under this Agreement are material and will conclusively be deemed to have been relied upon by the Province, notwithstanding any prior or subsequent investigation by the Province.

Representations and Warranties of the Province

2.03 The Province represents and warrants to BC Ferries that all necessary proceedings have been taken to authorize the execution of this Agreement by the Province and this Agreement constitutes a valid, subsisting and legally binding obligation upon the Province that is enforceable against the Province in accordance with its terms.

Trust Deeds and Permitted Charges

2.04 The Province acknowledges that BC Ferries will be entering into one or more trust deeds to secure borrowings, which trust deeds will

- (a) contain a mortgage of BC Ferries' property interests and a security interest in all of the other assets of BC Ferries, and
- (b) grant to the Province the right in its absolute discretion to purchase all of the issued and outstanding bonds under the trust deed at any time at a price equal to the redemption price of the bonds.

2.05 The Province agrees to enter into an acknowledgement agreement directly with the trustees under any such trust deeds acknowledging that

- (a) the trustee will have the right on default under the trust deed, to take possession of all the assets of BC Ferries and to appoint a receiver to operate the business in accordance with the terms of this Agreement;
- (b) without limiting its right described in section 2.04(b), the Province will not exercise its remedies under Article 14.02 of this Agreement so long as the receiver is properly conducting the business of BC Ferries in accordance with this Agreement.

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- 2.06 In addition to entering into the trust deeds described in section 2.04, BC Ferries may also grant other security interests in its assets if such security interests allow prepayment and the right of the Province to acquire them at a price equal to the prepayment price.

ARTICLE 3 TERM AND RENEWAL

Term

- 3.01 Subject to section 3.03(b)(ii) and 3.04, the term of this Agreement will be sixty (60) years commencing on the Commencement Date and ending on the day before the sixtieth anniversary of the Commencement Date (the "End Date").

Renewal

- 3.02 Commencing on April 1, 2058, BC Ferries and the Province will begin meeting to discuss the possible renewal of this Agreement for an additional period of sixty (60) years beginning on the End Date.
- 3.03 If the parties have not mutually agreed to a renewal of this Agreement by April 1, 2060, the Province may, by written notice delivered to BC Ferries within ninety (90) days after that date, either
- (a) elect to purchase all of the issued and outstanding shares of BC Ferries as a going concern at fair market value on the End Date, with fair market value determined as if the Agreement had been renewed and extended by BC Ferries pursuant to section 3.04 for one additional period of twenty (20) years; or
 - (b) elect to solicit proposals from other persons interested in providing ferry services on any one or more of the Designated Ferry Routes commencing on the End Date, in which case
 - (i) if BC Ferries is the unsuccessful proponent in respect of a proposal relating to ferry services on a Designated Ferry Route, BC Ferries may, by written notice delivered to the Province, require the Province to purchase the Vessel that was used on that Designated Ferry Route on the End Date at the Vessel Purchase Price, but only if
 - (A) BC Ferries delivers that written notification within three (3) months after the date BC Ferries received notice that it was the unsuccessful proponent,
 - (B) BC Ferries has used all reasonable commercial efforts to redeploy the Vessel; and
 - (C) on the End Date, the Vessel has a valid Transport Canada Steamship Inspection Certificate;

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(ii) if the Province elects to solicit proposals only in respect of some Designated Ferry Routes and not other Designated Ferry Routes (the “Non Tendered Routes”), BC Ferries may, by written notice delivered to the Province not less than twenty four (24) months prior to the End Date, renew and extend the Term for one additional period of twenty (20) years on the same terms and conditions as are contained in this Agreement, except that

- (A) the Agreement will apply only to the Non Tendered Routes,
- (B) this section and section 3.04 will be deleted, and
- (C) the parties will renegotiate the terms of sections 5.10 and 5.11.

3.04 If the Province does not give BC Ferries notice of its election under section 3.03 within the times specified in that paragraph, BC Ferries may, by written notice delivered to the Province not less than twelve (12) months prior to the End Date, renew and extend the Term for one additional period of twenty (20) years on the same terms and conditions as are contained in this Agreement, except that there will be no further right of renewal.

ARTICLE 4 SERVICES, SERVICE LEVEL ADJUSTMENTS AND ROUTE DISCONTINUANCE

Ferry Services

- 4.01 BC Ferries will operate the BC Ferry System in accordance with the provisions of this Agreement and, without limiting the generality of this obligation, BC Ferries
- (a) will operate the BC Ferry System in a manner that complies with, or exceeds, the Core Service Levels in relation to the Designated Ferry Routes;
 - (b) will not reduce service on a Designated Ferry Route below the Core Service Level required in relation to that Designated Ferry Route unless
 - (i) the reduction is made by agreement of the parties as part of the Service Fee Review or Performance Term Review processes set out in Article 5 and the reduction is made in accordance with those processes,
 - (ii) the Commissioner issues an Order authorizing or directing BC Ferries to reduce a Core Service Level, either temporarily or permanently, in respect of a Designated Ferry Route and the reduction is made in accordance with the terms and conditions specified in the Order,
 - (iii) the reduction is necessary in order for BC Ferries to comply with a request made by the Province in the circumstances described in section 4.02, and the reduction continues only for the period of the request,

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- (iv) the reduction is made by agreement of the parties in respect of a Designated Ferry Route after the Commissioner has issued an Order authorizing the removal of that Designated Ferry Route from regulation under the Act,
 - (v) the reduction occurs as a result of a lockout lawfully initiated by BC Ferries in compliance with the Labour Relations Code of British Columbia (in which case the provisions of section 3 of Schedule B will apply); or
 - (vi) the reduction is made by agreement of the parties in the circumstances described in sections 4.08 or 4.10 of the Agreement; and
- (c) will in the event of a Temporary Service Disruption, use reasonable efforts to provide passengers with alternate ferry services during the period of the Temporary Service Disruption.

Emergency Response Services

- 4.02 In the event that a state of emergency has been declared under the *Emergency Program Act*, R.S.B.C, 1996, c. 111
- (a) at the request of the Province, BC Ferries will provide the following emergency response services for the duration of the state of emergency
 - (i) priority loading for the transport of emergency personnel, equipment and supplies, and
 - (ii) Vessels to serve as reception centres, hospitals, response centres or other emergency facilities; and
 - (b) the Province will reimburse BC Ferries for the reasonable costs expended or incurred and net income forgone by BC Ferries in respect of the services provided pursuant to paragraph (a).

Commissioner Authorized Temporary Service Level Reductions

- 4.03 If the Commissioner authorizes BC Ferries to temporarily reduce service on a Designated Ferry Route below the Core Service Level required in relation to that Designated Ferry Route
- (a) the parties will amend any portions or provisions of the Agreement affected by the reduction, including, as applicable, the Core Service Level or Service Fee in relation to the Designated Ferry Route; and
 - (b) any such amendment will be made in accordance with the terms and conditions specified by the Commissioner in the Order.

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Route Discontinuance

- 4.04 BC Ferries will not at any time following the First Performance Term apply to discontinue ferry transportation services in relation to a Designated Ferry Route during any period commencing on the twelfth month before the beginning of a Performance Term and ending on the sixth month before the beginning of a Performance Term.
- 4.05 In no event will BC Ferries discontinue ferry transportation services in relation to a Designated Ferry Route unless BC Ferries first obtains an Order authorizing discontinuance.
- 4.06 Subject to section 4.07, if the Commissioner issues an Order authorizing BC Ferries to discontinue ferry transportation services in relation to a Designated Ferry Route
- (a) the parties will amend any portions or provisions of the Agreement affected by the discontinuance, including the Service Fee in relation to the Designated Ferry Route, in accordance with the terms and conditions specified by the Commissioner in the Order; and
 - (b) the Province will continue to pay the Service Fee in respect of the Designated Ferry Route in accordance with this Agreement until the date of discontinuance authorized by the Commissioner in accordance with the Act.
- 4.07 If BC Ferries applies to discontinue ferry transportation services in relation to a Designated Ferry Route during the first year of a Performance Term and that application was made due to the Province having reduced the Service Fee in relation to the Designated Ferry Route to which the application applies, then, upon the Commissioner issuing an Order authorizing BC Ferries to discontinue ferry transportation services in relation to that Designated Ferry Route
- (a) the Province will pay a Service Fee in relation to that Designated Ferry Route in an amount equal to the amount of the Service Fee that was payable to BC Ferries during the previous Performance Term; and
 - (b) that Service Fee is payable by the Province until the date of discontinuance authorized by the Commissioner.

Core Service Level Adjustments

- 4.08 Subject to section 4.09 of this Agreement and sections 2 and 3 of Schedule A, the parties will not adjust the Core Service Level in relation to a Designated Ferry Route during a Performance Term unless:
- (a) the proposed adjustment will result in improvements to schedules, customer service or operational efficiency on a Designated Ferry Route; and
 - (b) the parties are agreeable to the proposed adjustment.

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- 4.09 If the parties agree to adjust the Core Service Level in relation to a Designated Ferry Route during a Performance Term, the parties will amend the portions or provisions of the Agreement affected by the adjustment, including, as applicable, Appendix 1 of Schedule A and the Service Fee specified in Schedule B in relation to that Designated Ferry Route, to incorporate the agreed adjustment for the remainder of the Performance Term and any such amendment will become effective on the date agreed upon in writing by the parties.

Adjustments Following Deployment of a New Capital Asset

- 4.10 The parties may review and amend the Core Service Level required in relation to a Designated Ferry Route if
- (a) BC Ferries deploys a new capital asset in the form of one or more Vessels on that Designated Ferry Route, and
 - (b) the size of the new Vessel or Vessels enhances capacity on that Designated Ferry Route.
- 4.11 If the parties agree to amend the Core Service Level in relation to a Designated Ferry Route following deployment of one or more new Vessels, the parties will amend the portions or provisions of the Agreement affected by the amendment, including, as applicable, the Core Service Level and the Service Fee in relation to that Designated Ferry Route, and any such amendment will become effective on the date agreed upon in writing by the parties.

Ferry Schedules

- 4.12 BC Ferries will make available its Published Schedule, which will be in effect for at least a consecutive six month period, which Published Schedule may be revised due to operational or regulatory considerations.

ARTICLE 5 SERVICE FEES, REVIEWS AND FEDERAL SUBSIDY

Service Fees

- 5.01 Subject to the provisions of this Agreement, the Province will pay BC Ferries annually
- (a) the Service Fees in relation to the Designated Ferry Routes in the amounts and installments, and at the times and in the manner specified in Schedule "B"; and
 - (b) the Service Fees in relation to the Unregulated Routes in the amounts and installments, and at the times and in the manner specified in Schedule "C".

Service Fee Review

- 5.02 If BC Ferries makes an application for relief to the Commissioner under section 42 of the Act in relation to a Designated Ferry Route or Route Group and the Commissioner

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issues a preliminary decision in respect of that application, then, within 10 days after receiving the preliminary decision, the parties will meet to review the preliminary decision and to discuss whether the Province is willing to increase the Service Fees in relation to the Designated Ferry Route or Route Group that is the subject of the preliminary decision for the remainder of the Performance Term.

- 5.03 If the Province agrees to increase the Service Fee in relation to the Designated Ferry Route or Route Group, the parties will promptly, and in no event later than 20 days after receiving the preliminary decision
- (a) amend the Agreement to incorporate the agreed Service Fee in relation to that Designated Ferry Route or Route Group for the remainder of the Performance Term; and
 - (b) notify the Commissioner of the amendment.
- 5.04 If the Province chooses not to increase the Service Fee in relation to the Designated Ferry Route or Route Group, the parties will promptly, and in no event later than 20 days after receiving the preliminary decision, so inform the Commissioner.

Performance Term Reviews

- 5.05 No later than eighteen months before the end of a Performance Term, BC Ferries will provide the Commissioner with the information required under the Act in order for the Commissioner to set Price Caps for the next Performance Term.
- 5.06 Promptly after receiving the Commissioner's preliminary decision about Price Caps for the next Performance Term, the parties will meet to review the Commissioner's preliminary decision and, having regard to the terms, conditions and underlying assumptions contained in the Commissioner's preliminary decision, to discuss proposed changes, if any, to the Core Service Levels or the Service Fees, or both, for the next Performance Term.
- 5.07 If following the meetings and discussions referred to in section 5.06 the parties are able to agree to both the Core Service Levels to be provided by BC Ferries for the next Performance Term and the amount of the Service Fees to be paid by the Province in relation to the Designated Ferry Routes or Route Groups for the next Performance Term, the parties will
- (a) amend the Agreement to incorporate those agreed changes for the next Performance Term; and
 - (b) no later than nine (9) months before the end of the current Performance Term, submit a copy of the amended Agreement to the Commissioner, as required by the Act.
- 5.08 If following the meetings and discussions referred to in section 5.06 the parties are unable to agree to one or more Core Service Levels in relation to one or more Designated Ferry Routes for the next Performance Term, or to the amount of the Service

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Fees to be paid by the Province in relation to one or more Designated Ferry Routes for the next Performance Term, or to both, then the following rules will apply:

- (a) if the parties are unable to agree to the Core Service Level in relation to a Designated Ferry Route, the Core Service Level for that Designated Ferry Route will remain the same for the next Performance Term;
- (b) if the parties are unable to agree to the amount of a Service Fee to be paid in relation to one or more Designated Ferry Routes, the Province may nevertheless specify the amount of such Service Fee; and
- (c) no later than nine (9) months before the end of the current Performance Term, the parties will amend the Agreement to incorporate the Core Service Levels and Service Fees as agreed upon by the parties or as established pursuant to paragraphs (a) and (b) for the next Performance Term, and submit a copy of the amended Agreement to the Commissioner, as required by the Act.

Federal Subsidy

- 5.09 The parties acknowledge that BC Ferries is receiving a federal subsidy payable in respect of the provision of coastal ferry services pursuant to the Canada/British Columbia coastal ferry subsidy agreement dated April 18, 1977.
- 5.10 Subject to section 5.11, the Province will continue to make the proceeds of the Canada/British Columbia coastal ferry subsidy agreement available to BC Ferries, either through direct assignment from the Federal government or by remitting the funds to BC Ferries.
- 5.11 In the event that the Canada/British Columbia coastal ferry subsidy agreement is amended or renewed, BC Ferries and the Province will meet to discuss the application of proceeds to BC Ferries under the amended or renewed subsidy agreement, including the terms and conditions of the application of such proceeds.

ARTICLE 6 ADDITIONAL COVENANTS OF BC FERRIES

Customer Satisfaction Surveys

- 6.01 During the first year of the Term and continuing in each calendar year thereafter, BC Ferries will engage a professional consulting organization, independent of BC Ferries, to conduct and complete a customer satisfaction survey with respect to Designated Ferry Routes.
- 6.02 The survey will be undertaken using a representative group of Designated Ferry Routes and will measure the full range of activities in respect of which a customer is engaged with BC Ferries in some way, including the following service components:
 - (a) service prior to arriving at the terminal (e.g., contact via website or phone)

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- (b) service at the terminal, before boarding
- (c) service on board the vessel, before disembarking
- (d) service pertaining to loading/unloading from the vessel
- (e) overall safety of operations, and
- (f) value for money for fare paid.

6.03 Within three months after its fiscal year-end, BC Ferries will

- (a) prepare a customer satisfaction survey report, which will include the following components:
 - (i) a copy of the questionnaire used in the study
 - (ii) a summary of the methodology
 - (iii) year end results of the study in table format, and
 - (iv) a comparison between benchmark measures and stated objectives;
- (b) deliver a copy of the customer satisfaction survey report to the Province and the Commissioner; and
- (c) post a copy of the customer satisfaction survey report on the BC Ferries website.

General Covenants

6.04 So long as this Agreement remains in force, BC Ferries will:

- (a) comply with all requirements and orders of the Commissioner;
- (b) observe and comply with any statute, rule or regulation of any government or branch or agency thereof applicable to or binding upon it, including, without limitation, all federal government maritime and safety regulations;
- (c) maintain its corporate existence and carry on and conduct its business in a proper business-like manner in accordance with good business practice;
- (d) keep or cause to be kept accurate accounting records, books of accounts, invoices, receipts, vouchers and other supporting documents relating to the Service Fees, and maintain those accounting records and books of account in accordance with Canadian generally accepted accounting principles applied on a consistent basis;
- (e) permit the Province, its servants, agents, employees or authorized representatives, at any time or times during regular business hours and upon

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giving five (5) days notice, at the Province's expense, to inspect, copy or audit any of the records or documents referred to in paragraph (d);

- (f) quarterly after the Commencement Date, deliver to the Province a report in the form and with the content satisfactory to the Province, containing
 - (i) ridership and traffic patterns,
 - (ii) frequency of ferry service, and
 - (iii) capacity of the Vessels;
- (g) within one hundred and twenty (120) days after each anniversary of the Commencement Date, deliver to the Province a copy of its audited Financial Statements for that period;
- (h) give to the Province notice of an Event of Default under this Agreement;
- (i) apply for and maintain in good standing all Necessary Government Approvals and submit to the Province satisfactory evidence thereof when so requested by the Province;
- (j) pay punctually all taxes, rates and assessments required to be paid by it or on any of its undertaking;
- (k) within 180 days of the end of its fiscal year, hold an annual public meeting relating to the management and operation of its business and, in holding such a meeting, it will
 - (i) publish 30 days prior notice of such meeting in a daily newspaper of general circulation on Vancouver island, the Gulf Islands, the Queen Charlotte Islands, Prince Rupert and Vancouver;
 - (ii) afford a reasonable opportunity to the public for the asking of questions and expressing of views;
 - (iii) ensure that at least a majority of its Board of Directors is present; and
 - (iv) present and distribute copies of its most recent audited financial statement;
 - (v) present and distribute copies of the annual report provided to the Commissioner pursuant to section 66 of the Act for the prior fiscal year;
 - (vi) present and distribute its business plan for the current fiscal year;
- (l) meet with the Province to determine performance measures relating to the quality of services; and
- (m) generally perform each of its obligations under this Agreement.

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**ARTICLE 7
VESSELS AND DISPOSITIONS**

Disposition of Vessels

- 7.01 BC Ferries will not dispose of a Vessel that is no longer necessary for the purpose of providing Services in respect of a Designated Ferry Route unless
- (a) BC Ferries has notified the Province in writing of its intention to dispose of the Vessel, and
 - (b) the Province has not exercised its Option to Purchase in respect of that Vessel within the times specified in section 7.02.
- 7.02 Upon being notified in writing of BC Ferries' intention to dispose of a Vessel, the Province may, within thirty (30) days, exercise its Option to Purchase the Vessel, in which case
- (a) during the option period, the Province, its servants, employees and agents and persons authorized the Province will have the right at all reasonable times to enter, access, inspect and view the Vessel and its various components;
 - (b) the Province will pay to BC Ferries the Vessel Purchase Price in respect of that Vessel; and
 - (c) BC Ferries will execute all documentation necessary in order to affect the transfer of the title and ownership of the Vessel from BC Ferries to the Province.

Stranded Vessel Purchase

- 7.03 BC Ferries may elect to require the Province to purchase a Vessel if
- (a) the Commissioner has issued an Order authorizing BC Ferries to discontinue a Designated Ferry Route;
 - (b) BC Ferries has used all reasonable commercial efforts to redeploy the Vessel that was used on the discontinued Designated Ferry Route to another ferry route in British Columbia;
 - (c) the Vessel is either the Vessel that was used on the discontinued Designated Ferry Route or a Vessel that has become surplus to BC Ferries' requirements following redeployment of the Vessel that was used on the discontinued Designated Ferry Route;
 - (d) at the time of the election by BC Ferries, the Vessel has a valid Transport Canada Steamship Inspection Certificate; and
 - (e) BC Ferries delivers written notification of its election to the Province within three (3) months after the date of discontinuance authorized by the Commissioner in the Order authorizing discontinuance.

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- 7.04 Upon receiving notification of an election complying with section 7.03, the Province will, within 60 days or such other time as the parties mutually agree, purchase the Vessel that is the subject of the election, in which case
- (a) the Province will pay to BC Ferries the Vessel Purchase Price in respect of that Vessel, and
 - (b) BC Ferries will execute all documentation necessary in order to affect the transfer of the title and ownership of the Vessel from BC Ferries to the Province.

ARTICLE 8 OPTION TO PURCHASE VESSELS

Option to Purchase

- 8.01 BC Ferries grants to the Province the full and exclusive first right and option, irrevocable during the Term of this Agreement, to purchase each of the Vessels for the Vessel Purchase Price, free and clear of all liens, charges and encumbrances.
- 8.02 The option granted in section 8.01 may be exercised by the Province by notice in writing delivered to BC Ferries only in the following circumstances:
- (a) upon the occurrence of an Event of Default by BC Ferries; or
 - (b) in the circumstances described in section 7.02 of this Agreement.
- 8.03 If the option granted in section 8.01 is exercised, this Option to Purchase will become a binding agreement for the purchase and sale of the Vessels, which transaction will be completed in accordance with the terms and conditions of this Article.

ARTICLE 9 UNREGULATED ROUTES

- 9.01 The parties acknowledge that
- (a) the ferry services in relation to Unregulated Routes are operated and delivered by independent contractors under contracts that are administered by BC Ferries (referred to herein as "Operator Contracts"); and
 - (b) the Province contributes the funding that BC Ferries pays to those independent contractors under the Operator Contracts in the amounts set out in Schedule "C".
- 9.02 BC Ferries will do the following with respect to any Operator Contracts that become subject to renewal during the First Performance Term of this Agreement:
- (a) within six (6) months before the end of an Operator Contract, give notice to the Province that the contract is coming to the end;
 - (b) during the six (6) month period before the end of the Operator Contract, either

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- (A) meet with the operator for the purpose of negotiating a new Operator Contract having a term coinciding with the last day of a Performance Term under this Agreement, or
 - (B) solicit proposals from other persons interested in providing ferry services in relation to the Unregulated Route under a new Operator Contract having a term coinciding with the last day of a Performance Term under this Agreement; and
 - (c) provide the Province with written notice that an Operator Contract has been renewed or replaced, including the date of the end of the term of the renewed or replaced Operator Contract.
- 9.03 Following the First Performance Term, within six (6) months before the end of an Operator Contract, BC Ferries will give notice to the Province that the Operating Contract is coming to the end and, promptly after receiving notice, the Province and BC Ferries will determine whether
- (a) the funding arrangement in relation to the Operating Agreement and the Unregulated Route to which it relates will continue as then structured, or
 - (b) the Unregulated Route will become a Regulated Route under this Agreement and be subject to the terms and conditions of this Agreement.
- 9.04 If the parties agree that the Unregulated Route will become a Regulated Route under this Agreement
- (a) the parties will amend the Agreement to
 - (i) include the former Unregulated Route as Regulated Route, and
 - (ii) set out the Service Fee that the Province will make available in relation to that new Regulated Route for the Performance Term; and
 - (b) BC Ferries will apply to the Commissioner to establish a Price Cap in respect of the new Regulated Route for the Performance Term.
- 9.05 If the parties agree that the Unregulated Route will not become a Regulated Route under this Agreement, the parties will amend Schedule "C" to include the amount of the Service Fee, if any, that the Province will make available in relation to that Unregulated Route for the term of its contract with BC Ferries.
- 9.06 If the parties are unable to agree whether the Unregulated Route will become a Regulated Route under this Agreement, the Province will determine the matter, in which case sections 9.04 or 9.05, as the case may be, will apply.
- 9.07 During the period from the Commencement Date until the end of the First Performance Term, BC Ferries will not permit the level of ferry service provided by an operator of an Unregulated Route under an Operator Contract to be reduced below the service levels

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that were being provided under that Operator Contract immediately prior to the Commencement Date.

ARTICLE 10 INDEMNITIES AND INSURANCE

Indemnity

10.01 BC Ferries will indemnify and save harmless the Province from and against all losses, claims, damages, actions, causes of action, costs and expenses (each a "Loss") that the Province may sustain, incur, suffer or be put to at any time, which are based upon, arise out of or occur, directly or indirectly, by reason of any act or omission of BC Ferries or any of its agents, subsidiaries, employees, officers, directors or subcontractors, in connection with the provision of the Services; provided that BC Ferries is not obligated to indemnify and hold harmless the Province for any Loss that arises out of or occurs, directly or indirectly, by reason of any act or omission of the Province or any of its agents, subsidiaries, employees, officers, directors or subcontractors.

Marine Insurance

10.02 BC Ferries shall, at its own expense, obtain and maintain insurance contracts or equivalent financial security, according to the form, nature, in the amounts, for the term of this Agreement and containing the terms and conditions specified:

Protection & Indemnity (P&I) – the policy shall be written to cover legal liability of BC Ferries for loss, damage or expense arising out of, or incidental to, the ownership, operation, chartering, maintenance or use of any vessel pursuant to this Agreement, including liability of BC Ferries for personal injury, illness or death, or for loss or damage to the property of a third party.

The policy or equivalent financial security shall include but not necessarily be limited to the following coverages:

- (a) Protection & Indemnity Insurance including pollution insurance coverage for not less than US \$500 million per incident, and
- (b) Hull and machinery insurance subject to the customary form currently in common usage for a ferry system, placed with reputable insurers.

Where applicable, the Province is to be named as an Additional Insured under Hull & Machinery coverage, and Protection & Indemnity insurers and BC Ferries are to waive their rights of subrogation against the Province.

10.03 BC Ferries shall submit to the Province no later than 30 days following renewal, a certificate of insurance, signed by BC Ferries insurance broker, as proof that the hull and machinery and Protection & Indemnity insurance policies have been renewed.

10.04 The insurance coverage required by the provisions of these Marine Insurance conditions shall in no way limit BC Ferries obligations under the Agreement, and any additional

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coverage BC Ferries may deem necessary to fulfil its obligations under this Agreement shall be at BC Ferries own discretion and expense.

ARTICLE 11 ASSIGNMENT AND SUBCONTRACTING

- 11.01 BC Ferries will not, without the prior written consent of the Province, assign or transfer this Agreement.
- 11.02 BC Ferries may subcontract any or all of its obligations under this Agreement, provided however that no subcontract entered into by BC Ferries will relieve BC Ferries from any of its obligations under this Agreement or impose any obligation or liability upon the Province to any such subcontractor.

ARTICLE 12 APPROPRIATION

- 12.01 Notwithstanding any other provision of this Agreement, the payment of money by the Province to BC Ferries under this Agreement is subject to
- (a) there being sufficient monies available in the appropriation, as defined in the *Financial Administration Act*, R.S.B.C. 1996, c.138 (the "FAA"), to enable the Province, in any fiscal year or part thereof when any payment of money by the Province to BC Ferries falls due under this Agreement, to make that payment; and
 - (b) Treasury Board (as defined in the FAA) not having controlled or limited, under the FAA, expenditure under any appropriation referred to in subparagraph (a) of this paragraph.
- 12.02 In the event that the payment of money by the Province to BC Ferries is reduced, restricted or terminated due to the events described in 12.01(a) or (b), BC Ferries may apply to the Commissioner for an authorization to reduce services on the Designated Ferry Routes below the Core Service Levels.

ARTICLE 13 DISPUTE RESOLUTION

- 13.01 Any disputes that arise under this Agreement, except disputes pertaining to Articles 4 and 5, will be referred to and finally resolved by arbitration administered by the British Columbia International Commercial Arbitration Centre or, if the Centre is unavailable, any other independent and impartial body or individual acceptable to the parties.
- 13.02 The place of arbitration will be Victoria, British Columbia.

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ARTICLE 14 DEFAULT AND REMEDIES

- 14.01 Notwithstanding any other provision of this Agreement, any of the following events will constitute an Event of Default whether that event be voluntary, involuntary or results from the operation of law or any judgment or order of any court or administrative or government body:
- (a) BC Ferries fails to observe, perform or comply with any material provision of this Agreement on the part of BC Ferries to be observed, performed or complied with and
 - (i) such failure continues for a period of thirty (30) business days after written notice thereof has been given by the Province to BC Ferries or
 - (ii) if any such failure because of its nature would reasonably require more than thirty (30) business days to rectify, BC Ferries has not commenced rectification within the thirty (30) day notice period and, thereafter, promptly, effectively and continuously proceeds with the rectification of the failure;
 - (b) any representation or warranty made by BC Ferries in this Agreement is materially untrue or incorrect;
 - (c) any information, statement, document, certificate or report furnished or submitted by or on behalf of BC Ferries to the Province under or as a result of this Agreement is materially untrue or incorrect;
 - (d) BC Ferries fails to furnish and give to the Province notice that there has occurred or is continuing a default under this Agreement specifying particulars of the same;
 - (e) an order is made, a resolution is passed or a petition is filed, for the liquidation or winding up of BC Ferries;
 - (f) BC Ferries becomes insolvent, commits an act of bankruptcy, makes an assignment for the benefit of its creditors or otherwise acknowledges its insolvency;
 - (g) a bankruptcy petition is filed or presented against, or a proposal under the *Bankruptcy and Insolvency Act* (Canada) is made by, BC Ferries;
 - (h) a receiver or receiver-manager of any property of BC Ferries is appointed;
 - (i) BC Ferries permits any sum that is not disputed to be due by it to remain unpaid after legal proceedings have been commenced to enforce payment thereof if such failure will materially adversely affect BC Ferries' ability to perform its obligations under this Agreement;
 - (j) BC Ferries ceases to carry on business as a going concern;

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- (k) if any action is taken to enforce any security interest, charge or encumbrance granted, created or issued by BC Ferries that materially affects the ability of BC Ferries to carry on business as a going concern;
- (l) BC Ferries fails to pay any costs or expenses, or both, due and payable to the BC Transportation Financing Authority under any one or more Ferry Terminal Leases within the times specified therein; or
- (m) BC Ferries fails to comply with any Order issued by the Commissioner.

14.02 Upon the occurrence of an Event of Default by BC Ferries, or at any time thereafter, the Province may, at its option, but subject to the terms of any trust deed referred to in section 2.04, elect to do any one or more of the following:

- (a) suspend or adjust any instalment of the Service Fee or any other amount that is due or that becomes due to BC Ferries while the Event of Default continues;
- (b) require that the Event of Default be remedied within a time period specified by the Province and, if BC Ferries has not remedied the Event of Default within that time, observe and perform the obligations in respect of which BC Ferries has made default, or make payment of the moneys BC Ferries has failed to pay, as the case may be; and BC Ferries will promptly pay all costs and expenses reasonably incurred by the Province, excluding the costs of any salary, wages and benefits payable by the Province to any of its employees but including legal costs as between solicitor and own client, in the observance or performance of such BC Ferries obligations;
- (c) waive the Event of Default;
- (d) exercise the Option to Purchase;
- (e) notify the Commissioner and request that the Commissioner issue an order requiring BC Ferries to remedy the Event of Default within a time period specified by the Commissioner in the order;
- (f) bring an action or suit at law, in equity or in admiralty or other proceeding for the specific performance of any term contained herein or for an injunction against a violation of any such term or in aid of any right, power or remedy granted herein or therein or by law, in equity, in admiralty or otherwise, or to recover judgment for all amounts due or declared due hereunder;
- (h) in the circumstances referred to in section 14.01 (l), reduce the Service Fee by the amount BC Ferries failed to pay to the BC Transportation Financing Authority under any one or more Ferry Terminal Leases; or
- (g) pursue any other remedy available to it at law or in equity.

14.03 The rights, powers and remedies conferred on the parties under this Agreement are not intended to be exclusive and each will be cumulative and in addition to and not in

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substitution for every other right, power and remedy existing or available to the parties under this Agreement, any other agreement, at law or in equity and the exercise by the parties of any right, power or remedy will not preclude the simultaneous or later exercise by that party of any other right, power or remedy.

- 14.04 No failure or delay on the part of either party to complain of an act or failure of the other party or to declare the other party in default, irrespective of how long such act or failure to act continues, will constitute a waiver by such party of its rights under this Agreement.

ARTICLE 15 MISCELLANEOUS

15.01 BC Ferries

- (a) is an independent contractor and not the servant, employee or partner of the Province, and
- (b) if converted into a company under the *Company Act*, will not be an agent of the Province.

- 15.02 BC Ferries will not, in any manner whatsoever, commit or purport to commit the Province to the payment of any money to any person.

- 15.03 No partnership, joint venture or agency will be created or will be deemed to be created by this Agreement or any action of the parties under this Agreement.

- 15.04 Any public announcement relating to this Agreement made by either party will be arranged in consultation with the other before the announcement is made.

- 15.05 Any notice, document, statement, report, demand or payment desired or required to be given or made under this Agreement, will be in writing and may be given or made by personal delivery to the party to whom it is to be given or made, or by mailing in Canada with postage prepaid addressed

- (a) if to the Province:

**Her Majesty the Queen in Right of the Province of British Columbia
Ministry of Transportation and Infrastructure**

PO Box 9850 Stn Prov. Govt.
5th Floor – 940 Blanshard Street
Victoria, BC V8W 9T5

Attention: Deputy Minister, Ministry of Transportation and Infrastructure

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(b) if to BC Ferries:

BRITISH COLUMBIA FERRY SERVICES INC

Suite 500 – 1321 Blanshard Street,
Victoria, British Columbia V8W 0B7

Attention: President and Chief Executive Officer

and any such notice, document, statement, report, demand or payment so mailed will be deemed given to and received by the addressee on the fifth business day after the mailing of the same except in the event of disruption of postal services in Canada in which case any such notice, document, statement, report, demand or payment will be deemed given to and received by the addressee when actually delivered to the particular address set out above.

15.06 In addition to paragraph 15.05, any notice, report, document, statement or demand transmitted by facsimile transmission from either party to the other will be conclusively deemed validly given to and received by the intended recipient when so transmitted if transmitted to the following numbers:

If to the Province: (250) 387-6431
If to BC Ferries: (250) 381-7238

15.07 Either party may, from time to time, advise the other by notice in writing of any change of address or facsimile number of the party giving such notice and from and after the giving of such notice, the address or facsimile number specified in the notice will, for purposes of this Agreement, be deemed to be the address or facsimile number of the party giving such notice.

15.08 A reference in this Agreement

- (a) to a statute whether or not that statute has been defined, means a statute of the Province of British Columbia unless otherwise stated and includes every amendment to it, every regulation made under it and any enactment passed in substitution therefor or in replacement thereof; and
- (b) to any other agreement between the parties means that other agreement as it may be amended from time to time by the parties.

15.09 Unless the context otherwise requires, any reference to "this Agreement" means this instrument and its Schedules and any reference to any paragraph or subparagraph by number is a reference to the appropriate paragraph or subparagraph in this Agreement.

15.10 The headings or captions in this Agreement are inserted for convenience only and do not form a part of this Agreement and in no way define, limit, alter or enlarge the scope or meaning of any provision of this Agreement.

15.11 In this Agreement, "person" includes a corporation, firm, association and any other legal entity where the context or the parties so require.

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- 15.12 Each Schedule attached to this Agreement is an integral part of this Agreement as if set out at length in the body of this Agreement.
- 15.13 This Agreement and its Schedules constitute the entire agreement between the parties and no understandings, representations or agreements, oral or otherwise, exist between the parties with respect to the subject matter of this Agreement except as expressly set out or incorporated by reference in this Agreement.
- 15.14 Each of the parties will, upon the reasonable request of the other, make, do, execute or cause to be made, done or executed all further and other lawful acts, deeds, things, devices, documents, instruments and assurances whatever for the better or more perfect and absolute performance of the terms and conditions of this Agreement.
- 15.15 If any provision of this Agreement or the application thereof to any person or circumstance is invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provision to any other person or circumstance will not be affected or impaired thereby and will be valid and enforceable to the extent permitted by law.
- 15.16 This Agreement will ensure to the benefit of and be binding upon the Province and its assigns and upon BC Ferries and its successors and permitted assigns.
- 15.17 All dollar amounts expressed in this Agreement refer to lawful currency of Canada.
- 15.18 The Province certifies that the property and/or services ordered and purchased under this Agreement are for the use of, and are being purchased by, the Province with crown funds and are therefore not subject to the Goods and Services Tax.
- 15.19 No waiver by either party of a breach or default by the other party in the observance, performance or compliance of any of its obligations under this Agreement will be effective unless it is in writing and no such waiver will be deemed or construed to be a waiver of any other breach or default and failure or delay on the part of either party to complain of an act or failure of the other party or to declare such other party in default, irrespective of how long such failure or delay continues, will not constitute a waiver by such party of any of its rights against the other party.
- 15.20 Without limiting the provisions of Article 3, the provisions of Article 10 of this Agreement will, notwithstanding the expiration or sooner termination of this Agreement, remain and continue in full force and effect.
- 15.21 Time will be of the essence of this Agreement.
- 15.22 This Agreement will be governed by and construed and interpreted in accordance with the laws of the Province of British Columbia.
- 15.23 For the purpose of paragraphs 15.24 and 15.25, an "Event of Force Majeure" means an event that is beyond the reasonable control and without the fault of a party and includes, but is not limited to, acts of God, changes in the laws of Canada, governmental restrictions or control on imports, exports or foreign exchange, wars (declared or undeclared), fires, floods, storms, strikes (including illegal work stoppages or

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slowdowns), lockouts (other than lockouts initiated by BC Ferries in compliance with the Labour Relations Code of British Columbia), labour shortages, freight embargoes and power failures, provided always that lack of money, financing or credit will not be and will not be deemed to be an "Event of Force Majeure".

- 15.24 No party will be liable to another for any delay, interruption or failure in the performance of their respective obligations if caused by an Event of Force Majeure, in which case the time period for the performance or completion of any such obligation will be automatically extended for the duration of the Event of Force Majeure.
- 15.25 If an Event of Force Majeure occurs or is likely to occur which will reduce Services below the Core Service Levels, then the party directly affected will notify the other party forthwith, and will use its reasonable efforts to remove, curtail or contain the cause of the delay, interruption or failure and to resume with the least possible delay compliance with its obligations under this Agreement.
- 15.26 In this Agreement, words in the singular include the plural, and words in the plural include the singular, unless the context otherwise requires.
- 15.27 Any alteration or amendment to the terms, conditions, Appendixes or Schedules of this Agreement must be in writing and duly executed by both parties.
- 15.28 Nothing in this Agreement prohibits, restricts or affects the right or power of the Province to enact any laws whatsoever with respect to any area of law for which the Province has legislative jurisdiction, even if the enactment of any such law affects this Agreement, its interpretation or the rights of either party.
- 15.29 Nothing in this Agreement prohibits, restricts, or affects the right of the Province to assess or impose on BC Ferries or any other person any charge or fee which the Province has the power under any law to assess or impose.
- 15.30 Nothing in this Agreement relieves BC Ferries from its obligation to observe and comply with any statute, rule or regulation of any government or branch or agency thereof applicable to or binding upon it, including, without limitation, all federal government maritime and safety regulations.

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WHEREFORE this Agreement has been duly executed as of the date first above written.

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 in the)
presence of:)
)
)

(Witness)

Dan Doyle, Deputy Minister

SIGNED on behalf of the British)
Columbia Ferry Corporation)
by duly authorized representatives)
in the presence of:)
)
)

(Witness)

Doug Allen, President and Chief Executive Officer

(Witness)

Rob Clarke, Executive Vice President, Finance and
Chief Financial Officer

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UNOFFICIAL VERSION

COASTAL FERRY SERVICES CONTRACT – CONSOLIDATED VERSION

Schedule “A”

Designated Ferry Routes And Services

1. BC Ferries will operate the BC Ferry System in a manner that complies with, or exceeds, the Core Service Levels in relation to the following Designated Ferry Routes comprised in the following Route Group known as the Designated Ferry Route Group:

DESIGNATED FERRY ROUTE GROUP	
Route No.	Designated Ferry Route Name
1	Tsawwassen/Swartz Bay
2	Horseshoe Bay/Nanaimo
3	Horseshoe Bay/Langdale
4	Swartz Bay/Salt Spring
5	Swartz Bay/Outer Gulf Islands
6	Crofton/Salt Spring
7	Saltery Bay/Earls Cove
8	Horseshoe Bay/Bowen Island
9	Tsawwassen/Gulf Islands
10	Port Hardy/Prince Rupert
11	Prince Rupert/Skidegate
12	Brentwood Bay/Mill Bay
13	Langdale/Gambier/Keats
17	Comox/Powell River
18	Powell River/Texada
19	Nanaimo Harbour/Gabriola
20	Chemainus/Thetis/Penelakut
21	Buckley Bay/Denman
22	Denman/Hornby
23	Campbell River/Quadra
24	Quadra/Cortes
25	Port McNeill/Alert Bay/Sointula
26	Skidegate/Alliford Bay
28	Port Hardy/Mid Coast/Bella Coola
30	Tsawwassen/Nanaimo

- 1.1 Unless otherwise agreed to in writing by the parties, commencing April 1, 2024, the Designated Ferry Routes will be listed by Route Group and BC Ferries will operate the BC Ferry System in a manner that complies with or exceeds the Core Service Levels in relation to the following Designated Ferry Routes listed by Route Group: Major Routes – 1, 2, 3, and 30; Northern Routes – 10, 11 and 28; Minor Routes – 4, 5, 6, 7, 8, 9, 12, 13, 17, 18, 19, 20, 21, 22, 23, 24, 25 and 26.
2. The Core Service Levels for each of the Designated Ferry Routes as described and contained in Appendix 1 of this Schedule, entitled “Route Overview Document”, include the following additional service level allowances, service requirements and adjustments:

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- (a) Temporary Service Disruptions: The Core Service Level in relation to each Designated Ferry Route includes an allowance for a short term, temporary service disruption if
- (i) the disruption is for a duration of not more than twenty (20) consecutive days, except for those Designated Ferry Routes on which daily service is not scheduled, in which case, the disruption is for a duration of not more than twenty (20) consecutive days on which service is scheduled to be provided in accordance with the Published Schedule for that Designated Ferry Route;
 - (ii) the disruption is due to any one or more of the following circumstances:
 - Vessel or dock breakdown or mechanical failure,
 - situations that compromise safety,
 - tasking of Vessels for emergency response,
 - bad weather,
 - maintenance to Vessels or docks,
 - sinking or grounding of Vessels,
 - fire,
 - labour disputes, except lockouts initiated by BC Ferries,
 - annual roe herring fishery season as established by the Department of Fisheries and Oceans in the Baynes Sound waterway (Designated Ferry Route 21); or
 - mitigation of underwater radiated noise to support the recovery of southern resident killer whales; and
 - (iii) the aggregate of all temporary service disruptions which occurred during the applicable Contract Year does not exceed thirty (30) days;
- (b) Designated Ferry Routes 12 and 26: The Core Service Level in relation to Designated Ferry Routes 12 and 26 includes an allowance for a temporary service disruption of up to sixty five (65) consecutive days once in every four (4) years on those Designated Ferry Routes for the purpose of carrying out quadrennial surveys and refits;
- (c) Designated Ferry Route 28: The Core Service Level in relation to Designated Ferry Route 28 includes an allowance for a temporary service disruption of up to sixty five (65) consecutive days twice in every five (5) years on this Designated Ferry Route for the purpose of carrying out surveys and refits;
- (d) Provincial Social Program Requirement: The Core Service Levels include a requirement that BC Ferries carry passengers falling within the provincial social programs identified in section 1(b) of Schedule B and traveling on any of the Designated Ferry Routes; and
- (e) Senior Discount Requirement: The Core Service Levels include a requirement that BC Ferries provide discounts to seniors in accordance with section 5.1 of Schedule B.

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UNOFFICIAL VERSION**COASTAL FERRY SERVICES CONTRACT – CONSOLIDATED VERSION****Appendix 1 of Schedule “A”
Route Overview****DEFINITIONS AND INTERPRETATIONS USED IN APPENDIX 1****Core Service Levels**

1. To ensure services are clearly defined and predictable, Core Service Levels will be established for each Performance Term. During each Performance Term, BC Ferries will look at innovative ways to deliver services that respond to the needs of the communities and customers it serves.
2. In this Route Overview, subject to the service level allowances and service requirements, in section 2 of Schedule A, the Core Service Levels in relation to a Designated Ferry Route are:
 - (a) the total number of round trips to be delivered in a Contract Year for the Designated Ferry Route as defined in the Route Overview;
 - (b) in relation to each Designated Ferry Route having round trips, the minimum hours of operation during which originating port departures occur for the Designated Ferry Route as defined in the Route Overview;
 - (c) the number of departures per day for the Designated Ferry Route as defined in the Route Overview (identified herein as “Number of Round Trips Per Day”); and
 - (d) the capacity provided on the Designated Ferry Route will be sufficient to carry the previous year’s traffic.

Note:

1. Core Service Levels:
 - (a) The number of round trips may fluctuate in each Contract Year depending on the number of days, statutory holidays and weekends, which fall within a Contract Year;
 - (b) do not apply on Christmas Day and New Years Day for the following routes: 3, 4, 5, 5A, 6, 7, 8, 12, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 30;
 - (c) do not apply on Christmas Day for the round trip relating to Designated Ferry Route 11; and
 - (d) include the incremental annual round trips as described in the Service Level Agreement dated March 18, 2019.
2. Round trips on the Northern Routes (Routes 10, 11 and 28) are calculated on a weekly rather than a daily basis. Minor schedule variations may occur at Christmas, the All Native Basketball Tournament and during transition weeks between Peak and Off Peak seasons.
3. Dangerous Cargo round trips will take place if at least ten minutes notice is provided to BC Ferries prior to the scheduled departure of the initial leg of the round trip sailing. (A Dangerous Cargo ‘round trip’ applies only where all/both sailing legs are designated for Dangerous Cargo transport).

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Peak, Shoulder & Off-Peak Seasons

1. Core Service Levels have been divided into peak and off-peak seasons as defined below:

- (a) Routes other than Northern Routes:

Peak July 1, 2020 – September 7, 2020
 June 30, 2021 – September 6, 2021
 June 29, 2022 – September 5, 2022
 June 28, 2023 – September 4, 2023

Off-Peak Those dates in each Contract Year which fall outside of the Peak and, where applicable, the Shoulder season.

Shoulder The period of time either between the Friday preceding the Victoria Day long weekend and start of Peak or between the end of Peak and Thanksgiving Monday.

- (b) Northern Routes:

Peak Route 10: June 1 to End September
 Route 11: Mid-June to Mid-September
 Route 28: Mid-June to End September

Off-Peak Route 10: October 1 to End May
 Route 11: Mid-September to Mid-June
 Route 28: October 1 to Mid-June

Hours of Operation

1. For **Single Vessel** routes, the hours of operation are defined as the lapsed time from when the first sailing of the day leaves the originating port to the time the last sailing leaves from the originating port.
2. For **Designated Ferry Routes 1, 2 & 30**, the hours of operation are defined as the lapsed time from when the first sailing leaves the originating port to the time the last sailing returns to the same originating port (the originating port of the first sailing of the day).
3. Hours of operation are rounded down to the nearest hour.

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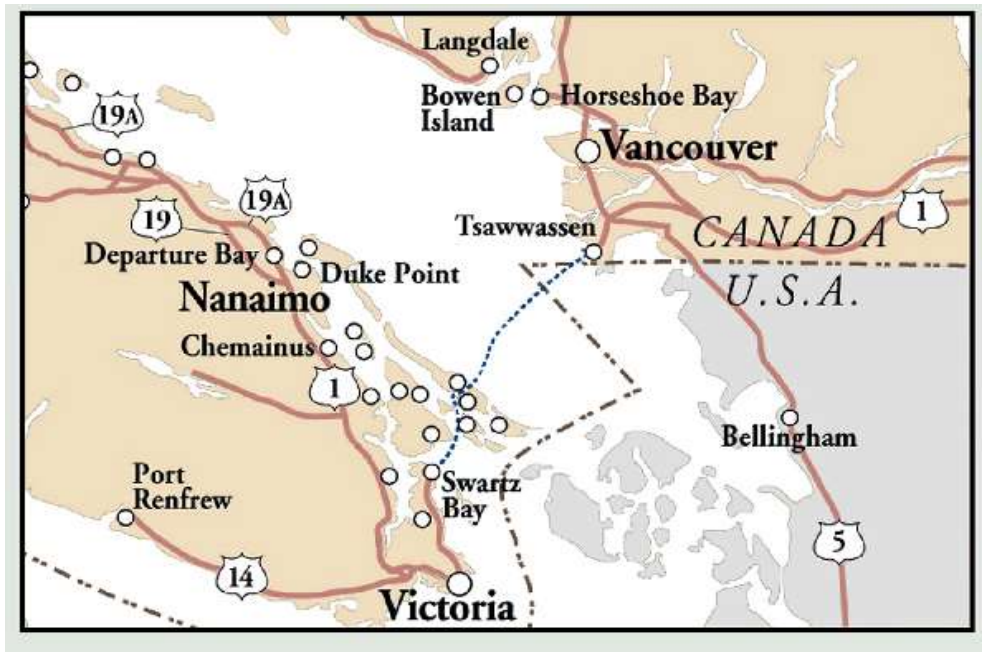
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ROUTE 1 – SWARTZ BAY TO TSAWWASSEN



OVERVIEW

Route 1 connects the two largest metropolitan areas in the province between Swartz Bay on Vancouver Island and Tsawwassen on the Lower Mainland.




CORE SERVICE LEVELS

Number of Aggregate Round Trips to be Delivered per Contract Year on Routes 1, 2, 3 and 30		12,254
Minimum Number of Round Trips to be Delivered per Contract Year		3,512
Minimum Number of Round Trips per Day	Peak	10 – 15 (varies by day)
	Off Peak	7 (7-9 Friday & Sunday)
Minimum Hours of Operation	Peak	12
	Off Peak	10

ROUTE AND SERVICE DESCRIPTION

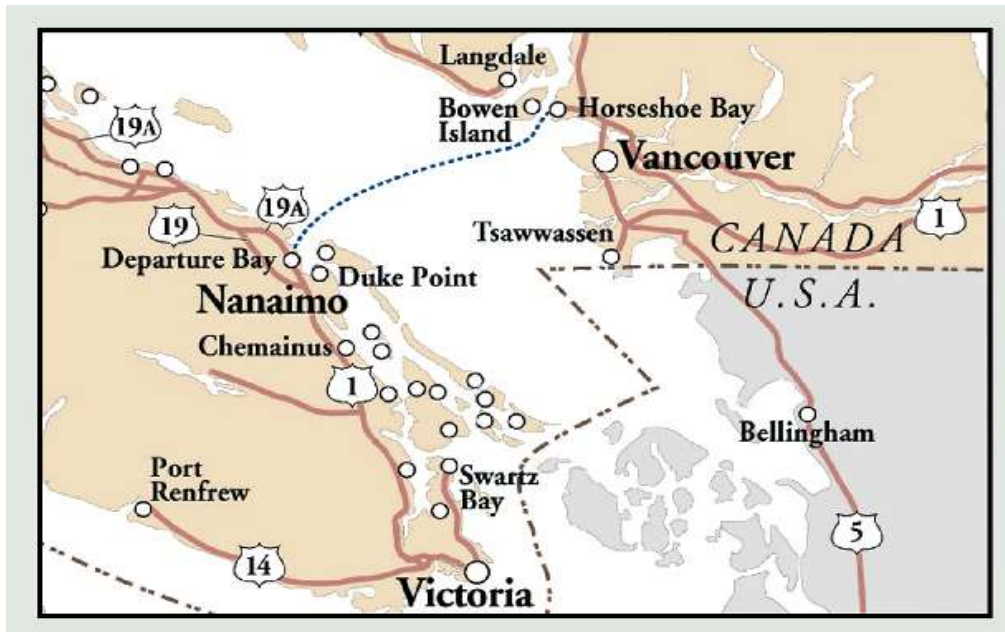
Distance	24 nautical miles
Crossing Time	1 hour and 35 minutes

VESSEL AND TERMINAL DESCRIPTION

Vessel	Spirit of BC (SoBC), Spirit of Vancouver Island (SoVI)	Queen of New Westminster	Coastal Celebration Coastal Renaissance Coastal Inspiration
<i>Silhouette</i>			
<i>Passenger Capacity (Max.)</i>	2,061	1,303	1,571
<i>Vehicle Capacity (Official)</i>	358	254	310
<i>Crew size</i>	39	29	33

Terminal	Tsawwassen	Swartz Bay
<i>Location</i>	Delta	North Saanich
<i>Holding Capacity</i>	2,175 AEQ	1,155 AEQ
<i>Short Term Parking</i>	160 car spaces	173 car spaces
<i>Long Term Parking</i>	826 car spaces plus 34 drop-off	532 car spaces plus 32 drop-off
<i>Docks</i>	5	5

ROUTE 2 – HORSESHOE BAY TO NANAIMO



OVERVIEW

Route 2 is the main connector for the Trans Canada highway between Horseshoe Bay on the Lower Mainland and Departure Bay in Nanaimo, Vancouver Island.




CORE SERVICE LEVELS

Number of Aggregate Round Trips to be Delivered per Contract year on Routes 1, 2, 3 and 30		12,254
Minimum Number of Round Trips to be Delivered per Contract Year		2,723
Minimum Number of Round Trips per Day	Peak	10 (9 on Saturday), (7-9 Tuesday & Wednesday)
	Off Peak	7
Minimum Hours of Operation	Peak	11
	Off Peak	10

ROUTE AND SERVICE DESCRIPTION

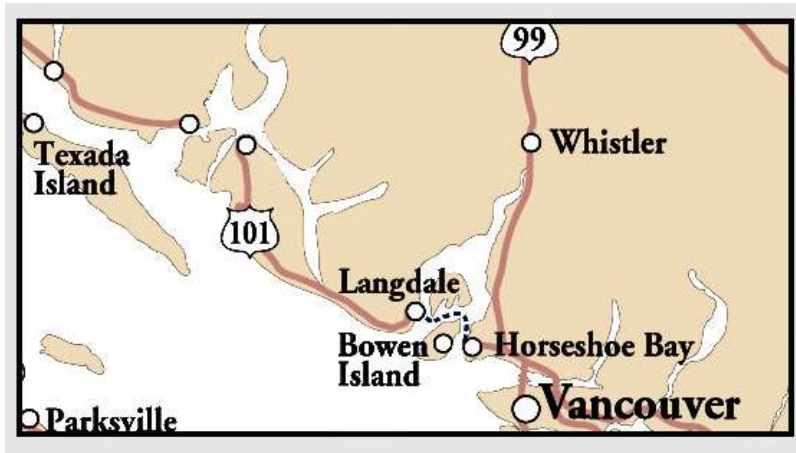
Distance	32 nautical miles
Crossing Time	1 hour and 35 minutes

VESSEL AND TERMINAL DESCRIPTION

Vessel	Queen of Coquitlam Queen of Cowichan	Queen of Oak Bay Queen of Surrey	Coastal Renaissance Coastal Inspiration Coastal Celebration
<i>Silhouette</i>			
<i>Passenger Capacity (Max.)</i>	1,460	1,460	1,571
<i>Vehicle Capacity (Official)</i>	315 - 322	311	310
<i>Crew size</i>	34	34	33

Terminal	Horseshoe Bay	Departure Bay
<i>Location</i>	West Vancouver	Nanaimo
<i>Holding Capacity</i>	1,428 AEQ	876 AEQ
<i>Short Term Parking</i>	140 car spaces	181 car spaces, 47 in drop-off
<i>Long Term Parking</i>	462 car spaces plus 15 drop-off	204 car spaces
<i>Docks</i>	3	3

ROUTE 3 – HORSESHOE BAY TO LANGDALE



OVERVIEW

Route 3 serves the Sunshine Coast connecting the Horseshoe Bay and Langdale terminals.



CORE SERVICE LEVELS

Number of Aggregate Round Trips to be Delivered per Contract Year on Routes 1, 2, 3 and 30		12,254
Minimum Number of Round Trips to be Delivered per Contract Year		2,945
Minimum Number of Round Trips per Day	Peak	8 (7 on Tuesday & Wednesday, 9 on Friday & Sunday, and 8 on Sunday of Labour Day weekend)
	Off Peak	7 (6 on Sunday)
Minimum Hours of Operation	Peak	12
	Off Peak	12 (10 on Sunday)

ROUTE AND SERVICE DESCRIPTION

Distance	10 nautical miles
Crossing Time	40 minutes

VESSEL AND TERMINAL DESCRIPTION

Vessel	Queen of Surrey	Queen of Coquitlam Queen of Cowichan
<i>Silhouette</i>		
<i>Passenger Capacity (Max.)</i>	1,460	1,460
<i>Vehicle Capacity (Official)</i>	311	315 - 322
<i>Crew size</i>	34	34
Terminal	Horseshoe Bay	Langdale
<i>Location</i>	West Vancouver	Sunshine Coast
<i>Holding Capacity</i>	1,428 AEQ	731 AEQ
<i>Short Term Parking</i>	140 car spaces	61 car spaces
<i>Long Term Parking</i>	462 car spaces plus 15 drop-off	282 car spaces
<i>Docks</i>	3	2

ROUTE 4 – SWARTZ BAY TO FULFORD HARBOUR



OVERVIEW

Route 4 connects Salt Spring Island (via Fulford Harbour) with Swartz Bay. The route can also serve as a connection to the Lower Mainland from Salt Spring by combining travel on Route 4 and Route 1 (Swartz Bay – Tsawwassen).


CORE SERVICE LEVELS

Number of Round Trips to be Delivered per Contract Year		2,880
Minimum Number of Round Trips per Day	Peak	7 (6 on Sunday, 8 on Saturday)
	Off Peak	7 (6 on Sunday)
Minimum Hours of Operation	Peak	11
	Off Peak	11

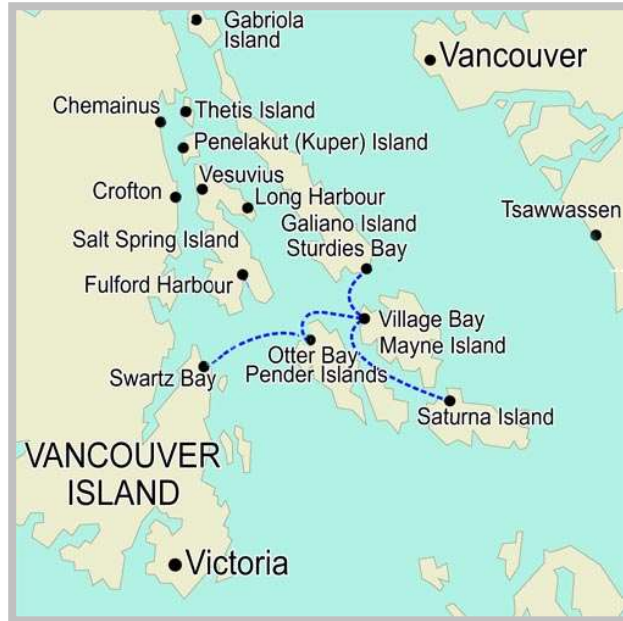
ROUTE AND SERVICE DESCRIPTION

Distance	5 nautical miles
Crossing Time	35 minutes

VESSEL AND TERMINAL DESCRIPTION

Vessel	Skeena Queen	
<i>Silhouette</i>		
<i>Passenger Capacity (Max.)</i>	441	
<i>Vehicle Capacity (Official)</i>	92	
<i>Crew Size</i>	9	
Terminal	Fulford Harbour	Swartz Bay
<i>Location</i>	Salt Spring Island	North Saanich
<i>Holding Capacity</i>	56 AEQ	1,155 AEQ
<i>Short Term Parking</i>	8	173 car spaces
<i>Long Term Parking</i>	None	532 car spaces plus 32 drop-off
<i>Docks</i>	One operational / One tie-up	5

ROUTE 5 – SWARTZ BAY TO GULF ISLANDS



OVERVIEW

Route 5 (which includes Route 5A) connects Pender, Saturna, Mayne and Galiano Islands to Swartz Bay on Vancouver Island. Connections in Swartz Bay with Route 1 (Swartz Bay – Tsawwassen); or connections with Route 9 (Tsawwassen to Southern Gulf Islands) allows travel to the Lower Mainland.

CORE SERVICE LEVELS

Number of Round Trips to be Delivered per Contract Year		3,461
Minimum Number of Round Trips departing from Swartz Bay per day*	Peak	Route 5: 5 (4 on Sun & Holiday Mon) Route 5A: 5 (4 on Saturday)
	Off Peak	Route 5: 6 (7 on Friday [^] , 4 on Saturday & Sunday, 5 on holiday Monday) Route 5A: 4 (5 on holiday Monday)
Minimum Hours of Operation	Peak	Route 5: 12-14 (varies daily) Route 5A: 12-14 (varies daily)
	Off Peak	Route 5: 12 -14 (varies daily) Route 5A: 13 -14 (varies daily)




* SERVICE WILL GO TO PENDER, MAYNE, GALIANO AND SATURNA DAILY. EACH SAILING MAY GO TO ONE OR MORE OF THESE PORTS.

[^] MINIMUM NUMBER OF ROUND TRIPS ON FRIDAY IS 6 FROM MID-OCTOBER TO MID-MAY.

ROUTE AND SERVICE DESCRIPTION

Distance	Depends on destination. Nautical miles from Swartz Bay: Pender (7.5), Mayne (11), Galiano (14), Saturna (16)
Crossing Time	Depends on routing. Direct Swartz Bay to Pender is 40 minutes. Swartz Bay to Galiano with two stops is 2 hours.

VESSEL AND TERMINAL DESCRIPTION

Vessel	Queen of Cumberland*	Mayne Queen*	Salish Class
<i>Silhouette</i>			
<i>Passenger Capacity (Max.)</i>	450	392	585
<i>Vehicle Capacity (Official)</i>	112	58	138
<i>Crew Size</i>	12	8	15

* Vessels based at Swartz Bay

Terminal	Sturdies Bay	Village Bay	Otter Bay	Lyll Harbour	Swartz Bay
<i>Location</i>	Galiano Isl.	Mayne Isl.	Pender Isl.	Saturna Isl.	North Saanich
<i>Holding Capacity</i>	95 AEQ	175 AEQ	135 AEQ	None	1,155 AEQ
<i>Short Term Parking</i>	None	18 car spaces	30 car spaces	None	173 car spaces plus 32 drop-off
<i>Long Term Parking</i>	None	None	None	None	532 car spaces
<i>Docks</i>	1	2	1	1	5

ROUTE 6 – CROFTON TO VESUVIUS



OVERVIEW

Route 6 connects Salt Spring Island (via Vesuvius) with Crofton on Vancouver Island.



CORE SERVICE LEVELS

Number of Round Trips to be Delivered per Contract Year		4,670
Minimum Number of Round Trips per Day	Peak	12 (11 on Sunday)
	Off Peak	12 Mon, Tue, Thu, Fri, Sat 11 Sunday 13 Wednesday
Minimum Hours of Operation	Peak	12 (11 on Sunday)
	Off Peak	12

ROUTE AND SERVICE DESCRIPTION

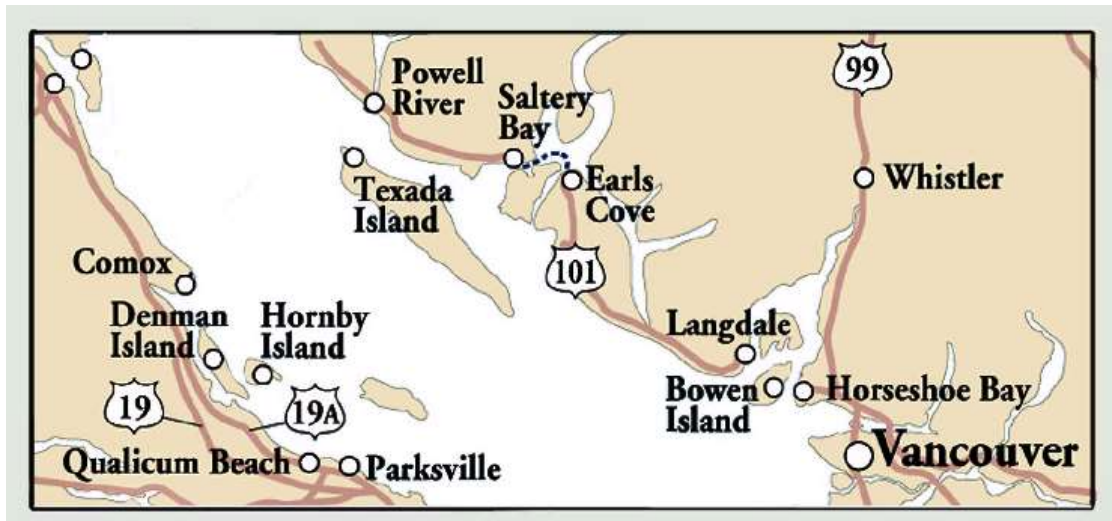
Distance	2.8 nautical miles
Crossing Time	20 minutes

VESSEL AND TERMINAL DESCRIPTION

Vessel	Quinitsa	Quinsam
<i>Silhouette</i>		
<i>Passenger Capacity (Max.)</i>	294	392
<i>Vehicle Capacity (Official)</i>	44	63
<i>Crew Size</i>	6	8

Terminal	Crofton	Vesuvius
<i>Location</i>	Vancouver Island	Salt Spring Island
<i>Holding Capacity</i>	35 AEQ	54 AEQ
<i>Parking</i>	None	5 car spaces
<i>Docks</i>	1	1

ROUTE 7 – EARLS COVE TO SALTERY BAY



OVERVIEW

Route 7 connects the Powell River area with the Sechelt Peninsula and the Lower Mainland via Route 3 (Langdale - Horseshoe Bay).


CORE SERVICE LEVELS

Number of Round Trips to be Delivered per Contract Year		2,731
Minimum Number of Round Trips per Day	Peak	6
	Shoulder	6
	Off Peak	7 (6 on Sunday)
Minimum Hours of Operation	Peak	11
	Shoulder	11
	Off Peak	12 (11 on Sunday)

ROUTE AND SERVICE DESCRIPTION

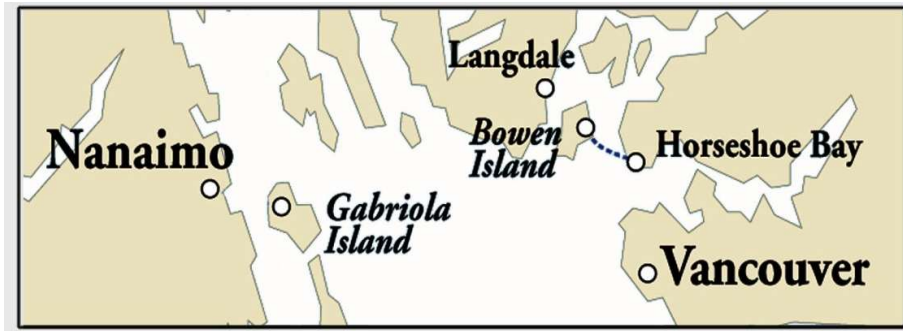
Distance	9.5 nautical miles
Crossing Time	50 minutes

VESSEL AND TERMINAL DESCRIPTION

Vessel	Island Sky	
<i>Silhouette</i>		
<i>Passenger Capacity (maximum)</i>	450	
<i>Vehicle Capacity (official)</i>	112	
<i>Crew Size</i>	12	

Terminal	Earls Cove	Saltery Bay
<i>Location</i>	Jervis Inlet, Southern Sunshine Coast	Jervis Inlet, Northern Sunshine Coast
<i>Holding Capacity</i>	90 AEQ	179 AEQ
<i>Parking</i>	9 car spaces	58 car spaces
<i>Docks</i>	1	2

ROUTE 8 – HORSESHOE BAY TO BOWEN ISLAND (SNUG COVE)



OVERVIEW

Route 8 connects Bowen Island with Horseshoe Bay on the Lower Mainland.

CORE SERVICE LEVELS

Number of Round Trips to be Delivered per Contract Year		5,452
Minimum Number of Round Trips per Day	Peak	14.5 (13 one day per week and statutory holidays, 12 one day per week)
	Off Peak	14.5 (13 one day per week and statutory holidays, 12 one day per week)
Minimum Hours of Operation	Peak	14 (13 one day per week; 12 one day per week)
	Off Peak	14 (12 one day per week; 12 one day per week)

ROUTE AND SERVICE DESCRIPTION

Distance	3 nautical miles
Crossing Time	20 minutes

VESSEL AND TERMINAL DESCRIPTION

Vessel	Queen of Capilano
<i>Silhouette</i>	
<i>Passenger Capacity (Max.)</i>	445
<i>Vehicle Capacity (Official)</i>	87
<i>Crew Size</i>	12

Terminal	Snug Cove	Horseshoe Bay
<i>Location</i>	Bowen Island	West Vancouver
<i>Holding Capacity</i>	None (queue on road right-of-way)	1,558 AEQ
<i>Short Term Parking</i>	None	140 car spaces
<i>Long Term Parking</i>	None	462 car spaces plus 15 drop-off
<i>Docks</i>	1	3

ROUTE 9 – TSAWWASSEN TO SOUTHERN GULF ISLANDS



OVERVIEW

Route 9 (which includes Route 9A) connects Salt Spring Island (via Long Harbour) with Tsawwassen on the Lower Mainland. Connections are also made with Galiano, Mayne and Pender Islands. Transfers from Saturna Island at Mayne allow Saturna residents to travel to the Lower Mainland without going through Swartz Bay.

In the summer period there is a supplementary service with a Salish vessel that sails between Tsawwassen and the Southern Gulf Islands a minimum of five days a week.

CORE SERVICE LEVELS



Number of Round Trips to be Delivered per Contract Year		812
Minimum Number of round trips departing from Long Harbour (Rte 9) or Tsawwassen (Rte 9a) per day*	Peak	Route 9 & 9A: 4 (2 on Tuesday & Wednesday)
	Off Peak	Route 9: 2
Minimum Hours of Operation	Peak	Route 9: 7-9 (varies daily) Route 9A: 3-4 (varies daily)
	Off Peak	Route 9: 7-10 (varies daily)
		Route 9A: None

* SERVICE FROM TSAWWASSEN OR LONG HARBOUR WILL GO TO PENDER, MAYNE AND GALIANO DAILY. EACH SAILING MAY GO TO ONE OR MORE OF THESE PORTS.

ROUTE AND SERVICE DESCRIPTION

Distance	Depends on destination. Nautical miles from Tsawwassen: Long Harbour (18), Pender (18), Mayne (14), Galiano (11)
Crossing Time	Depends on routing. Direct Galiano to Tsawwassen is 50 minutes. Long Harbour to Tsawwassen with 3 stops is 3 hours.

VESSEL AND TERMINAL DESCRIPTION

Vessel	Salish Class	Salish Class - Seasonal
<i>Silhouette</i>		
<i>Passenger Capacity (Max.)</i>	585	585
<i>Vehicle Capacity (Official)</i>	138	138
<i>Crew Size</i>	15	15

Terminal	Sturdies Bay	Village Bay	Otter Bay	Long Harbour	Tsawwassen
<i>Location</i>	Galiano Isl.	Mayne Isl.	Pender Isl.	Salt Spring Isl.	Delta
<i>Holding Capacity</i>	95 AEQ	175AEQ	135 AEQ	115AEQ	2,175 AEQ
<i>Short Term Parking</i>	None	18 car spaces	30 car spaces	15 car spaces	160 car spaces
<i>Long Term Parking</i>	None	None	None	None	826 car spaces plus 34 drop-off
<i>Docks</i>	1	2	1	1	5

ROUTE 10 – PORT HARDY – MID COAST - PRINCE RUPERT



OVERVIEW

The Route 10 Peak season service connects Prince Rupert, Bella Bella, Klemtu and Port Hardy on the northern tip of Vancouver Island.

The Route 10 off-peak service connects Prince Rupert, Bella Bella, Klemtu and Port Hardy on the northern tip of Vancouver Island through weekend overnight sailings.

CORE SERVICE LEVELS

Number of Round Trips to be Delivered per Contract Year		109
Minimum Number of Round Trips per Week	Peak	3.5*
	Off Peak	1.5^
Hours of Operation	Peak	Varies
	Off Peak	Varies



* ALTERNATING DAILY SERVICE BETWEEN PORT HARDY AND PRINCE RUPERT, COMMENCING JUNE 1 TO END-SEPTEMBER. FIVE STOPS IN EACH DIRECTION AT MCLOUGHLIN BAY AND TWO STOPS IN EACH DIRECTION AT KLEMTU EVERY TWO WEEKS.

^ COMMENCING OCTOBER 1 UNTIL END-MAY, WEEKLY ROUND TRIP SERVICE BETWEEN PRINCE RUPERT AND PORT HARDY. NORTHBOUND BIWEEKLY SERVICE AND SOUTHBOUND BIWEEKLY SERVICE AS FOLLOWS: MCLOUGHLIN BAY – 2 TIMES EACH DIRECTION; KLEMTU – 2 TIMES EACH DIRECTION.

ROUTE AND SERVICE DESCRIPTION

Distance	273 nautical miles
Crossing Time	15-21 hours depending on number of stops

VESSEL AND TERMINAL DESCRIPTION

Vessel	Northern Adventure		Northern Expedition	
<i>Silhouette</i>				
<i>Passenger Capacity (Max.)</i>	600		600	
<i>Vehicle Capacity (Official)</i>	87		115	
<i>Crew Size</i>	40		38	
Terminal	McLoughlin Bay	Prince Rupert	Klemtu	Bear Cove
<i>Location</i>	3 km from Bella Bella	Prince Rupert	2 km from village	10 km from Port Hardy
<i>Holding Capacity</i>	9 AEQ	202 AEQ	21 AEQ	273 AEQ
<i>Parking Docks</i>	1	98 1	7 short term 1	98 1

ROUTE 11 – HAIDA GWAI TO PRINCE RUPERT



OVERVIEW

Route 11 connects Haida Gwaii with Prince Rupert and the Mainland.

CORE SERVICE LEVELS

Number of Round Trips to be Delivered per Contract Year		175
Minimum Number of Round Trips per Week	Peak	3-5 (varies by week)*
	Off Peak	3^
Hours of Operation	Peak	Varies
	Off Peak	Varies



* ON OR BEFORE JULY 1ST UNTIL ON OR AFTER LABOUR DAY, FIVE ROUND TRIPS PER WEEK BETWEEN SKIDEGATE AND PRINCE RUPERT.

^ ON OR AFTER LABOUR DAY UNTIL ON OR BEFORE JULY 1ST, A MINIMUM OF FIVE ROUND TRIPS BI-WEEKLY BETWEEN SKIDEGATE AND PRINCE RUPERT.

ROUTE AND SERVICE DESCRIPTION

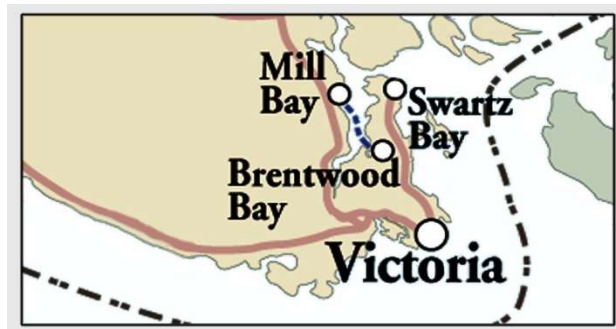
Distance	93 nautical miles
Crossing Time	7 hours

VESSEL AND TERMINAL DESCRIPTION

Vessel	Northern Adventure	Northern Expedition
<i>Silhouette</i>		
<i>Passenger Capacity (Max.)</i>	600	600
<i>Vehicle Capacity (Official)</i>	87	115
<i>Crew Size</i>	40	38

Terminal	Skidegate	Prince Rupert
<i>Location</i>	Graham Island	Prince Rupert
<i>Holding Capacity</i>	170 AEQ	202 AEQ
<i>Parking</i>	No	47
<i>Docks</i>	2	1

ROUTE 12 – MILL BAY TO BRENTWOOD BAY



OVERVIEW

Route 12 connects Vancouver Island from Brentwood Bay on the Saanich Peninsula to Mill Bay.


CORE SERVICE LEVELS

Number of Round Trips to be Delivered per Contract Year		3,215
Minimum Number of Round Trips per Day	Peak	8 (7 on Sunday)
	Off Peak	8 (7 on Sunday)
Minimum Hours of Operation	Peak	9 (8 on Sunday)
	Off Peak	9 (8 on Sunday)

ROUTE AND SERVICE DESCRIPTION

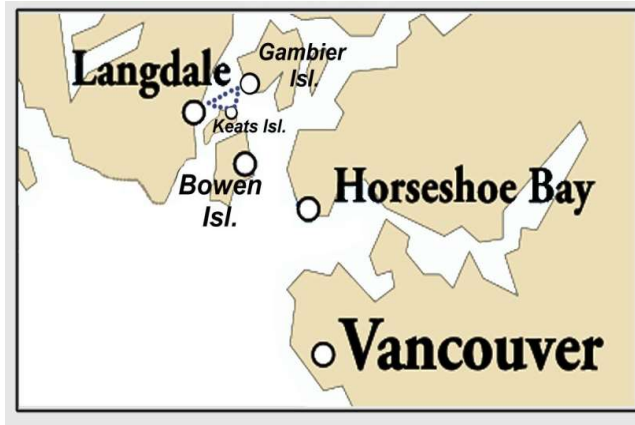
Distance	3 nautical miles
Crossing Time	25 minutes

VESSEL AND TERMINAL DESCRIPTION

Vessel	Klitsa
<i>Silhouette</i>	
<i>Passenger Capacity (Max.)</i>	146
<i>Vehicle Capacity (Official)</i>	19
<i>Crew Size</i>	4

Terminal	Brentwood Bay	Mill Bay
<i>Location</i>	Brentwood Bay	Mill Bay
<i>Holding Capacity</i>	21 AEQ on trestle	8 AEQ
<i>Parking</i>	No	No
<i>Docks</i>	1	1

ROUTE 13 – LANGDALE - KEATS - GAMBIER ISLAND



OVERVIEW

Route 13 provides passenger only service between Gambier Island, Keats Island, and Langdale on the Mainland. This route connects to the Lower Mainland via Route 3 (Langdale to Horseshoe Bay).

CORE SERVICE LEVELS

Number of Round Trips to be Delivered per Contract Year		4,065
Minimum Number of Round Trips per Day[^]	Peak	9 (11 on Sunday & holiday Mondays)
	Off Peak	10 (12 on Sunday & holiday Mondays)
Minimum Hours of Operation	Peak	10
	Off Peak	10

[^]Some Round Trips are on-demand only.

ROUTE AND SERVICE DESCRIPTION

Distance	7.1 nautical miles for a round trip to all ports
Crossing Time	40 minutes for a round trip to all ports

VESSEL AND TERMINAL DESCRIPTION

Vessel	Service is provided by a third party service provider under contract to BC Ferries
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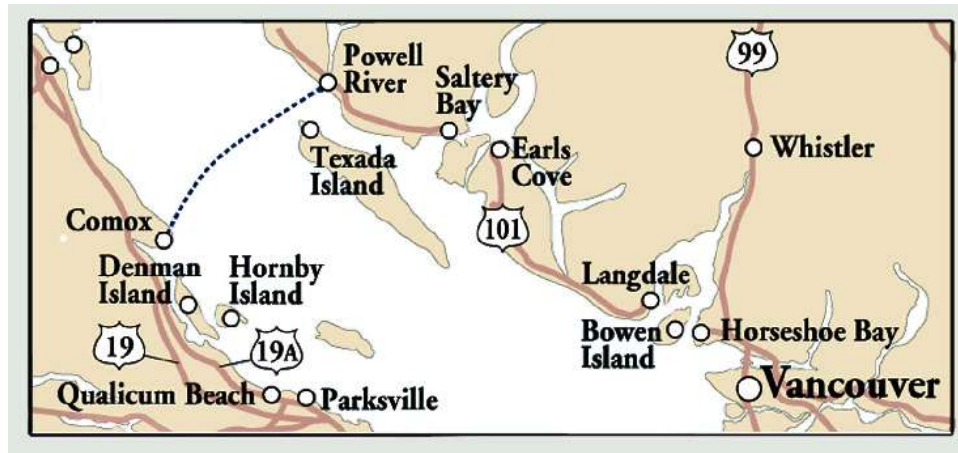
Silhouette
Passenger Capacity (Max.)
Vehicle Capacity (Official)
Crew Size
Onboard Services

* *Passenger Only*

Terminal	Keats Landing	New Brighton	Langdale
<i>Location</i>	Keats Island	Gambier Island	Sunshine Coast
<i>Holding Capacity</i>	N/A*	N/A*	731 AEQ
<i>Short Term Parking</i>	None	None	61 car spaces
<i>Long Term Parking</i>	None	None	282 car spaces
<i>Docks</i>	1	1	2

* *Passenger Only service*

ROUTE 17 – COMOX (LITTLE RIVER) TO POWELL RIVER (WESTVIEW)



OVERVIEW

Route 17 connects the Powell River area with the Comox/Courtenay area on Vancouver Island.

CORE SERVICE LEVELS

Number of Round Trips to be Delivered per Contract Year		1,366
Minimum Number of Round Trips per Day	Peak	4 (3 one day per week)
	Off Peak	4 (3 two days per week)
Minimum Hours of Operation	Peak	12 (8 one day per week)
	Off Peak	12 (8 two days per week)

ROUTE AND SERVICE DESCRIPTION

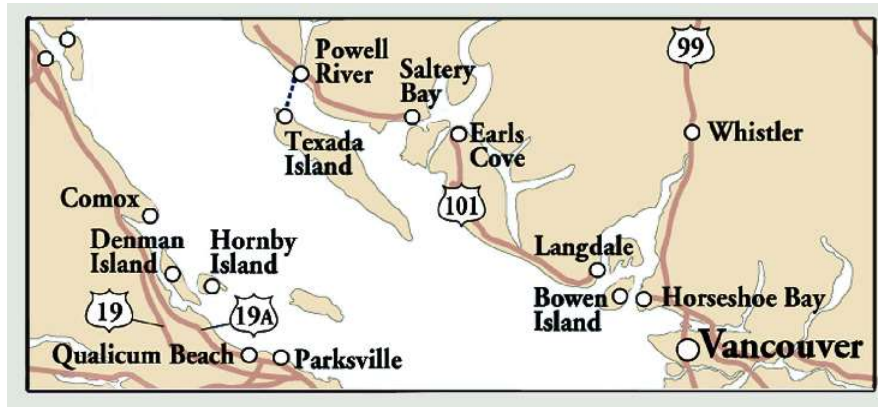
Distance	17 nautical miles
Crossing Time	1 hour 15 minutes

VESSEL AND TERMINAL DESCRIPTION

Vessel	Salish Class
<i>Silhouette</i>	
<i>Passenger Capacity (Max.)</i>	585
<i>Vehicle Capacity (Official)</i>	138
<i>Crew Size</i>	15

Terminal	Little River	Westview
<i>Location</i>	Comox	Powell River
<i>Holding Capacity</i>	180 AEQ	191 AEQ
<i>Parking</i>	186 car spaces	None
<i>Docks</i>	1	1

ROUTE 18 – POWELL RIVER (WESTVIEW) TO TEXADA ISLAND (BLUBBER BAY)



OVERVIEW

Route 18 connects Texada Island with Powell River.


CORE SERVICE LEVELS

Number of Round Trips to be Delivered per Contract Year		2,899
Minimum Number of Round Trips per Day	Peak	7 (6 on Saturday and Sunday)
	Off Peak	7
Minimum Hours of Operation	Peak	10 (9 on Saturday & Sunday)
	Off Peak	10

ROUTE AND SERVICE DESCRIPTION

Distance	4.7 nautical miles
Crossing Time	35 minutes

VESSEL AND TERMINAL DESCRIPTION

Vessel	Island Class
<i>Silhouette</i>	
<i>Passenger Capacity (Max.)</i>	294*
<i>Vehicle Capacity (Official)</i>	47*
<i>Crew Size</i>	6*
	* to be confirmed

Terminal	Westview	Blubber Bay
<i>Location</i>	Powell River	Texada Island
<i>Holding Capacity</i>	191 AEQ	14 AEQ
<i>Parking</i>	None	None
<i>Docks</i>	1	1

ROUTE 19 – NANAIMO HARBOUR TO GABRIOLA ISLAND (DESCANSO BAY)



OVERVIEW

Route 19 connects Gabriola Island with Nanaimo.

CORE SERVICE LEVELS



Number of Round Trips to be Delivered per Contract Year		5,201
Minimum Number of Round Trips per Day	Peak	14 on Monday, Tuesday, Thursday, Friday; 13 on Wednesday; 12 on Saturday; 11 on Sunday
	Shoulders(Spring and Fall) and Family Day; Easter; Remembrance Day long weekends; Christmas to New Year's Day break; Family Day, Spring Break	14 on Monday, Tuesday, Thursday, Friday; 13 on Wednesday; 12 on Saturday; 11 on Sunday
	Off Peak except Family Day; Easter; Remembrance Day when not a long weekend; Christmas to New Year's Daybreak; Family Day; Spring Break	14 on Monday, Tuesday, Thursday, Friday; 13 on Wednesday; 13 on Saturday; 12 on Sunday
Minimum Hours of Operation	Peak	15 on weekdays; 14 on Saturday; 13 on Sunday
	Shoulder (Spring and Fall) and Family Day; Easter; Remembrance Day long weekends; Christmas to New Year's Day break; Family Day, Spring Break	15 on weekdays; 14 on Saturday; 13 on Sunday

Off Peak except Family 15
Day; Easter;
Remembrance Day
when not a long
weekend; Christmas to
New Year's Day break;
Family Day; Spring
Break

ROUTE AND SERVICE DESCRIPTION

Distance	2.8 nautical miles
Crossing Time	20 minutes

VESSEL AND TERMINAL DESCRIPTION

Vessel	Quinsam	Island Class (x2)
<i>Silhouette</i>		
<i>Passenger Capacity (Max.)</i>	392	294*
<i>Vehicle Capacity (Official)</i>	63	47*
<i>Crew Size</i>	8	6*
		* to be confirmed

Terminal	Nanaimo Harbour	Descanso Bay
<i>Location</i>	Vancouver Island	Gabriola Island
<i>Holding Capacity</i>	75 AEQ	0 AEQ
<i>Parking</i>	16 car spaces	35 car spaces
<i>Docks</i>	1	1

ROUTE 20 – CHEMAINUS – THETIS ISLAND – PENELAKUT ISLAND



OVERVIEW

Route 20 connects Thetis Island and Penelakut Island with Chemainus on Vancouver Island.

CORE SERVICE LEVELS

Number of Round Trips to be Delivered per Contract Year		3,702
Minimum Number of Round Trips departing from Chemainus per Day	Peak	9 (10 one day per week)
	Off Peak	9 (10 one day per week)
Minimum Hours of Operation	Peak	12 - 13
	Off Peak	12 - 13

ROUTE AND SERVICE DESCRIPTION

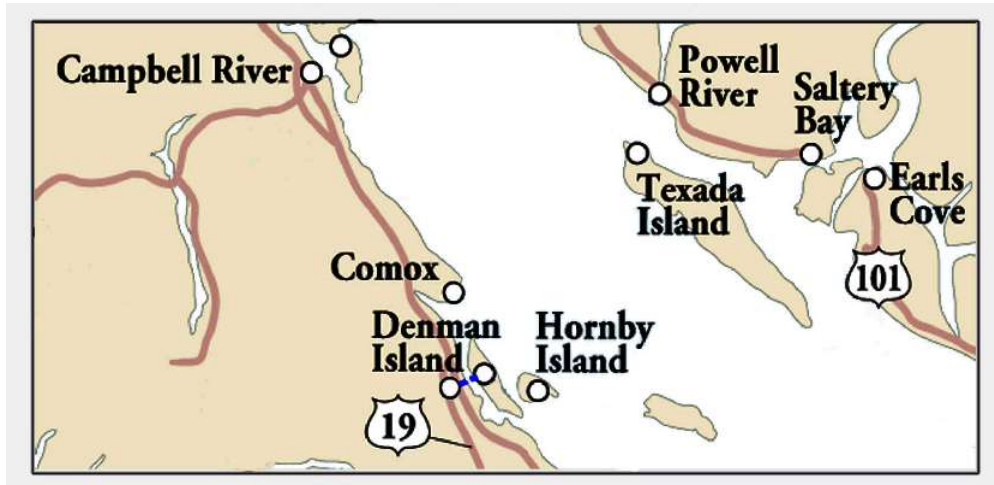
Distance	8.5 nautical miles for a round trip to all ports
Crossing Time	55 minutes for a round trip to all ports

VESSEL AND TERMINAL DESCRIPTION

Vessel	Kuper
<i>Silhouette</i>	
<i>Passenger Capacity (Max.)</i>	263
<i>Vehicle Capacity (Official)</i>	26
<i>Crew Size</i>	6

Terminal	Chemainus	Thetis	Penelakut
<i>Location</i>	Vancouver Island	Thetis Island	Penelakut Island
<i>Holding Capacity</i>	33 AEQ	7 AEQ	9 AEQ
<i>Parking</i>	17 car spaces	None	None
<i>Docks</i>	1	1	1

ROUTE 21 – BUCKLEY BAY TO DENMAN ISLAND (DENMAN WEST)



OVERVIEW

Route 21 connects Denman Island with Buckley Bay, 20 km south of Comox/Courtenay area on Vancouver Island. Route 21 is also used to access Vancouver Island from Hornby Island.


CORE SERVICE LEVELS

Number of Round Trips to be Delivered per Contract Year		5,261
Minimum Number of Round Trips per Day	Peak	16 (15 on Sunday)
	Off Peak	13 (12 on Sunday)
Minimum Hours of Operation	Peak	15
	Off Peak	11

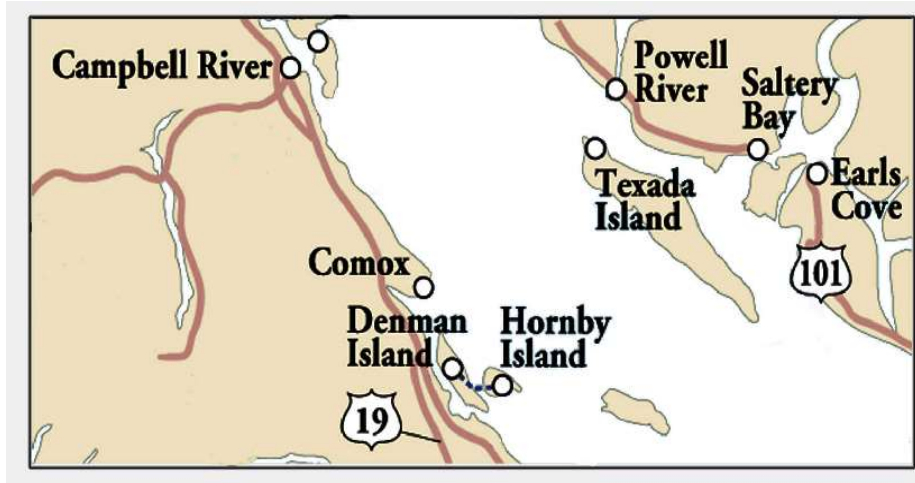
ROUTE AND SERVICE DESCRIPTION

Distance	1.2 nautical miles
Crossing Time	10 minutes

VESSEL AND TERMINAL DESCRIPTION

Vessel	Baynes Sound Connector	
<i>Silhouette</i>		
<i>Passenger Capacity (Max.)</i>	146	
<i>Vehicle Capacity (Official)</i>	45	
<i>Crew Size</i>	4	
Terminal	Buckley Bay	Denman West
<i>Location</i>	Vancouver Island	Denman Island
<i>Holding Capacity</i>	89 AEQ	51 AEQ
<i>Parking</i>	12 car spaces	20 car spaces
<i>Docks</i>	2	2

ROUTE 22 – DENMAN ISLAND (GRAVELLY BAY) TO HORNBY ISLAND (SHINGLE SPIT)



OVERVIEW

Route 22 connects Hornby Island and Denman Island.


CORE SERVICE LEVELS

Number of Round Trips to be Delivered per Contract Year		4,060
Minimum Number of Round Trips per Day	Peak	11 (10 on Sunday & 14 on Friday)
	Off Peak	10 four days per week; 9 one day per week; 8 one day per week; 12 one day per week
Minimum Hours of Operation	Peak	9 (13 on Friday)
	Off Peak	9 five days per week; 11 one day per week; 8 one day per week

ROUTE AND SERVICE DESCRIPTION

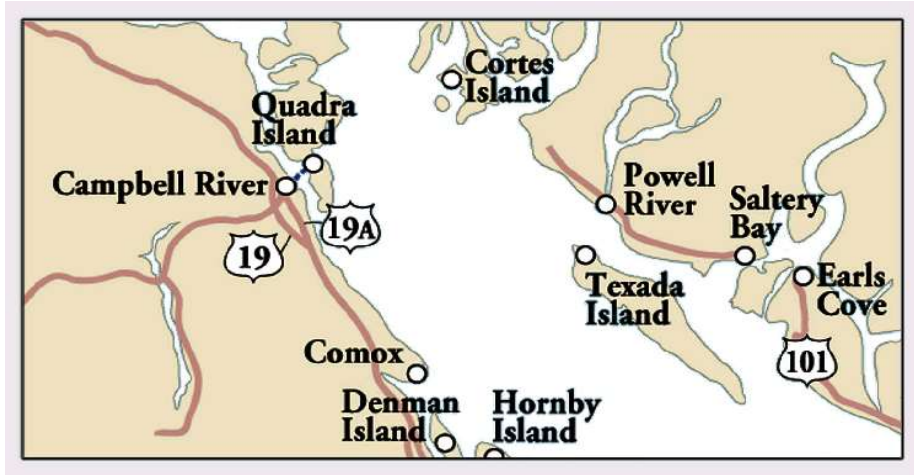
Distance	1.2 nautical miles
Crossing Time	10 minutes

VESSEL AND TERMINAL DESCRIPTION

Vessel	Kahloke
<i>Silhouette</i>	
<i>Passenger Capacity (Max.)</i>	194
<i>Vehicle Capacity (Official)</i>	21
<i>Crew Size</i>	6

Terminal	Gravelly Bay	Shingle Spit
<i>Location</i>	Denman Island (East)	Hornby Island
<i>Holding Capacity</i>	29 AEQ	17 AEQ
<i>Parking</i>	None	None
<i>Docks</i>	1	1

ROUTE 23 – CAMPBELL RIVER TO QUADRA ISLAND (QUATHIASKI COVE)



OVERVIEW

Route 23 connects Quadra Island and Campbell River. Route 23 is also used to access Vancouver Island from Cortes Island.



CORE SERVICE LEVELS

Number of Round Trips to be Delivered per Contract Year		6,246
Minimum Number of Round Trips per Day	Peak	16 (14 on Sunday, 17 on Friday and Saturday)
	Off Peak	16 (15 on Sunday, 17 on Friday and Saturday)
Minimum Hours of Operation	Peak	14 (15 on Friday and Saturday)
	Off Peak	14 (15 on Friday and Saturday)

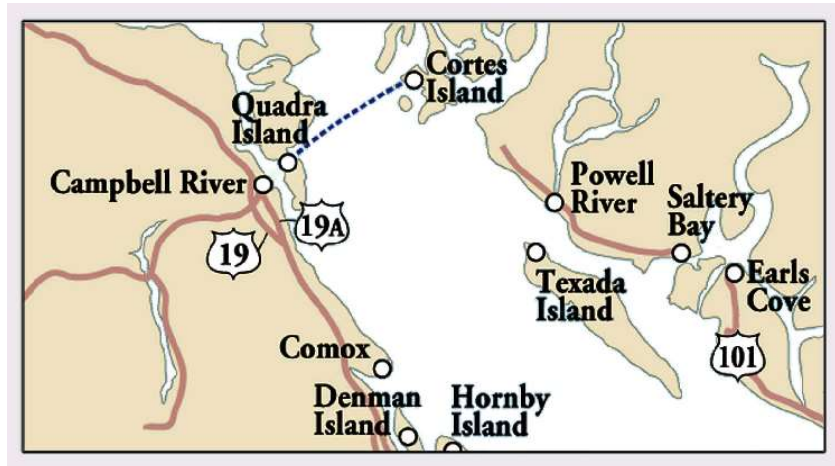
ROUTE AND SERVICE DESCRIPTION

Distance	1.8 nautical miles
Crossing Time	10 minutes

VESSEL AND TERMINAL DESCRIPTION

Vessel	Powell River Queen	Island Class (x2)
<i>Silhouette</i>		
<i>Passenger Capacity (Max.)</i>	392	294*
<i>Vehicle Capacity (Official)</i>	59	47*
<i>Crew Size</i>	8	6*
		*to be confirmed
Terminal	Campbell River	Quathiaski Cove
<i>Location</i>	Vancouver Island	Quadra Island
<i>Holding Capacity</i>	169 AEQ	101 AEQ
<i>Parking</i>	None	75 car spaces (at Federal Wharf)
<i>Docks</i>	1	1

ROUTE 24 – QUADRA ISLAND (HERIOT BAY) TO CORTES ISLAND (WHALETOWN)



OVERVIEW

Route 24 connects Cortes Island with Quadra Island.

CORE SERVICE LEVELS

Number of Round Trips to be Delivered per Contract Year		2,169
Minimum Number of Round Trips per Day	Peak	5 (4 on Sunday)
	Shoulder (Spring)	5 (4 on Sunday)
	Off Peak	5
Minimum Hours of Operation	Peak	8 (6 on Sunday)
	Shoulder (Spring)	8 (6 on Sunday)
	Off Peak	8

ROUTE AND SERVICE DESCRIPTION

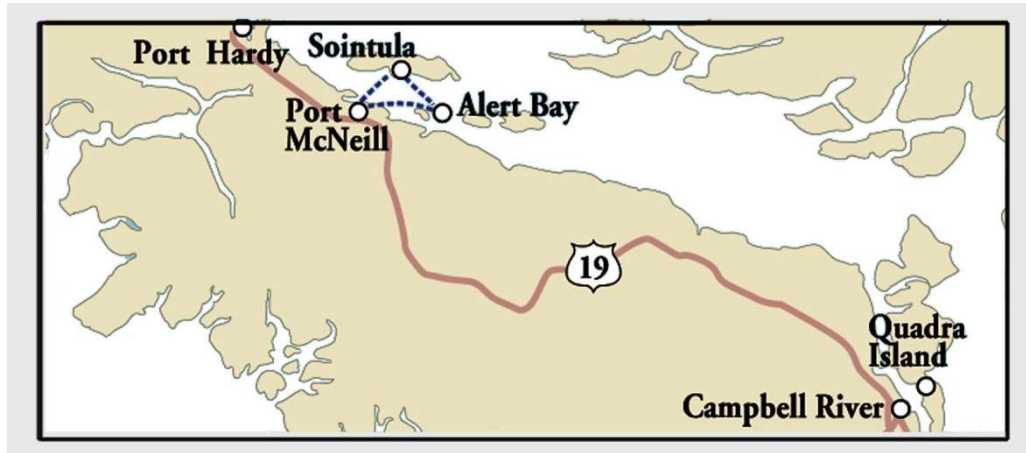
Distance	6.2 nautical miles
Crossing Time	45 minutes

VESSEL AND TERMINAL DESCRIPTION

Vessel	Tachek
<i>Silhouette</i>	
<i>Passenger Capacity (Max.)</i>	144
<i>Vehicle Capacity (Official)</i>	26
<i>Crew Size</i>	6

Terminal	Heriot Bay	Whaletown
<i>Location</i>	Quadra Island	Cortes Island
<i>Holding Capacity</i>	3 AEQ	20 AEQ
<i>Parking</i>	None	None
<i>Docks</i>	1	1

ROUTE 25 – VANCOUVER ISLAND (PORT MCNEILL) – MALCOLM ISLAND (SOINTULA) - CORMORANT ISLAND (ALERT BAY)



OVERVIEW

Route 25 connects Alert Bay on Cormorant Island and Sointula on Malcolm Island with Port McNeill on Vancouver Island.

CORE SERVICE LEVELS

Number of Round Trips to be Delivered per Contract Year		3,961
Minimum Number of Round Trips departing from Port McNeill per Day	Peak	10 (9 on Sunday)
	Off Peak	10 (9 on Sunday)
Minimum Hours of Operation	Peak	11 (10 on Sunday)
	Off Peak	11 (10 on Sunday)

ROUTE AND SERVICE DESCRIPTION

Distance	19.5 nautical miles for a round trip to all ports
Crossing Time	2 hours for a round trip to all ports

VESSEL AND TERMINAL DESCRIPTION

Vessel	Island Class
<i>Silhouette</i>	
<i>Passenger Capacity (Max.)</i>	294*
<i>Vehicle Capacity (Official)</i>	47*
<i>Crew Size</i>	6*
	*to be confirmed

Terminal	Port McNeill	Sointula	Alert Bay
<i>Location</i>	Vancouver Island	Malcolm Island	Cormorant Island
<i>Holding Capacity</i>	47 AEQ	None	42 AEQ
<i>Parking</i>	None	None	19 car spaces
<i>Docks</i>	1	1	1

ROUTE 26 – HAIDA GWAI: GRAHAM ISLAND (SKIDEGATE) – MORESBY ISLAND (ALLIFORD BAY)



OVERVIEW

Route 26 in Haida Gwaii connects Alliford Bay on Moresby Island (where the local airport at Sandspit is located) with Skidegate on Graham Island.


CORE SERVICE LEVELS

Number of Round Trips to be Delivered per Contract Year		4,168
Minimum Number of Round Trips per Day	Peak	9 (Tuesday, Friday, Saturday) 11 (Sunday, Monday, Wednesday, Thursday)
	Off Peak	9 (Tuesday, Friday, Saturday) 11 (Sunday, Monday, Wednesday, Thursday)
Minimum Hours of Operation	Peak	14
	Off Peak	14

ROUTE AND SERVICE DESCRIPTION

Distance	3.5 nautical miles
Crossing Time	20 minutes

VESSEL AND TERMINAL DESCRIPTION

Vessel	Kwuna	
<i>Silhouette</i>		
<i>Passenger Capacity (Max.)</i>	146	
<i>Vehicle Capacity (Official)</i>	16	
<i>Crew Size</i>	4	
Terminal	Skidegate	Alliford Bay
<i>Location</i>	Graham Island	Moresby Island
<i>Holding Capacity</i>	170 AEQ	18 AEQ
<i>Parking</i>	None	None
<i>Dock</i>	2	1

ROUTE 28 - BELLA COOLA - MID COAST - PORT HARDY



OVERVIEW

Route 28 (Seasonal direct service) connects Bella Coola with Port Hardy and Vancouver Island.

Route 28A (Year-round connector service) connects the Mid Coast communities of Bella Bella (McLoughlin Bay), Shearwater, Ocean Falls and Bella Coola and provides Ocean Falls and Shearwater with weekly connections to/from Port Hardy via Route 10.

A route terminus counts as two stops, one each for day of arrival and day of departure.

CORE SERVICE LEVELS

Number of Round Trips to be Delivered per Contract Year		89
Minimum Number of Round Trips per Week	Peak	3.5*
	Off Peak	1^
Hours of Operation	Peak	Varies
	Off Peak	Varies


* PEAK SERVICE CONSISTS OF 2.5 ROUND TRIPS PER WEEK BETWEEN BELLA COOLA AND PORT HARDY AND 1 ROUND TRIP PER WEEK BETWEEN BELLA COOLA AND THE MID COAST – OCEAN FALLS, SHEARWATER AND BELLA BELLA (MCLOUGHLIN BAY) WHICH INCLUDES CONNECTIVITY FOR OCEAN FALLS AND SHEARWATER TO PORT HARDY VIA ROUTE 10.

^ OFF-PEAK SERVICE CONSISTS OF 1 ROUND TRIP PER WEEK BETWEEN BELLA COOLA, SHEARWATER, OCEAN FALLS AND BELLA BELLA (MCLOUGHLIN BAY) CONNECTING WITH ROUTE 10 SERVICE TO OR FROM PORT HARDY.

ROUTE AND SERVICE DESCRIPTION

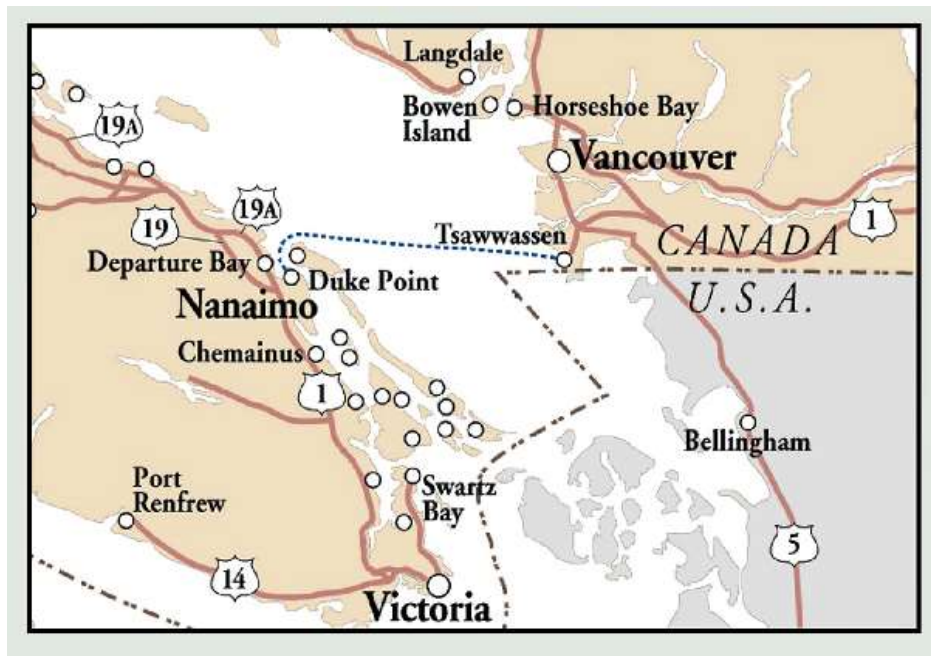
Distance	Varies Bella Coola – Port Hardy 134 nautical miles Bella Coola – Ocean Falls – Shearwater – Bella Bella 85 nautical miles
Crossing Time	Varies to maximum of 10 hours

VESSEL AND TERMINAL DESCRIPTION

Vessel	Northern Sea Wolf
<i>Silhouette</i>	
<i>Passenger Capacity (Max.)</i>	190
<i>Vehicle Capacity (Official)</i>	35
<i>Crew size</i>	10
<i>Amenities</i>	Hot food service, passenger lounge, outdoor seating area, washrooms and an elevator

Terminal	Bella Coola	Bear Cove	Shearwater	Ocean Falls	McLoughlin Bay
<i>Location</i>	4 km from Bella Coola	10 km from Port Hardy	Shearwater	Ocean Falls	3 km from Bella Bella
<i>Holding Capacity</i>	0 AEQ	273 AEQ	0 AEQ	0 AEQ	9 AEQ
<i>Parking</i>		Limited			
<i>Docks</i>	1	1	1	1	1

ROUTE 30 – TSAWWASSEN TO NANAIMO



OVERVIEW

Route 30 links Tsawwassen on the Lower Mainland, and Duke Point in Nanaimo on Vancouver Island.



CORE SERVICE LEVELS

Number of Aggregate Round Trips to be Delivered per Contract year on Routes 1, 2, 3 and 30		12,254
Minimum Number of Round Trips to be Delivered per Contract Year		2,379
Minimum Number of Round Trips per Day	Peak	7
	Off Peak	7 (4 on Saturday & Sunday)
Minimum Hours of Operation	Peak	12
	Off Peak	12 (7.5 Saturday & Sunday)

ROUTE AND SERVICE DESCRIPTION

Distance	37 nautical miles
Crossing Time	2 hours

VESSEL AND TERMINAL DESCRIPTION

Vessel	Queen of Alberni	Coastal Inspiration Coastal Renaissance Coastal Celebration
<i>Silhouette</i>		
<i>Passenger Capacity (Max.)</i>	1,171	1,571
<i>Vehicle Capacity (Official)</i>	280	310
<i>Crew size</i>	29	33
Terminal	Tsawwassen	Duke Point
<i>Location</i>	Delta	Nanaimo
<i>Holding Capacity</i>	2,175 AEQ	944 AEQ
<i>Short Term Parking</i>	160 car spaces	78 car spaces
<i>Long Term Parking</i>	826 car spaces plus 34 drop-off	187 car spaces
<i>Docks</i>	5	1

UNOFFICIAL VERSION

COASTAL FERRY SERVICES CONTRACT – CONSOLIDATED VERSION

**Appendix 2 of Schedule “A”
Unregulated Routes**

The following are Unregulated Routes:

Route Number	Route Name
25u	Alert Bay – Sointula – Port McNeill
51	Ahousaht – Hot Springs Cove - Tofino
53	Kyuquot – Tahsis – Gold River
54	Dodge Cove – Prince Rupert
55	Lasqueti Island – French Creek
59	Bamfield – Barkley Sound – Port Alberni
60	Hartley Bay – Kitkatla – Oona River – Metlakatla – Prince Rupert

Prince Rupert - Tuck Inlet (charter). BC Ferries is also the owner of the Vessel operating on this route. The Vessel is leased to the Operator.

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UNOFFICIAL VERSION

COASTAL FERRY SERVICES CONTRACT – CONSOLIDATED VERSION

SCHEDULE “B” Service Fees for Designated Ferry Routes

Service Fees

1. The Service Fee payable to BC Ferries pursuant to this Agreement for Services provided in respect of each Designated Ferry Route will be as follows:
 - (a) subject to the terms of this Agreement including sections 2 to 4 of this Schedule, an amount not exceeding:
 - (i) \$194,045,882 in respect of Contract Years 2020/21 (April 1, 2020 to March 31, 2021), 2021/22 (April 1, 2021 to March 31, 2022); 2022/23 (April 1, 2022 to March 31, 2023); and 2023/24 (April 1, 2023 to March 31, 2024)for ferry transportation services provided by BC Ferries on the Designated Ferry Routes, and to pay for the Seniors Discount in accordance with section 5.1 (the “Ferry Transportation Fee”). Recognizing the volume of seniors travelling will vary annually, the actual costs relative to the notional portion of the Ferry Transportation Fee for the Seniors Discount will be reported annually; and
 - (b) an amount representing reimbursement to BC Ferries for the foregone revenue in respect of the provincial social program discounts (the “Social Program Reimbursement”), as those discounts may be changed by the Province upon 90 days written notice to BC Ferries, calculated in accordance with section 5 of this Schedule and in an amount equal to 100% of the foregone revenue.

Ferry Transportation Fee

2. The Ferry Transportation Fee Table set out in Appendix 1 identifies the following matters in respect of each Contract Year:
 - (a) The applicable Designated Ferry Route numbers and names are listed in Columns 1 and 2.

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- (b) The maximum annual amount that, subject to the terms of this Agreement, is payable as the part of the Ferry Transportation Fee corresponding to the applicable Designated Ferry Routes are listed in Column 3.
 - (c) The total number of round trips to be delivered per contract year on the applicable Designated Ferry Routes to meet the Core Service Levels are listed in Column 4.
 - (d) The individual amount that, subject to the terms of this Agreement, is payable in respect of the applicable Designated Ferry Route for each round trip, and for the purposes of the calculations set out in section 3 of this Schedule, is listed in Column 5.
3. In the event that BC Ferries reduces service on a Designated Ferry Route below the Core Service Level required in relation to that Designated Ferry Route, then, unless the Commissioner authorizes otherwise after taking into consideration the matters set out in section 4 of this Schedule, the Ferry Transportation Fee payable in respect of that Designated Ferry Route will be reduced by the smaller of the following amounts for the period of service reduction¹:
- (a) an amount equal to the difference between
 - (i) The minimum Number of Round Trips per Day to be delivered by BC Ferries on that Designated Ferry Route, multiplied by the Ferry Transportation Fee per round trip listed in the fifth column of the Ferry Transportation Fee Table corresponding to the applicable Contract Year; and
 - (ii) The actual number of round trips delivered by BC Ferries on that Designated Ferry Route multiplied by the Ferry Transportation Fee per round trip listed in the fifth column of the Ferry Transportation Fee Table corresponding to the applicable Contract Year.
 - (b) an amount equal to
 - (i) the difference between the traffic carried by BC Ferries on that Designated Ferry Route during the period of reduction and the traffic carried by BC Ferries on that Designated Ferry Route

¹Example (a): The minimum Number of Round Trips per Day for a Designated Ferry Route requires 10 round trips at \$100 per round trip for a daily Ferry Transportation Fee of \$1,000 (10 x \$100). Only 8 round trips are provided that day. The Ferry Transportation Fee for ferry transportation services provided by BC Ferries on that Designated Ferry Route for that day would be reduced by \$200 to \$800.

Example (b): The minimum Number of Round Trips per Day for a Designated Ferry Route requires 10 round trips at \$100 per round trip for a daily Ferry Transportation Fee of \$1,000 (10 x \$100). Only 8 round trips are provided that day, but the amount of traffic carried on those 8 trips is 10% less than the traffic carried that same day in the previous year. The Ferry Transportation Fee for ferry transportation services provided by BC Ferries on that Designated Ferry Route for that day would be reduced by \$100 to \$900.

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during the same period in the immediately preceding year,
expressed as a percentage

multiplied by

- (ii) The minimum Number of Round Trips per Day to be delivered by BC Ferries on that Designated Ferry Route multiplied by the Ferry Transportation Fee per round trip listed in the fifth column of the Ferry Transportation Fee Table corresponding to the applicable Contract Year.
4. Despite section 3, the Commissioner may relieve BC Ferries of a reduction to the Ferry Transportation Fee under that section after taking into consideration the costs incurred by BC Ferries during the time of the reduction in service and whether
- (a) the events or circumstances causing the reduction were anticipated or predictable;
 - (b) the events or circumstances causing the reduction were in the reasonable control of BC Ferries;
 - (c) BC Ferries made reasonable efforts to avoid the events or circumstances causing the reduction;
 - (d) BC Ferries is moving expeditiously to correct the events or circumstances causing the reduction; and
 - (e) BC Ferries is taking or has taken measures to mitigate the reduction.

Social Program Reimbursement

5. The value of the foregone revenue is calculated on the applicable fare, as it may be adjusted, taking into account any and all discounts, special programs, offerings or loyalty program, at the time of travel, as follows:

- (a) BC Student (under 19 years of age) discount.

Students travel at a 100% discount on those routes where they must travel to attend school (Salt Spring Island students are included). The free travel also includes travel to attend or participate in school and junior association educational and sporting events. Students travel at a 50% discount on school events on all other routes (Mainland routes, Powell River/Little River, Tsawwassen/Gulf Islands and the Northern Routes).

Details of where students travel at a 100% discount and where the fare is at 50% of the adult or child fare is illustrated in the Table attached as Appendix 2 of this Schedule.

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(b) Disabled discount.

Permanently disabled persons in possession of a BC Ferries Status I.D. card and attendants if required travel at a 50% discount off the passenger fare on all routes. The discount is applicable to both adults and children and an adult escort if required.

(b.1) Northern Routes (10 and 11) – Disabled Cabin Rate Discount.

Permanently disabled persons in possession of a BC Ferries Status I.D. card will receive a discount on the rate for a wheelchair accessible outboard cabin so that the amount payable is equal to the rate for an inboard cabin.

(c) Medical Travel Assistance Program Discount.

The Province's Medical Travel Assistance Program provides a 100% discount for travel by patients, their vehicles and an escort (if necessary) for non-emergency medical treatments. To qualify, an individual must first have their doctor complete a form, which is then verified by the Ministry of Health who issue a date-restricted confirmation number.

5.1 Senior Discount

BC Ferries will provide discounts to those seniors, who are 65 or older, and produce a valid BC Gold Carecard or BC Services Card as follows:

- (i) a 100% discount on the applicable passenger fare, as it may be adjusted, taking into account any and all discounts, special programs, offerings or loyalty program, at the time of travel, on any of the Designated Ferry Routes except for the Northern Routes (10, 11, and 28):
 - (A) from Monday to Thursday, excluding all statutory holidays; and
 - (B) on Remembrance Day;
- (ii) a 33% discount on the applicable passenger fare, as it may be adjusted, taking into account any and all discounts, special programs, offerings or loyalty program, at the time of travel, on each day of the week for travel on the Northern Routes (10, 11 and 28).

Invoicing and Payment

6. As the Agreement allows for flexibility in the delivery of Services in each Contract Year, the invoicing and payments with respect to the Service Fees for the Designated Ferry Routes will be in accordance with this section 6, which recognizes that flexibility.

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- (a) Payment with respect to the Ferry Transportation Fee, excluding the payment for the Seniors Discount, is to be made monthly to BC Ferries, based on the estimated number of round trips that will be delivered per month for each Designated Ferry Route (the “Estimated Schedule”) multiplied by the Ferry Transportation Fee per round trip listed in the fifth column of the Ferry Transportation Fee Table corresponding to the applicable Contract Year, to be paid no later than the last business day of each and every month and is to be deposited in a bank account designated by BC Ferries.
- (b) BC Ferries will provide the Estimated Schedule, which is to include a 12-month period beginning April 1st, to the Province by no later than March 1st of each and every year.
- (c) Payment with respect to the portion of the Ferry Transportation Fee for Seniors Discounts, based on the notional allocation in Appendix 1 of Schedule B, is to be paid to BC Ferries in 12 monthly installments of \$2,500,000.
- (d) BC Ferries will provide, on a quarterly basis in accordance with its fiscal year and within 60 days of the close of each quarter, a reconciliation statement of the Ferry Transportation Fee paid by the Province against the actual number of round trips delivered by BC Ferries multiplied by the Ferry Transportation Fee per round trip listed in the fifth column of the Ferry Transportation Fee Table on the terms and conditions described herein (the “Quarterly Statement”).
- (e) The Quarterly Statement will include the following:
 - (i) the dates to which the Quarterly Statement applies (the “Reporting Period”);
 - (ii) the total amount of Ferry Transportation Fees paid by the Province during the Reporting Period;
 - (iii) the actual number of round trips delivered by BC Ferries on each Designated Ferry Route during the Reporting Period;
 - (iv) the Ferry Transportation Fee per round trip for each Designated Ferry Route;
 - (v) a calculation of any amounts owing by the Province to BC Ferries for the actual number of round trips delivered by BC Ferries on each Designated Route during the Reporting Period that exceeded the number of round trips in the Estimated Schedule for that Designated Route;

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- (vi) a calculation of any amounts owing by BC Ferries to the Province as a result of any reduction in service by BC Ferries as contemplated in Section 3 of this Schedule B; and
 - (vii) a calculation of any amounts owing by the Province to BC Ferries relating to the Goods and Services Tax for Ferry Transportation Fees on Route 13;
- (f) The final Quarterly Statement of each fiscal year will also identify whether annual Core Service Levels were met by BC Ferries. The final Quarterly Statement of each fiscal year, in addition to the information in each Quarterly Statement, will:
- (i) identify for each Designated Ferry Route the difference between:
 - (a) the total number of round trips to be delivered per Contract Year on that Designated Ferry Route to meet Core Service Levels; and
 - (b) the total number of round trips actually delivered by BC Ferries on that Designated Ferry Route in the Contract Year (the "Difference")

[the Difference will not include the number of round trips which have previously been calculated within Section 6d(vi) of this Schedule B]
 - (ii) include a calculation of the Difference for each Designated Ferry Route, multiplied by the Ferry Transportation Fee for that Designated Ferry Route, which amount will be payable by BC Ferries to the Province; and
 - (iii) identify any amounts owing by BC Ferries to the Province or owing by the Province to BC Ferries.
- (g) Any amounts owing by either party based on the Quarterly Statement will be settled within 30 days of receipt of the Quarterly Statement.
- (h) The monthly Ferry Transportation Fee payable by the Province may be an amount which exceeds or falls below the amount calculated as equivalent to the minimum Number of Round Trips per Day as set out in Appendix 1 of Schedule A multiplied by the Ferry Transportation Fee per round trip listed in the fifth column of the Ferry Transportation Fee Table corresponding to the applicable Contract Year.
- (i) The total Ferry Transportation Fee payable by the Province in a Contract Year in respect of a Designated Ferry Route will not exceed the maximum annual Ferry Transportation Fee for that Designated Ferry Route as set

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out in the third column of the Ferry Transportation Fee Table corresponding to the applicable Contract Year.

- (j) In accordance with section 5, BC Ferries will invoice the Province monthly for the Social Program Reimbursements. The invoice will set out the numbers of passengers and vehicles carried and reimbursement amount for each Designated Ferry Route by social program, including BC Student, Disabled Discount, Disabled Cabin Rate Discount and the Medical Travel Assistance Program Discount. Payment is to be made to BC Ferries within 30 days of receipt of the invoice by deposit into a bank account designated by BC Ferries, in such amounts and in such manner as BC Ferries directs.

7. **Fuel Costs in Relation to Designated Ferry Routes 10, 11 and 28 for Performance Term Five**

7.1 If the Commissioner

- (a) establishes a set price for fuel in the price caps established for Performance Term Five, and
- (b) requires BC Ferries to establish one or more fuel deferral accounts,

the parties will address variations in the actual fuel prices for fuel consumed to provide Services in accordance with this Agreement on Designated Route Nos. 10, 11 and 28 in accordance with this section 7, including section 7.3.

7.2 BC Ferries will as soon as practicable following the Commissioner's Order referenced in section 7.1 establish and thereafter maintain a separate account to accurately track, including record and account for the amounts described in section 7.3.

7.3 In the event that actual fuel costs described in section 7.1 in relation to Designated Ferry Route Nos. 10, 11 and 28:

- (a) exceed the Performance Term Five set price for fuel by an amount greater than 5 cents per litre, then the amount in excess of 5 cents per litre will be added to the BC Ferries account established in accordance with section 7.2 as a debit; or
- (b) fall below the Performance Term Five set price for fuel by an amount greater than 5 cents per litre, then the amount in excess of 5 cents per litre will be added to the account created in 7.2 as a credit.

7.4 Without limiting any other term of this Agreement, BC Ferries will maintain accurate records and documentation, including accounting records, books of accounts, invoices, receipts, vouchers and other supporting documents relating to the matters described in this section 7, and will upon the request, from time to time, of

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the Province (which request will give BC Ferries not less than five (5) days notice) permit the Province, its servants and agents, during regular business hours and at the Province's expense, to copy, review and examine documentation, including source and originating documents, and calculations in detail sufficient to enable the Province to satisfy itself, acting reasonably, as to the matters described in this section 7 including as to the amounts shown as owing and payable by one party to the other, as the case may be, and the parties agree that section 6.04(e) of the main body of this Agreement applies to records and documents relating to such matters.

7.5 Payments by BC Ferries to the Province and payments by the Province to BC Ferries, as the case may be, in respect of the matters described in this section 7 will be made on a quarterly basis during the Contract Year. At the end of each quarter, any balance in BC Ferries account established in accordance with section 7.2 will be eliminated in the following manner:

- (a) in the event of a debit balance, the Province will, subject to the terms of this Agreement, pay such debit balance to BC Ferries, or
- (b) in the event of a credit balance, BC Ferries will, subject to the terms of this Agreement, pay such credit balance to the Province

within 60 days of the parties having settled and agreed on the amount determined as owing and payable under this section 7.

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**Appendix 1 of Schedule “B”
Ferry Transportation Fee – Performance Term 5**

Consistent with Schedule B, the maximum annual Ferry Transportation Fee is \$194,045,882, including payment for the Seniors Discount. The actual cost of the Seniors Discounts will vary annually depending on usage, fares and fuel surcharges/rebates. The amount of Ferry Transportation Fee by route in the table below has been reduced by \$30 million to reflect a notional amount for the Seniors Discounts. For the purposes of annual route statements, the cost of the Seniors Discounts will be applied to all Designated Routes based on actual usage of the discount on each route. The unused portion of the \$30 million “notional amount” will be allocated to Designated Routes listed in the table below based on the same proportion of the Annual Ferry Transportation Fee received by each route.

Ferry Transportation Fee Table – Contract Years 2020/21, 2021/22, 2022/23, 2023/24

Route #	Route	Annual Ferry Transportation Fee (\$)	Number of Round Trips to be Delivered per Contract Year to Meet Core Service Levels*	Ferry Transportation Fee per Round Trip (\$)
4	Swartz Bay/Salt Spring	6,528,636	2,880	2,266.89
5	Swartz Bay/Outer Gulf Islands	18,163,250	3,461	5,247.98
6	Crofton/Salt Spring	2,266,394	4,670	485.31
7	Saltery Bay/Earls Cove	11,944,137	2,731	4,373.54
8	Horseshoe Bay/Bowen Island	7,398,739	5,452	1,357.07
9	Tsawwassen/Gulf Islands	11,898,282	812	14,653.06
10	Bear Cove/Prince Rupert	27,267,803	109	250,163.33
11	Prince Rupert/Skidegate	17,856,020	175	102,034.40
12	Brentwood/Mill Bay	1,633,592	3,215	508.12
13	Langdale/Gambier/Keats	447,088	4,065	109.98
17	Comox/Powell River	10,108,782	1,366	7,400.28
18	Powell River/Texada	5,886,663	2,899	2,030.58
19	Nanaimo Harbour/Gabriola	4,139,579	5,201	795.92
20	Chemainus/Thetis/Penelakut	4,594,692	3,702	1,241.14
21	Buckley Bay/Denman	5,037,195	5,261	957.46
22	Denman/Hornby	3,326,796	4,060	819.41
23	Campbell River/Quadra	5,382,256	6,246	861.71
24	Quadra/Cortes	4,541,959	2,169	2,094.03
25	Port McNeill/Alert Bay/Sointula	6,588,248	3,961	1,663.28
26	Skidegate/Alliford Bay	5,138,077	4,168	1,232.74
28	Bella Coola/Mid Coast/Port Hardy	3,897,694	89	43,794.32
Notional transportation services fee		\$164,045,882		
Notional Seniors Discounts fee		\$30,000,000		
Maximum Ferry Transportation Fee		\$194,045,882		

*Note: see Note 1(a) in Schedule A, Appendix 1

COASTAL FERRY SERVICES CONTRACT

Appendix 2 of Schedule “B” BC Student (under 19 years of age) Discount Table

Route #	Route Name	Adult Student at 50% Adult Fare	Child Student at 50% Child Fare	Free Adult Student	Free Child Student
Route 1	Swartz Bay/ Tsawwassen	X	X		
Route 2	Horseshoe Bay/ Departure Bay	X	X		
Route 3	Horseshoe Bay/ Langdale	X	X		
Route 4	Swartz Bay/ Fulford			X	X
Route 5	Swartz Bay/ Outer Gulf Islands*			X	X
Route 6	Crofton/ Vesuvius			X	X
Route 7	Saltery Bay/ Earls Cove	X	X		
Route 8	Horseshoe Bay/ Bowen Is.			X	X
Route 9	Tsawwassen/ Gulf Islands	X	X		
Route 10	Prince Rupert/ Bear Cove (Port Hardy)	X	X		
Route 11	Prince Rupert/ Skidegate	X	X		
Route 12	Mill Bay/ Brentwood Bay			X	X
Route 13	Langdale/ Keats/ Gambier Is.			X	X
Route 17	Powell River/ Little River	X	X		
Route 18	Powell River/ Texada Is.			X	X
Route 19	Nanaimo Hbr/ Gabriola Is.			X	X
Route 20	Chemainus/ Thetis/ Penelakut			X	X
Route 21	Buckley Bay/ Denman Is.			X	X
Route 22	Denman/ Hornby Is.			X	X
Route 23	Campbell River/ Quadra Is.			X	X
Route 24	Quadra Is./ Cortes Is.			X	X
Route 25	Port McNeill/ Alert Bay/ Sointula			X	X
Route 26	Skidegate/ Alliford Bay			X	X
Route 28	Port Hardy/Mid Coast/Bella Coola	X	X		
Route 30	Duke Point/ Tsawwassen	X	X		

*Students travel for free on Inter Southern Gulf Island Trips

UNOFFICIAL VERSION

COASTAL FERRY SERVICES CONTRACT – CONSOLIDATED VERSION

**SCHEDULE “C”
Service Fees for Unregulated Routes**

1. The Province will, subject to the terms of this Agreement, pay to BC Ferries Service Fees in relation to the Unregulated Routes in an amount up to \$3.75 million.
2. Invoicing and Payment of Service Fees
 - a) BC Ferries will provide to the Province, on a quarterly basis in accordance with its fiscal year, an invoice indicating the actual expenses incurred by BC Ferries with respect to the Unregulated Routes.
 - b) If any of the agreements made between BC Ferries and the independent operators include compensation for fuel costs on a variable basis, the quarterly invoice provided to the Province with respect to Unregulated Routes will itemize the costs relating to fuel, provided that if such costs are payable by BC Ferries on an annual basis, BC Ferries will on an annual basis itemize such costs in its year-end invoice to the Province.
 - c) Payment is to be made to BC Ferries within 30 days of receipt of the invoice by deposit into a bank account designated by BC Ferries, in such amounts and in such manner as BC Ferries directs.

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