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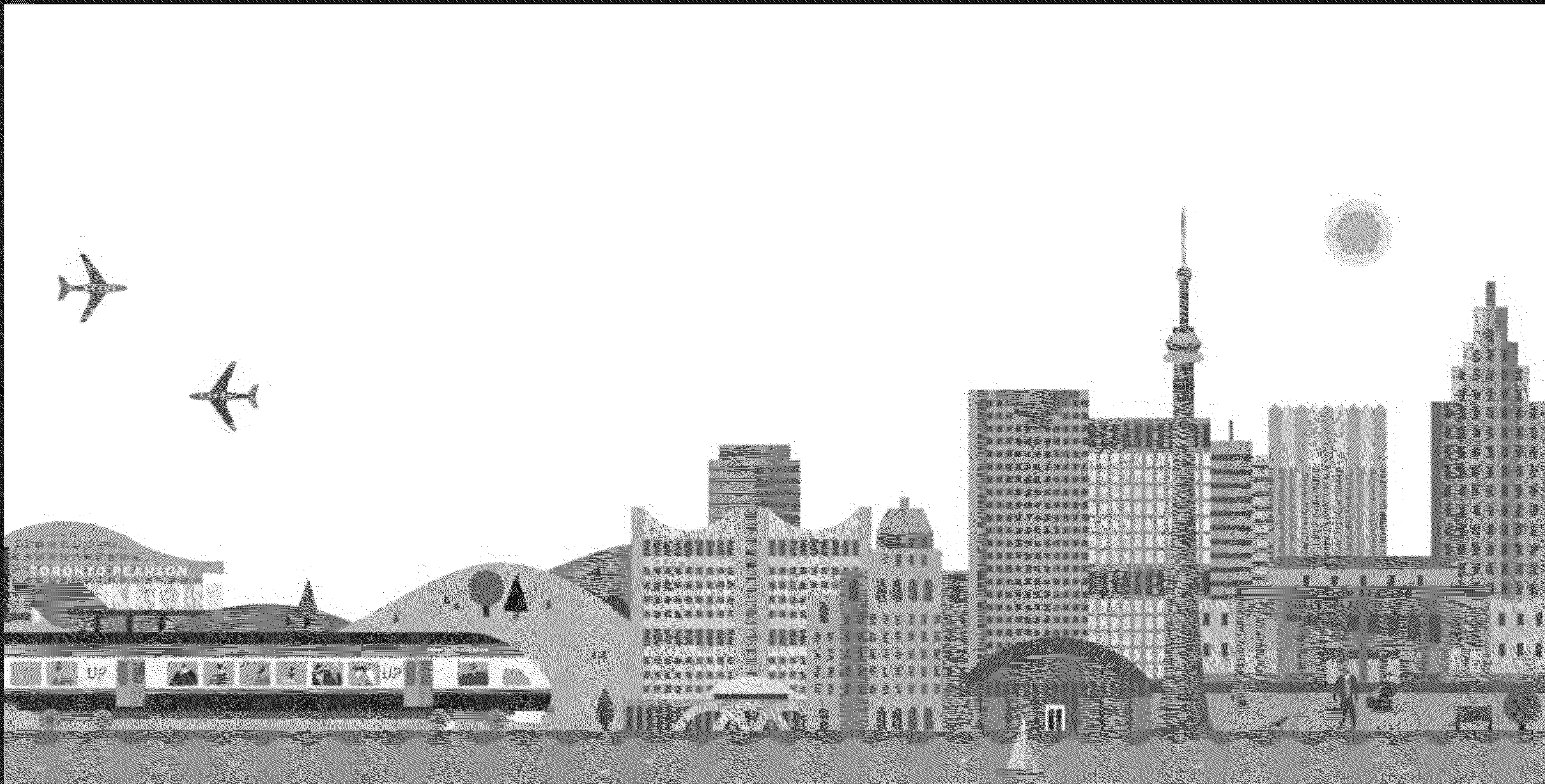
Union Pearson Express

UP Express 2013 Ridership Forecast Update
September 30, 2013



Executive Summary

- Results of the 2013 forecast are largely consistent with previous forecasts
- As part of this 2013 forecast, key assumptions were updated:

Exclusion per Committee Direction

  - Air traffic forecasts revised to account for updated passenger forecasts at Pearson Airport and impacts of Billy Bishop Airport forecasts
  - Adjustments to the costs of competing modes: Airport Express Bus fare increase from $23.95 to $26.95, and more recently to $27.95 in July
  - No change to ramp-up assumptions (65%/80%/90%) over the first 3 years

Exclusion per Committee Direction

Exclusion per Committee Direction

- UP Express has re-baselined its central ridership forecast at 2.46M in 2020 (see Appendix for more details)

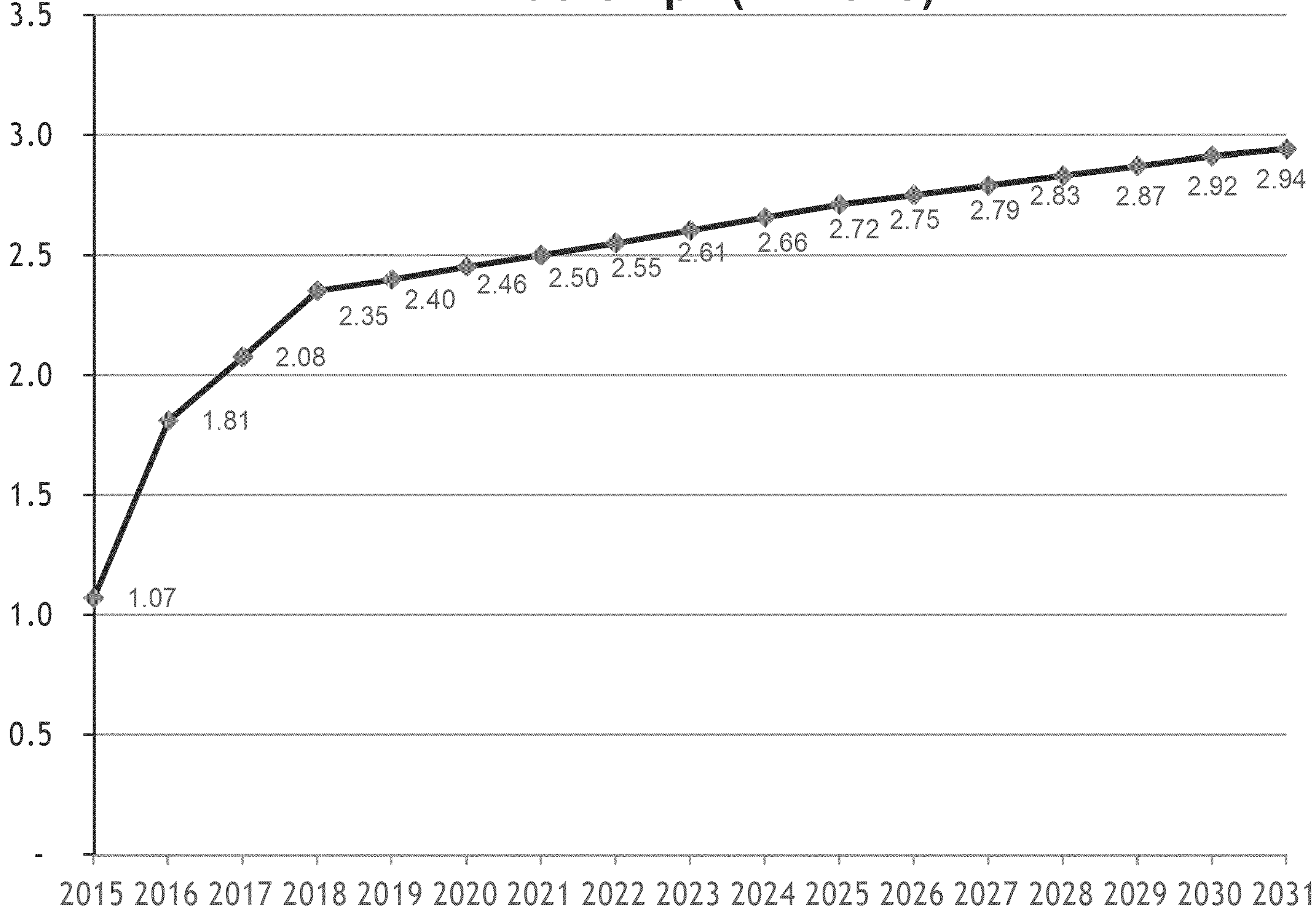
Exclusion per Committee Direction

- The Exclusion per Committee Direction/ridership results do not include additional potential passengers and new markets as a result of marketing and advertising – i.e. B2B, airport employees, meeters and greeters, non-airport travelers

Ridership Summary – By Station, Trip Purpose

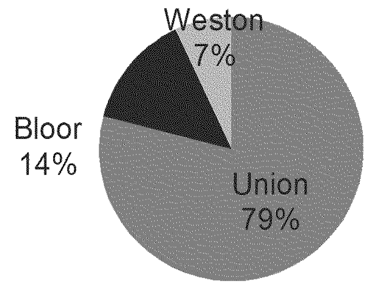
- The majority of UP Express riders will access our service at Union Station (79%)
- In 2015 we would expect at least 150,000 passengers (an average of 500-600/day) through Bloor Station alone

Ridership[1] (Millions)

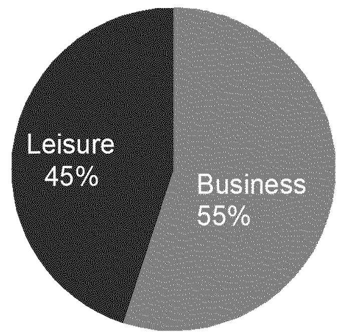


[1] Steer Davies Gleave, 2013

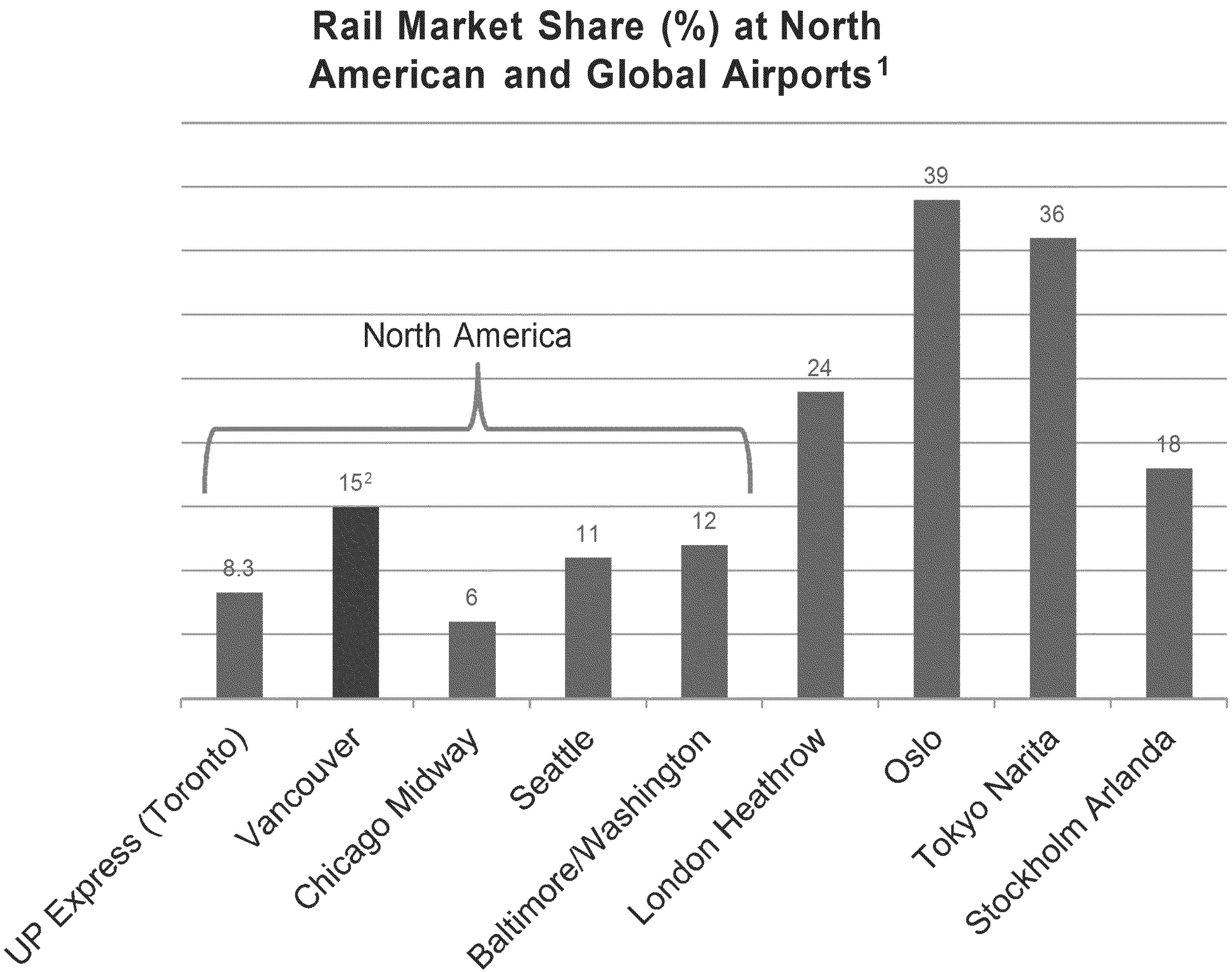
Estimated Ridership by Station[1]



UP Passenger Trip Purpose[1]



UP Express projected market share is aligned with other North American airports



Other Key Insights[1]

- Most (63%) of the UP Express demand is abstracted from the taxi mode; 12% from Airport Express Bus and 25% from car travel (parking, drop-off)
- UP Express will capture 60% of the in-scope demand in the vicinity of Union Station; and 47% in the vicinity of Bloor Station
- 8.3% is well within range of other North American systems

[1] Steer Davies Gleave, 2013
[2] Original estimates for Vancouver's Canada Line were between 8-10%

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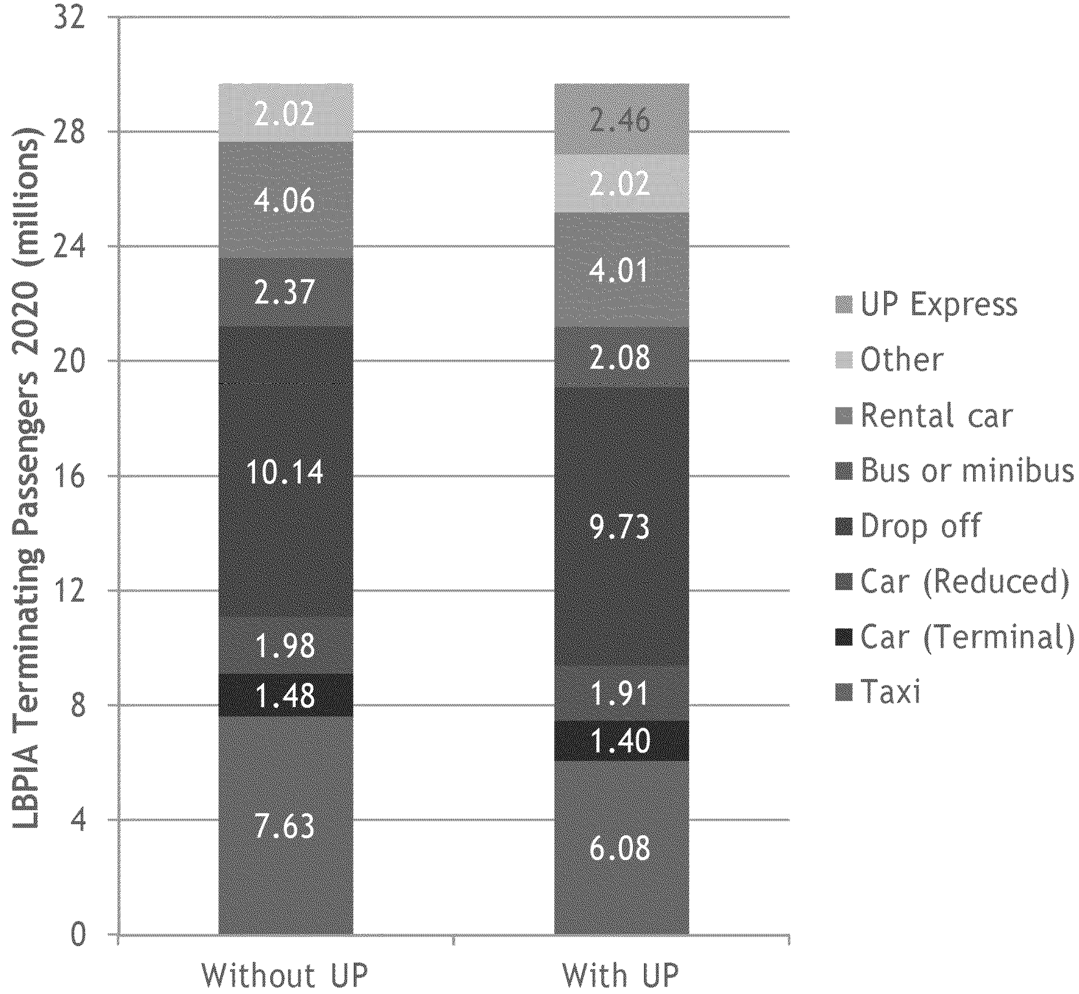
Issue: Impact to other modes of travel

- As a result of UP Express, the largest impact to existing travel modes to Pearson will be to Taxis

- The forecast suggests that by 2020, the market share of total airport ground access will shift as follows:
  - Taxis will reduce from 25.7% to 20.5%
  - Drop-Offs from 34.1% to 32.8%
  - Bus from 8% to 7%
  - Parking at the airport from 11.7% to 11.2%



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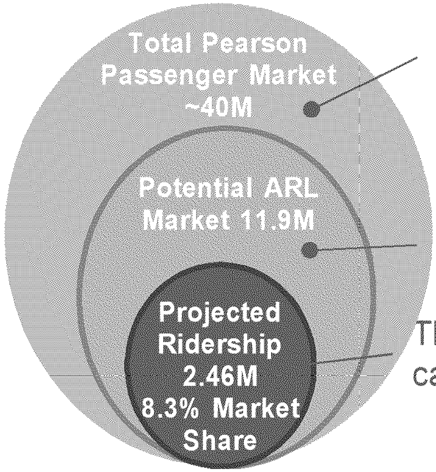
Marketing efforts will help increase demand

Existing Anticipated Market Size

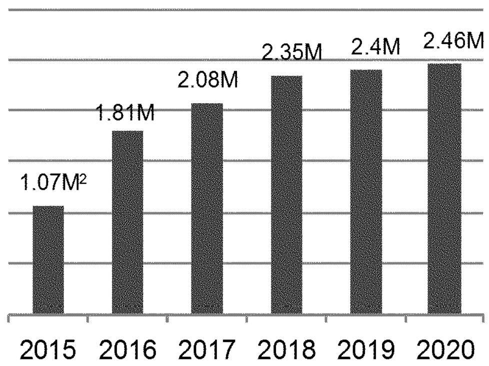


Total Toronto Pearson air passenger marke

In-scope market based on identified catchm areas

The Union Pearson Express is expected to capture 2.46M riders in 2020[1]

Projected Ridership by Calendar Year



- Marketing investments will help to increase demand and improve the ramp-up rate
- All of the programs outlined in the Marketing Tactics Plan have been designed to generate ridership, awareness or both. These tactics have been estimated to generate on an annualized basis approx. 450K passenger trips in incremental ridership

Exclusion per Committee Direction

- Execution of a B2B strategy will also help increase take rate from business travelers

[1] Source: Ridership and Revenue Forecast, Steer Davies Gleave, 2013
[2] 2015 ridership represents the first calendar year of UP Express service or the nine month period from April 2015 to December 2015

Marketing efforts can also help accelerate ridership ramp-up

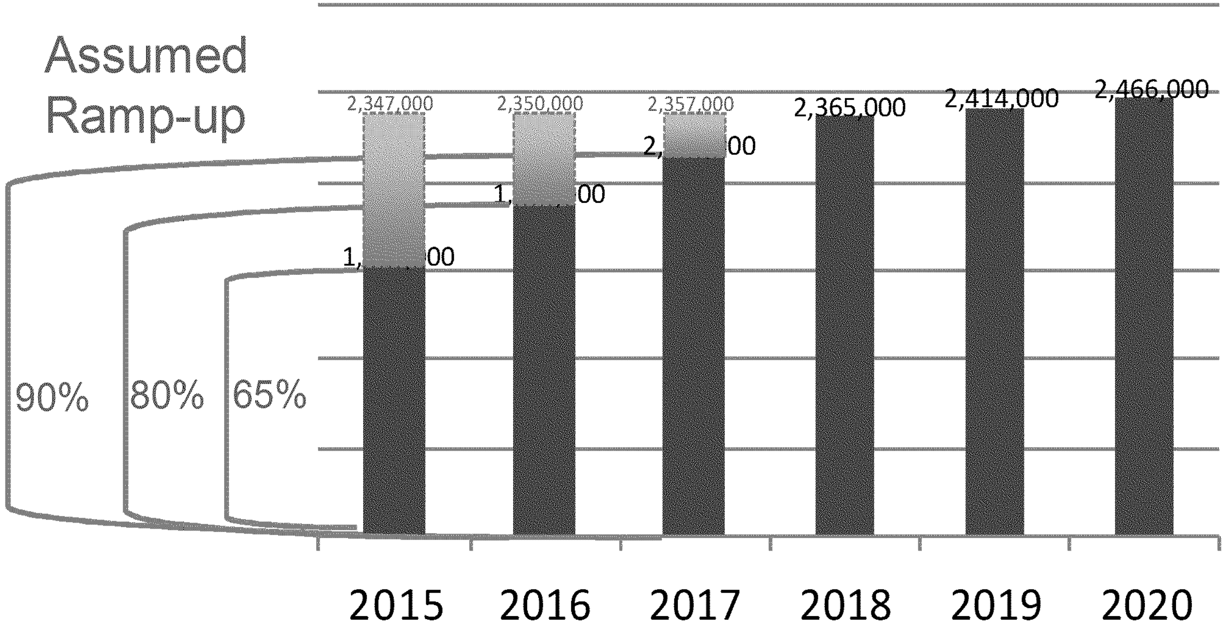
- Execution of marketing tactics can help accelerate the ramp-up of existing markets in the first few years.
- The assumed ramp-up for the first 3 years is 65%, 80%, and 90%

Potential Increase

Fiscal Year	Incremental Ridership
2015	821,000
2016	471,000
2017	210,000

Exclusion per Committee Direction

Projected Ridership by Fiscal Year



Both marketing Exclusion per Committee Direction can help capture new markets

- There are opportunities to increase ridership Exclusion per Committee Direction by targeting new markets which were excluded from the base ridership forecasts, including:
  - Meeters and greeters
  - Long layover passengers
  - First/last mile partnerships (fare integration and/or discounted access to TTC/GO/Taxi, and interline ticketing with VIA Rail)
  - Non-airport travelers (i.e. Bloor to Union Station riders)
  - Airport employees incl. airline crews

Audit Working Papers

- Update public communications as a result of 2013 baselined forecasts
- Working with PPI, develop procurement for 2014 ridership forecast refresh. Options include:
  - Extend contract to SDG for another update (approx. $30-40K)
  - New procurement for full forecast; 9-12 months to complete and significant costs
  - Due Diligence review of 2013 forecasts
- Complete Phase 1 of BCA Study to report on cost/benefit results by the end of 2013
- Using the 2013 ridership forecasts, update business model and break even analysis to include latest assumptions on operating costs and pricing

Exclusion per Committee Direction

Exclusion per Committee Direction

[1] Steer Davies Gleave, 2013

Appendix - Issue: Cars of the Road

- As part of the 2013 forecast, SDG examined "cars off the road" which has been a core component of our public messaging
  - Currently, Metrolinx notes *UP Express will remove 1.2M cars off the road in its first year of operation*

- SDG found in the opening year, UP Express will remove at least 870K cars off the road (Apr-Dec 2015)
- Public messaging should be updated to state:
  - *UP Express will remove up to 1.2M cars off the road in its first full year of operation*

Car Trips Removed from Road (Millions)

	2015	2018	2020
Taxi	0.66	1.42	1.47
Car (Terminal)	0.03	0.07	0.07
Car (Reduced)	0.03	0.06	0.07
Drop Off	0.13	0.31	0.33
Rental Car	0.02	0.05	0.05
Total	0.87	1.90	1.98

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