

Sharing the Vision



Greater Victoria Harbour Authority
Annual Report 2008



Sharing the Vision

Victoria's harbour is a spectacular gateway to Victoria. As the centre of life in the city, it brings people and communities together. It is an economic catalyst that drives marine and retail business in Greater Victoria, while serving as a gathering place for the community with festivals and events.

Greater Victoria Harbour Authority (GVHA) was founded on February 8, 2002 as a way of establishing local leadership for the harbour. We focus on critical partnerships in the development of an overall vision for the harbour. We strive to bring leadership to the major partners for a collaborative approach to managing the harbour. GVHA cannot do it alone.



2008 STRATEGIC GOALS

Vision

We envision a harbour where people live, learn, work and play; a spectacular gateway to Victoria's past and into its future, monumental in look and feel, linking communities and all people together.

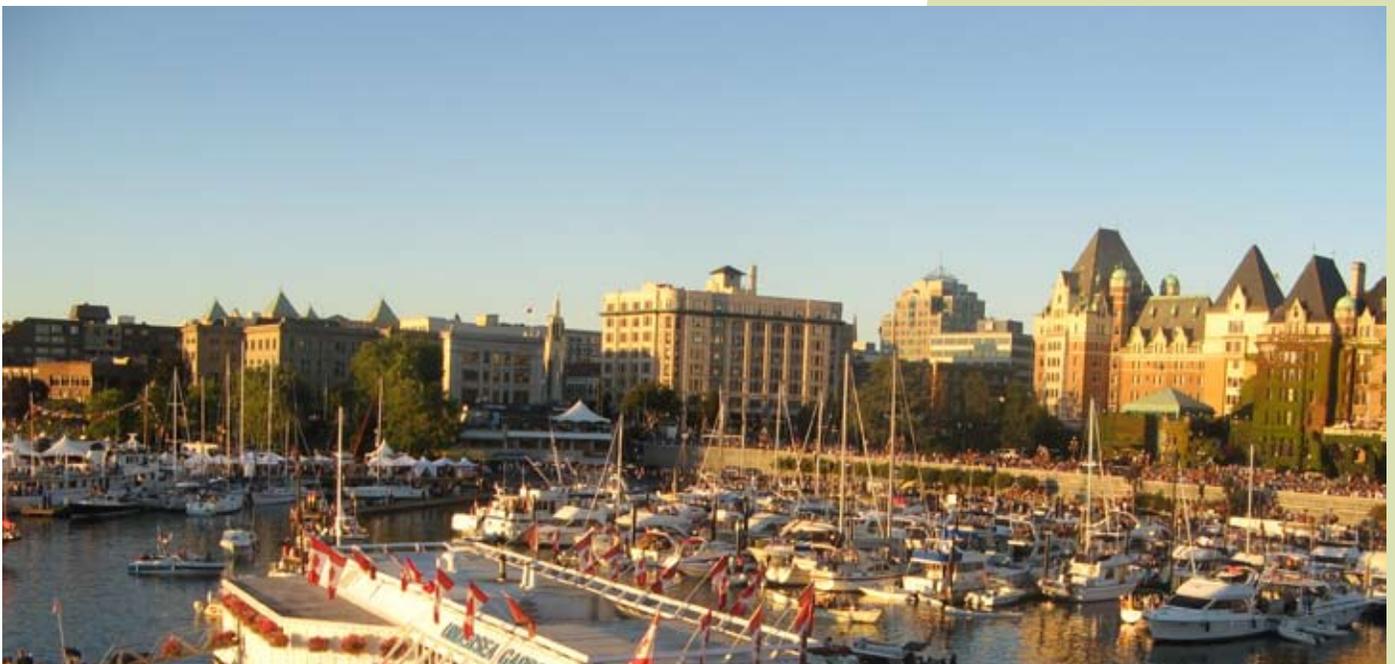
Our mandate is to operate and maintain GVHA to maximize current and future harbour assets, to advocate best water, marine and marine-related use, and the development of the whole harbour.

Strategic Goals

1. To develop a comprehensive plan for the whole harbour to establish GVHA as a leader and an advocate for the harbour with a primary focus on GVHA assets.
2. To be recognized by the community as being capable and responsible stewards of the harbour.
3. To increase assets through the divestiture and acquisition process.
4. To improve capacity building for First Nations partners within the harbour and GVHA facilities.
5. To improve financial stability.

What we do

GVHA owns and operates deep sea, marina, and upland holdings throughout Victoria's harbour including the Ogden Point cruise ship facility, Victoria's renowned Fisherman's Wharf, and the inner harbour's new luxury yacht and marine tourism facility at Ship Point. GVHA is incorporated under the BC Society Act and is governed by a board of directors representing key stakeholders.



Message from the Chair



An Ideal Harbour

*Is busy, dynamic,
engaging, thriving*

*Links people, communities
and places*

*Makes the best use of
harbour waters and assets*

*Contributes to a growing
and developing local economy*

*Strengthens partnerships
with Esquimalt and Songhees
Nations*

*Achieves financial stability,
and social and environmental
responsibility*

With the 150th anniversary of British Columbia becoming a crown colony, I have tried to imagine the Victoria harbour 150 years ago. The early First Nation people and British Columbians had the dream for a spectacular harbour. It was a safe haven for ships which helped drive a vibrant economy just as it does today. There was much activity and entrepreneurial spirit in the region. Over the last one hundred and fifty years, the port's land and water use has changed significantly, yet remains at the centre of life in Victoria.

Reflecting back over the past year, I believe the harbour is in many ways the same as it was then, a busy, thriving, gathering place for all people. Yet, the activities in the harbour are quite different. GVHA facilities are largely used for leisure activity: pleasure boating, cruise tourism, ecotourism, and community gatherings. The contemporary Victoria harbour has a significant impact on the vitality of Victoria. GVHA is proud to participate in the vibrancy of this community.

Looking forward, I am excited for what the future holds. I know our partners share a similar vision for an active, vibrant, and thriving harbour. I appreciate the passion that the stakeholders and customers have for this amazing place. With ongoing cooperation and communication, GVHA will continue to work toward the dream of the Victoria harbour as the most spectacular waterfront in the world, a special place to live, learn, work, and play.

Don Prittie, Chair



Message from the CEO

The vision of GVHA is compelling. It drives our daily actions in the execution of our mandate “to operate and maintain GVHA: to maximize current and future assets, to advocate best water, marine and marine-related uses, and to develop the whole harbour.”

To achieve this I have focused this past year on three priorities: financial sustainability, good stewardship, and advocating for the vision.

Our first and highest priority has been to achieve financial sustainability. This year, we achieved a small financial surplus after depreciation without the inclusion of interest income. But what is financial sustainability for a Society with an estimated asset replacement cost of \$150 million (not including land) as of January 2007 [book value of \$34.2 million (not including land)]. Net profit from operations was \$37,317 including depreciation of \$1.2 million. The industry average for annual depreciation costs is 2 - 3% of the asset value replacement cost so we face a need for significant capital investment. And at a 5% return on capital target we have a long way to go to be sustainable. In 2007/08 \$2.9 million was invested in capital improvements: caissons erosion stabilization on Pier B South, Fisherman’s Wharf improvements to storm damaged fingers 1, 2, & 3, electrical installation on Ship Point, and the purchase of the Mermaid’s Wharf Marina.

We must protect these assets from deterioration and obsolescence. In this regard we have initiated the development of lifecycle plans for all facilities which will assist us in projecting future cash flow implications. We have also initiated an aggressive maintenance program to address deferred liabilities and to ensure these do not overtake us in the future. An enterprise risk management program has begun which identifies the risks and treatments to be used to reduce likelihood and impact of a potential occurrence.

Our second priority has been to provide good stewardship. GVHA operates as an enterprising not-for-profit society, applying best business practices to GVHA’s commercial activity while incorporating the social mandate. The Society continues to make the transition to market value fees. Due to

financial challenges, including being a top 20 contributor of property taxes to the City of Victoria and the need to mitigate the potential of asset obsolescence, the Society must operate in a business-like manner. This past year a highly successful business plan was introduced that uses the balanced scorecard approach.

In recognition of its corporate social responsibility, GVHA provides support for marine and public festivals and integrates best practices in environmental and public safety stewardship. The introduction of the Cruise Tourism Community Initiative, a program to mitigate the impacts of cruise tourism, is an example of GVHA’s commitment to the vision. This past year the question of tenure for residential float homes was addressed in order to reduce uncertainty – residential float homes will not receive tenure beyond a one year moorage licence. This decision reflects GVHA’s commitment to protecting the facilities for the long term public good.

The third priority has been to advance the vision. We have come to understand that we cannot advance the vision alone and require the collaboration of the member agencies and stakeholders. Transport Canada is a critical partner in the current administration and regulation of the harbour and is integral in shaping the future of the Port of Victoria. GVHA is an engaged partner with the Provincial Capital Commission in the planning for a redeveloped Belleville International Ferry Terminal. We provided input into the City of Victoria Downtown Plan and the Harbour Walkway Strategy. We continue our efforts to advance opportunities to create awareness that the harbour is the traditional territories of the Esquimalt and Songhees Nations.

It has been an exceptional year and the future looks bright for Victoria’s working harbour.



Paul Servos, Chief Executive Officer

2007/08: Sustainability and reinvestment in the harbour

Victoria's diverse harbour is vital to the prosperity of the Greater Victoria region. In 2007/08, the focus was on good stewardship of the harbour assets by reinvesting in the facilities, further developing our best management practices, and strengthening partnerships.

A World Class Leisure Port

As part of its commitment to developing GVHA facilities as a world-class leisure harbour, we focused on developing the marinas to offer safe, clean, and unique facilities. The first phase of the Fisherman's Wharf revitalization was completed this past year. Fisherman's Wharf is growing to be the funky, eclectic place we envisioned many years ago. Additional services include power, increased berthing, and new docks throughout the facilities.



Partnering for a better cruise experience

We were inspired by the efforts of the Ogden Point deep sea terminal transportation partners and members of the James Bay community that came together with GVHA to develop the Cruise Tourism Community Initiative (CTCI). The purpose of the initiative is to provide a high quality visitor experience for cruise guests and to enhance the quality of life for local residents. The CTCI seeks to incorporate and build upon best operating practices that can minimize and mitigate potential negative impacts of cruise tourism.

Critical Partnerships

GVHA depends on the support of the stakeholders to fulfill its strategic and business objectives. We enjoy excellent relationships with all levels of government, industry partners, and community associations. GVHA is recognized as a good community member. We host special events on the facilities which provides economic and social benefit to the whole of the Greater Victoria region. The assets of GVHA are managed to maximize community economic development while protecting the public good.

A Gathering Place



GVHA hosted numerous festivals and events in the inner harbour including the Dragon Boat Festival, Floating Boat Show, Swiftsure International Yacht Race, and Symphony Splash. We are proud of our sponsorship of these events and remain committed to keeping the harbour accessible to the whole community. We continue to work with the City of Victoria to help fulfill the dream of a harbour pathway.

First Nations Partnership

The picturesque Victoria harbour was first occupied by the Esquimalt and Songhees people who treasured the calm waters around Victoria. The word Esquimalt is a transliteration of “Ess-whoy-malth,” a phrase usually translated as “place of the shoaling waters.” The Songhees people originally occupied the shores of what is now Victoria Harbour.

GVHA has established a strategic goal “to improve capacity building for First Nations partners within the harbour and GVHA facilities.” We are committed to the development of a strong partnership with the Esquimalt and Songhees Nations.

In 2007/08, we pursued these goals by maintaining the First Nations employment program and by engaging in dialogue with the Chief of each Nation to strengthen mutual understanding and respect.

By the numbers

Cruise	
Cruise Ship Calls	162
Pocket Cruise Ships	15
Cruise passengers	335,483
Cruise ship crew	84,000
Passenger/crew spending	\$23M
Cargo	
Cargo transshipment calls	4
Naval calls	2
Long Term Moorage	
Live Aboard Vessels	26
Float Homes	34
Transient Moorage	
Transient pleasure vessels	3,686
Passengers	10,650
Commercial Fishing at Fisherman’s Wharf	
Fish off-loaded	1M lbs
CFV’s home ported	13
Property	
Lands under lease/licence	272,282 sq. ft



Vision for the Harbour

Fiscal year 2008/09 will be an exciting year with strong and sustainable business activities. We will continue to focus on financial stability and facility reinvigoration, developing best practices for all lines of business, and engaging the partners in the dream of an alive, accessible, and dynamic harbour for all to use.

Financial Stability

With 212 cruise ships scheduled to call at Ogden Point, we anticipate another strong cruise season. We will continue to offer secure and unique marine facilities with expanded moorage space. We continue to maximize use of GVHA uplands and move toward market value rates for all licence and lease holders. Management will continue to advance the enterprise risk management program that was started in the 2007/08 fiscal year.

Facility Reinvigoration

Lifecycle plans will be developed for all facilities in order to prevent asset obsolescence. We will continue the enhancement projects at Fisherman's Wharf and Ogden Point. These projects involve both infrastructure and aesthetic upgrades that will make these facilities places that will awe visitors and make the community proud.

Environment

We are committed to protecting the marine environment in our care. We continue to develop and evolve the best practices for all the facilities. Current initiatives for monitoring and mitigating the impact from our facilities include participating in an air quality study and water testing at Ogden Point, offering increased shore power to marina users, and installing a pump-out station at Fisherman's Wharf. We have a zero tolerance policy on sewage dumping in the Victoria harbour.



Developing Relationships

The vision for the harbour is not achievable without the participation from all the partners in the harbour. Communications are central to success. Working with the member agencies and other key stakeholders for the advancement of the vision of the ideal harbour is a priority. We look forward to these critical partnerships to bring the dream alive.

Board of Directors 2007/08

as at March 31, 2008



Don Prittie, Chair
Capital Regional District



Mark Lindholm,
Vice-Chair
Victoria/Esquimalt
Harbour Society



Doug Enns, Treasurer
Community Director



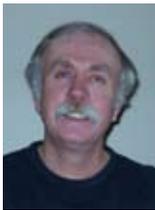
Dan Kukat, Secretary,
Victoria/Esquimalt
Harbour Society



Barbara Desjardins
Township of Esquimalt



Bea Holland
City of Victoria



Ian Maxwell
Community Director



Dan McAllister
Tourism Victoria



Chief Andy Thomas
Esquimalt Nation



Bill Wellburn
Provincial Capital
Commission



Randy Wright
Community Director

Chief Robert Sam, Songhees Nation

Vacant, Greater Victoria Chamber of Commerce

Governance

GVHA's Board of Directors is committed to good governance of the organization. The Governance Committee is responsible for working with the member agencies to identify potential new directors, review the relevance of individual committees, ensure appropriate board orientation and ongoing professional development, provide oversight to the organization's codes of conduct and ethics, and manage the board evaluations.

In 2007/08, GVHA Board of Directors undertook an external evaluation of the Board. The recommendations returned to the Governance Committee were very positive and overall the review showed that the Directors are strongly committed to GVHA and that the Board is operating effectively.

Member Agencies

The members of the Greater Victoria Harbour Authority are the Capital Regional District, the City of Victoria, Esquimalt Nation, Greater Victoria Chamber of Commerce, Provincial Capital Commission, Songhees Nation, Tourism Victoria, Township of Esquimalt, and the Victoria/Esquimalt Harbour Society.

As a not-for-profit society GVHA is directly accountable to its member agencies and holds itself accountable to all its stakeholders for delivering its stated vision and mandate.

Committees (Chairs)

Audit & Finance (Bill Wellburn)

First Nations (Randy Wright)

Human Resources (Dan McAllister)

Governance (Dan Kukat)

Property & Strategic Acquisitions
(Doug Enns)

Life Members

Stewart Johnston

Peter Lloyd

Paul Ridout

John Sanderson

AUDITORS' REPORT ON SUMMARIZED FINANCIAL STATEMENTS

To the Members of The Greater Victoria Harbour Authority

The accompanying summarized statements of financial position and operations and changes in unrestricted net assets are derived from the complete financial statements of The Greater Victoria Harbour Authority as at March 31, 2008 and for the year then ended on which we expressed an opinion without reservation in our report dated June 6, 2008. The fair summarization of the complete financial statements is the responsibility of management. Our responsibility, in accordance with the applicable Assurance Guideline of The Canadian Institute of Chartered Accountants, is to report on the summarized financial statements.

In our opinion, the accompanying financial statements fairly summarize, in all material respects, the related complete financial statements in accordance with the criteria described in the Guideline referred to above.

These summarized financial statements do not contain all the disclosures required by Canadian generally accepted accounting principles. Readers are cautioned that these statements may not be appropriate for their purposes. For more information on the entity's financial position, results of operations and cash flows, reference should be made to the related complete financial statements.


 Chartered Accountants
 Victoria, Canada
 June 6, 2008

STATEMENT OF OPERATIONS

Year ended March 31, 2008, with comparative figures for 2007

	2008 Total		2007 Total
Revenues:			
Shipping	\$ 2,366,462	\$	2,431,689
Marinas & attractions	1,442,066		1,343,358
Property services	854,219		601,889
Marine transportation	82,643		52,051
	\$ 4,745,390	\$	4,428,987
Expenses:			
General operating expenses	1,097,300		881,040
Repairs and maintenance	383,345		389,093
Insurance	220,554		182,433
Property taxes	536,728		461,527
Administrative	1,230,047		1,027,841
Depreciation of capital assets	1,240,099		1,135,763
	4,708,073		4,077,697
Excess of revenues over expenses before the following	37,317		351,290
Amortization of deferred non-capital contributions	1,221,987		711,623
Amortization of deferred capital contributions	961,392		977,770
Excess of revenues over expenses before investment income	2,220,696		2,040,683
Investment income	416,634		411,229
Excess of revenues over expenses	\$ 2,637,330	\$	2,451,912

STATEMENT OF CHANGES IN UNRESTRICTED ASSETS

Year ended March 31, 2008, with comparative figures for 2007

Unrestricted net assets, beginning of year	\$ 7,318,770	\$	6,675,097
Impact of change in accounting policy	91,072		-
Excess of revenues over expenses	2,637,330		2,451,912
Transfer (to) from invested in capital assets:			
Purchase of capital assets	(2,974,616)		(1,798,232)
Depreciation of capital assets contributed from Harbour Authority general operations	278,707		157,993
Internal restriction of net assets	(222,445)		(168,000)
Unrestricted net assets, end of year	\$ 7,128,818	\$	7,318,770

STATEMENT OF FINANCIAL POSITION

March 31, 2008, with comparative figures for 2007

	2008		2007
Assets			
Current assets:			
Cash	\$ 1,119,259	\$	217,725
Guaranteed investment certificates (note 3)	7,987,015		10,530,467
Accounts receivable	233,199		145,183
Prepaid expenses	99,114		24,771
	9,438,587		10,918,146
Investments (note 4)	1,014,445		792,000
Capital assets (note 5)	53,799,996		52,065,479
	\$ 64,253,028	\$	63,775,625
Liabilities, Deferred Contributions and Net Assets			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 662,889	\$	733,458
Deferred revenue	72,349		69,400
	735,238		802,858
Deferred contributions (note 6)	1,574,531		2,796,518
Deferred capital contributions (note 7)	27,972,474		28,933,866
Net assets:			
Invested in capital assets	25,827,522		23,131,613
Internally restricted self-insurance fund (note 8)	1,014,445		792,000
Unrestricted	7,128,818		7,318,770
	33,970,785		31,242,383
Commitments and contingencies (note 10)	\$ 64,253,028	\$	63,775,625

See accompanying notes to financial statements.

Abbreviated Notes to the Summarized Financial Statements

- 3 GIC's at rates of interest varying between 3.95% & 5.15%, include \$1,574,531 (2007) - \$2,796,518) which is restricted for eligible expenditures under the contribution agreements with Transport Canada.
- 4 Represents money invested for self insurance - market value of investments as of March 31, 2008 was \$1,014,445(2007 - \$883,072).
- 5 Consists of improvements of \$40,427,987 less \$6,191,850 of accumulated amortization plus land valued at \$19,563,859.
- 6 Deferred Cash Contributions received from Transport Canada are to be expended on eligible expenditures as outlined in the Agreement for each facility. The remaining monies are restricted for caisson repair at the Ogden Point facility.
- 7 Deferred Capital Contributions include unamortized capital contributions received from Transport Canada from the divestiture.
- 8 Internally restricted funds are for self-insurance on the Piers & parking lot yard improvements at Ogden Point.
- 9 Board Honoraria shall not exceed 5% of the previous year's gross revenues. The total honoraria paid in the fiscal year represented 2.0% of the previous year's gross revenues.
- 10 Commitments & Contingencies: As at March 31, 2008 the Authority had \$11,100 of financial stand-by letters of guarantee outstanding for deposits with the Fisheries & Oceans Canada in respect to a Monitoring Program at Ogden Point. The letters have a due date of September 2009. The Authority rents office premises and equipment with commitments for minimum aggregate rents payable of \$86,917 to year 2009.

Approved by the Board:

Chair



Director





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Songhees
Nation

