



Greater Victoria Harbour Authority
Annual Report 2009



PAST ... PRESENT ... FUTURE



From the time the Esquimalt and Songhees Nations inhabited the area around Victoria's harbour to today and into the future, this harbour has served as a gathering site, a source of food, and a place for commerce. While Victoria's harbour has seen significant change since its earliest days, it continues to give life to the land, people and creatures that surround it.

Greater Victoria Harbour Authority (GVHA), a non-profit society created in 2002, spent its early years investing in the key port facilities, and developing a model of financial sustainability and good governance. GVHA is shifting focus to the development of a coalition that brings leadership and vision to the bright future of Victoria's harbour.



STRATEGIC PLAN

Vision

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

Mandate

To operate GVHA to optimize current and future assets; to be effective and respected advocates for best water, marine and marine-related use and development of the whole harbour.



STRATEGIC GOALS 2009-2014

STAKEHOLDER: Unify the stakeholders in order to develop a vision and comprehensive plan for the harbour.

FIRST NATIONS AND GREATER VICTORIA COMMUNITY: Partner with the Esquimalt and Songhees Nations and community agencies to develop opportunities in order to build capacity and contribute to First Nations community goals and regional economic development.

FINANCIAL: Manage the business in order to achieve financial sustainability.

CUSTOMER: Provide premium product and services in order to attract and retain quality and value-adding customers.

INTERNAL BUSINESS PROCESSES: Improve the effectiveness and efficiency of our organization in order to increase our capacity and ensure sustainability.

PEOPLE & CULTURE: Develop and manage a team culture in order to be engaged and productive.



MESSAGE FROM THE CHAIR

DON PRITTIE

The term working harbour conjures different images for different people. A mariner who has spent their working life aboard ships will

have a different concept of a working harbour than a sport fisherman, a harbourside resident or a tourist visiting our community. I believe the working harbour is a place of commerce where land and sea meet. Commerce has taken place in harbours since the earliest civilizations. Marine transport is an economical and essential means of moving people and products locally and around the globe.

For many thousands of years, the Esquimalt and Songhees Nations treasured the calm waters of Victoria's Harbour. The harbour was a centre of trading for First Nations people. In the mid 19th century, Victoria became a critical port on the west coast, providing valuable goods and services to adventurers heading to the gold claims of the Fraser Valley. Victoria Harbour was the home of the Hudson's Bay Trading Post (established 1843) and the centre for many creative entrepreneurs supplying the varied provisions needed for the hard life in the gold fields.

Over the last century, Victoria Harbour continued to be the centre of commerce for southern Vancouver Island. Many businesses have thrived in the Victoria harbour including shipyards, log sorts, fish processing and sawmills. From the days of the Canadian Pacific passenger ships to the modern cruise ships, Victoria Harbour has welcomed travelers and tourists from every corner of the globe.

Over time, commerce in Victoria has changed but the harbour remains a working harbour. Today's working harbour is a place where float planes and ferries move passengers, where cruise tourists and pleasure boaters experience a unique community. Victoria Harbour is still a place where ships get repaired and where tugs and barges move sand, gravel and recycled steel; a place where fishermen sell their catch. It is a place where kayakers share the waterways with ferries and floatplanes, a place where commercial users cooperate with recreational users. It is a place very special to locals and visitors alike who come to the harbour to Live, Learn, Work, and Play.

Critical Success Factors

We will know we are succeeding when the harbour and GVHA assets:

- are busy, dynamic, engaging, thriving
- link people, communities and places
- make the best use of harbour waters and assets
- contribute to a growing and developing local economy
- strengthen partnerships with Esquimalt and Songhees Nations
- achieve financial stability, and social and environmental responsibility



Message from the CEO

PAUL SERVOS



The 2008/09 year began with a strong performance; however the economic instability challenged us to strive harder to achieve financial sustainability while maintaining our economic development, and social and environmental contributions to the community.

The summer months were the most successful yet for the Society with 398,711 cruise ship passengers calling, an active festival schedule, and a stable transient pleasure vessel program. The Causeway/Ship Point Night Market and the Fisherman's Wharf commons continue to grow and provide entertainment for tourists and locals at the waters edge.

We continued our strategy of transitioning clients including property, moorage and cruise to market value fees and rents. Achieving this objective has been hard fought and left in its wake litigations and public relations challenges. However, since the inception of GVHA, we have believed that this strategy will lead to the achievement of the mandate "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." It is not about providing exclusive use of critical

harbour assets to individuals for exclusive benefit. It is about enhancing the harbour for the benefit of all citizens of Greater Victoria.

We focused on integrating the Strategic Plan and the Business Plan into a Balance Scorecard Approach to planning. A facility twenty year lifecycle plan was completed for each GVHA asset, and a Risk Management Strategy was advanced.

In order to ensure GVHA's success during the turbulent economic situation, management undertook a 10-point strategy that included focusing on the core business, making strategic capital investments, protecting cash reserves and cash flow, and investing in people and culture. We chose to act early to find a position of strength and then we stuck to it, exercising frugality while capturing the opportunities before us.

The Society has fared well through the difficult economic period due to the strength of its core lines of business and from committing to the 10-point economic downturn strategy. We are determined to attain financial sustainability



What we do

GVHA owns and operates deep sea, marina, and upland holdings throughout Victoria harbour including the Ogden Point cruise ship facility, Victoria's renowned Fisherman's Wharf, and the inner harbour's luxury yacht and marine tourism facility at Ship Point.



WHERE WE'VE BEEN; WHERE WE'RE GOING

GVHA's seventh year of operation was a year of self-reflection. In order to meet GVHA's vision and mandate, we realigned its strategic and business plans and established goals that are specific and achievable in the short term. GVHA targeted the following six areas: Stakeholders, First Nations and Community, Financial, Customer, Internal Business Processes, and People & Culture.

Unifying the stakeholders

GVHA continued to develop partnerships in order to advance a common vision for Victoria's Harbour. This included participating in the James Bay Air Quality Study, the Harbour Pathway, development of Fisherman's Wharf, and Belleville Terminal Planning. We met with GVHA's Member Agencies and held stakeholder open houses at Fisherman's Wharf and Ogden Point.

GVHA advanced the initiatives in the Cruise Tourism Partnership (CTP), a cooperative effort between the James Bay Neighbourhood Association, the City of Victoria, cruise lines, ground transportation and shore excursion providers and GVHA. The purpose of the CTP is to provide a high quality guest experience while enhancing the quality of life for local residents. The CTP incorporates and builds upon best operating practices that minimize and mitigate the impacts

of cruise tourism in a manner which addresses both resident and service providers concerns.

First Nations

GVHA participated in the *Signs of Lekwungen* project, which created a new interpretive walkway along the Inner Harbour and surrounding areas that honours the art, history and culture of the Songhees and Esquimalt Nations. *Lekwungen* is the original language of this land. *Signs of Lekwungen* consist of seven unique site markers – bronze castings of original cedar carvings, conceptualized and carved by Songhees artist, Butch Dick. The markers depict spindle whorls that were traditionally used by Coast Salish people to spin wool. The spindle whorl was considered the foundation of a Coast Salish family. The site markers are placed at seven culturally-significant sites to the Songhees and Esquimalt Nations along the Inner Harbour and surrounding areas, including the Lower Causeway.

GVHA continued to develop the relationship with the Esquimalt and Songhees Nations, and looked for opportunities to build capacity and economic opportunities for members of the two local Nations.

Community

GVHA hosts special events which provide economic and



social benefit to the Region. This included the Victoria Tall Ships Festival, BC150 celebrations, the Floating Boat Show, Swiftsure International Yacht Race, the Victoria Symphony Splash, the Dragon Boat Festival, the Classic Boat Festival and the Vic-Maui Yacht Race. Sponsorship of these events is a commitment to keep the harbour accessible to the whole community and to support regional economic development.

Financial

Financial sustainability remained a paramount objective. In order to reach this target, we created four goals: develop sustainability criteria, develop a financial strategy, advocate for transfer of harbour dues from Transport Canada, and expand cruise revenue. At the start global economic downturn, a 10-point financial management strategy was employed and strictly adhered to.

Customer

GVHA prides itself on its friendly staff and clean, safe, and unique facilities. GVHA is committed to providing premium products and services in order to attract and retain quality and value adding customers. In order to continue to deliver on this commitment, we set the following goals: develop short-term site plans for each facility, develop Master Plans for Ogden Point and Fisherman's Wharf, and continue to attract and retain customers by delivering customer-focused services.

In order to maintain GVHA's facilities to the highest stan-

dard, we made the following capital improvements:

Ogden Point

- Pier B caisson repairs
- Terminal improvements including: warehouse painting, murals and signage, terminal upgrades (paint, railings, awnings), security cameras, and customs facility upgrades
- Landscape enhancements

Fisherman's Wharf

- Float reinvigoration started at west end.
- Vessel sewage pump-out station

Internal Business Processes

GVHA committed to improving the effectiveness and efficiency of our organization in order to increase capacity and ensure sustainability. The first step in improving efficiency was a realignment of GVHA's strategic and business plans using the Balanced Scorecard approach. This included the development of targeted achievable goals and performance measurements.

People & Culture

Recognizing that the strength of an organization is dependent on the vitality of its workforce, GVHA focused on its team culture. We believe every employee must feel supported and be engaged in order for the organization to thrive.

HARBOUR STEWARDSHIP

As owner of key harbour assets and advocates for responsible harbour management, development and community integration, GVHA is committed to corporate social responsibility. We achieve this by ensuring that our activities meet the requirements of sustainable best practices and community investment, while being fiscally responsible.

Environmental stewardship

GVHA aims to be a leader in environmental stewardship. Through our management practices, we strive to create an attractive working and living environment balanced with sound fiscal management. GVHA complies with all Canadian environmental legislation and considers environmental issues in the planning, design and implementation of all projects. We seek to minimize significant environmental impacts of our activities especially in the areas of pollution control and energy usage.

Current practices include use of 100% biofuel in CVS Cruise Victoria shuttle buses, oily water separators in parking lots at Fisherman’s Wharf, and marine habitat improvements. GVHA has participated in air quality studies with VIHA and

the James Bay Neighbourhood Association. A permanent vessel sewage pump-out has been installed at Fisherman’s Wharf. We encourage our customers to participate in developing a healthy environment and to follow green marine practices. GVHA seeks to improve its environmental performance on a continual basis, while preserving the balance between the commercial, recreational, and environmental interests in the harbour.

Social responsibility

Community investment refers to our commitment to working with our stakeholders to ensure GVHA facilities remain active, vibrant, and accessible. Good relations with community stakeholders is key to our success. GVHA sponsors community events in the Inner Harbour that fit with GVHA’s vision and mandate. As part of its social responsibility, GVHA participates in economic development opportunities on its properties for the Esquimalt and Songhees Nations. GVHA partners with community stakeholders to maintain two-way dialogue and manages public open spaces to the benefit of all citizens of the Greater Victoria community.

2008-09 CUSTOMER STATS

Cruise

Cruise Ship Calls	201
Pocket Cruise Ships	11
Cruise passengers	398,711
Cruise Ship Crew	181,750
Passenger/Crew direct spending	\$33 M

Cargo

Cargo transshipment calls	4
Naval calls	2

Annual Moorage

Live Aboard Vessels	31
Float Homes	34

Transient Moorage

# of Pleasure vessels	3584
Passengers	10358

Commercial Fishing at Fisherman’s Wharf

Fish off-loaded	3.3 Million lbs.
Canadian Fishing Vessels home ported	13

Property

Lands under lease/licence	272,282 ft ²
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BOARD OF DIRECTORS 2008/09

on March 31, 2009



Don Prittie, Chair
Community Director



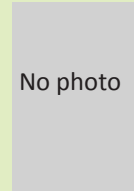
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Vice-Chair
Victoria/Esquimalt
Harbour Society



Dan Kukat, Treasurer,
Victoria/Esquimalt
Harbour Society



David Rand, Secretary
Greater Victoria Chamber
of Commerce



Chief Robert Sam
Songhees Nation



Christopher Causton
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Sonya Chandler
City of Victoria



Barbara Desjardins
Township of Esquimalt



Dermot Loughnane
Community Director

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First Nations (Thomas)

Human Resources (McAllister)

Governance (Rand)



Dan McAllister
Tourism Victoria



Chief Andy Thomas
Esquimalt Nation



Bill Wellburn
Provincial Capital
Commission



Mike Williamson
Community Director

Life Members

Bea Holland

Stewart Johnston

Peter Lloyd

Paul Ridout

John Sanderson

Randy Wright

GOVERNANCE

The members of 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.

Director's Fees

Policy states Board Honoraria can not exceed 5% of the previous year's gross revenues. The total honoraria paid in the fiscal year 2008/09 was \$59,000 which represented 1.2% of the previous year's gross revenues.

AUDITORS' REPORT ON SUMMARIZED FINANCIAL STATEMENTS

To the Members of 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, 2009 and for the year then ended on which we expressed an opinion without reservation in our report dated June 3, 2009. 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.

KPMG LLP

Chartered Accountants
Victoria, Canada
June 3, 2009

STATEMENT OF OPERATIONS

Year ended March 31, 2009, with comparative figures for 2008

	Erie Street	Wharf Street	Ship Point	Mermaid's Wharf	Ogden Point and Pier Upgrades 2009	Total	2008 Total
Revenues:							
Shipping	\$ -	\$ -	\$ -	\$ -	\$ 2,690,640	\$ 2,690,640	\$ 2,366,462
Marinas & attractions	666,614	317,702	770,484	25,815	-	1,780,615	1,442,066
Property services	296,335	37,547	37,651	-	358,361	729,894	854,219
Marine transportation	-	59,724	-	-	88,324	148,048	82,643
	\$ 962,949	\$ 414,973	\$ 808,135	\$ 25,815	\$ 3,137,325	\$ 5,349,197	\$ 4,745,390
Expenses:							
General operating expenses	262,859	219,340	407,384	29,932	243,933	1,163,448	1,097,300
Repairs and maintenance	94,171	51,956	72,708	1,845	518,786	739,466	383,345
Insurance	41,427	21,646	34,249	473	48,226	146,021	220,554
Property taxes	43,664	14,963	39,710	2,713	517,251	618,301	536,729
Administrative	242,050	184,202	378,762	7,830	526,618	1,339,462	1,230,047
Depreciation of capital assets	114,617	113,303	307,047	15,187	819,901	1,370,055	1,240,099
	798,788	605,410	1,239,860	57,980	2,674,715	5,376,753	4,708,073
Excess of revenues over expenses before the following	164,161	(190,437)	(431,725)	(32,165)	462,610	(27,556)	(37,317)
Amortization of deferred non-capital contributions	-	-	-	-	543,445	543,445	1,221,987
Amortization of deferred capital contributions	60,487	83,213	136,143	-	681,549	961,392	961,392
Excess of revenues over expenses before investment income	224,648	(107,224)	(295,582)	(32,165)	1,687,604	1,477,281	2,220,696
Investment income	43,440	11,487	26,670	143	69,046	150,786	416,634
Excess of revenues over expenses	268,088	(95,737)	(268,912)	(32,022)	1,756,650	1,628,067	2,637,330
Unrestricted net assets, beginning of year	403,666	301,957	(320,311)	(164,214)	6,907,720	7,128,818	7,409,842
Transfer (to) from invested in capital assets:							
Purchase of capital assets	(307,797)	(2,172)	(5,406)	9,328	(1,382,983)	(1,689,030)	(2,974,616)
Depreciation of capital assets contributed from Harbour Authority general operations	54,130	30,090	170,904	15,187	138,352	408,663	278,707
Internal restriction of net assets	-	-	-	-	30,523	30,523	(222,445)
Unrestricted net assets, end of year	\$ 418,087	\$ 234,138	\$ (423,725)	\$ (171,721)	\$ 7,450,262	\$ 7,507,041	\$ 7,128,818

STATEMENT OF FINANCIAL POSITION

March 31, 2009, with comparative figures for 2008

Assets	2009	2008
Current assets:		
Cash	\$ 4,344,746	\$ 1,119,259
Guaranteed investment certificates (note 1)	5,063,054	7,987,015
Accounts receivable	151,363	233,199
Prepaid expenses	16,738	99,114
	9,575,901	9,438,587
Investments (note 3)	983,922	1,014,445
Capital assets (note 3)	54,118,972	53,799,996
	\$ 64,678,795	\$ 64,253,028
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 937,855	\$ 662,889
Deferred revenue	99,919	72,349
	1,037,774	735,238
Deferred contributions (note 4)	1,031,086	1,574,531
Deferred capital contributions (note 5)	27,011,082	27,972,474
Net assets:		
Invested in capital assets	27,107,890	25,827,522
Internally restricted self-insurance fund (notes 1 & 6)	983,922	1,014,445
Unrestricted	7,507,041	7,128,818
	35,598,853	33,970,785
Commitments and contingencies (note 7)	\$ 64,678,795	\$ 64,253,028

See accompanying notes to financial statements.

Abbreviated Notes to the Summarized Financial Statements

- 1 GIC's at rates of interest varying between 1.50% & 5.00%, include \$1,031,086 (2008 - \$1,574,530) which is restricted for eligible expenditures under the contribution agreements with Transport Canada.
- 2 Represents money invested for self insurance - market value of investments as of March 31, 2009 was \$983,922 (2008 - \$1,014,445).
- 3 Consists of improvements of \$42,117,021 less \$7,561,904 of accumulated amortization plus land valued at \$19,563,855.
- 4 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.
- 5 Deferred capital contributions include unamortized capital contributions received from Transport Canada from the divestiture.
- 6 Internally restricted funds are for self-insurance on the piers & parking lot yard improvements at Ogden Point.
- 7 Commitments & contingencies: As at March 31, 2009 the Authority had \$11,300 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 \$129,904 to year 2010.

The Authority has been named a defendant in a legal action claiming damages. Costs, if any, are recorded when a liability is likely and reasonably determined.

Approved by the Board:

Chair 

Director 



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