To: Kathy Haley[Kathy.Haley@metrolinx.com]
From: Stephan Mehr
Sent: Mon 10/29/2012 7:59:32 PM
Subject: FW: Board Important

Kathy:

See below regarding the addition of the Eglinton LRT to the ridership forecast effects.

Stef

From: David Sajecki
Sent: Monday, October 29, 2012 3:05 PM
To: Stephan Mehr
Subject: RE: Board Important

It's probably worth clarifying that to Kathy.

From: Stephan Mehr
Sent: Monday, October 29, 2012 3:02 PM
To: David Sajecki
Subject: RE: Board Important

Yes it did. It assumed at the time that the airport would be connected by 2021.

From: David Sajecki
Sent: Monday, October 29, 2012 2:59 PM
To: Stephan Mehr
Subject: RE: Board Important

Stef, regarding this point

In 2008-2009, the addition of the Eglinton LRT was taken into account reflecting a slight drop in the ridership.

Did this addition include the second phase of the Eglinton LRT connecting to the airport?

David Sajecki

Senior Advisor to the President, Air Rail Link

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David.Sajecki@metrolinx.com

From: Stephan Mehr
Sent: Monday, October 29, 2012 2:52 PM
To: Kathy Haley; David Sajecki; Michael O'Neill
Cc: Shyvonne Lawrence
Subject: RE: Board Important

Kathy:

From the summary by Michael and David:

The ridership analysis is based upon two important components: technical excellence and expert opinion:

a) Technical excellence: the framework is based upon industry standards commonly used to estimate potential transportation demand (e.g., toll roads, urban transit systems and rail networks). The technical excellence included an in-depth analysis of the potential market and traffic (e.g., how much of the travel can be reasonably attracted to the ARL; air market; demographics etc)

b) Expert opinion: No direct comparisons exist between the Toronto ARL and other ARLs as each is unique in terms of demographics , service offering, etc....Steer Davies Gleave provides expert opinion from numerous rail projects they have worked on both within Canada an internationally over the past 30 years.

Steer Davies Gleave are an international consultancy firm specializing in transportation. They were retained by Metrolinx to in 2011 to carry out a comprehensive update of the ridership forecasts. There are two key components to the forecasting: the development of the model and input data, and the interpretation and analysis of the results.

In addition to ridership forecasting, market research was carried out in 2011, business planning and customer experience mapping was carried out in April 2012, and discrete choice research study was completed in May 2012. These reports have all reached the same conclusion regarding ridership .

With any new service it will take some time for ridership to reach mature levels. This time period is referred to as the "ramp up" period and is a conservative approach to ridership modelling.

For the case of the ARL it was recommended it would require a 3 year ramp-up based upon the experience in other transportation services.

We anticipate that we will see a phased ridership growth over the first three years of operations, specifically:

- After 3 years of operations the ARL will achieve mature ridership levels.
- The first year of operations will achieve 65% of mature ridership levels.
- The second year of operations will achieve 80% of mature ridership levels.
- The third year of operations will achieve 90% of mature ridership levels.

We believe we can achieve this increase due to:

- The fact that the estimates are conservative (i.e. discounting mature ridership levels because we don't wish to over project ridership in the early years).
- The fact that ridership ramp up projections are a standard practice and projections are more often than not exceeded.

Audit Working Papers

Exclusion per Committee Direction

Additionally from STEF

The ridership forecasts are considered conservative for the following reasons:

- The forecast assumes only air passengers

- Since the 2002 original Halcrow study, the forecast has been further reduced to account for events such as 9/11, SARS and the economic downturn

- The forecast is considered as a "central" forecast, which means that there is a 50% probability it will be greater or a 50% probability that it will be lower than forecast. Therefore the forecast numbers were reduced to ensure success

- The forecasts are based in part on the original requirements by financial investors to lower it by up to 30% to account for ridership risks – this is a remnant of the private sector version of the project

- At least three attitudinal surveys were completed in 2002 (Halcrow) and 2004 and 2008 (SDG) in relation to the ridership forecasts to determine the ridership / fare elasticity the ridership / mode elasticity and the ridership / travel time elasticity of the model

- In 2008-2009, the addition of the Eglinton LRT was taken into account reflecting a slight drop in the ridership

- The forecast over the next 30 years was based on a modified GTAA passenger forecast, where the yearly increase was reduced from 3.5% to 2.0% annually.

- In 2009, the GTAA reduced its passenger expectations by 5.9% due to the economic crisis and this was also reflected in the ridership forecasts of 2011.

- Not taken into account are the additional extensive growth in condominium developments around the downtown station area etc..

Note that in 2009-2010, Jacobs consultancy prepared a due diligence report on the SDG forecast for the P3 at that time and while this is a confidential report, Jacobs in principle supported the assumptions and the estimates.

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