



PROVINCIAL CAPITAL COMMISSION

SERVICE PLAN

for Fiscal Years 2007/08 – 2009/10

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LETTER FROM THE CHAIR

February 1, 2007

Honourable Stan Hagen
Minister of Tourism, Sport and the Arts

Dear Minister:

The Provincial Capital Commission's (PCC) 2007/2008 – 2009/2010 service plan focuses on British Columbia's young people and moves another step forward towards our vision:

Connecting and celebrating the Capital with every British Columbian.

Our objective is to connect the Capital with British Columbians, to celebrate our province's history and cultures, the accomplishments of our citizens and the pride that we have in British Columbia. We will use traditional and new communication channels to reach out to all citizens of this province. Our service plan provides for creating a greater awareness of the importance of our province's First Nations and what all British Columbians must learn from their history.

A recently launched PCC outreach program providing variable travel assistance for organized student groups visiting the Capital from around the province will be expanded. In the program's inaugural year, we approved more than \$90,000 in travel assistance for over 70 groups representing more than 3,000 British Columbia students. Their teachers tell us that many of these students had not visited the Capital before -- some had never even seen the ocean. It's a program that is creating a new and enduring appreciation in young people for their birthright as citizens of this great province.

With stewardship responsibilities of several key properties and heritage buildings in the Capital region, the PCC is aware of the public's interest in our work. Our plan contemplates new tenants in the Crystal Garden and progress toward the long-anticipated redevelopment of the PCC's properties on the Inner Harbour. Balancing the responsibility of managing important heritage assets with the financial constraints of our self-sustaining business model is critical to our long-term success. Our board and staff have the skills and experience and the commitment to plan carefully, make the right decisions and to measure results.

This service plan was prepared under the board's direction in accordance with the Budget Transparency and Accountability Act. The board is accountable for the contents of the plan, including the selection of performance measures and targets. The plan is consistent with government's strategic priorities and strategic plan.

All significant assumptions, policy decisions, and identified risks as of January 30, 2007 have been considered in preparing the plan. The performance targets in this plan have been determined based on an assessment of the PCC's operating environment, forecast conditions, risk assessment and past performance.

A handwritten signature in black ink, appearing to read "Bill Wellburn". The signature is stylized and cursive.

Bill Wellburn CA
Chair

CHIEF EXECUTIVE OFFICER'S MESSAGE

To all British Columbians, I am pleased to submit the Provincial Capital Commission's updated Service Plan for 2007/08 to 2009/10.

Since 2003, the PCC has undergone a significant transition in its mandate, programming, governance and organizational structure. While continuing our stewardship of a number of provincially owned properties and heritage buildings in the Capital region, the PCC has charted a new course in the development and delivery of province-wide Outreach programs to fulfill its expanded mandate of connecting and celebrating the Capital with every British Columbian.

As a self-sustaining Crown corporation, the PCC has a goal to optimize revenues from its property assets to fund the delivery of its programs — programs that reach citizens throughout the province.

Over the past three years the PCC has undertaken a comprehensive review of its properties, increased tenant income by over 33 per cent, and managed the difficult task of completing the much-needed remediation of the Crystal Garden to ensure its long term sustainability for future generations.

In partnership with the Greater Victoria Harbour Authority, the City of Victoria and the Esquimalt and Songhees First Nations, the PCC facilitated an Inner Harbour Steering Committee to provide oversight on due diligence work essential to the future development of the Belleville Street properties on the Inner Harbour.

The PCC Board also adopted a strategic plan for its "Capital Connects" program, to be implemented as quickly and as completely as resources allow. The Board further directed staff to put the highest priority on those programs aimed at young British Columbians. To this end, the PCC has launched an innovative travel subsidy program for student groups visiting the Capital. At our second application deadline this past November, we received more than twice the number of applications compared to the first cycle. As a result, in the program's first year we will have helped more than 3,000 British Columbia students to visit the Capital, and we plan to do more in the years ahead.

We also have a number of other outreach initiatives planned and in progress. This includes a new multimedia online social studies unit on the Capital, aimed at students and teachers in grades four and five, currently being field-tested across the province. This year 12 "Capital Connections" television vignettes have been broadcast province-wide, and are now posted on our website alongside the 65 radio vignettes produced two years ago.

At the same time, we are connecting the Capital to other regions of the Province through community visits and other province-wide community-based initiatives. For instance, we have initiated joint projects with the Healthy Aboriginal Network and the BC Youth Parliament, and other partnerships are in the early planning stages. We will also be working closely with the BC 2008 Secretariat on planning and delivery of initiatives celebrating the 150th anniversary of the Crown Colony of British Columbia.

We believe that through our outreach initiatives, British Columbians have the opportunity to "connect and celebrate" with Victoria as their provincial Capital, developing a greater awareness of and pride in our province and its rich history.

Sincerely,



Ray Parks
Chief Executive Officer

ORGANIZATIONAL OVERVIEW

Summary Description and Primary Business

The Provincial Capital Commission (PCC) raises awareness of the Capital through targeted Outreach and stakeholder communication. The PCC aspires to inform all British Columbians about the unique history and beauty that makes Victoria and British Columbia the best place on earth. The PCC is also the registered owner and steward of many provincially owned properties and heritage buildings in the Capital region.

Benefit to the Public

The work of the PCC benefits the public by:

- Connecting British Columbians with their Capital through innovative Outreach initiatives
- Taking the Capital to British Columbians and bringing British Columbians to the Capital
- Preserving many provincially owned properties and heritage buildings that celebrate the Capital

Core Business Areas and Major Programs

The PCC has two core business functions:

- Delivery of Outreach and Engagement programs that connect British Columbians with their Capital, and the Capital with all British Columbians
- Stewardship of our heritage, Inner Harbour and open space properties

Products and Services Provided

These include:

- Programming to assist student groups from across the province to visit the Capital
- Partnerships with businesses, not-for-profits and the tourism sector to boost awareness and visitation to the province's Capital
- Educational and research support for students and teachers

Principal Markets

The PCC serves the following principal markets:

- Citizens of British Columbia
- Communities throughout the province
- Visitors to the Capital
- Teachers and students
- Interested parties seeking information on the Capital

Location of Operations

The PCC's headquarters is physically located at 613 Pandora Avenue in Victoria, BC. A number of programs for schools and the general public are offered at St. Ann's Academy located at 835 Humboldt Street in Victoria, BC.

How Services are Delivered

The PCC delivers its services in a variety of ways:

- Financial support for events in the Capital and regional events throughout selected areas of the province
- Publications
- Website
- Strategic Partnerships
- PCC staff resources

Enabling Legislation

The Provincial Capital Commission is a Crown Corporation created in 1956. The *Capital Commission Act* currently provides the PCC with powers to focus primarily in real property and beautification throughout the Capital Improvement District. At the direction of government, the mandate of the PCC was changed in 2003 to include a broader province-wide mandate of engendering a sense of pride by all British Columbians in their Capital and province.

Business Model

As a self-sustaining Crown corporation, the model of the PCC is to optimize net income from its property assets to fund expenditures incurred in the delivery of Outreach programs and its core business operations.

Financial performance of the PCC is driven by:

- Optimizing revenues from commercial activities, in particular tenant leases and revenues from future development sites currently used for parking lots
- Application of the resources required to achieve Service Plan goals for the core business areas
- The stewardship of heritage and open space properties
- The net cost to operate St. Ann’s Interpretative Centre and grounds

Corporate Governance

The PCC’s Board of Directors is made up of eight directors appointed by the Province and six directors appointed by the four core municipalities of the Capital Improvement District. The Board provides policy direction, strategic leadership and oversight of the Provincial Capital Commission. The Chief Executive Officer, a position appointed by the Board, manages the implementation of the PCC’s Service Plan. The Board is accountable to the Legislative Assembly through the Minister of Tourism, Sport and the Arts.

The Board of Directors has adopted principles and policies that guide:

- Stewardship, leadership and effective functioning of the Board
- Clarity of roles and responsibilities
- Accountability and performance

BOARD OF DIRECTORS

Provincial Capital Commission

Bill Wellburn, Chair	Vancouver Island	Order In Council
Beth Campbell, Vice Chair	Thompson Okanagan	Order In Council
Basil Boulton	Vancouver Island	Municipal Appointee
Barbara Brink	Vancouver	Order In Council
Allan Cassidy	Vancouver Island	Municipal Appointee
Jane Durante	Vancouver	Order In Council
Christopher Fairbank	Kootenay Rockies	Order In Council
Bob Gillespie	Vancouver Island	Municipal Appointee
Rob Hunter	Vancouver Island	Order In Council
Pamela Madoff	Vancouver Island	Municipal Appointee
William Oppen	Northern BC	Order In Council
Matt Vickers	Vancouver	Order In Council
Leif Wergeland	Vancouver Island	Municipal Appointee
Geoff Young	Vancouver Island	Municipal Appointee

The Board has four standing committees:

- Executive
- Finance and Audit
- Governance
- Program, Resource and Communication

Vision

Connecting and celebrating the Capital with every British Columbian

Mission

- Delivery of programs that connect British Columbians to their Capital and foster pride and awareness of the diverse cultures and rich history of their province
- Responsible stewardship of public assets
- A self-sustaining Crown corporation

Values

- Act with integrity by operating with openness, fairness and transparency
- Be respectful, inclusive and accessible
- Think, plan and act long term
- Be socially responsible in everything we do by promoting long term financial and economic sustainability, a healthy environment and the well-being of all citizens
- Balance the needs of the Capital and the province-wide mandate
- Recognize and support the diversity of British Columbia's cultures, landscapes and history
- Manage the balance between our heritage properties and our province-wide mandate

Direction from Government

The current Shareholder's Letter of Expectations between the Shareholder and the PCC was signed in 2006. This letter is an agreement of the respective roles and responsibilities of each and serves as the basis of agreement between the Shareholder and the PCC including the high-level performance expectations, public policy issues and strategic priorities.

The letter is posted on our website at: http://www.bcpc.com/archive/sle_pcc_aug18_2006.pdf

Strategic Issues

Risks and sensitivities that may impede the PCC's ability to deliver the Service Plan are outlined in the table below:

Area of Risk	Risk/Sensitivity	Status
Outreach	Within the self-sustaining model, funding for Outreach programs is dependent on net revenues from commercial properties	Further growth potential linked to optimization of revenues from other property assets
Properties	Tenant income is sensitive to building occupancy and rent from percentage of sales, where applicable Belleville property revenue streams may be impacted by future Inner Harbour development Future heritage building remediation is conditional on source funding	Potential sensitivity on PCC revenue will be taken into consideration as part of future development plans PCC has implemented or developed plans to fully utilize building space and optimize revenues from commercial leasing Engineering assessments have been completed on all buildings; capital maintenance plan is linked to risk management; funding options for building remediation will be developed in consultation and the approval of the provincial government
Staffing	Succession planning - 50% of PCC staff are eligible for retirement within 5 years	Management succession plans in place

GOALS, STRATEGIES AND PERFORMANCE MEASURES

This section presents the PCC's goals and outlines how specific strategies and performance measures are helping to achieve these goals. The PCC's goals focus on the long-term outcomes relating to the Commission's core businesses. One of the ways that progress towards goals is tracked is through monitoring and reporting on performance measures. For each performance measure, annual performance targets for the next three years are provided.

Service plan goals, strategies and performance measures will continue to develop over time as the PCC's needs, resources and priorities change and as improved performance information becomes available. The PCC evaluates its performance measures to ensure they are meaningful, reflect PCC priorities and focus on the desired outcomes. The PCC continues to collect additional statistics on trends associated with awareness of the Provincial Capital Commission and its roles and responsibilities, as well as familiarity with the provincial capital Victoria.

Goal One: *British Columbians embrace and take pride in the Capital* This goal is to be achieved by creating a concept of the Capital as a historic and cultural centre of the province through strategies and programs that extend to all citizens of the province. During the period covered by this plan, the focus will be on Outreach and Engagement to encourage British Columbians to develop a sense of pride in their Capital and whenever possible to participate in programs that connect them to the Capital. The program delivery to achieve this goal will emphasize youth and children, history / heritage, culture, Aboriginal people and civic commitment.

Strategies:

- Implement a series of Outreach programs and Communications strategies to connect children and youth to their Capital and engage them in activities that manifest this connection
- Assess the impact and cost/benefit of Outreach strategies through internal monitoring and external surveys, and redesign or refine the products and processes accordingly
- Reach out to Aboriginal peoples by developing new programs, facilitating opportunities and working in partnership with representative bodies
- Implement "signature programs" that will be strongly identified as the corporate mark of the PCC
- Connect the regions to the Capital by providing the opportunities and support for having the Capital represented in the regions and a meaningful presence of the regions in the Capital
- Use the province-wide celebration of BC2008 as a vehicle to launch or expand priority programs

Performance:

Successful performance in the above Outreach, Engagement and Communications strategies are to be determined by measuring the number of programs implemented, the number and representation of the citizens that respond to or participate in the various Outreach activities, and the qualitative response of the participants, all within the scope of the PCC's self-sustaining business model.

Goal One Performance Measures	2005/06 Actuals	2006/07 Forecasts/ Baseline	Targets		
			2007/08	2008/09	2010/11
Description and cumulative number of new Outreach programs	2 new initiatives	4 new initiatives	6 new initiatives	8 new initiatives	10 new initiatives
Participant and community assessment of the quality and effectiveness of PCC Outreach programs	Performance measure determined	New in 2006/07	To be reported annually	To be reported annually	To be reported annually
Level of participation in PCC Outreach programs targeted for children and youth	Baseline participation to be established in fiscal 2006-07	Baseline established	+5% from baseline	+7% from baseline	+10% from baseline
Number and geographic location of communities participating in PCC Outreach and PCC-sponsored events and activities	Performance measure determined	New in 2006/07	+5% from baseline	+7% from baseline	+10% from baseline

Goal Two: *Effective management of property assets to optimize revenues and opportunities on a self sustaining basis*

In order to achieve the goal of a financially viable, self-sustaining service delivery Crown corporation it is critical to ensure that assets and properties held in the public trust be dealt with in a manner that is consistent with responsible stewardship.

Strategies:

- Identify opportunities to optimize revenue from property assets
- Secure long-term tenant for the Crystal Garden.
- Review property portfolio to ensure government’s strategic objectives are being met
- Review those buildings and properties that are expense generating and implement plans to move towards a neutral or positive position

- Follow sound risk management practices by implementing plans to manage risks that could result in loss of value, revenue or cost exposure to the PCC through setting priorities for mitigation strategies considering cost/benefit implications
- Complete seismic and structural upgrade of the CP Terminal Building and Tourist Information Centre
- Link remediation of the Stores Building to Inner Harbour development plans
- Continue stewardship role of PCC-owned property on the Capital’s Inner Harbour.

Performance:

Performance in this area will be measured by monitoring the extent to which each property is utilized, the development of property improvement initiatives and the percentage of occupied leased space in PCC heritage buildings.

Goal Two Performance Measures	2005/06 Actuals	2006/07 Forecasts/ Baseline	Targets		
			2007/08	2008/09	2010/11
Annual revenues from all corporate assets	\$2.58 million	\$2.9 million	\$3.1 million	\$3.125 million	\$3.15 million
Qualitative improvements to property management	5 new improvements	> 5 new improvements	To be reported annually	To be reported annually	To be reported annually
% of occupied leased space in heritage buildings	82%	>90%	>95%	>95%	>95%

Goal Three: Sound Governance and results-oriented management of the Provincial Capital Commission

This goal is to be achieved by embracing the Board Resourcing and Development Office's governance practices and procedures to allow the PCC to ensure the efficient use of its resources, accountability for stewardship of those resources and to effectively fulfill its mandate.

- Monitor implementation of corporate-wide risk management strategy
- Adopt best practices standards for management and financial reporting and monitor accordingly
- Conduct annual evaluations of the Board, CEO and Board Chair
- Establish budget targets based on available financial resources

Strategies:

- Fully implement Board Resourcing and Development Guidelines
- Continue with policy setting agenda for the Board

Performance:

Measures will include annual evaluations of the timeliness and accuracy of quarterly management reporting on annual operating plan results, with reasons for any deviation from planned performance and success in achieving targets.

Goal Three Performance Measures	2005/06 Actuals	2006/07 Forecasts/ Baseline	Targets		
			2007/08	2008/09	2010/11
Qualitative improvements in business processes and governance	Performance measure determined	To be reported annually	To be reported annually	To be reported annually	To be reported annually
Board governance and corporate support costs as a % of budgeted revenue	14%	<15%	<15%	<15%	<15%
Self-sustaining operations	Achieved for operations	Achieve budget	Achieve budget	Achieve budget	Achieve budget

OPERATIONAL RESOURCES	Summary Financial Outlook				
<i>\$ Thousands</i>	<i>2005/06 Actual</i>	<i>2006/07 Forecast (Quarter 3)</i>	<i>2007/08 Forecast</i>	<i>2008/09 Forecast</i>	<i>2009/10 Forecast</i>
Revenue	2,580	2,950	3,100	3,125	3,150
Expenditures (1)	(2,494)	(2,850)	(3,050)	(3,075)	(3,100)
Operating Income	86	100	50	50	50
Greenways/Beautification Program funded from restricted reserves	(105)	(56)	(95)	-	-
Investment in Capital Assets (2)	(3,128)	(450)	(100)	(100)	(100)
Less: Contributed Capital (3)	2,097	30	-	-	-
Retained Earnings (end of year)	709	600	675	850	1,025
Full Time Equivalents (<i>excluding auxiliaries</i>)	11	12	12	12	12
(1) Revenue from commercial activities, investment income and deferred contributions is applied to fund expenditures incurred for program delivery, property stewardship, and Board governance and corporate support. Expenditures include direct funding of Outreach programs, salaries and benefits, professional and administrative expenses, amortization of capital assets and property expenses.					
(2) Capital projects in excess of \$200,000 are authorized by Order in Council. 2005/06 and 2006/07 includes building remediation for the Crystal Garden authorized at \$3.6 million.					
(3) Contributed capital from third parties includes the Province and commercial tenants. Provincial contributions include \$1.5 million approved in 2005/06 for unanticipated structural repairs to the Crystal Garden. Contributions are deferred and recorded to revenue to match the amortization expense on capital assets they relate to.					

Key Assumptions

The PCC Financial Outlook Summary, updated January 2007, aligns available financial and staff resources to achieve the Service Plan vision and goals. The key assumptions are as follows:

- The outlook for revenues, expenditures and investment in capital assets is based on self-sustainability
- Revenue projections are based on current capacity and use of property assets
- Revenue increase from 2005/06 through 2007/08 is funding growth in the delivery of Outreach programs
- The outlook provides for government negotiated cost of living wage adjustments and cost inflation on property expenses
- Service plan goals are to be achieved within current staff capacity
- The target to build retained earnings to \$1 million will be achieved by 2009/10

The objective of the financial outlook is to fully utilize revenue from optimization of property assets to expand the delivery of outreach programs, finance essential capital maintenance of PCC owned heritage buildings, and build retained earnings capacity.

FORECAST RISKS AND SENSITIVITIES

Area of Risk	Sensitivities	Financial Implications
Tenant Income	Crystal Garden Future Inner Harbour development Factors impacting tourism in the Capital	Revenue projections in out years may be sensitive to timing of securing full occupancy of the building Future Inner Harbour development may impact revenue streams on Inner Harbour properties Revenue from % of sales performance has been conservatively projected
Property Expenses	Unanticipated cost inflation on utilities, insurance, repairs and maintenance	PCC share of costs will have to be absorbed
Outreach	Funding linked to property revenue	Future Outreach funding levels to be based on self-sustainability
Capital Maintenance	Property risks; retained earnings availability	Capital maintenance is focused on essential risk management based on available retained earnings

ALIGNMENT WITH GOVERNMENT’S STRATEGIC PLAN

The Provincial Capital Commission directly supports the Provincial Government’s Great Goal #1: ***To make BC the best educated, most literate jurisdiction on the continent.***

PCC Alignment:

- Outreach program components address and encourage knowledge of British Columbia’s rich history and diverse cultures
- Outreach priorities include new programs focused on Aboriginal youth
- The PCC operates a National Historic Site, St. Ann’s Academy, which offers interpretive and education programs
- BC 2008 activities

APPENDIX A: Significant Service Plan Changes

The PCC recognizes that all performance measures reported in the 2007/08 – 2009/10 Service Plan are important; however focusing on the most critical aspects of performance allows the PCC to better define its success in achieving its goals. As a result, the PCC has altered and/or refined a number of performance measures to create greater focus on program participation and development, fiscal sustainability and accountability.

The following performance measures have been added to the 2007/08 – 2009/10 Service Plan:

1. Number and geographic location of communities participating in PCC Outreach and PCC-sponsored events and activities
2. Participant assessment of the quality and effectiveness of PCC Outreach programs
3. Qualitative improvements to property management
4. Percentage of occupied leased space in heritage buildings
5. Qualitative improvements in business processes and governance
6. Board governance and corporate support costs as a percentage of budgeted revenue
7. Self-sustaining operations.

The following measures have been superseded in the 2007/08 – 2009/10 Service Plan:

1. Percentage of BC population aware of the Provincial Capital Commission and its role in connecting British Columbians with their Capital
2. Percentage of BC population with a sense of pride and history in our provincial capital
3. Number of commercial buildings fully utilized
4. Cumulative annual savings realized from cost savings efficiencies on building and property expenses
5. Management and financial reporting timely, accurate and transparent, and meets needs of Board, management and key stakeholders
6. Board governance effectiveness determined by meeting relevant Board Resourcing and Development Office guidelines to corporate governance practices

These measures will continue to be tracked for internal management purposes.

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PROVINCIAL CAPITAL COMMISSION

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