

From: David Sajecki
Sent: Mon 10/29/2012 6:46:57 PM
Subject: FW: Board Important

Can you answer?

-----Original Message-----

From: Kathy Haley
Sent: Monday, October 29, 2012 2:46 PM
To: David Sajecki
Subject: Re: Board Important

Why do we think these are conservative estimates?

----- Original Message -----

From: David Sajecki
Sent: Monday, October 29, 2012 02:41 PM
To: Stephan Mehr; Kathy Haley; Michael O'Neill
Cc: Shyvonne Lawrence
Subject: RE: Board Important

Sure. Thanks Stef.

These are the bullets that were included in the report.

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 and internationally over the past 30 years.

Steer Davies Gleave are an international consultancy firm specializing in transportation. They were retained by Metrolinx 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

The work by SDG states that the full first year of operations will have ridership levels that are 65 percent of 2018 mature ridership levels or 35 percent less than 2018 ridership. If you extend ridership projections to the first 12 months we are projecting ridership at 65 percent of 2018 ridership levels.

Exclusion per Committee Direction

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-----Original Message-----

From: Stephan Mehr
Sent: Monday, October 29, 2012 2:28 PM
To: Kathy Haley; David Sajecki; Michael O'Neill
Cc: Shyvonne Lawrence
Subject: RE: Board Important

David/Michael:

Do you want me to formulate the bullets based on the doc and my additional verbal comments to both of you this morning?

Stef

-----Original Message-----

From: Kathy Haley
Sent: Monday, October 29, 2012 2:27 PM
To: David Sajecki; Michael O'Neill; Stephan Mehr
Cc: Shyvonne Lawrence
Subject: Board Important

Can you send me the ridership assumptions that have us conclude that we are confident the ridership forecasts are not overly optimistic. Sorry, I just have my BB and can't open doc. Discussion in 15 minutes. Just a few bullet points are fine.

Thx.

K