

BOARD OF DIRECTORS HIGHLIGHTS – FEBRUARY 2021



Q4 Board Meeting Report

GVHA Board Highlights provides a brief summary of items from each monthly regional Board meeting. The summary is not inclusive of all agenda items.

Financial Outlook

With the announcement that suspension of cruise has been extended until February 28, 2022, the Board approved a deficit budget for the FY2021/22 of up to (\$3.79M). GVHA has made many difficult but necessary choices to cut spending in all areas of the organization including cutting all capital projects and reducing insurance levels on non-critical properties. The Board of Directors voted to continue to forgo meeting fees for Q1. This decision was originally made in June 2020 and is revisited quarterly at each Board Meeting. GVHA is looking for external funding opportunities for capital projects and to maintain the properties and keep them open to the public.

KPI: Financial self sustainability

Q3 Results: > 20 Years

Operations Update

Security continues to be a priority due to lack of activity on the properties. There has been an increase in graffiti and vandalism. The operations team along with security staff are working with the Victoria Police and the Downtown Victoria Business Association Clean Team on cataloguing and removing graffiti. Due to budget cuts, GVHA staff have been cross-trained and will be taking over all landscaping and some cleaning contracts. The plant order for The Breakwater District at Ogden Point and the Welcome to Victoria sign was cancelled for 2021 saving approx. \$15,000. Environmental initiatives continue, including the creation of a Stormwater Management Plan for The Breakwater District as well as a replacement option for the air quality monitoring station in James Bay.

Cruise Update

The Association of Canadian Port Authorities (ACPA), of which GVHA is a member, continues to work to develop national port protocols for the safe resumption of cruise to Canada. Transport Canada has expressed a willingness to partner with the ACPA cruise committee on protocol review. The US CDC rescinded the No Sail Order in October, but the industry is still waiting for technical specifications required under the Conditional Sailing Order. ACPA will be able to learn from the safe return of cruise in the US, Europe, and Asia.

Facility Condition Assessments

Facility Condition Assessments (FCAs) on all properties were completed ahead of schedule and the replacement costs of key assets confirmed. The FCAs identified priority and long-term projects including seven areas that should be addressed in the next one to five years. All capital projects for FY2021/22 were deferred or cancelled, but repair and maintenance have been factored into the operating budget. GVHA will be exploring external funding opportunities to ensure safety and service levels can be maintained at all properties.

KPI: Replacement Costs of Key Assets are confirmed within the prescribed timeline.

Q3 Results: 90 % Completed based on FCA studies

Committee Report Highlights

First Nations Economic Development (FNED)

GVHA's Phase 3 submission to Progressive Aboriginal Relations (PAR) was accepted on January 20, 2021 and GVHA was approved to move forward to certification. FNED, with full support of the Esquimalt Nation and Songhees Nation Directors, unanimously voted to forgo their budget (1% of annual operational revenue) for FY2021/22. The committee also voted to return unspent funds from FY2020/21 to GVHA to support financial recovery. The suspension of this program is temporary, and GVHA will resume the program when there is a sustainable return of cruise revenue.

KPI: Pursue PAR certification and submit Phase 3 certification no later than end of Q4 2020/21

Q3 Results: Phase 3 submitted. Now focusing on April 2021 certification application.

Human Resources Committee (HRC)

HRC approved the Organizational Labour Budget for FY2021/22, a 33% reduction from the FY2020/21 budget. Staffing levels to remain at 33 staff, a reduction of 14 from pre-COVID levels, with no pay increase for the second year in a row. Core staffing levels are required to maintain operations at the marinas and other facilities which run 24/7 365 days of the year. Further cuts would negatively impact service levels at GVHA properties.

KPI: Total Compensation (salaries/benefits) % of Operating Revenue

Q3 Result: 22% (After CEWS).

Governance Nominating Committee (GNC)

GNC is undertaking a full review of the Governance Risk Register. The top eleven risks were reviewed, updated, and presented to the Board. On January 26, 2021, the Board voted to appoint the four Director nominees presented by GNC. GVHA welcomes the following new Directors - Florence Dick (Songhees Nation) and Geoff Dickson (Destination Greater Victoria) and re-appointed Directors - Marianne Alto (City of Victoria) and Susan Brice (CRD).

KPI: Monitor status of Board risks and develop mitigation strategies

Q3 Results: Top 11 risks reviewed and updated

Audit & Finance Committee (AFC)

With the loss of cruise revenue, GVHA forecasts an annual EBITDA of (\$2.09M) for 2020/21 Fiscal Year and proposed a 2021/22 Total Operating Budget at (\$3.79M). AFC reviewed insurance coverage and proposed to reduce insurance coverage to insure non-critical assets (i.e., causeway and retaining wall) at cash value not replacement value. This will result in a savings of \$141K annually. The first draft of the Economic Impact Study has been completed.

KPI: Annual EBITDA at/or exceeding budget, Budget \$2.95 Forecast -\$3M

Q3 Results: Actual Q3 YTD (\$0.76M) with a Forecast of (\$2.09M)

Infrastructure Planning & Development (IPAD)

IPAD approved a zero-dollar FY2021/22 budget for Capital Projects. GVHA submitted a funding application to the Clean BC Facilities Electrification Fund in support of the Shore Power project. IPAD reviewed the lessons learned from the Dolphin Extension Project which will be used to review future projects. The Sustainable Service Delivery Program Policy was reviewed and approved by the committee.

KPI: Sustainable Service Delivery Plan (formerly known as Asset Management) for each asset (facility).

Q3 Results: Policy drafted and presented to IPAD