



GREATER
**VICTORIA
HARBOUR**
AUTHORITY

BUSINESS PLAN

2019-20 to 2021-22



TABLE OF CONTENTS

EXECUTIVE SUMMARY	3
CONTEXT	5
STRATEGIC FRAMEWORK	8
ORGANIZATION	10
FACILITIES	17
OGDEN POINT DEEP WATER TERMINAL	18
FISHERMANS' WHARF	23
INNER HARBOUR	27
STEAMSHIP BUILDING	30
COMMUNITY ASSETS	32
FINANCIAL PERFORMANCE	35
ACCOUNTABILITY AND RISK MANAGEMENT	41

EXECUTIVE SUMMARY

Over the last three years, Greater Victoria Harbour Authority (GVHA) focused on delivering our core mandate: “working harbour” activities such as cruise, shipping, and marina operations. We also worked to strengthen relationships and build trust with our stakeholders. The next three years covered by the 2019-2022 Business Plan will focus on:

- Continuing to deliver on our core mandate and operations, with a focus on strong customer and stakeholder relationships and investment in sustaining maintenance or replacement of existing operational infrastructure;
- Finalizing the analysis, planning, and consultation needed to launch the transformational initiatives and investment in new infrastructure that will optimize and diversify both GVHA revenue and triple bottom-line benefit for our region from the core properties and operations at Ogden Point, Fisherman’s Wharf, and the Inner Harbour; and
- Strengthening our internal culture with a continued focus on acting in a business-like manner. We aim to create a culture where employees are proud to manage people’s favourite places in Greater Victoria.

During this Plan, we will need to make some significant investment decisions that will position us for continued future success.

Operations and Sustaining Maintenance

We expect to see a marked increase in our cruise business and revenue and will be focused on making this growth triple bottom-line sustainable. For the rest of our operations, such as shipping, marinas, and commercial leasing, it should be, “steady as she goes.” Our forecast annual revenue by the end of this planning period will be just over \$18 million. We will also continue to make investments that maintains core infrastructure at our properties at \$1-3.5m per year, while highlighting other capital projects related to growing our infrastructure and the community assets that we steward.

Strategic Initiatives and New Infrastructure

For the term of this plan, our major strategic initiatives and/or new infrastructure will include:

- Managing our burgeoning cruise sector, pursuing a homeport, and launching the Ogden Point Master Plan development with significant opportunities for the private sector. We expect our capital expenditures over the next three years to be focused on growing the infrastructure to support the development and future operational requirements;
- Implementing the Facilities Plan, along with a new fuel dock, at Fisherman's Wharf;
- Developing a Master Plan for the Inner Harbour;
- Strengthening the viability and utilization of the Steamship Terminal building and surrounding area; and
- Creating an investment strategy to ensure appropriate funding mechanisms for capital plans are in place.

Much has been accomplished over the past three years; however, there is much more work to do. GVHA has made positive strides in rebuilding trust and credibility with the public and our stakeholders. This business plan will continue to move the organization forward in a growth trajectory. While this will be an exciting time for the organization, it will also fuel expectations that the developments of the organization will reinforce GVHA's role in Greater Victoria's place as a world-class destination and place to live, work, and play. We are up for the challenge.

CONTEXT

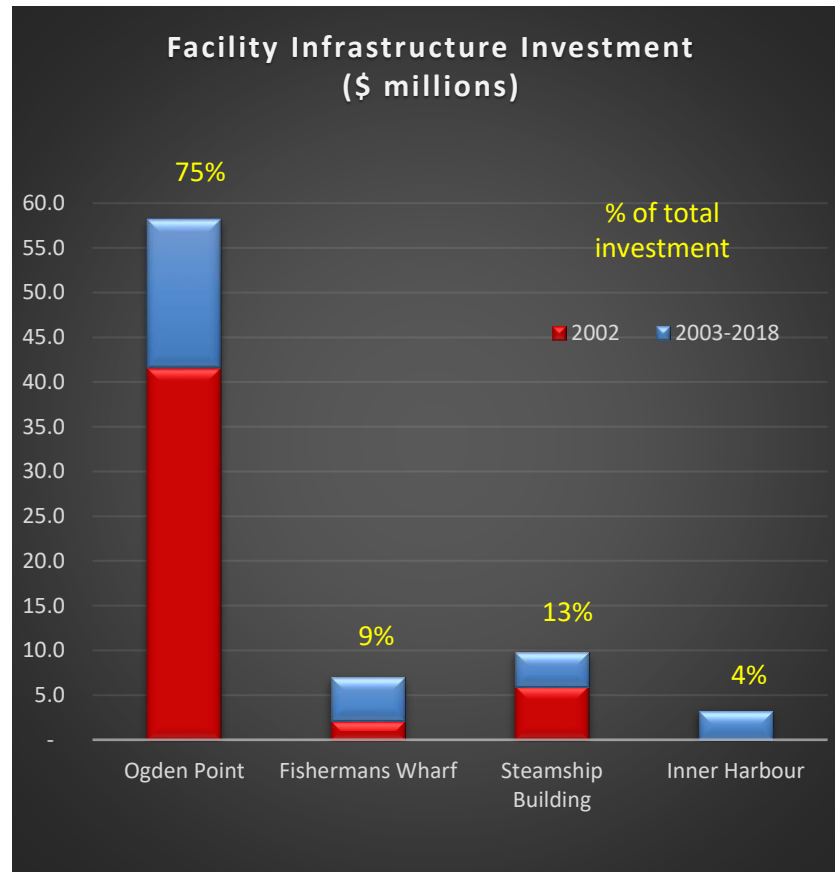
Greater Victoria Harbour Authority (GVHA) was created in 2002 to be local champions and stewards of harbour land and marine assets divested from the Federal Government. GVHA is accountable to its eight Member Agencies: Esquimalt Nation, Songhees Nation, City of Victoria, Township of Esquimalt, Capital Regional District, Greater Victoria Chamber of Commerce, Destination Greater Victoria, and Victoria Esquimalt Harbour Society.

GVHA owns approximately 110 acres of harbour land and seabed, with three main marine properties at Ogden Point, Fisherman's Wharf, and the Inner Harbour. Our properties lie within in the traditional territory of the Lekwungen People of the Esquimalt Nation and Songhees Nation.

We are property owners, managers, partners, and advocates for a vibrant working harbour pursuing economic development opportunities for the Capital Region in a socially and environmentally responsible manner. Much of our properties are accessible to the public. Our customers include cruise lines, shipping companies, commercial vessels including marine tourism and commercial fishing vessels, recreational vessels, live-aboards, float homes, and commercial businesses. GVHA derives its revenue from service and licensing fees from its customers.

While GVHA is a not-for-profit society, we generate surpluses to fund our long-term capital plan and to pay for sustaining annual maintenance. GVHA's constitution requires that it, "establish and maintain sufficient working capital to improve existing facilities and develop future additions to harbour facilities," and, "to maintain the operations of the harbour on a self-sufficient basis without recourse to local subsidies and without exposing local communities, Esquimalt Nation, Songhees Nation, or Provincial or local governments to unnecessary liabilities." Within the Business Plan period, GVHA is forecasting surplus funds from operations to reach an average of \$2.5 million per year on its existing infrastructure, which are directly reinvested into its assets for the benefit of the region.

Maintaining infrastructure that is exposed to salt water and weather impacts is an enduring commitment. GVHA's total capital facility infrastructure investment began with \$50 million at divestiture and since inception GVHA has invested more than \$28 million, or approximately \$2 to \$2.5 million per year. See the graphic below on how those funds were allocated between facilities. Notwithstanding this stewardship and sustaining maintenance, some assets are expected to reach the end of their life within the next five to 20 years. The total capital asset value required to sustain all of the GVHA facilities over the next 20 years is approximately \$150 million. This is a compelling fiduciary responsibility that the Board takes seriously.



To this end, GVHA:

- Operates in a business-like manner;
- Charges its customers fair market rates;
- Seeks to operate each of its properties at least on a self-sufficient basis, including annual maintenance; along with ensuring its' long-range plan supports financial self-sustainability and capital reinvestment;
- Maintains a reserve policy for restricting sufficient cash reserves in the event of a catastrophic event, material loss of business, and/or debt service coverage; and
- Commits to support the region and its' stakeholders, with a focus on triple bottom-line benefits.

Many of the contextual issues and opportunities set out in the previous Business Plan, 2016 - 2019, continue to be relevant and inform our planning. As such, several factors that may impact GVHA's business strategy include, but are not limited to:

- Potential changes or developments in federal policy, including further divestiture of federally owned properties and responsibilities such as the seabed and the water airport to local control in a manner yet to be determined;
- The *Tsilhqot'in* decision and evolving Indigenous case law, and our partnership with local First Nations;
- The City of Victoria's Strategic Plan and its vision for the harbour, including the realization of the David Foster Harbour Pathway and the Ship Point Master Plan;
- The continued growth of the cruise and local tourism;
- Evolving environmental standards and technological innovation, and public expectations regarding other emissions, as well as managing the impact on GVHA properties from the anticipated rise in sea level;
- The development of all GVHA properties and facilities supported by the asset management framework;
- The demand for industrial space, both land and water to support the working harbour; and
- Upland land owners' plans for harbour land development.

STRATEGIC FRAMEWORK

In 2014/15, GVHA developed its 10-year Strategic Plan through consultation with Member Agencies, key stakeholders, and the public. The framework for this plan is set out below:

Mandate

The legal authority and overarching direction for our 10-year Strategic Plan comes from the constitution of Greater Victoria Harbour Authority, established under the *Society Act* in 2002. The details are located on GVHA's website at www.gvha.ca.

Vision

We envision:

- *a working Harbour* where people live, learn, work, and play; a spectacular gateway into Greater Victoria's past and into its future, with a vibrant look and feel, linking communities and all people together.
- *a GVHA organization* that is recognized by the community as an effective marine asset manager, and as a trusted advocate and partner, working for the common good of the Harbour and the Region.

Mission

In fulfilling our Constitution, we perform three distinct yet complementary roles:

- Owners and managers of the properties entrusted to us through divestiture or under lease;
- Advocates for best water and marine-related use and development of the whole Harbour and its assets, regardless of ownership, in accordance with our guiding principles; and
- Partners or collaborators with others in implementing Harbour initiatives that drive economic, social and environmental benefits for the Region.

Our Guiding Principles

GVHA's actions and decisions will be guided by the following principles:

- **First Nations Relationship** - We commit to working in partnership with the Esquimalt Nation and the Songhees Nation as they pursue their cultural and economic aspirations in the Harbour.
- **Triple Bottom Line** - We commit to generating broad economic and social benefit from the use of our properties, while continuously mitigating adverse social and environmental impacts in local neighbourhoods and to our land, air and water.
- **Financial Self-Sustainability** – We commit to structuring and managing GVHA in a financially prudent manner, and to ensuring the long-term sustainability of the organization and its assets without recourse to local subsidies.
- **Working Harbour** - We commit to promoting the Harbour as a working Harbour seeking out opportunities to help advance industrial, commercial and tourism related enterprises – “where commerce requiring the connection between the land and water takes place”.
- **Accountability** - We commit to act in the public interest of the Harbour on behalf of GVHA's Member Agencies, their stakeholders and the people of the region, and to be held publicly accountable for our activities and results.

Our Goals

We drive our performance and measure every initiative against each of our organizational goals (see detailed version of Performance Dashboard in the Appendix):

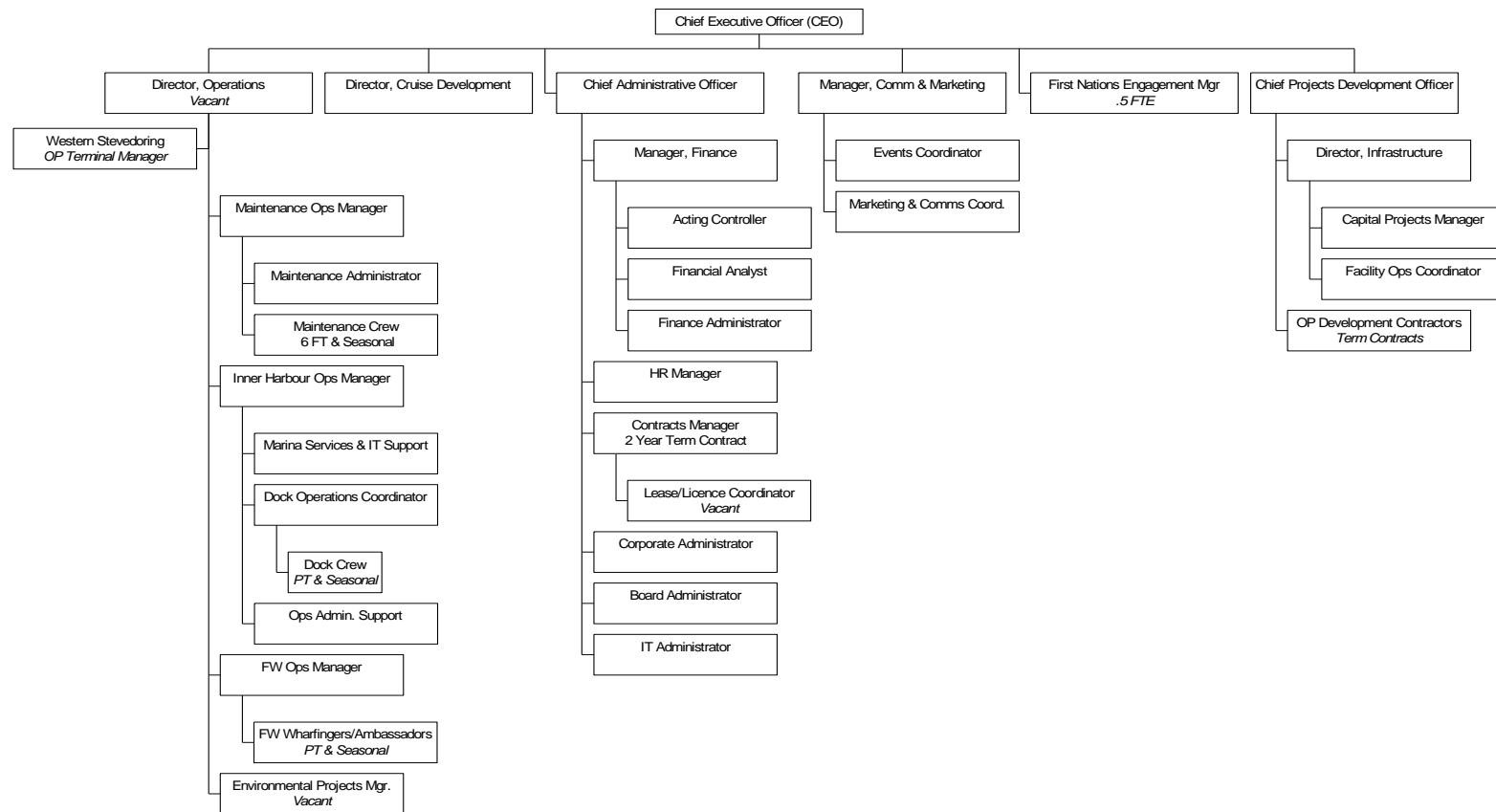
1. *Economic, Social and Environmental Benefit for the Region*
2. *Financial Self-Sufficiency and Responsible Stewardship of GVHA Properties*
3. *A Trusted Advocate for the Working Harbour*
4. *Governance and Accountability*
5. *Business Performance and Customer Focus* (added in 2019)
6. *Organizational Effectiveness* (added in 2019)

GVHA's Business Plan process ensures alignment with the original goals and strategies set out and provides for progressive reporting to the Board of Directors.

ORGANIZATION

GVHA's corporate offices are at 100-1019 Wharf Street, directly above the Inner Harbour facilities it owns and operates, with a maintenance shop/office located at Ogden Point and an office within the Shoal Point property at Fisherman's' Wharf. Employees have cross-functional responsibilities within the organization, whereby they fall into department roles while still supporting each of the operating facilities.

A recent re-structure of our organization will allow us to strengthen our focus on strategic projects, operations, and administrative functions, with the goal of leading increased revenue, reduced turn-over, improved employee morale, stronger stakeholder relations, more robust succession planning and capacity to more actively pursue First Nations opportunities throughout this plan.



STRATEGIC FOCUS for the next three years:

- Develop an human resources strategy focusing on the culture of GVHA and the experience for both employees and customers;
- Develop a business continuity plan to ensure effective safeguarding of assets;
- Continue to become a more efficient, well-organized organization by streamlining current and developing new, operational processes and policies; and
- Enhance the investment strategy to broaden the oversight and management of the infrastructure and funding mechanisms.

Human Resources Strategy

With a focus on improving the culture at GVHA, the organization will work towards evolving the internal and external experiences by employees and customers to continue to manage Greater Victoria's favorite places. Training and development of staff will be further aligned with the changing needs of the business, as it moves from a model of sustaining operations to a more rigorous growth mindset. Bi-annual employee engagement surveys, along with various collaborative exercises, will also inform additional supportive initiatives. The desired outcome for the organization is to strive to be a top employer of choice in the region.

Business Continuity Plan

GVHA will initiate a robust business continuity planning process to develop a methodology to measure, strategically manage, and reduce operational and financial risks in the event of a crisis at any of our facilities. Active participation in the Victoria Harbour Emergency Response Committee and strengthening environmental management plans for GVHA operations will continue as well.

Process Improvements

Establishing joint use agreements with adjacent landowners is key to create collaboration and formalized working relationships to enhance the public realm. Enhancing document management systems and software utilization will provide a solid foundation for staff to manage day-to-day responsibilities. In addition, both operational and process improvement efforts will continue in order to provide a more streamlined, business like experience for all stakeholders, while effectively managing costs and operating cash flows for the organization.

Investment Strategy

Despite enjoying steadily-increasing revenues, particularly from the cruise sector, GVHA may not be able to self-finance all the capital required for sustaining maintenance of existing operational infrastructure, new operational infrastructure to support growth, and investment in restoring public amenity assets. We need to leverage other sources of funding such as borrowing, private sector partnerships, government grants, and public donations. Over the next three years, a thorough investment strategy will be developed to identify the appropriate approach, targets, capital planning, funding, and process adoption.

Secondly, updating and creating a system to effectively manage the life cycle planning of our infrastructure, the Asset Management Program and Plan will consider both larger capital items as well as the ongoing yearly maintenance, in addition to providing a framework around effective project management to execute the significant infrastructure demands going forward. Asset management is a key requirement for sustaining our facilities, operations, and informing strategic initiatives. The program will inform our capital investments and our repair and maintenance priorities, while the framework will be built upon established municipal and industry asset management standards and processes.

Appropriate funding mechanisms will be explored, such as additional government funding and potential capital campaign programs, while partnerships and investor relationships will be entertained based on the specific projects. Financing options should only be considered when payback is favorable.

Business cases with consistent metrics, guidelines and oversight will be implemented to measure each opportunity against the organizational goals, principles and mandate.

First Nations Relationship

GVHA properties are in the traditional territories of the Esquimalt Nation and the Songhees Nation. Both Nations are founding members of GVHA and have directors on the Board.

A key component of GVHA's constitution is the recognition and advancement of the Songhees Nation's and Esquimalt Nation's interests in the harbour. Woven into all of GVHA's principles and goals is support for local First Nations' history, culture, and economic development. GVHA acknowledges the rights and interests of the Esquimalt Nation and Songhees Nation and the important role they play in the determination of the future of the harbour.

GVHA is committed to working in partnership with the Esquimalt Nation and the Songhees Nation as they pursue their cultural and economic interests in the Harbour. Investment in this area is expected to continue at one per cent of operating revenue, translating to approximately \$130,000 per fiscal year.

STRATEGIC FOCUS for the next 3 years:

Continue to develop and implement a First Nations engagement strategy that consists of:

- A commitment to dedicate time and resources to Indigenous employment, skills and training specifically for Songhees Nation and Esquimalt Nation community members;
- Business Development opportunities, including First Nations initiatives as part of Ogden Point Master Plan; and
- Initiatives that support First Nations economic and cultural interests in the harbour.

STEWARDSHIP

Public Safety and Environmental Management

GVHA is committed to mitigating any adverse environmental impacts from operations on its properties and acknowledges the tremendous work the cruise industry does to protect the environment. The cruise industry is continuously improving its environmental impacts through retrofitting advanced air emission purification systems, reducing or eliminating single-use plastics, improving waste management systems, and choosing suppliers that meet rigorous environmental standards. From a local air quality perspective, GVHA continues to sponsor an air monitoring station at Ogden Point in partnership with the Ministry of Environment.

Over the past three years, GVHA has taken positive and meaningful steps to enhance its ground transportation operations. In 2018, GVHA introduced bus-age requirements that led to all buses being 2010 or newer by 2019. A significant step in just over three years where, in 2015, the average age of buses was 1986. Further steps are being taken to introduce electric buses into the cruise shuttle fleet.

GVHA also participates in the Green Marine Program for Ogden Point. This environmental program offers a detailed framework for maritime companies to first establish and then reduce their environmental footprint. GVHA must demonstrate year-over-year improvement in measurable ways to maintain their Green Marine certification. GVHA completes a detailed annual self-evaluation. The results determine the participant's ranking for each performance indicator on a 1-to-5 scale. Level 1 constitutes regulatory

monitoring, while Level 5 indicates leadership and excellence. Reports are independently verified every two years to ensure the program's rigor and integrity. The process is transparent and GVHA results are made public every year and maintains a 3.5 Level ranking.

GVHA is a participant in the Victoria Harbour Emergency Response Committee for the overall harbour's emergency response, which is an initiative led by the Joint Rescue Co-ordination Centre Victoria.

GVHA participates in Clean Marine, a marina eco-certification organized by the Georgia Strait Alliance. It encourages best practices around sewage and grey water discharge, fuel and oil spills, waste disposal, derelict vessels, etc. It is a voluntary marine industry program that provides GVHA and other marinas with a program to reduce their environmental impacts. Marinas undergo an environmental audit every three years and the audit is conducted by an independent organization to establish their level of sound environmental practice (scored out of 5). GVHA is proud to have achieved a 5-Anchor rating for Clean Marine. Initiatives include:

- As part of its annual events, GVHA hosts in partnership with industry World Ocean's Day every June at Fisherman's Wharf; and
- Reef balls installation, in partnership with World Fisheries Trust and Eagle Wing Tours, as efforts to bring a variety of marine life back to Victoria Harbour.

Strategic Relationships and Partnerships

City of Victoria – continue relationships by focusing on opportunities for collaboration with the City and other stakeholders such as:

- Economic development, especially at Ogden Point;
- Mitigation of impact of commercial operations on neighbourhoods and local residents, which is a shared responsibility;
- Equitable tax treatment through recognition of GVHA's social investments;
- Cost-sharing on public facilities and improvements to the "public realm";
- Shared vision and implementation of improvements in the Inner Harbour e.g. Lower Causeway and David Foster Harbour Pathway and Fisherman's Wharf and Fisherman's Wharf Park, with enhanced amenities and public facilities; and
- A regional economic impact study of the Victoria harbour and its commercial operations.

Private Sector – clarifying roles and expectations, and strengthening the relationship with private sector partners, customers and suppliers such as Western Stevedoring, bus companies and other harbour business operators. This includes potential synergies

working with industry associations such as Destination Greater Victoria, The Chamber, and the Downtown Victoria Business Association.

Government – seeking clarity regarding key issues and opportunities such as:

- Fairness of harbour fees levied on the cruise industry and retained by Ottawa;
- Potential transfer or sale of the water lot west of Huron Street to facilitate future development at Fisherman’s Wharf;
- Future of Canadian Coast Guard base;
- Federal intentions with respect to future divestiture such as the seabed and the water airport; and
- Provincial intentions with respect to its waterfront properties and their development; and

The last two issues will include collaboration discussions with First Nations, the City of Victoria, and other interested stakeholders.

Public Benefits, Festivals and Events

Public amenity areas are evident across all the property holdings, as previously described. A few of those amenities, such as the Lower Causeway and Ship Point are part of the public pathway around the Harbour and are also platforms for various Greater Victoria marine and community events. Since 2002, GVHA has delivered broad community value through innovative development that supports industrial, commercial and tourism uses, while improving the public realm on all of its properties.

GVHA is a sponsor, in-kind contributor, and essential partner in more than fifty events per year such as the Symphony Splash, Harbour Festival, Dragon Boat Festival, and Swiftsure International Yacht Race, among others.

All GVHA properties include public spaces that contribute to the vibrancy of the harbour and “quality of life” experiences enjoyed by citizens and visitors alike. Examples include:

- Harbour Festival at Ship Point and along the Lower Causeway;
- Artisan markets at Ogden Point in the spring and summer;
- World Oceans Day Celebration at Fisherman’s Wharf;
- Shoreline Clean Up organized with VicPD;
- Christmas Marina Light up; and
- The Lighted Truck Convoy

In addition, GVHA pays approximately \$850,000 per year in municipal taxes to the City of Victoria.

GVHA's social investment will be subject to on-going discussion with Member Agencies to ensure it remains aligned with our mandate, role, and financial capacity.

Public Engagement, Communications, and Marketing

Engagement, communications, and marketing play a critical role for GVHA to be known as a trusted, socially responsible and economic driver for the region.

Objectives over the three-year period will focus on:

- Collaboration with member agencies and partners to improve the understanding of GVHA's position and overall role in the regional economy;
- Profiling the role of our owned assets, key partners, and members;
- Profiling the economic benefits of cruise to Greater Victoria;
- Celebrating the launch of the new visual identity project for Ogden Point; and
- Engaging the community, through consultation, master planning processes for Ogden Point, the Inner Harbour, and Fisherman's Wharf

Promoting marquee events tied in with activities of GVHA.

Financial

In 2014, GVHA established a Restricted Capital Reserve Policy to provide guidance and methodology for restricting sufficient cash reserves in the event of a catastrophic event, material revenue loss, and/or debt service coverage. The reserve fund is managed by a third-party firm, where all income is reinvested as earned. Management and the Board update the fund target annually based on the fund methodology. GVHA's goal is to continually move towards a fully funded plan. However, with the rising costs of facility infrastructure and with the future requirements of debt in order to fund infrastructure, this will continue to be a challenge. To this end, GVHA will do a thorough review of its insurance methodology, along with integrating with the business continuity plan process, to ensure effective and appropriate coverage is maintained.

During 2018, GVHA entered into a seven-year Facility Agreement with Coast Capital Savings to fund the Dolphin Expansion Project at Ogden Point, which will allow the largest cruise ships in the region to visit the Greater Victoria area. In addition, GVHA was successful in its' application to receive up to one third (\$1.9 million) recovery in federal funding under the Building Canada Fund, after receiving endorsement from the Province of British Columbia. All costs of the Dolphin expansion project, including the capital outlays and financing, will be recovered as part of the cruise sustainability fee paid by the cruise lines between 2019 - 2025.

FACILITIES



GVHA owns fee simple properties and has leasehold interests in properties as indicated on the map above. Our customers include cruise lines, shipping companies, commercial vessels including marine tourism and commercial fishing vessels, recreational vessels, live-aboards, float homes, and commercial businesses. Each facility focus is described below.

OGDEN POINT DEEP WATER TERMINAL

Between 65 - 70% of GVHA's revenue is generated by cruise industry revenue at Ogden Point each year. Ogden Point is Canada's busiest cruise port of call with more than seven million cruise passengers having visited the Capital Region since 2002. Ogden Point is nearly nine hectares of land and seabed, including four berths, breakwater, warehouse, staging area, helicopter terminal, and other commercial operations. This facility is jointly managed with Western Stevedoring responsible for the cruise and shipping operations.

The cruise industry contributes approximately \$130 million annually to the regional economy and supports 880 direct and indirect jobs (2016 BREA study). In the 2018 season (between April and October), 250 ships, carrying 640,000 passengers and 260,000 crew, visited the Ogden Point Cruise Terminal. We are expecting a double digit increase in passenger and crew arrivals over the next three years. We are investing to sustain this critical aspect of GVHA's business model with \$8.5 million budgeted for new dolphin infrastructure to extend Pier B to accommodate the larger cruise vessels. This infrastructure project will be completed and ready for the 2019 season. GVHA expects to continue investing in the facility over the next 20 years to support continued growth of the cruise business and to realize the vision for the Ogden Point Master Plan.

STRATEGIC FOCUS for the next 3 years:

Ogden Point Master Plan – complete and execute

GVHA initiated the Master Planning process in 2009 as a commitment to the City of Victoria to create a comprehensive master plan for the redevelopment of Ogden Point. Progression of this plan will include:

- Securing a development partner for the project;
- Completing the master plan with supporting market data and transportation demand management plan with the development partner;
- Submitting the final plan to City of Victoria for approval;
- Initiating and completing the land use amendment and rezoning process with City of Victoria;
- Exploring investment strategies to execute the plan; and
- Presenting a visual identity for the area.

The Ogden Point Master Plan will be completed during this business plan cycle. The future development of the new visual identity at Ogden Point is seen as key to a sustainable future to maintain and evolve the precious marine and historical assets under GVHA management and stewardship.

The opportunity for the new visual identity is one of transformation – to realize the full potential of these spectacular waterfront lands. This area will become an economic and community asset, sustainably designed for the future of our harbour and region.

Cruise Homeport –progress the initiative

Working collaboratively with our partners at Destination Greater Victoria, The Chamber, and the cruise industry, GVHA is actively working towards diversifying its cruise business and establishing a cruise homeport for Greater Victoria. The cruise homeport concept is rooted in GVHA's guiding principle of a triple bottom line, specifically generating broad economic and social benefit for the region. It is important to note that obtaining a homeport will require significant effort with minimal return to GVHA's bottom line. To become a homeport there must be investments made to Ogden Point. US pre-clearance is a critical piece in the puzzle for homeporting at Ogden Point. With US CBP pre-clearance vessels may depart directly from Greater Victoria to Alaska, allowing for more time in Alaskan waters. Bill C-23 has been passed by the Canadian government, opening up opportunities for pre-clearance expansion to new greenfield sites such as Ogden Point.

According to the Port of Seattle and the Port of Vancouver, the economic benefits of one ship conducting a turn-around operation (homeporting once) is as much as four times higher than the economic benefits from a cruise port of call. GVHA has calculated the average economic benefit (direct and indirect) of one cruise ship port call to Ogden Point is \$600,000. The average passenger count per vessel in 2018 was approximately 2,500 sailing passengers.

Design plans for Ogden Point and the future homeport terminal building are being contemplated to determine the right size for the market. Considering the size of vessels likely to homeport at Ogden Point the potential economic impact to the region per turnaround would be \$2.0m to \$2.5m per ship.

Progression of this plan will include:

- Obtaining US Customs and Border Protection (US CBP) pre-clearance at Ogden Point
- Targeting various cruise lines to partner with GVHA on becoming the homeport host
- Building strategic relationships with various vendors and partners throughout the Greater Victoria area that will support homeport supply requirements, travel accommodations, etc

Cruise Fourth Berth Strategy – develop the concept

Many of the cruise ships visiting Ogden Point are homeported out of Seattle, WA. Plans are in the works for Seattle to increase its cruise capacity and therefore creates the opportunity for GVHA to seek additional cruise berth capacity. A fourth cruise ship berth outside of Ogden Point is essential to respond to the cruise market and manage impact on the region. This opportunity needs to be researched and evaluated carefully to understand all opportunities and risks. Key considerations for a proposed site are the suitability of proposed location from a maritime and ground transportation/social sustainability perspective and the overall cost of required infrastructure.

LINES OF BUSINESS

Cruise – growth opportunities

GVHA is committed to the long-term sustainability of cruise tourism in Greater Victoria. Cruise sustainability may be considered through the multi-layered lenses of economic, social, and environmental sustainability, and consideration of the high-level stakeholder groups, including cruise line companies, Greater Victoria residents, and businesses.

Alaska continues to be a premium cruise destination with increasing demand. Over the next three years, cruise revenue is expected to grow by 9% per year due to larger ships coming and the introduction of new cruise brands into the market. GVHA along with its terminal operator and industry partners will work at innovative solutions such as increased utilization of the berths during the daytime to manage this growth. This solution will help manage the impact on the community for ground transportation and employment. In addition, GVHA is negotiating long-term agreements with our largest cruise partners and shorter itineraries in the Pacific Northwest in collaboration with the other ports to ensure commitment to the region.

A key initiative over the next three years is to ensure safe people movement on and off the terminal. Enhancements will include on and off-site investments including walkways, signage, traffic routing/management and technological assessments to improve people movement now and in the future. Other initiatives for the cruise growth include marketing, onboard engagement with various cruise line staff, and relationship building.

Non-Cruise/Shipping – sustain the business

Shipping activity, such as yacht transshipment, warehousing, cable storage and other non-cruise shipping revenue is expected to remain constant with incremental opportunities during this business cycle.

Our long-term agreement with Global Marine Systems and the vessel Cable Innovator utilizes 30,000 ft² of the Pier A warehouse to store fibre-optic cable for repair works on underwater cable systems in the Pacific Ocean is in place until 2024.

Commercial – sustain the business

Commercial businesses at Ogden Point include marine services, building and repair, food and beverage, air transportation, and storage.

Revenue from this source is expected to stay stable. However, it will need to be managed closely due to agreements expiring and the expected timeline with the redevelopment of the facility. Consideration for new and replacement offerings on the site will also be managed in conjunction with redevelopment plans. New incremental revenue could be realized through marketing initiatives relating to cruise tourism.

STEWARDSHIP

Environmental Sustainability – consistency

GVHA is committed to mitigating any adverse environmental impacts from operations on its properties and acknowledges the tremendous work the cruise industry does to protect the environment. The cruise industry is continuously improving its environmental impacts through retrofitting advanced air emission purification systems, reducing or eliminating single-use plastics, improving waste management systems and choosing suppliers that meet rigorous environmental standards. From a local air quality perspective, GVHA continues to sponsor an air monitoring station at Ogden Point in partnership with the Ministry of Environment.

Over the past three years, GVHA has taken positive and meaningful steps to enhance its ground transportation operations. In 2018, GVHA introduced bus-age requirements that led to all buses being 2010 or newer by 2019. This is a significant step where, in 2015, the average age of buses operating was 1986. Further steps are being taken to introduce electric buses into the cruise shuttle fleet.

GVHA also participates in the Green Marine Program for Ogden Point. This environmental program offers a detailed framework for maritime companies to first establish and then reduce their environmental footprint. GVHA must demonstrate year-over-year improvement in measurable ways to maintain their Green Marine certification. GVHA completes a detailed annual self-evaluation. The results determine the participant's ranking for each performance indicator on a 1-to-5 scale. Level 1 constitutes regulatory monitoring, while Level 5 indicates leadership and excellence. Reports are independently verified every two years to ensure the

program's rigor and integrity. The process is transparent and GVHA results are made public every year and maintains a 3.5 Level ranking.

GVHA is a participant in the Victoria Harbour Emergency Response Committee for the overall harbour's emergency response, which is an initiative led by the Joint Rescue Co-ordination Centre Victoria.

Capital Infrastructure – sustain and grow investments

Ogden Point showcases critical marine infrastructure including the breakwater, dolphins, bollards, and pier structures. Some of these structures lie mostly underwater and are expensive to repair and maintain.

Ogden Point will see an estimated \$10.5 million in capital expenditures over the next three years (not including the annual maintenance program) and the capital is to be funded through operating cash and funding. All projects costing more than \$100,000 require a business case to support the investment.

Major capital initiatives for 2019/20 include a roof replacement to the Pier A warehouse, including the opportunity for renewable energy applications, security enhancements including additional cameras and improvements made for ground transportation, pier caisson enhancements, and necessary breakwater upgrades.

Asset Maintenance - manage

The maintenance department activities are driven seasonally and divided into two separate, yet unified concepts: operations and improvements.

The operations aspect is comprised not only of day-to-day challenges such as waste management or landscape upkeep, but also cruise season set up and preparation, tear down, events assistance, events set up and tear downs, and facility seasonal preparation. Daily inspections and annual facility inspections, mechanical, and electrical inspections are completed. Operations always come first, unless it is a safety and/or an emergency related issue.

Major focus areas for maintenance over the next three years include: pedestrian movement improvements, activation of the site, security enhancements, marine dolphin structure repairs, lighting, landscaping, and parking lot maintenance.

FISHERMANS' WHARF

Fisherman's Wharf has 4.5 hectares of land and seabed, providing moorage for vessels including live-aboard vessels, commercial fishing vessels, fish off-loading facilities, fuel dock facilities, marine tourism and retail activities, float homes, and other commercial and recreational activities. Fisherman's Wharf is home to the Harbour Master and harbour patrol team. GVHA, in partnership with Harbour Air and Transport Canada, installed the harbour's custom dock at Raymur Point to the east of Fisherman's Wharf. This facility was moved from the Inner Harbour after much discussion and is now found at this pocket marina that GVHA leases from Transport Canada.

STRATEGIC FOCUS for the next 3 years:

Facilities Plan – sustain and execute

GVHA completed the Facilities Plan and rezoning process for Fisherman's Wharf in 2014 and continues to respond to operational growth. Fisherman's Wharf is regulated by a comprehensive zoning bylaw: FWM Zone Fisherman's Wharf Marine District. The zoning bylaw regulates the use and locations for certain uses at the site. This bylaw limits the number of float homes and live-aboard vessels permitted. GVHA works collaboratively with its customers, the local community, and adjacent landowners (City of Victoria and Federal Government) to ensure that Fisherman's Wharf continues to be a vibrant, self-sustaining mixed-use destination now and into the future.

Major focus areas over the next several years that are identified in the facilities plan include:

- Developing the strategy to implement the facilities plan including developing commercial mix, expansion of moorage areas, operational servicing review (i.e. parking, washrooms, garbage), and overall development management plan;
- Assessing and phasing in any upgrades to electrical, sewer, potable water and parking to meet the growing demands of the facility;
- Continuing discussions with the City of Victoria for collaborations and partnerships of service buildings for the David Foster Harbour Pathway, Fisherman's Wharf park, and the facility itself; and
- Partnering with the private sector to build a new fuel dock to service the growing needs of the harbour users as part of a design, build, finance, and operate RFP process.

LINES OF BUSINESS

Marinas – sustain the business

Float Home Customers

Float home revenue accounts for approximately 19% of the total revenue generated at Fisherman's Wharf and 3% of overall revenue for GVHA. The FWM Zone Fisherman's Wharf Marine District regulates the number of float homes and their location to a maximum number of 33 homes. These structures provide a vibrancy to the facility and a large draw for locals and visitors.

GVHA has a ten-year Memorandum of Agreement with the Fisherman's Wharf Community Association (FWCA) which expires in 2021. This agreement outlines the relationship between GVHA and the FWCA. Over the next three years, GVHA and the FWCA will engage and discuss the current agreement and determine next steps.

Fishing Vessels

Fisherman's Wharf is home to approximately 11 resident commercial fishing vessels. This dynamic marine industrial use is key for the Victoria Harbour. In 2018, 2.8 million pounds of seafood was off-loaded at Fisherman's Wharf, destined for local and overseas markets. Revenue from this source is expected to remain stable over the course of the business plan with the focus on identifying opportunities for expanding and enhancing this use.

Live-Aboards/General Moorage

As per the FWM Zone Fisherman's Wharf Marine District 31 live-aboard vessels are permitted to call Fisherman's Wharf home. These vessels are moored on Docks D & E and have access to 30-amp and 50-amp power. The majority of the 67 moorage slips are full throughout the year. Revenue remains consistent from this customer group.

Commercial Business – sustain the business

Several eateries, retail, and marine tourism businesses contribute to the dynamic nature and attraction use at Fisherman's Wharf. There is a direct correlation between the tourism sector and revenue growth from this line of business. Increased public seating capacity and servicing upgrades including washrooms and waste will be the focus of this business plan period. Opportunities for new commercial offerings at the site will be minimal due to capacity constraints. Over the three-year period no unsolicited business proposals will be considered.

STEWARDSHIP

Environmental Sustainability – *consistency*

GVHA participates in Clean Marine which is a Marina Eco-Certification organized by the Georgia Strait Alliance. It encourages best practices around sewage and grey water discharge, fuel and oil spills, waste disposal, and derelict vessels. It is a voluntary marine industry program that provides GVHA and other marinas with a program to reduce their environmental impacts and receive recognition for doing so. Marinas undergo independent environmental audit every three years to establish their level of sound environmental practice (scored out of five). GVHA is proud to have achieved a 5-Anchor Clean Marine ranking. Initiatives include:

- As part of its annual events, GVHA hosts in partnership with industry World Ocean's Day every June at Fisherman's Wharf. This is a well attended event that showcases the critical importance of our oceans;
- Reef balls installation, in partnership with World Fisheries Trust and Eagle Wing Tours, as efforts to bring a variety of marine life back to the Victoria Harbour; and
- Sewage pump out service at Fisherman's Wharf on Dock B, in addition to a mobile sewage pump out service to vessels at its marinas on a weekly basis.

Capital Infrastructure – *sustain and grow investments*

The servicing infrastructure is what constrains any expansion at Fisherman's Wharf. Assessing what we have and what we need is critical over the next three years, with a plan to phase in any improvements over time. A return on investment and business case must be developed to ensure that any investment is sustained over the long term.

Fisherman's Wharf – estimated \$6.7 million capex over the next three years.

Major capital initiatives for 2019/20 include: washroom upgrades, utility services upgrades, waste facility upgrades, and parking improvements.

Asset Maintenance – *manage*

The maintenance department activities are driven seasonally and are divided into two separate yet unified concepts; operations and improvements.

The operations aspect is comprised of not only day-to-day challenges such as waste management or landscape upkeep, but also events assistance, events set up and tear downs, and seasonal facility preparation. Daily inspections and annual facility

inspections, and mechanical and electrical inspections are completed. Operations always come first unless it is a safety and/or an emergency-related issue. A focus for the maintenance team at Fisherman's Wharf is the sewage pump out, janitorial and washroom duties, and waste management. Operationally, GVHA will be working towards savings through waste reduction strategies and recycling, particularly at Fisherman's Wharf where we are hoping to reach a zero-waste facility designation by 2020. Continued support and working with marina services, properties, and contracts will enable better enforcement of policies and abilities for recoverable expenses for some utilities and waste. Focused efforts and evolution to greener products and technologies such as LED lighting, cleaner fuels, paints, and more affordable eco-friendly cleaners and agents is also a priority.

INNER HARBOUR

The Inner Harbour facilities are comprised of the water-based marinas and some upland areas stretching from the Lower Causeway north to the Johnson Street bridge, excluding Harbour Air facilities. The Inner Harbour facilities are described as follows:

Johnson Street and Wharf Street Marinas – This area includes the Broughton Street pier and the Hyack Terminal. Uses include annual and recreational vessel moorage, marine tourism, other commercial vessels, and float plane moorage at the Hyack Terminal. There is very limited use available at Johnson Street facilities due to facility condition and proposed timing of adjacent upland development.

Causeway and Ship Point Marinas– Guest moorage facilities, eco-tourism, and other commercial activities are the primary uses at this facility. The Ship Point pier is dedicated to larger vessel moorage and upland event activities. The Causeway experience includes a vendor program showcasing First Nations artisans and locally sourced and made products. Street performers and musicians form part of the ongoing Harbour Festival, providing entertainment for visitors and locals.

STRATEGIC FOCUS for the next 3 years:

Facilities Plan – develop the plan

The Inner Harbour is one of the jewels of downtown Greater Victoria and a major visitor attraction. There is considerable interest from multiple stakeholders for development and beautification of the Inner Harbour, and GVHA will be a major player in any successful implementation of the emerging vision. The Inner Harbour is defined as the area from the, “Welcome to Victoria,” flower bed sign north to the pocket marina adjacent to Johnson Street bridge.

For the facilities owned and operated by GVHA, our organization has invested \$4 million in the Inner Harbour since 2002. Of the approximately \$1 million invested annually by GVHA in beautification and public celebrations, more than half is spent in the Inner Harbour.

Our properties within the Inner Harbour locations contain significant untapped potential and will require capital investment over the near to medium-term. We will determine the highest and best use of GVHA land and water properties in the Inner Harbour and act as a catalyst with other harbour property owners to inspire positive change. A significant amount of analysis, planning, consultation, negotiation, and implementation will be necessary to crystalize the vision for the future of our properties. The objective is to optimize revenue opportunities from the properties – and thereby GVHA’s financial self-sustainability and responsible stewardship – while still achieving social benefits such as those we have historically provided and as set out in the City of Victoria’s, “*Harbour*”

Vitality Principles.” We will ensure that Songhees Nation and Esquimalt Nation are integral to the process of any changes to GVHA properties in the Inner Harbour. We will proactively pursue win-win opportunities for these properties as follows:

- **Causeway** – develop a campaign to raise funds for the needed investments for the Causeway and consider alternative funding sources and/or service providers for the on-going maintenance responsibilities. We will continue to discuss the need for fair and reasonable rates for the use of the property with public event and festival operators that contribute to the sustainability of the asset.
- **Ship Point Pier**– investigate the potential to leverage the deep-water at this location and whether a business case may be made for capital reinvestment. Otherwise, we will enter into discussions with our Member Agencies and with public event and festival operators about the future viability of this property.
- **Wharf St. Marina** – actively investigate opportunities to maximize commercial potential of these sites, including the adjacent uplands (some of which are currently under Treaty negotiation). Investigate potential configuration redesign.
- **Hyack and Johnson St. Marinas** – maximize the commercial potential and revenue to GVHA of both properties when viewed as one contiguous water lot. We will initiate discussions with upland owners regarding future development and opportunities of looking at both land and water simultaneously. With right of first refusal commitments in place with two partners, GVHA is open to the highest and best use options for these marinas moving forward.

LINES OF BUSINESS

Marina’s – sustain the business

The Inner Harbour moorage is seasonal and offers great location options for transient vessels in the high season from June through September. Come October 1, the popular winter moorage program begins and there are some long-term annual vessel moorage spaces available.

Moorage rates are at or close to market rates at all marinas, so revenue growth will be dependent upon better utilization and occupancy levels. Proactive marketing initiatives will be implemented to drive growth.

Commercial Business – sustain the business

There is an active presence of the marine tourism business in the Inner Harbour including whale watching, fishing charters, sailing charters, harbor tours and transportation, and paddleboard and kayak rentals. There is a direct correlation between the tourism sector and revenue growth from this line of business.

STEWARDSHIP

Capital Infrastructure – sustain investments

Inner Harbour – estimated \$1.9 million capex over the next three years.

The major initiative over the next three years is to work collaboratively with stakeholders and Inner Harbour users about the future potential of these water-based facilities.

Key assets, such as the Inner Harbour Causeway, must be discussed as to the long-term viability of this asset. This asset is largely used by the public and visitors, so revenue to sustain this asset is minimal. Consultation with stakeholders is key to any future potential. Ship Point is critical marine infrastructure and its uses have evolved over time. A new revitalization of this asset is needed to enhance the Inner Harbour.

Asset Maintenance – manage

The maintenance department activities are driven seasonally and are divided into two separate yet unified concepts: operations and improvements.

The operations aspect comprises not only day-to-day challenges such as waste management or landscape upkeep, but also events assistance, events set up and tear downs, and seasonal facility preparation. Daily inspections and annual facility inspections, and mechanical and electrical inspections are completed. Operations always come first unless it is a safety and/or an emergency related issue. Continued focus on the landscaping efforts to the, “Welcome to Victoria,” flower bed sign and the daily waste management efforts help ensure the area is pristine for the public and visitors to enjoy.

STEAMSHIP BUILDING

The Steamship Terminal building is a four-story historic landmark alongside the Inner Harbour, with an adjacent water lot, that GVHA leases from the Provincial Government. Designed by Frances Rattenbury and PL James and constructed in 1924, this historic structure now offers a mix of commercial and retail tenants.

STRATEGIC FOCUS for the next 3 years:

Facility Plan – sustain and execute the plan

GVHA has identified the highest and best use of the Steamship Terminal Building and water lot and will execute those developing strategies to improve the revenue performance of this property.

LINES OF BUSINESS

Commercial – sustain

The building includes a variety of commercial users such as V2V Vacations, Steamship Grill and Bar, The Robert Bateman Centre, and Starbucks.

Looking forward, opportunities include:

- Stable occupancy on all floors;
- Forecourt activation; and
- Advertising revenues from exterior signage.

STEWARDSHIP

Capital Infrastructure – sustain investments

As the property is owned by the Provincial Government, capital infrastructure investments are limited to tenant improvements within the property or building improvements that GVHA would manage on behalf of the owners.

Steamship – estimated \$200,000 capex over the next three years. This includes only final build out of Level 1 and is subject to negotiations with any future tenants.

Asset Maintenance – manage

The maintenance operations of this facility are related to day-to-day operations with the multiple tenants within the building and managing the outsourced contracts for items such as janitorial, elevator maintenance and inspection, security, and mechanical areas maintenance.

As this building has a washroom that is opened to the public during operating hours this increases the efforts on security and janitorial.

COMMUNITY ASSETS

Through the Transport Canada divestiture in 2002, various community amenity infrastructure assets were included, as listed below. These assets are free for public access and generate very little revenue, if any, for GVHA. While residents and visitors enjoy these iconic locations, the infrastructure requirements to maintain them going forward will be significant.

STRATEGIC FOCUS for the next 3 years:

Throughout this business planning period, the organization will focus efforts on:

- Maintaining the infrastructure, based on effective life-cycle planning;
- Investigating and securing various funding mechanisms to support the significant costs expected, such as cost sharing opportunities, government funding, and capital campaigns; and
- Activating the amenity space further through enhanced community events.

Capital investment over the business planning period (2019-2022) is estimated at \$7.9 million and will increase dramatically over the next 20 years, as these assets continue to age.

STEWARDSHIP:

The Ogden Point Breakwater

The breakwater was built in 1917 as critical infrastructure for marine navigation and protection of the piers and vessels moored at Ogden Point. Since that time, GVHA has enhanced the breakwater as a public through the installation of handrails and barrier-free accessibility. It is one of the region's most used assets and offers spectacular views of the Olympic Mountains in Washington State, the Dallas Road waterfront, Sooke Hills, and Ogden Point.

GVHA has completed a condition assessment of this critical marine infrastructure and determined the maintenance requirements and the opportunities to further enhance for public enjoyment. Investment funding in these amenities will come from various sources.

There are no revenues generated from this community asset.

Public Boat Launch, Ogden Point

GVHA offers a public boat launch facility at the north end of the facility, which is operated by the James Bay Anglers Association.

Over the next two years, the CRD will be completing its sewer force main project on the site and thereafter GVHA will allow full access to the public boat launch to resume operations.

There are no revenues generated from this community asset.

Customs Dock, Raymur Point

The customs dock at Raymur Point, just west of Fishermans' Wharf, was rebuilt in 2013 in partnership with Transport Canada and Harbour Air. This dock provides safe access for international vessels coming to the Greater Victoria Harbour. GVHA commits to annual maintenance of the dock as a service to its international guests.

There are no revenues generated from this essential community harbour asset.

The Lower Causeway, Inner Harbour

The jewel of the Inner Harbour is the Lower Causeway that borders the picturesque setting. This public gathering place and walkway requires significant resources on an annual basis to maintain a safe and clean area.

The Upper Causeway, constructed in 1903, features a granite retaining wall that allowed for the infilling of the mud flats and the subsequent construction of the Empress Hotel by the Canadian Pacific Railway, which established Greater Victoria as a primary visitor destination on the west coast of Canada. The Lower Causeway was completed in 1974 and later designated as heritage for the City of Victoria. The heritage value of the Lower Causeway resides in its strategic role in the development of Victoria's urban environment, for the way it reflects the changing role of Victoria's urban environment, for its design, and its use. Since it was constructed, it has become a significant public space in the heart of the city, used by residents and visitors, market stall-holders, musicians, and artisans.

GVHA has undertaken a condition assessment on the infrastructure which highlights significant structural investment requirements over the next 20 years. During this business plan period, GVHA will solidify timelines, funding mechanisms, and execute immediate repairs as required in order support the community uses.

Public events/uses are the only revenue source generated from this asset, most of which are fully sponsored by GVHA, and as such this community amenity is not self-sustaining.

Ship Point, Inner Harbour

Ship Point consists of a pier structure built in two phases, in 1947 and 1974, with ownership boundaries that include 65% ownership by GVHA and 35% by the City of Victoria. This asset has been identified as a strategic component by the City of Victoria as part of its Ship Point Master Plan, which was unveiled in 2017 and continues to be developed.

GVHA has undertaken a condition assessment of the pier that highlights significant structural investment requirements over the next 25 years. Emergency repairs are being made in 2018/19, based on the assessment, under a partnership agreement between the two owners. The budget for this project is \$3.2 million (GVHA \$2 million and The City of Victoria \$1.2 million). GVHA has chosen to fund its share through surplus cash from operations, as government funding was not available.

A joint-use management agreement will also be put in place to identify ongoing facility oversight. During the business plan period, the organization will address funding mechanisms to execute the next infrastructure investment timeline, estimated to be in 2023.

GVHA will continue to strive for a highest and best use for this asset going forward as part of the Inner Harbour Master Plan strategic initiative included in this business plan, and in consultation with stakeholders.

FINANCIAL PERFORMANCE

GVHA continues to be self-sufficient and is generating sufficient income to fund sustaining maintenance in the short-term and will seek additional funding opportunities to support planned growth in revenue-generating properties.

Long-range financial forecasts are updated on a quarterly basis to ensure sustainability for at least 20+ years. This provides management and the board with effective oversight surrounding decisions and impacts to the organization.

THREE-YEAR PLAN ASSUMPTIONS:

The major financial assumptions included in the financial forecast are:

- Consumer Price Index (CPI) increases for most revenues and expenses, unless more information was available;
- Cruise passenger volumes are growing, based on market demands;
- Marina and commercial operations see moderate growth opportunities;
- Operating expenses are scaled according to initiatives;
- Salaries and Wages maintained at or below 33% of operating revenues; and
- Strategic initiatives as described above have been considered

Operational Financial Forecasts ('000s)

Based on the detailed initiatives and focus areas described in the plan and the assumptions noted above, the following operational cash flows are expected. The debt obligation relates to repayment of the Coast Capital Facility Letter, which was utilized for the Dolphin expansion project in 2018/19. All remaining cash flows are funneled into a Capital Reserve Fund (CRF) approach, to support the growing capital infrastructure investment requirements.

Fiscal Year (\$'000)	2018/19 Budget (Baseline)	19/20	20/21	21/22
Operating Revenue	\$13,724	\$15,840	\$17,511	\$18,328
Operating Expenses	\$12,211	\$12,943	\$13,446	\$13,784
EBITDA - Cash from Operations	\$1,513	\$2,898	\$4,065	\$4,545
Debt obligation, principle and interest	\$0	\$1,080	\$1,080	\$1,080
Capital Reserve Fund (CRF)	\$1,513	\$1,818	\$2,985	\$3,465

Capital Financial Forecasts ('000s)

Capital investment is expected to be significant over the planning period due to aging infrastructure at both our facilities and the community assets that we steward, as well as to support the desired growth plans we are aiming to achieve. The expected capital investments have been categorized into three distinct asset pools, as follows:

- Maintenance – facility assets requiring regular upkeep to maintain existing operations and revenue streams
- Growth – initiatives to upgrade the facilities to enhance the service offerings
- Community assets – public, non-revenue generating assets that require investment to maintain service levels

Capital Investment Plan Fiscal Year (\$'000)	2018/19 Budget (Baseline)	19/20	20/21	21/22
Maintenance Capital	\$5,288	\$2,973	\$3,811	\$1,185
Growth Capital - Ogden Point *	\$8,500	\$300	\$5,200	\$4,030
Growth Capital - Fishermans' Wharf *		\$0	\$2,061	\$4,356
Growth Capital - Inner Harbour *		\$0	\$35	\$83
Growth Capital - Steamship Terminal *		\$50	\$0	\$0
Community Asset Capital *		\$ 864	\$ 746	\$ 2,346
TOTAL CAPITAL	\$ 13,788	\$ 4,186	\$ 11,853	\$ 11,999

* contribution to any of these initiatives will require a Business Case and will depend upon an appropriate investment strategy to support the funding and implementation

The Capital Reserve Fund (CRF) will be used to fund the Maintenance asset pool first and foremost to support existing operations. Based on current estimated capital spends, the CRF will have about \$5 million at the end of the planning period. Growth and community asset investments will require a sound business case combined with strategies to fund, which may include partnering options, government funding opportunities or utilization of the CRF, depending on the project.

Capital Reserve Fund (CRF) Fiscal Year (\$'000)	2018/19 Budget (Baseline)	19/20	20/21	21/22
CRF Opening balance: (Cash on hand)	\$7,400			
Add: CRF Contributions	\$1,513	\$1,818	\$2,985	\$3,465
Less: Maintenance Capital	\$5,288	\$2,973	\$3,811	\$1,185
Equals: Net annual CRF	\$3,625	-\$1,155	-\$826	\$2,280
CRF Closing balance	\$3,625	\$2,470	\$1,644	\$3,924

Performance Metrics

GVHA has six main goal areas and correlating success measures that drive the performance and decisions of the organization:

BUSINESS PLAN Performance Dashboard

Goals	Success Measures (1)	Baseline 18/19	19/20	20/21	21/22
Governance & Accountability	Compliance with Governing Bodies	Board approval and Member Agency acceptance of Strategic Plan, Business Plans and Annual Reports	Board approval and Member Agency acceptance of Strategic Plan, Business Plans and Annual Reports	Board approval and Member Agency acceptance of Strategic Plan, Business Plans and Annual Reports	Board approval and Member Agency acceptance of Strategic Plan, Business Plans and Annual Reports
	Enterprise Risk Management Process for Organization and Board	Annual approval of Risk Registers by Board	Annual approval of Risk Registers by Board	Annual approval of Risk Registers by Board	Annual approval of Risk Registers by Board
Organizational Effectiveness	Employee engagement score	82%		>= 82%	
	Employee efficiency ratio	Salary/benefit costs are < 33% of adjusted operating revenue	Salary/benefit costs are < 33% of adjusted operating revenue	Salary/benefit costs are < 31% of adjusted operating revenue	Salary/benefit costs are < 30% of adjusted operating revenue

Performance Metrics

BUSINESS PLAN Performance Dashboard

Goals	Success Measures (1)	Baseline 18/19	19/20		20/21		21/22	
Business Performance & Customer Focus	Project Development	Not defined	OPMP Rezoning Application Complete by 2020		Business Continuity Plan Complete		Inner Harbour Master Plan Strategy Complete	
	Annual excess of revenues over expenses (\$M) and margin results		Excess (\$M)	Margin %	Excess (\$M)	Margin %	Excess (\$M)	Margin %
		Ogden Point	\$2.90	26%	\$4.01	31%	\$4.49	33%
		Fisherman's Wharf	\$0.30	15%	\$0.34	17%	\$0.36	18%
		Inner Harbour	(\$0.29)	(15%)	(\$0.26)	(13%)	-\$0.25	(\$0.12)
		Steamship Terminal	(\$0.26)	(45%)	(\$0.24)	(41%)	-\$0.23	(\$0.39)
		Community Assets	TBD		TBD		TBD	
		Total	\$2.65		\$3.85		\$4.36	
Economic, Social and Environmental Benefit for the Region	Economic Impact on the Region	\$130M ; 880 jobs (cruise 2016 only)					Complete full economic impact report	
	First Nations Engagement Score	PAR Program - Committed level					PAR Program - Bronze level	
	First Nations Contributions	1% of operating revenue	1% of operating revenue	1% of operating revenue	1% of operating revenue	1% of operating revenue	1% of operating revenue	
	Clean Marine and Green Marine ratings	Blended 4/5	Blended 4/5	Blended 4/5	Blended 4/5	Blended 4/5	Blended 4/5	

Performance Metrics

BUSINESS PLAN Performance Dashboard

Goals	Success Measures (1)	Baseline 18/19	19/20	20/21	21/22
A Trusted Advocate for the Working Harbour	Stakeholder and Customer Engagement surveys	> 70%	> 70%	> 70%	> 70%
	Long Term Cash flow sustainability	Not defined	> 20 years	> 20 years	> 20 years
Financial Self-Sufficiency & Responsible Stewardship of GVHA Properties	Capital Reserve Fund Balance, beginning of year (\$M)	\$6.27	\$3.63	\$1.40	(\$0.51)
	Annual surplus EBITDA (\$M)	\$3.48	\$1.82	\$2.98	\$3.46
	Debt Servicing (\$M)	\$0.02	\$1.08	\$1.08	\$1.08
	Capital Investment in Sustaining Maintenance Projects (\$M)	\$4.37	\$2.97	\$3.81	\$1.19
	Capital Reserve Fund Balance, end of year (\$M)	\$5.36	\$1.40	(\$0.51)	\$0.69
	External Fundraising for Community Asset Investment (\$M)	Not defined	\$0.86	\$0.75	\$2.35
	Restricted Reserve Fund	\$6M	6% growth	6% growth	6% growth

ACCOUNTABILITY AND RISK MANAGEMENT

CONSTITUTIONAL STRUCTURE

GVHA’s constitution sets out the expectation for public accountability by stating that GVHA will:

- Work in a cooperative manner with the Members, community associations, governments and private business, developing partnerships where appropriate;
- Respond to, and be reflective of, community interests, including the harbour users, at all times through consistent forms of consultation; and
- Ensure the public is consistently informed on the operations of the harbour.

GVHA management is accountable to the Board of Directors, who in turn answers to the eight Member Agencies. The Board has fiduciary responsibility to set the strategic direction, oversee the operations and finances and manage enterprise risk.



ENTERPRISE RISK MANAGEMENT

GVHA’s Enterprise Risk Management (ERM) program, which is based on the internationally recognized principles from ISO 31000, applies to all staff and assists the organization in achieving its strategic goals by bringing a systematic approach to identifying, analyzing, mitigating, and reporting risks. GVHA’s Board considers risk management to be fundamental to good management practice, and a significant aspect of the board’s oversight activities. Effective management of risk provides an essential contribution toward the achievement of GVHA’s strategy, operational objectives, and goals.

GVHA’s risk philosophy represents the shared beliefs and attitudes of how GVHA identifies and manages risk in its business, including strategic planning, day-to-day decisions, and the operation of GVHA facilities. GVHA’s active risks are documented in a corporate risk register and reviewed quarterly by management and Board Committees. Management identified more than 60 enterprise risks with mitigation strategies and performance measures for each risk. Each enterprise risk is linked to one or more of GVHA’s strategic goals and falls under one or more of the following risk categories:

Risk Category	Definition
Political	Risk arising from government regulation or political priority/event
Economic (external)	Risk arising from changes in the economy
Financial (internal)	Risk threatening financial capacity or long-term sustainability of the organization
Environment	Risk arising from the actual or potential threat of adverse effects on living organisms and the environment by effluents, emissions, wastes, resource depletion, etc.
Technical	Risk arising from activities such as design and engineering, manufacturing, technological process and test procedures
Social	Risk arising from potential negative impacts to the community (including noise, traffic, air quality), labor conditions or human rights issues
Public/reputation	Risk arising from publicity or public perception,
Operational	Risk arising from potential issues with information systems, employee recruitment and retention, breaches in internal controls, fraud, etc.
Legal	Risk arising from the potential that unenforceable contracts, lawsuits or adverse judgments could disrupt or otherwise cause negative impact
Safety	Risk arising from potential injury to an individual, or damage to property

GVHA's Risk Register

Each of GVHA's identified risks is given a rating, based on the following components, where
 Probability x Severity = Risk Rating:

Probability		Severity		Risk Rating
1	Nearly impossible (<5%)	1	Insignificant	1-5 Low
2	Unlikely (5-25%)	2	Minor	6-10 Medium
3	Possible (25-55%)	3	Moderate	12-16 High
4	Likely (55-90%)	4	Critical	20-25 Extreme
5	Imminent (>90%)	5	Catastrophic	

GVHA's Top Ten Risks:

- External funding opportunities are too low to support community asset needs
- Cruise industry recession impacts economic value generation to the Greater Victoria area
- Regulatory approval process for development becomes a roadblock
- Public reputation and community support softens due to over-tourism impacts
- Financial resources insufficient to meet growing operational and infrastructure demands
- Environmental/Public safety incident causes significant harm to others
- Political landscape changes impact strategic initiatives and vision
- Private sector lacks interest in growth opportunities at the facilities
- Skilled resources cannot be retained or recruited
- Competing initiatives are ineffectively managed, resulting in capacity constraints