

Application Decision - Amendment

Application:	22-11									
Applicant:	Pacific Coach Lines Ltd.									
Address:	210 – 1150 Station Street, Vancouver BC V6A 4C7									
Principals:	<table><tr><td>Frank Chen</td><td>Sean Chen</td><td>Harry Chow</td></tr><tr><td>Seon Lee</td><td>Michael Su</td><td>Dennis Shikaze</td></tr><tr><td>Martin Yeh</td><td></td><td></td></tr></table>	Frank Chen	Sean Chen	Harry Chow	Seon Lee	Michael Su	Dennis Shikaze	Martin Yeh		
Frank Chen	Sean Chen	Harry Chow								
Seon Lee	Michael Su	Dennis Shikaze								
Martin Yeh										
Current Authorization:	Passenger Transportation Licence 70774. The special authorization of Pacific Coach Lines Ltd. respecting the inter-city bus routes that PCL seeks to amend can be viewed in the <i>PT Board Bulletin</i> of December 2, 2009 at www.th.gov.bc.ca/ptb/bulletins.htm .									
Type of Application:	Amendment of Licence <i>(Section 31 of the Passenger Transportation Act)</i> PCL is applying to amend its special authorization to operate inter-city buses. It seeks to reduce the minimum route frequency between Vancouver and Victoria via the Tsawwassen/Swartz Bay ferry (Route 1) as follows: <ul style="list-style-type: none">• From 13 to 8 round trips daily during the summer Peak Season• From 9 to 6 round trips daily during the Off Season (Friday & Sunday)• From 7 to 6 round trips daily during the Off Season (Monday – Thursday + Saturday)• From 7 to 6 stops daily (each direction) at the Vancouver International Airport (Peak Season and Off Season).									
Applicant's Rationale:	Pacific Coach Lines Ltd. submitted a public rationale (with background information) to the Board. This is posted for public viewing at www.th.gov.bc.ca/ptb/bus.htm .									
Publication:	The application was published in the <i>PT Board Bulletin</i> on February 9, 2011									
Submissions:	<ul style="list-style-type: none">• Canadian Auto Workers Union									
Board Decisions:	The minimum route frequency reductions sought by the applicant are approved.									
Amendment:	After the application decision was sent to the applicant, and before publication, a change was made on page 3 to correct a technical matter. The original version is not public. This is the official version.									

Board Considerations:

The Board may approve an application forwarded to it by the Registrar of Passenger Transportation if the Board considers, as set out in section 28(1) of the Passenger Transportation Act, that:

- (a) there is a public need for the service the applicant proposed to provide under any special authorization.
- (b) the applicant is a fit and proper person to provide that service and is capable of providing that service, and
- (c) the application, if granted, would promote sound economic conditions in the passenger transportation business in British Columbia.

Public Notice & Comment:

This application for a reduction in minimum route frequency, Route No. 1, Vancouver and Victoria was published in the PT Board Weekly Bulletin on February 9, 2011. As well, the applicant's rationale for the change was posted on the Board's website.

As required by the Board, the applicant provided written notice to local governments of communities that are affected by "Proposed Reduction of Minimum Route Frequency", and placed Public Notice at the following locations and newspapers:

BC Ferries - Posted

- Swartz Bay Ferry Terminal February 14th
- Tsawwassen Ferry Terminal February 14th
- Onboard Route 1 Ferries February 14th

Newspaper - Ads

- Vancouver Sun February 10th
- Vancouver Province February 17th
- Times Colonist February 15th & 22nd

These publications satisfy Board requirements for public notice.

The "Application Summary" published by the Board on February 9, 2011 indicated that the Board would consider comments and submissions received regarding the application.

The Board received one submission related to the published application. The submission is from Canadian Auto Workers Union (CAW-Canada), the certified bargaining agent representing the applicant's employees.

Background:

Pacific Coach Lines Ltd. dba Pacific Coach (PCL) is a private company that operates 2 routes in British Columbia. The applicant has been providing service between Vancouver and Victoria via Tsawwassen and Swartz Bay since the service began in 1960.

In this application PCL seeks to reduce its minimum route frequency on this route.

PCL states that this application is due to a significant decline in ridership and revenue.

Submission and Applicant's Response:

Canadian Auto Workers Union (CAW) submission dated March 9, 2011

PCL response dated March 18, 2011

- CAW submits that PCL union employees only received official notice of the service reduction when they reviewed Board's Weekly Bulletin dated February 15, 2011.
- PCL responds that it discussed its intent to reduce cross water frequency with its employees and have an email dated February 10, 2011 to a Shop Steward that we had applied "for a minimum frequency reduction". The panel notes that this may be an issue with respect to other legislation in the Province but is not relevant to the Board's considerations.
- CAW submits that impact and relevance of public transit on PCL is unrealistic in an assessment of public need. Public transit has existed and has been gradually expanding to serve the public interests. It further submits PCL has never been licensed on the cross water route to compete head to head with public transit and that it would be unrealistic to expect it to do so now. The *Passenger Transportation Act* has no jurisdiction over competing public and publically subsidized transportation. As a result the Board should keep its review to private passenger transportation businesses in British Columbia.
- CAW submits that there is a lack of factual, objective and verifiable information; such as passenger counts on specific runs as compared to the services offered by BC Transit or Translink. The argument that the 75% average price difference between PCL and public transit has caused a permanent shift in ridership has not been substantiated. Revenue reduction does not correspond with operating costs, cross-water work and Vancouver International Airport (YVR) and Whistler. The submitter believes the Vancouver to Victoria (Route 1) frequency feeds YVR to Whistler (Route 2).
- PCL responds that it provided the Board with Vancouver to Victoria passenger counts by month and by year for 2001 to 2010 inclusive, as well as statements of revenue and expenses for the Vancouver Victoria service for the years 2006 to 2010. It provided an analysis comparing the frequency, schedule and fares for PCL's service between Victoria and Swartz Bay, Tsawwassen and Vancouver (including the Bridgeport Canada Line Station connection) with the frequency, schedule and fares of BC Transit and TransLink for a similar service. PCL responded to CAW's reference to revenue reduction as different from the real net loss incurred and that profit from the Whistler route does not come close to covering PCL's cross water net losses. PCL stated that in a July 2010 meeting with an executive of BC Ferries, the corporation attributed PCL's dramatic drop

-
- in ridership to the expansion of BC Transit and accordingly, BC Ferries would have experienced a significant increase in foot passengers.
- CAW submits that there will be environmental impacts related to lower minimum route frequencies because of an increase in the number of cars and trucks on the road in Victoria.
 - PCL responds that the 75% price difference between its fares and public transit has permanently shifted a significant segment of market to public transit and increased BC Ferries foot passengers.
 - CAW submits that an analysis of declining passenger counts may be impacted by 2008 – 2009 worldwide recessions, cross border travel restrictions, exchange rate and many factors that are not inevitable, unstoppable or irreversible. It has not been shown that such activity will not regroup and return in the near future as the recession hopefully nears an end.
 - PCL indicates that studies show that, in difficult times, buses are recession resistant; the consumer trades down from planes and cars to buses.
 - CAW submits that there has been a detrimental impact of BC Ferries' unilateral decisions, such as a change from graduated reduced rates for additional coaches and passenger in 2003 – 2004 to full rates for all coaches and passengers. Also there is no relief to PCL on fuel surcharges even though it provides a green alternative.
 - PCL responds that it continues to receive discount for coach on ferry and group discounts for passengers. BC Ferries actions have not resulted directly in the decline of passenger counts. Instead it believes that BC Transit's expansion along with an express service contributed directly to the drop in its passenger count.
 - CAW submits that PCL pricing policies have increased prices on a more rapid basis since 2004 with increases disproportionately to BC Transit and in 2009/2010 changed its pricing strategy by not fluctuating its seasonal prices.
 - PCL responds that it is not able to follow BC Transit's subsidized pricing policies and needs to ensure that revenue exceeds operating and overhead costs. Its pricing policy followed a formula of approximately 1/3 of the ticket price to represent BC Ferries tariff portion and 2/3 to represent PCL's portion.
 - CAW submits that PCL lost or gave up its freight contract with Greyhound and has not restored any type of freight delivery service to which empty luggage bays in coaches could serve.
 - PCL responds that in the past two years its management has met with senior management of BC Ferries, BC Transit, Greyhound North America and Canada, and various local and provincial officials regarding tourism in BC.
 - CAW submits that Canada Line construction on Cambie Street and the 2010 Winter Olympics disrupted PCL's regular service and eliminated its regular pick

up and drop off service from 2007 – 2009 and into 2010 during the Winter Olympics.

- PCL responds that this is not applicable.
- CAW submits that this application does not promote sound economic conditions as little effort has been made by the applicant to increase revenue.
- PCL responds that the CAW provided the Board with observations and opinions but no facts. PCL cited advertising and branding initiatives, and stated “PCL engaged Copeland to assist in determining who we are and what our market is. The result is a strategy to stop chasing after Transit customers but instead to target a market which is looking for a safe, reliable, comfortable and premium cross water coach service.”

No submissions were received from the general public, local governments nor any other entity with respect to this application.

Reasons:

- I. *Is there a public need for the service that the applicant proposes to provide under special authorization?*

PCL’s application included monthly and annual ridership data, and financial information and trends regarding its Route 1 schedule. It included BC Transit, TransLink 620 Bridge Port Station and Canada Line schedules, BC Ferries’ May 29, 2009 News Release re: Cost Saver fare specials for a vehicle and driver (that affected PCL’s Route 1). Pacific Coast further included fare information and analyses between its fares and similar public transit options.

The evidence provided by the applicant substantiates a significant reduction in ridership of its Route 1 Service. From 2001 – 2010 ridership declined annually with the exception 2004, which increased approximately 1.5%. In 2001 the ridership was 528,121 declining to 310,340 in 2010, an accumulative decline of approximately 41%. Since 2006 alone ridership has declined by approximately 29%.

The applicant submitted that subsidized public transit has improved significantly in the last 5 years and that PCL cannot compete in terms of price and frequency. TransLink recently created 17 week day departures (4 extra on Friday) that connect to TransLink 620 Bridgeport Station and Canada Line to downtown Vancouver. Canada Line leaves downtown every 6 minutes and with the TransLink connection, average travel time to the ferry terminal is 1 hour and 10 minutes at a fare of \$5. For the same trip PCL’s approximate travel time is 55 minutes at a fare of \$17.52.

PCL provided information pertaining to BC Transit’s downtown Victoria to Swartz Bay ferry terminal. BC Transit offers approximately 61 trips per day at a fare of \$2.50. For the same trip PCL’s offers 7 daily round trips (except Friday and Sunday) at a fare of \$12.32. The applicant further contends that expanded public transit has contributed to an increase of foot passengers on BC Ferries.

The panel analyzed the applicants proposed reduction in frequency for both peak season and off season. The panel concluded that if approved it would result in a frequency reduction from an average of 9 round trips daily to a proposed 6.5 round trips daily; represents a frequency/service reduction of approximately 28%. According to PCL figures, ridership on this route has been reduced by 41%.

PCL stated the following:

“BC Transit and TransLink’s expanded services are priced 75% less than PCL’s similar service. Accordingly, a significant segment of our market has permanently shifted to public transit.”

“Rather than compete in a market which is well served we have embarked on a program to retain that part of the market which is more concerned about quality than price. We are taking steps to differentiate our cross-water service from Transit. Our business model is to elevate our service to market which is willing to pay more for a safe, seamless, comfortable and environmentally friendly coach service.”

The applicant further stated its intent to update its fleet by replacing its older buses with new model coaches and will offer more leg room, reclining seats and washrooms for passengers.

The evidence and rationale provided by the applicant that public transit has expanded, impacting its Route 1 service, is convincing. The evidence supports PCL’s rational that a significant percentage of its traditional customers are attracted to BC Transit and TranLink’s expanded service and are influenced by price and daily frequency. The panel is convinced that this expanded service provides additional options that meet a public need.

The panel notes that no submissions were received from the general public or local governments, even though public notices were posted. This leads the panel to believe that if the application is approved, impact on the public may not be significant.

The panel is further convinced that the applicant’s proposed approach to differentiating its Route 1 service from that of public transit will improve the options to the traveling public.

The panel finds that the route frequency schedule proposed by PCL, along with the public transit service options currently available, satisfies the panel that an adequate level of service is maintained to meet the public need on this route.

II. Is the applicant a fit and proper person to provide that service and is the applicant capable of providing that service?

In dealing with an application for MRF reduction, the Board will presume that a licensee seeking a reduction is a fit and proper person and capable of providing the service proposed unless there is compelling evidence to the contrary.

In this instance, the applicant has been providing a complex and capital intense Inter-City Bus service for many years. The panel has not received evidence to suggest that the applicant is not a fit and proper person. The panel finds that the applicant is a fit and proper person to provide the service and is capable of providing that service.

III. *Would the application, if granted, promote sound economic conditions in the passenger transportation business in British Columbia?*

The Board must consider the promotion of sound economic conditions in the passenger transportation business in British Columbia. This includes, but is not limited to, the financial health of the applicant seeking a reduction in MRF. This could include the overall financial health of the applicant or the financial health of specific routes.

The financial statements of revenue and expenses from 2006 – 2010 provide evidence of a revenue decline of approximately 27% and an expense decline of approximately 13% for this time period. This resulted in PCL transitioning from marginal profitability 2006 to a net loss of \$1.2 million in 2010.

The panel is sensitive that, to varying degrees, public subsidized transit has an effect on private, for-profit transportation service providers.

The panel finds that the applicant has put forward substantive evidence with respect to its financial performance of its Route 1. The panel has examined the potential impact of the proposed frequency reduction and what that impact might be on the financial sustainability of the applicant.

The CAW submission raises the issue of a possible negative environmental impact if the reduction in route frequency results in more private vehicle use. PCL offers the view that the travelling public has responded to the lower available fares from public transit, and that there will not be a significant shift in mode of travel. The panel, in this instance, finds the argument of PCL credible. Further, the reduction in bus traffic will have an offsetting environmental impact.

The panel finds that the application, if granted, would promote sound economic condition in the passenger transportation business in British Columbia.

Activation: *Direction to the Applicant:*

At least 21 days before implementing schedule changes, Pacific Coach Lines Ltd. must publish notice of the change and the effective date in newspapers of affected communities. Copies of such notices must be provided to the Registrar, Passenger Transportation before an amended licence may be obtained.

A Passenger Transportation Licence must be issued by the Registrar of Passenger Transportation under section 29 or renewed under section 34 of the Passenger Transportation Act before the special authorization approved in this decision may be exercised.

Direction to the Registrar of Passenger Transportation:

The Registrar may amend Pacific Coach Lines Ltd.'s licence to incorporate the changes in inter-city bus routes and minimum route frequencies as set out in the terms and conditions below. An amended licence may only be issued

**Special
Authorization:**

**Terms &
Conditions:**

**Terms &
Conditions:**

	after Pacific Coach Lines Ltd. has given the Registrar copies of newspaper notices that were published in affected communities. The newspaper notices must meet the requirements set out under “Direction to the Applicant.”
	Inter-City Bus (ICB)
Service:	Transportation of passengers must be provided to and from each <i>route point</i> on a scheduled basis according to the minimum frequency that is set for the <i>authorized route</i> .
Schedule:	The licence holder must publish, in a manner accessible to the general public, a schedule for each route with the time and location of each stop, and must carry in each vehicle a copy of the schedule that the vehicle is following.
Abbreviation:	The following abbreviation is used to describe terms and conditions of this special authorization. alt “alternate” route point that is not located directly enroute between other route points authorized by the Board; service may be provided to one or more alternate route points at the option and frequency of the licence holder on the condition that all minimum route frequencies approved or set by the Board are maintained.
Express Authorization:	Transportation of standees is authorized only when all of the following conditions are met: <ol style="list-style-type: none">1. The licence holder has current and proper insurance coverage for the transportation of standees,2. Passengers are not permitted to stand for a period that is longer than 30 minutes or for a distance that exceeds 30 road kilometres, and3. Freight and passenger baggage is not carried in the passenger compartment when standees are being transported.

Route Number:	1 of 2 (via Tsawwassen/Swartz Bay ferry)	
Terminating Point 1:	City of Vancouver	
Terminating Point 2:	City of Victoria	
Authorized Route:		
	Route Points	Daily Minimum in Each Direction ¹
		Peak Season ¹ Off Peak ²
	City of Vancouver	8 separate, individual ferry sailings ³ 6 separate, individual ferry sailings ⁴
	City of Richmond ⁵	alt alt
	Vancouver International Airport	6 stops 6 stops
	City of Richmond ⁵	Alt Alt
	Tsawwassen Ferry Terminal	8 separate, individual ferry sailings ³ 6 separate, individual ferry sailings ⁴
	Swartz Bay Ferry Terminal	8 separate, individual ferry sailings ³ 6 separate, individual ferry sailings ⁴
	Town of Sidney ⁶	Alt Alt
	City of Victoria	8 separate, individual ferry sailings ³ 6 separate, individual ferry sailings ⁴
Footnotes:	¹ Peak Season: The end of the school year through Labour Day weekend. ² Off Peak Season: Post Labour Day weekend to the end of the school year. ³ In peak season, PCL must make at least 8 separate, individual cross-water trips. ⁴ In off peak season, PCL must make at least 6 separate, individual cross-water trips. ⁵ The Vancouver International Airport is excluded from the City of Richmond for the purposes of this special authorization. ⁶ The “alt” authorization for the Town of Sidney is for Victoria bound trips only.	
Limited Pick Up & Drop Off:	<i>Victoria Bound Trips:</i> From the City of Vancouver through until the Vancouver International Airport, passengers may be picked up only. After departing from the Vancouver International Airport, passengers may be picked up or dropped off. <i>Vancouver Bound Trips:</i>	

	<p>From the City of Victoria through until any point reached before arriving at the Vancouver International Airport, passengers may be picked up or dropped off. From the Vancouver International Airport through until the City of Vancouver, passengers may be dropped off only.</p> <p><i>Pick up and Drop off in Richmond¹:</i></p> <p>Despite the limitations set out above, passengers may be picked up and dropped off in either direction within the City of Richmond¹.</p>												
Route Number:	2 of 2												
Terminating Point 1:	Vancouver International Airport (YVR)												
Terminating Point 2:	Resort Municipality of Whistler												
Authorized Route:	<table border="1"> <thead> <tr> <th>Route Points</th> <th>Daily Minimum (each direction)</th> </tr> </thead> <tbody> <tr> <td>Vancouver International Airport</td> <td>4</td> </tr> <tr> <td>City of Richmond Hotel Area*</td> <td>4</td> </tr> <tr> <td>City of Vancouver Hotel Area**</td> <td>4</td> </tr> <tr> <td>District of Squamish</td> <td>4</td> </tr> <tr> <td>Resort Municipality of Whistler</td> <td>4</td> </tr> </tbody> </table>	Route Points	Daily Minimum (each direction)	Vancouver International Airport	4	City of Richmond Hotel Area*	4	City of Vancouver Hotel Area**	4	District of Squamish	4	Resort Municipality of Whistler	4
Route Points	Daily Minimum (each direction)												
Vancouver International Airport	4												
City of Richmond Hotel Area*	4												
City of Vancouver Hotel Area**	4												
District of Squamish	4												
Resort Municipality of Whistler	4												
Service Limitation:	Service on this route may only be provided if there is a current written contract between Pacific Coach Lines Ltd. and the Vancouver International Airport Authority.												
Route Point Boundaries:	<p>* <i>City of Richmond Hotel Area</i> is bounded on the north by the North Arm of the Fraser River, on the south by Granville Avenue, on the East by No. 5 Road, and on the west by Gilbert Road.</p> <p>** <i>City of Vancouver Hotel Area</i> is bounded on the north by the Burrard Inlet, on the south by Thirteenth Avenue, on the East by Main Street, and on the west by English Bay (for points on the “north shore side” of False Creek) and Arbutus Street (for points on the “south shore side” of False Creek).</p>												
Limited Pick Up & Drop Off:	<p>Passenger pick up and drop off is limited to route points on the authorized route.</p> <p>Service may only be provided to passengers who have purchased from Pacific Coach Lines Ltd. or an agent of Pacific Coach Lines Ltd. a one-way or return trip ticket for the following trips:</p> <ul style="list-style-type: none"> • YVR to Whistler or vice versa • YVR to Squamish or vice versa • Vancouver Hotel Area to or from either YVR or Whistler <p><i>Route Points</i></p> <p>Subject to the “Stopover Service in the Richmond Hotel Area” provision below,</p>												

passengers may be picked up or dropped off only at scheduled locations situated at or within one of the route points on the authorized route.

Stopover Service in the Richmond Hotel Area

Service to points in the City of Richmond Hotel Area may only be provided as a stopover service to passengers on trips starting at YVR and ending in Whistler, or vice versa. Passengers with stopover privileges may be dropped off in the Richmond Hotel Area and later picked up to continue their trip through to their destination (i.e. either YVR or Whistler).

**Engaged Carrier
Authorization:**

The holder of this licence may operate as an inter-city bus when engaged by another licensed operator in the following limited circumstances:

1. The other licensed operator must have a special authorization to operate an inter-city bus under a licence issued pursuant to the *Passenger Transportation Act* (British Columbia) ,
2. The holder of this licence must have signed written authorization from the other licensed operator specifying the terms by which the licence holder is engaged including the time period for which the written authorization is valid,
3. The holder of this licence must operate its vehicles in accordance with all the applicable terms and conditions of the other licensed operator's licence, and
4. The holder of this licence must carry in its vehicles a copy of the written authorization referred to in paragraph 2 and a copy of the terms and conditions of the other licensed operator's licence when operating under this *engaged carrier authorization*.

Transfer of a
licence:

This special authorization may not be assigned or transferred except with the approval of the Board pursuant to section 30 of the Passenger Transportation Act.

Board Panel Chair:

Don Zurowski

Determination Date:

April 19, 2011