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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:
  - 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
  - The central forecast aligns with the current UP Express Business Plan Exclusion per Committee Direction

Exclusion per Committee Direction

New Ridership Baseline

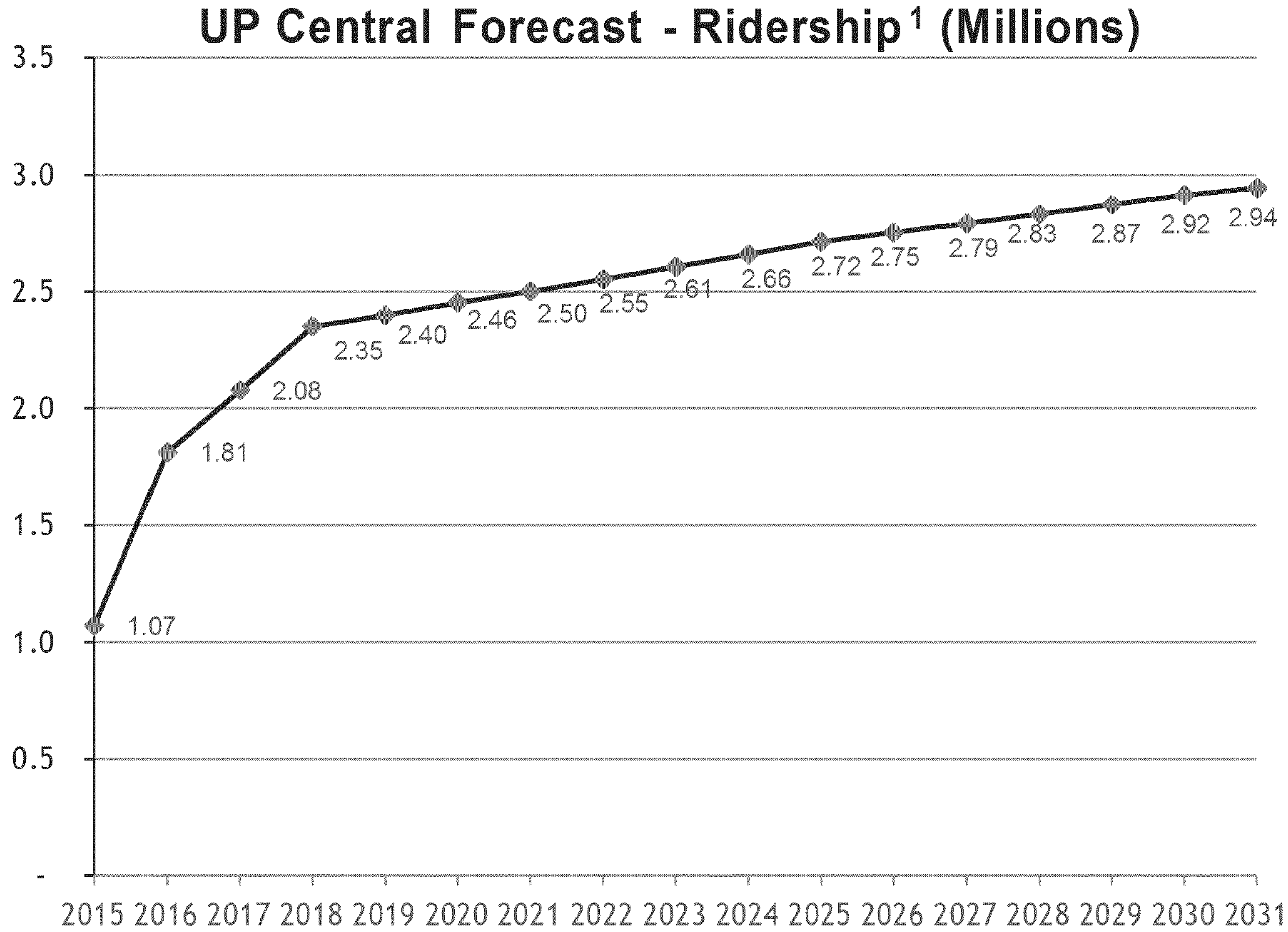
- Exclusion per Committee Direction
  Exclusion per Committee Direction
- UP Express has adjusted its central ridership forecast at 2.35m in 2018 to stay conservative in its expectations

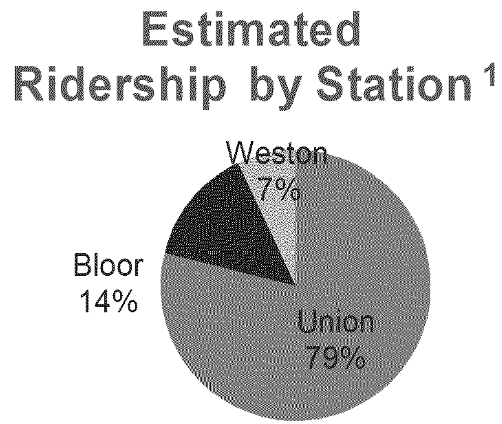
Exclusion per Committee Direction

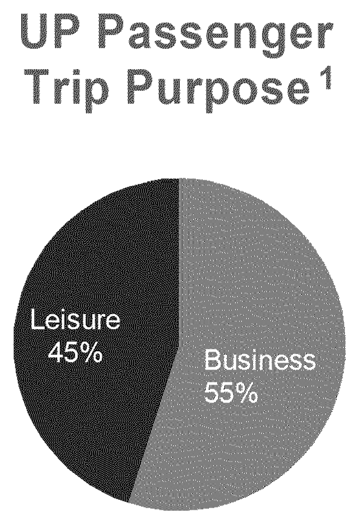
- The Exclusion per Committee Direction ridership results do not include additional potential passengers and new markets as a result of marketing and advertising – i.e. B2B, airport employees, meeters and greeters, non-airport travelers

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







[1] Steer Davies Gleave, 2013

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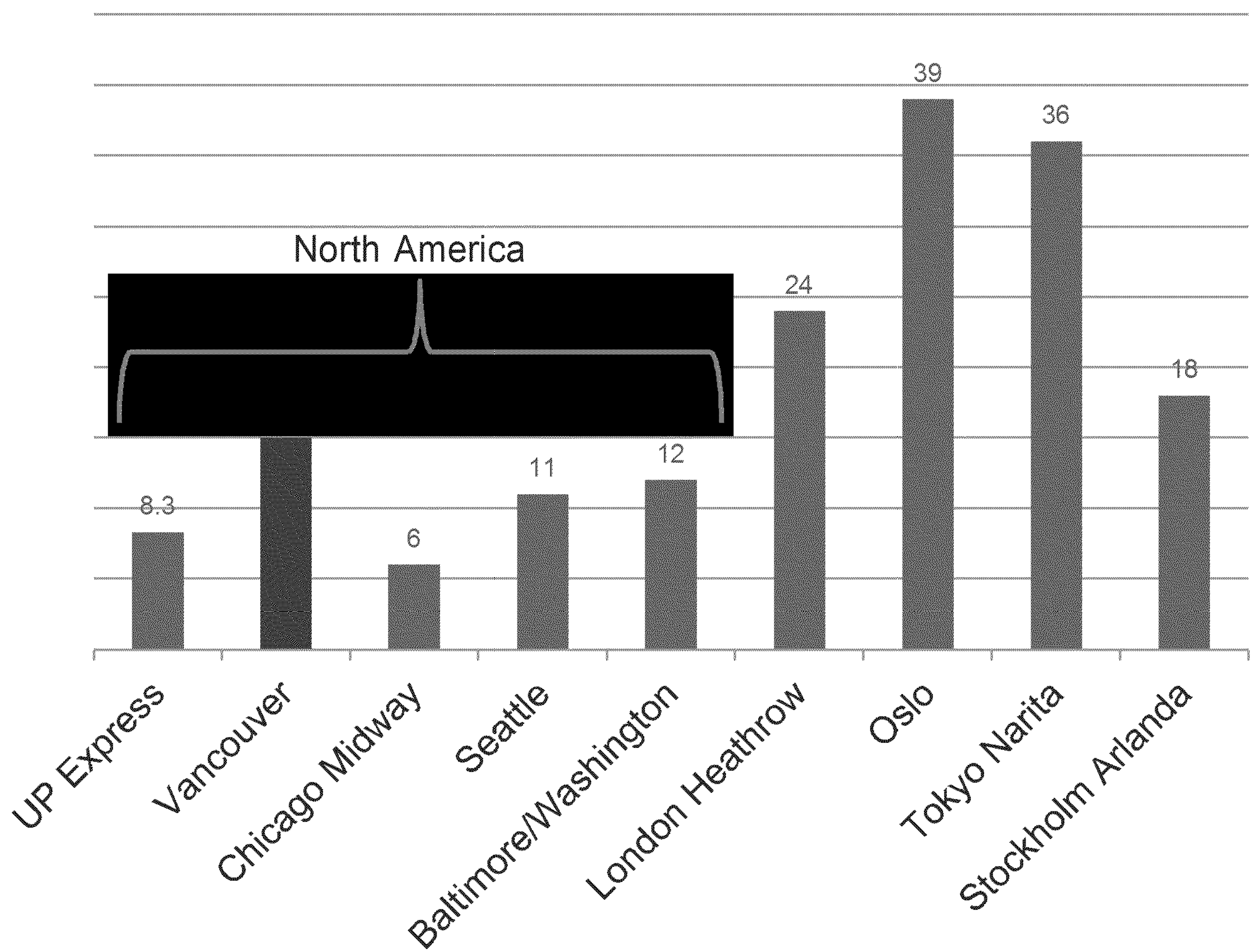
UP Express projected market share is aligned with other North American airports

Rail Market Share (%) at North American and Global Airports[1]



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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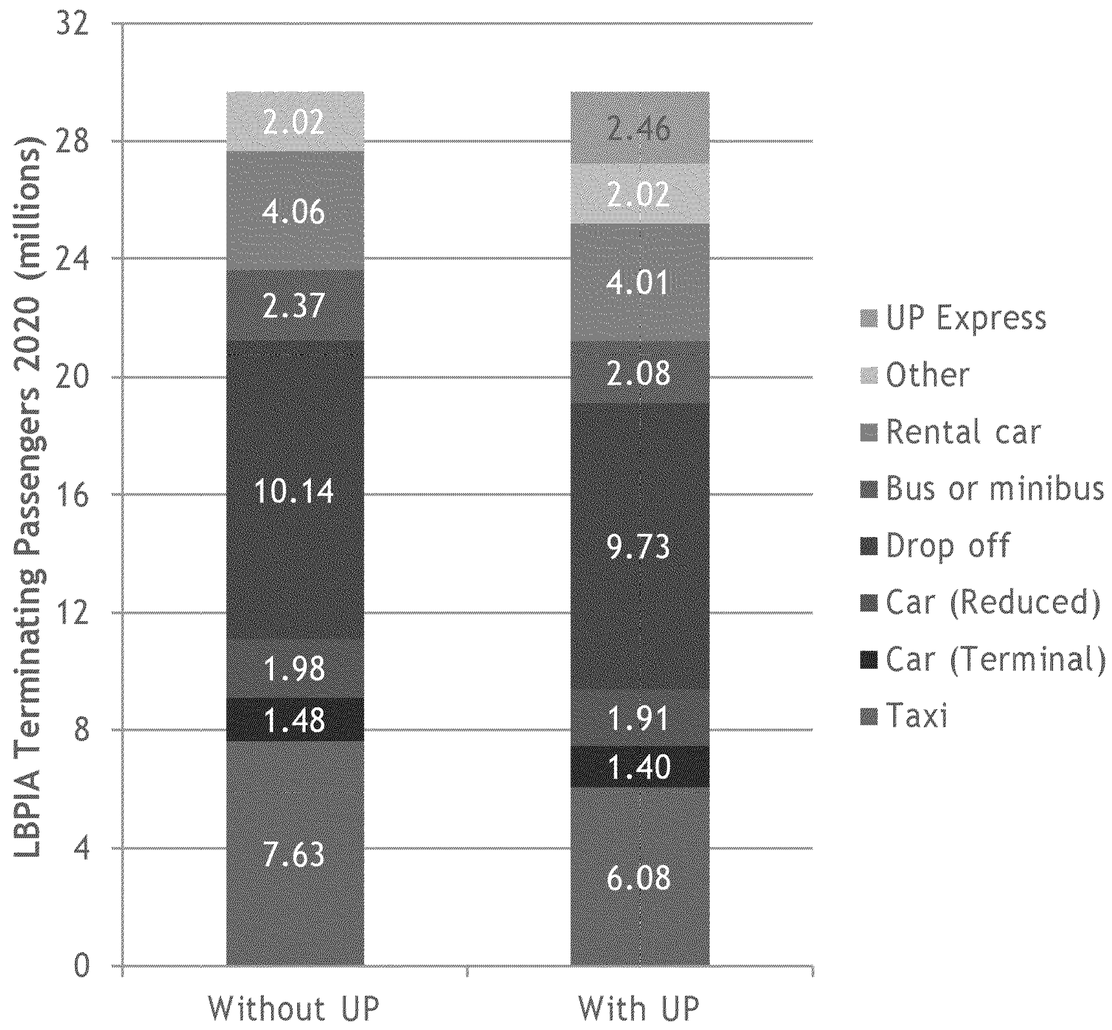
Issue: Impact to other modes of travel

- 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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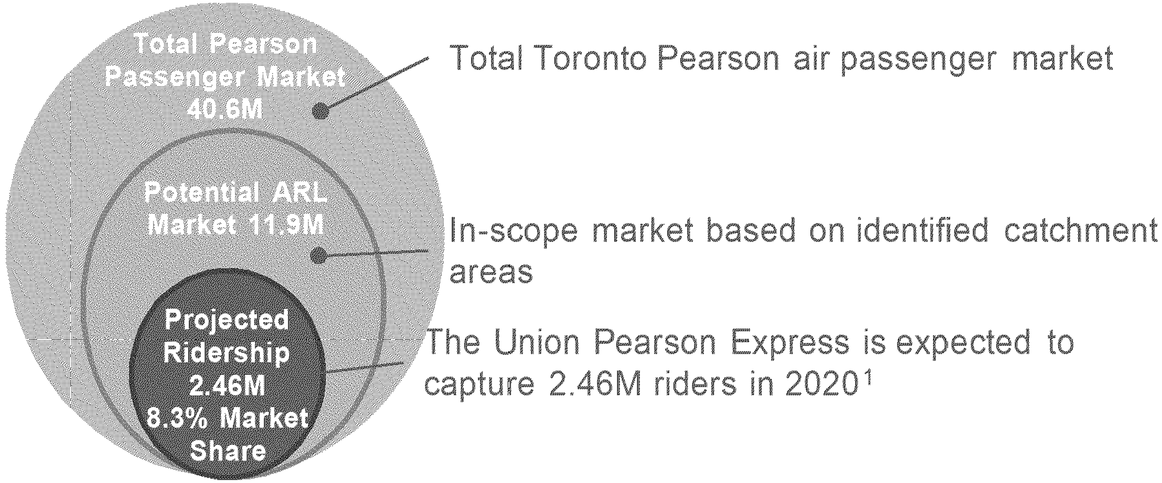
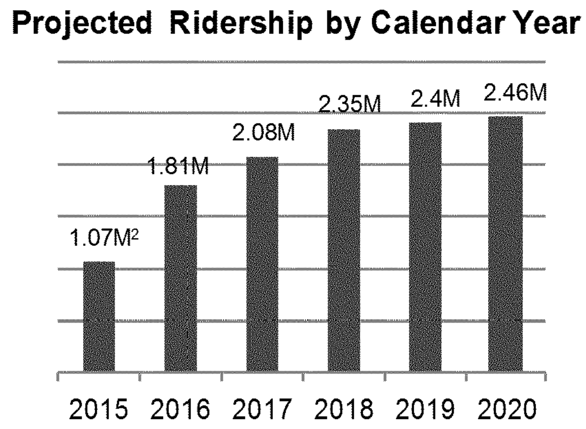
Anticipated Market Share and Growth Opportunities

Existing Anticipated Market Size





- Marketing investments are designed to increase demand and improve the ramp-up rate
- **Exclusion per Committee Direction**
- Execution of the B2B strategy is designed to 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

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Marketing efforts will help increase demand

- The programs outlined in the Marketing Tactics Plan will further generate ridership, and awareness. They will generate an estimated 450K additional passenger trips in 2015,

Exclusion per Committee Direction

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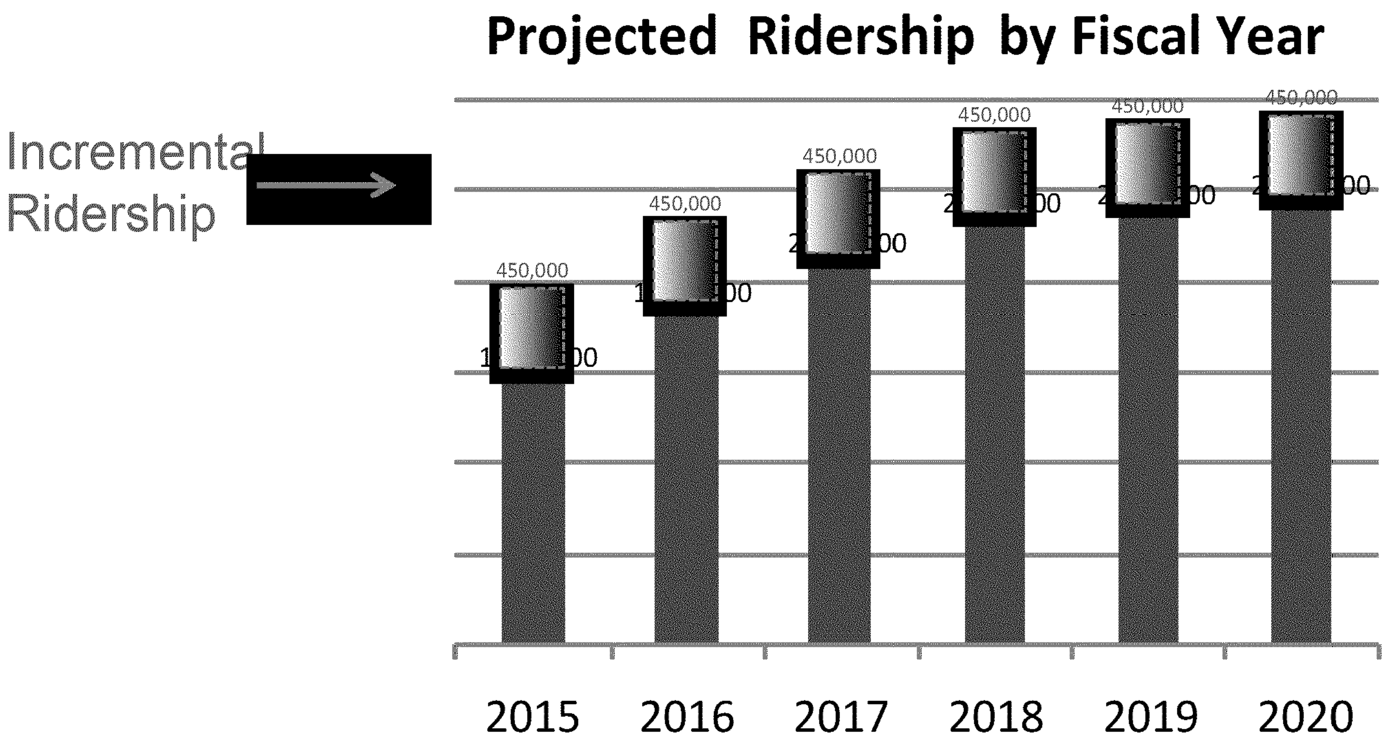
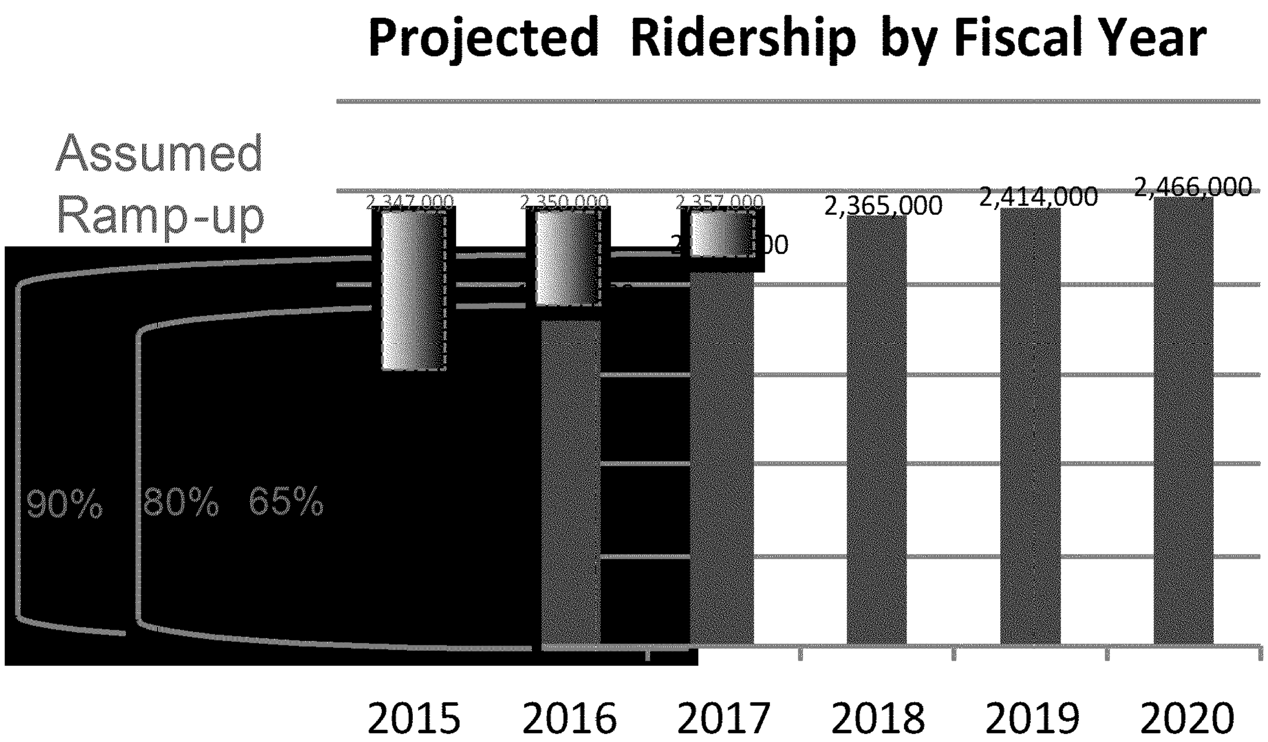
- **Exclusion per Committee Direction**



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%



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Potential Increase

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

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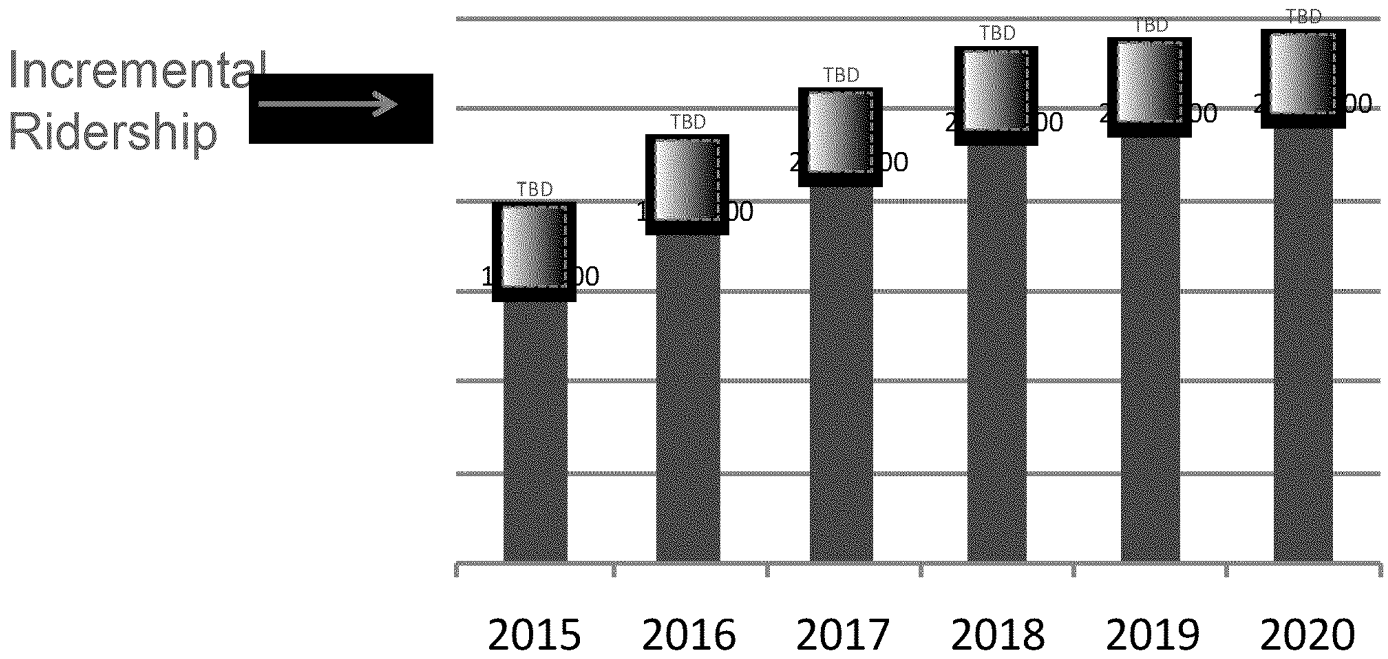
Both marketing and the pricing strategy can help capture new markets

- There are opportunities to increase ridership and revenue 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 (e.g. Bloor to Union Station riders)
  - Airport employees incl. airline crews

Projected Ridership by Fiscal Year



Next Steps

- Reporting results to MTO Audit Working Papers
- Update public communications as a result of 2013 forecasts
- Prepare for a due diligence review of the 2013 ridership forecasts Audit Working Papers

  Audit Working Papers
- 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 Exclusion per Committee Direction

  Exclusion per Committee Direction

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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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