



2012 Business Plan

Choosing Transit for Everyday Life



People Moving People

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Chapter 1: INTRODUCTION

1.1 Background

This 2012 Business Plan is the second of four annual OC Transpo Business Plans to be received by the Transit Commission over this term of City Council. These plans fully support the transportation and mobility framework as set out in the current Term of Council priorities. They document progress toward a more effective and efficient transit system in Ottawa, provide an integrated view of proposed initiatives for coming years, and give Council an opportunity to review and renew the Transit Commission's direction in line with City Budgets. The approval of these documents allows the Transit Commission and OC Transpo staff to plan and implement operational details, and to consider new business opportunities as they arise, that are in line with the direction of Council.

Complementing Budget 2012. This Business Plan also complements two key investments approved in Budget 2012: the first is the City's Ottawa on the Move initiative, an unprecedented investment in road rehabilitation and resurfacing, new cycling infrastructure and improved sidewalks; the second is an increase in OC Transpo's operating resources to respond to higher-than-anticipated ridership and to reduce overcrowding on buses. Together, these investments will help better meet the needs of our customers, improve operational performance, and help the City prepare for the construction of light rail.

Building on the 2011 Business Plan. This Business Plan follows through on last year's plan, which focused on overhauling an unsustainable service delivery model that had developed over time. It described important approaches to achieving transit operating cost efficiencies, improving service and productivity in response to rising demand, and managing a growing reliance on significant annual transit fare increases and subsidies from the City's property tax base. It set the course for a more sustainable financial foundation while planning significant O-Train service expansion and double-decker bus acquisition in accordance with current Term of Council priorities for transit, and it also guided ongoing market revitalization, public relations and employee engagement initiatives in response to the American Public Transportation Association (APTA) Peer Review Report. These areas of focus were consistent with the City's long-term Choosing Our Future project, which promotes not only sustainability but also resiliency and liveability. They lay the foundation for an improved transit customer experience while containing costs, recognizing that in the coming years OC Transpo will be focused on the successful introduction of new services including light rail, and on the execution of several recent decisions concerning bus network optimization, double-decker bus acquisition, and O-Train expansion.

1.2 Inside this Plan

Chapter 2 addresses several core elements of OC Transpo's operations:

- A new *marketing plan* (Section 2.1) to introduce a next-generation fare system, revitalize OC Transpo's brand, build stronger customer relationships, and generate new revenues;
- An updated *service plan* (Section 2.2) that builds on the recent service optimization and prepares for both O-Train service changes and the introduction of double-decker buses;
- An updated *fleet plan* (Section 2.3) for the acquisition, refurbishment and retirement of buses, to ensure high availability of vehicles and build on the success of a smaller, more efficient fleet;
- An updated *facilities plan* (Section 2.4) that outlines steps to improve the cost-effectiveness and sustainability of OC Transpo's stations and operational facilities;
- An updated *technology plan* (Section 2.5) to benefit customers and increase the efficiency of operations and administration;
- An updated *accessibility plan* (Section 2.6) to optimize services for persons with disabilities using available resources; and
- An updated *people plan* (Section 2.7) to build employee engagement and ensure a strong, efficient workforce.

Chapter 3 highlights several strategic initiatives that will receive priority in 2012:

- A *market revitalization* being undertaken by OC Transpo (Section 3.1);
- A strengthened approach to *interprovincial transit services* (Section 3.2);
- A plan for *mitigation of light rail construction impacts* (Section 3.3) to preserve service and ridership during the 2014-2018 light rail construction period, and to complement the City's Ottawa on the Move initiative;
- A strategy for *fuel management* (Section 3.4) to control costs and minimize the environmental impacts of fuel use; and
- A plan for *safety management* (Section 3.5) to manage risks and meet regulatory commitments.

Chapter 4 identifies how these proposed initiatives are expected to impact on OC Transpo's established performance indicators, and provides a brief summary.

OC Transpo uses 11 key performance indicators to measure progress within its annual and quarterly performance reports—ridership, customer satisfaction, security, safety, service availability, reliability, reach, occupancy, revenue-cost ratio, greenhouse gas emissions and accessibility. Throughout this Business Plan, descriptions of key initiatives are accompanied by an indication of their most closely associated performance measures.

1.3 Strategic Objectives

Over the longer term, the City of Ottawa will continue to build transit ridership in a financially sustainable manner. Over the next 10 years, OC Transpo will support this outcome by focusing on two key strategic objectives: **building customer satisfaction**, and **improving operational efficiency**.

Building Customer Satisfaction

OC Transpo wants people to think of public transit as their best choice for getting around the city. Our vision is for transit to be integrated into the everyday life of Ottawa residents, and this depends on our ability to continually improve customer satisfaction. Making our riders happy, and keeping them that way, requires us to adhere to core principles—safety, accessibility, reliability, comfort, convenience, simplicity, equity and affordability—across a broad range of transit operations such as service quality, fleet, fares, marketing, information and communications.

This Business Plan identifies a number of key initiatives that will boost customer satisfaction in the coming years. These are summarized below:

Marketing Plan (Section 2.1)

- Introducing the PRESTO card to simplify fare purchases, increase convenience, introduce transferability, and enable rewards for customer loyalty;
- Simplifying the transit fare structure to also improve ease of use and equity, and to reduce confusion;
- Investing in marketing partnerships to raise transit's profile in the community and enable new customer incentives;
- Delivering mobile, real-time service information to help customers plan their trips; and
- Continuing social marketing campaigns and strengthening the use of social media.

Service Plan (Section 2.2)

- Continuing to refine the network optimization implemented in September 2011;
- Proactively improving on-time performance through refinements to scheduling and other processes;
- Extending urban transit service standards to Stittsville, and taking advantage of the new Strandherd-Armstrong Bridge to improve service connections to Riverside South and Barrhaven;
- Expanding Park & Ride lot locations and capacities;
- Renewing the in-house provision of mini bus services to Para Transpo customers;
- Replacing the mini bus fleet; and
- Redirecting funds for rural Para Transpo service to community support service agencies that can expand service options for rural seniors and persons with disabilities.

Fleet Plan (Section 2.3)

- Introducing double-decker buses; and
- Improving maintenance processes to maximize service availability and reliability.

Technology Plan (Section 2.5)

- Implementing the PRESTO card and mobile, real-time customer information systems.

Accessibility Plan (Section 2.6)

- Improving accessibility of transit stations and customer service for persons with disabilities.

People Plan (Section 2.7)

- Continuing to strengthen employee engagement, training and development.

Market Revitalization (Section 3.1)

- Revitalizing OC Transpo's brand to improve customer and employee relations, and to enhance the organization's reputation.

Interprovincial Transit Services (Section 3.2)

- Integrating the PRESTO card with STO's Passe-Partout Plus smartcard system; and
- Planning a more efficient approach to interprovincial customer transfers.

Subsequent to these activities in 2012, a number of customer-focused initiatives will be aimed at maximizing transit capacity and reliability before and during light rail construction, to ensure that ridership can be maintained and augmented during that time.

Improving Operational Efficiency

OC Transpo's 2011 Business Plan laid the foundation for a more sustainable transit system in Ottawa. It emphasized the importance of long-term financial sustainability and the ability to deliver transit services (serving annual ridership that will grow almost 30 per cent over the decade from 2012 to 2022) without placing an excessive burden on City property taxes. In accordance with these principles, in 2011 OC Transpo focused on a renewal of its bus fleet and a comprehensive overhaul of its service delivery and route structure. These were important steps toward providing more efficient transit service.

This Business Plan identifies a number of key initiatives for 2012 that will continue to boost operational efficiency by reducing costs, improving productivity or generating new revenues. These are summarized below:

Marketing Plan (Section 2.1)

- Introducing the PRESTO card, which will reduce administrative costs including those to support OC Transpo's vendor network;
- Diminishing the volume of paper-based customer information in favour of electronic information;
- Increasing the average transit fare by 2.5 per cent;
- More consistently recovering operating costs for special event services; and
- Releasing an expanded advertising contract with new opportunities for revenue generation.

Service Plan (Section 2.2)

- Putting into service the first vehicles of a new fleet of high-capacity double-decker buses.

Fleet Plan (Section 2.3)

- Continuing the re-engineering of maintenance systems and processes to boost efficiency and reduce the total cost of ownership.

Facilities Plan (Section 2.4)

- Consolidating, rehabilitating and upgrading a number of garages and other buildings.

Technology Plan (Section 2.5)

- Implementing modernized, integrated information technology platforms.

Interprovincial Transit Services (Section 3.2)

- Planning a more efficient approach to interprovincial customer transfers.

Fuel Management (Section 3.4)

- Developing a strategy to optimize the efficient use of diesel fuel in response to rising costs and demands.

1.4 Financial Context

This 2012 Business Plan reflects previously approved capital projects including light rail implementation, O-Train expansion and double-decker bus acquisition. It also remains aligned with transit's 38-year affordability outlook as outlined in the current Long Range Financial Plan; specifically, by improving ridership and service levels, controlling costs, increasing contributions to capital from the transit levy and undertaking capital spending to maintain transit assets.

However, this plan's alignment with long-term affordability models could be threatened by several important and very tangible risks, as detailed in the following paragraphs. Over the coming months, these key financial factors will be further reviewed to enable a financial forecast to be confirmed prior to the 2013 Budget exercise.

Diesel prices. Forecast diesel prices based on 2011-12 levels are not financially sustainable in the future without securing new efficiencies, fuel cost reductions or the addition of new offsetting revenues. This plan includes a new fuel management strategy, but fuel price projections must be vetted over the coming months in view of the volatility of the global economy.

Fare revenue erosion. In recent years, revenue yield per customer trip has decreased due to deep fare discounts and a gradual shift in demand from cash and ticket purchases to reduced fare categories such as monthly passes. The resulting fiscal gap is expected to be \$4 million (or 2 per cent of fare revenue) greater than previous estimates by 2013. OC Transpo's plan to streamline available discounts while offering new value-added elements such as transferable fare media and loyalty rewards is expected to reverse this trend.

Infrastructure funding. This plan could see potential delays in major infrastructure improvements as a function of uncertain provincial and federal funding commitments and schedules. At this time, the timing of significant projects such as Transitway expansions (e.g. Norice to Baseline) will depend on senior government funding, and delays would alter the timetable to achieve related operational savings. Over the coming months, assumptions will be reviewed to confirm the timing of these important initiatives and adjust operating cost projections accordingly.

Ridership growth. This plan tempers previously projected ridership growth over a five-year period from 2013 to 2017, in response to expected reductions in the federal workforce. A recovery to originally forecast ridership levels is projected once light rail is commissioned. Ridership growth in excess of these projections would place additional pressure on operating costs.

Light rail construction impacts. Until a design-build contractor is selected and construction planning is further advanced, it is difficult for OC Transpo to project possible losses in fare revenue and/or increases in service hours and operating costs that could arise from unanticipated service delays or detours. These impacts are funded in the Long Range Financial Plan, but will not be captured in the details of this plan until a contractor is selected and the timing and scope of impacts can be projected.

Chapter 2: CORE ELEMENTS

An integrated, multi-faceted and financially sustainable plan is required to guide the development of a transit system that can enable and encourage residents to choose transit as part of their everyday lives. This chapter discusses recent progress and future directions in a number of areas that are fundamental to OC Transpo's mandate, and that will remain as core elements of future Business Plans:

- **Marketing plan** (Section 2.1);
- **Service plan** (Section 2.2);
- **Fleet plan** (Section 2.3);
- **Facilities plan** (Section 2.4);
- **Technology plan** (Section 2.5);
- **Accessibility plan** (Section 2.6); and
- **People plan** (Section 2.7).

2.1 Marketing Plan

Overview

Customer satisfaction is the principal focus of any effective marketing strategy. Successful marketing activities attract and retain transit riders through the use of products, pricing and promotion within the overall context of transit service quality and availability. In 2011, OC Transpo's marketing efforts focused on defining service (in alignment with the network optimization program), promoting positive perceptions of service (through the "People Moving People" campaign), and serving customers (through new mobile, real-time and social media information services).

These initiatives will continue in 2012, with a focus on introducing the new PRESTO card for fare payment, simplifying the transit fare structure, and promoting services through community partnerships. To bring greater benefits to customers and to OC Transpo's bottom line, these initiatives are designed to:

- **Retain riders** by rewarding customer loyalty;
- **Attract new riders** by offering new incentives and benefits through community partnerships;
- **Increase convenience** by streamlining fares and payment options; and
- **Improve market information** on customer preferences and behaviours, thus enabling more effective transit service.

PRESTO Card

In 2012, OC Transpo will introduce the convenient PRESTO card. PRESTO cards will eliminate complicated interactions between customers and operators, expand user options for fare purchases (by the Internet, as well as by phone, in person, or by mail), and simplify the fare system:

- A single card can be used as a monthly pass or e-Purse for single-trip fare payment, or as both.
- Cards are transferable between persons within the same fare category (adults, students or seniors); this principle of transferability was approved by the Transit Commission in 2011.
- Card readers automatically calculate discounted or premium fares.
- Online registration by cardholders is free and includes protection from theft, fraud or loss.
- In addition to new options for remote fare purchases, cardholders have access to convenient auto-renew purchases that automatically replace expiring passes or replenish the cash value of e-Purses without requiring customers to take further action.

Key performance indicators supported:

- Ridership
- Customer satisfaction

The PRESTO card will re-define customer relationships by enabling easy monitoring and measurement of single-trip fares and monthly pass use. It will allow OC Transpo to tap into the success of loyalty point programs as a tool to reward customers for every ride taken. In addition, the PRESTO card enables new partnerships with local businesses and attractions, and with employers to transform and build on OC Transpo's historical and highly valued ECOPASS partnerships. It will also provide a better understanding of our how customers use our system, affording further opportunities to improve operational performance. As PRESTO's functionality changes to expand payment methods and additional services, customers will benefit from new opportunities for additional convenience. Over time, it will reduce administrative and overhead costs through the gradual elimination of OC Transpo's vendor network that was necessary for the sale of paper-based fare media.

Fare Structure

OC Transpo's key principles of simplicity, equity and consistency in customer fares will guide several fare structure changes in 2012. These will reduce confusion and simplify the user experience, ensure consistency in discounts for different customer groups, build customer commitment and loyalty by rewarding usage, and enable innovative marketing and service strategies.

Key performance indicators supported:

- Ridership
- Revenue-cost ratio
- Customer satisfaction

Historically, transit prices in Ottawa have been based on three key principles: premium fares for premium services; discounts for frequent use and uninterrupted pass purchase; and subsidies for price-sensitive users. Over time, however, inconsistent application of these principles, market stratification and varied growth rates have led to more complexity, and to a less equitable system for some customers. A relatively inflexible paper- and photo-based pass system has further limited OC Transpo's flexibility in modifying the price structure and adhering to its principles of simplicity, equity and consistency.

In 2012, OC Transpo will propose a simpler and more equitable fare structure for adults, students and seniors, with two types of fare payment: single trip fares for less frequent customers and monthly passes for more frequent customers. For monthly passes a consistent number of trips will be required to make a pass financially advantageous, and for premium-service express fares a consistent proportional increment over regular fares will apply to single trips and monthly passes alike. Special fares such as the Day Pass and Family Pass will remain.

OC Transpo's ECOPASS was originally created as a revenue-neutral fare medium that allowed transit commuters to automatically and conveniently pay the cost of 10.5 monthly passes over 12 months (recognizing that commuters typically do not buy 12 monthly passes each year due to holidays). However, the new PRESTO card will give all OC Transpo customers the same convenience of automated payment for monthly passes. The ECOPASS program will therefore be terminated and current participants will instead be encouraged to make use of PRESTO's auto-renewal feature, allowing them to easily suspend monthly payments for holidays or leaves of absence (something they could not do with ECOPASS). Rather than receiving a discount below the cost of a regular monthly pass, current ECOPASS holders who migrate to PRESTO monthly passes will enjoy new benefits including transferability and loyalty rewards. OC Transpo is currently in discussion with a number of employers that subsidize employees' ECOPASS purchases, to develop a new model for employer contributions that can be implemented within the framework of the PRESTO card system.

In the first quarter of 2012, we will develop and propose a detailed fare table for implementation in July. It will represent an equitable balance of premium fare rates, volume discount rates and market-specific subsidies built around the basic fare unit of a single-trip adult fare for regular bus service. Development of the detailed fare table will also address three specific fare category issues as discussed in the following paragraphs: seniors, students and Para Transpo customers.

Seniors. In 2012, seniors will continue to enjoy the current free fare periods. However, the number of seniors in Ottawa is expected to double in the next 20 years. This major demographic shift, which is being addressed in the City's Older Adult Action Plan now under development, raises substantial long-term issues for transit service. It will put disproportionate pressure on transit revenue, as a greater share of customers will use the service without generating corresponding revenue. At the same time, the growing number of seniors increases the importance of offering accessible vehicles, facilities and communications, and highlights why ensuring an affordable and equitable fare structure for all seniors is vital.

Students. Historically, student semester and annual passes were intended to improve customer convenience, reduce administrative costs, and provide a discount in exchange for a single large payment. Figure 2.1 shows that uptake of these longer-term passes, compared to monthly passes, has been very limited; as a result they were eliminated during the 2012 Budget process (with annual passes discontinued as of December 2011 and student semester passes to be discontinued as of May 2012), allowing OC Transpo to provide financial incentives to a wider range of customers.

Figure 2.1 : Pass Sales and Revenue (November 2010 - October 2011)

	Passes	Revenue
Adult Monthly	652,300	\$ 61.0 million
Adult Annual	1,050	\$1.0 million
Student Monthly	243,200	\$18.2 million
Student Semester	12,600	\$3.3 million
Student Annual	5,020	\$3.2 million
Senior Monthly	84,220	\$3.1 million
Senior Annual	280	\$0.1 million

Note: Student passes exclude U-Pass sales

Existing student monthly passes, which already offer discounted fares to customers, will continue in 2012. The U-Pass is also expected to continue. There are about 53,000 U-Pass holders at University of Ottawa and Carleton University, where student referendums in February 2012 will seek support for continuing the U-Pass at a revenue-neutral price set through the Budget 2012 process. The U Pass will continue to be a paper pass for the foreseeable future because it cannot be made functional in the current PRESTO system. The U-Pass program could also be expanded to other educational institutions that approach OC Transpo with demonstrated interest among potential participants.

Para Transpo customers. Registrants will benefit from added convenience equivalent to PRESTO card users, as a new account-based system will allow customers to pay for service when they make reservations. This will enable customers with the greatest needs to avoid having to buy fare media and manipulate cash or tickets on their journey. This program builds on our enhanced Trapeze software suite, and mirrors best practice developments in other Ontario cities.

Community Partnerships

OC Transpo has a long history of nurturing community partnerships, as evidenced by its receipt of a special award in 2011 to recognize 25 years of leadership in raising impressive Ottawa Food Bank donations through its annual food drive. OC Transpo is also proud of its role and reputation in serving our community's needs beyond the issue of mobility. Our many operators are the community's eyes and ears, and contribute to the safety of Ottawa residents at all hours of the day and night. Every year, TRANSECURE Awards formally recognize individual employees who go above and beyond the call of duty in improving public safety.

Key performance indicators supported:

- Ridership
- Customer satisfaction

Building on these successes, and under its renewed mandate, OC Transpo will focus on creating long-lasting partnerships that benefit customers and the community, leveraging OC Transpo's brand and assets to provide tangible benefits and maximize marketing opportunities. Partnerships will take many forms including joint marketing programs with current partners such as the Ottawa Senators, Metro Ottawa newspaper and Ottawa Tourism. With the added flexibility of PRESTO, OC Transpo is also looking to new employer-driven transit programs to get more mileage for workplaces and workers, and to negotiate new partnerships with partners such as the Ottawa Hospital, Westin Ottawa and VRTUCAR.

As recognized in the Budget 2012 process, a strong community partnership model requires investment in OC Transpo's marketing department to ensure appropriate market positioning and strategic risk-taking. In 2012 and beyond, this investment will ensure that we have the appropriate customer relationship management resources in place to help us build strong community partnerships and raise transit's profile among key stakeholders—for example, encouraging builders to invest in transit-oriented development and motivating employers to participate in an employer-contribution model. It will also allow us to strengthen partnerships with educational institutions and travel destinations, and to promote transit use as a healthier lifestyle for individuals and families.

Electronic Information

OC Transpo is committed to building customer satisfaction through the use of new technologies to improve reliability, safety, convenience, customer service and effective communications. In 2012, we will diminish the volume of paper-based customer information we produce in favour of mobile electronic information that gives customers access to the most relevant and current information, where and when they need it—from web-based trip planning to electronic fare payments and next-bus arrival information delivered through fixed displays and mobile devices. OC Transpo is implementing this strategy based on the best practices of other major North American and international transit agencies.

Key performance indicators supported:

- Ridership
- Customer satisfaction

In 2011, transit users were offered text messages with real-time information on next bus arrivals at bus stops and Transitway stations. They were also able to sign up to receive texted alerts for service delays or interruptions, and to provide interactive feedback and access dynamic travel information via Facebook and Twitter. In 2012, a new iPhone application will offer the functionality of the octranspo.mobi site. OC Transpo's strategy is to deliver more real-time service information through existing technology platforms in a way that maximizes customer benefits, either making the information available to third parties and the general public, or generating funds to support operations. It is important for OC Transpo to remain the authoritative (but not necessarily exclusive) source of service information for customers. In 2012, staff will recommend how OC Transpo could integrate additional complementary messages and advertising into its information streams, in a way that both increases revenues and benefits customers by creating an integrated and highly personalized mobility experience.

Social Marketing

OC Transpo's brand and reputation are founded in the perceptions of our role in the community that are held among riders, partners and community stakeholders. The 2011 American Public Transportation Association (APTA) Peer Review of OC Transpo emphasized the important role that social marketing can play in building effective public relations.

Key performance indicators supported:

- Ridership
- Revenue-cost ratio
- Customer satisfaction

In 2011, after several years of promoting capital investment and development, we introduced the "People Moving People" social marketing campaign. This campaign developed customers' understanding and appreciation of the various teams and individuals who contribute to their daily stop-to-stop bus service. It featured exterior advertising, internal video and posters, as well as video distributed on the web and through social media.

In 2012, follow-on phases will build on the foundation of the "People Moving People" campaign, showcasing individual OC Transpo employees and the value they bring to transit customers and residents of Ottawa. OC Transpo's use of social media will also be heightened through an expansion of its recently established presence on Facebook and Twitter.

Market Revitalization

OC Transpo is currently working on a comprehensive revitalization of its customer experience (or brand) in preparation for the introduction of light rail service. This strategic initiative is discussed in Section 3.1.

Revenue

Scheduled service

As set out in Budget 2012, fare revenue from scheduled transit services is expected to reach \$174.3 million in 2012. This assumes that ridership will achieve a record 106.6 million passengers, and that new fares will take effect on July 1.

Key performance indicators supported:

- Revenue-cost ratio

Council's direction is for customer fares to cover 55 per cent of OC Transpo operating costs over time. Fare revenues are therefore critical to successfully managing a number of significant financial risks—notably rising operating costs (for fuel, vehicle maintenance and operator salaries) associated with service growth to meet ridership demands. It is increasingly difficult for OC Transpo to meet cost-recovery targets in the face of these greater-than-expected cost increases, while also adhering to current planning assumptions that annual average fare increases will not exceed about 2.5 per cent. Through 2012, staff will explore possible responses to preserve customer satisfaction and protect the financial sustainability of OC Transpo operations, without unduly burdening the property tax base.

Special Events

Throughout the year OC Transpo provides special event services for which we are mandated to seek cost recovery. In 2011, OC Transpo recovered 40 per cent of the total operating costs of special event services. In 2012, OC Transpo will focus on consistently recovering costs, particularly for major events such as Winterlude, Canada Day and the Ottawa Bluesfest, by enhancing partnerships with organizers and stakeholders. Negotiations are already under way for Winterlude and Canada Day. Options for such special event service include finding sponsorship toward covering the costs of the special service, or continuing to offer the special service without full sponsorship where the event contributes significantly to the local economy and where OC Transpo can offer special fares for specific venues. At this time, only Canada Day and Bluesfest fall into this category given the significant attendance at these events.

Key performance indicators supported:

- Revenue-cost ratio

Advertising

The sale of advertising is a reliable source of funding for transit systems (typically comprising about 2 per cent of total revenue for large North American transit properties). OC Transpo currently offsets its operating expenses with almost \$3 million received annually (or 1.5 per cent of

Key performance indicators supported:

- Revenue-cost ratio
- Customer satisfaction

revenues) from advertising on buses, bus shelters and bus stop benches. Arising from the Service Ottawa initiative, a market review by the City determined that transit revenue could be maximized by bundling all advertising sources and by using billboards on transit property to meet the needs of transit users and the general public. Both Montreal's STM and Toronto's TTC have successfully raised advertising revenues through similar long-term programs.

In early 2012, OC Transpo will release a new multi-year advertising contract that will expand opportunities for advertisers. As contracts (excluding some bus shelters) are now in need of renewal, this is the opportune time to launch this initiative. It is estimated that the addition of in-station advertising (both static displays and video-based dynamic displays) and expanded on vehicle advertising could generate new revenues of about \$1.1 million by 2014.

Internet and mobile advertising represents a potentially significant source of revenue. In 2011, strategic community partners (i.e. major events or attractions) enjoyed enhanced advertising opportunities on the OC Transpo website. In 2012 and beyond, text message services will also permit the bundled delivery of advertising streams with relevant (e.g. location-based) real-time transit user information, with benefits for the user experience as well as the bottom line. These bundled advertising streams could be of particular interest to the City's strategic partners in economic development endeavours, serving both residents and visitors.

OC Transpo will also continue to explore advertising opportunities on printed media including pocket timetables, maps and brochures.

2.2 Service Plan

OC Transpo's service plan reflects the fact that service coverage, availability and reliability are key factors in customer satisfaction. It proposes numerous service improvements over the coming years, with an eye to more dramatic change around the launch of light rail service in 2018.

Recap of 2011 Changes

Network optimization. In September 2011, OC Transpo took a major step toward greater operational efficiency by making major changes to the route network. By improving productivity, these changes put the system on the path to greater financial sustainability and reduced the pressure to increase transit fares and property taxes faster than inflation.

The route changes were planned in early 2011, modified following extensive public and stakeholder consultation, and approved by the Commission in April 2011. While the changes meant increased walking distances and additional transfers for some customers, most customers experienced no change to their trips. Thanks to an extensive communication program, many customers were well prepared for the route changes before they took place. The outreach efforts and tools offered by OC Transpo included an updated travel planner, mobile trip planning resources, as well as additional resources at the call centre and in-person attendance at major bus stops and transfer stations across the City.

Through careful monitoring, OC Transpo has identified some required service revisions in response to changing demands and operating circumstances. For example, September demands were higher than projected and led to unanticipated crowding on some express routes. New trips were added to these routes and high-capacity articulated buses were reassigned. Some additional changes, including increased service hours, were also identified for December 2011 and January 2012.

Availability and on-time performance. In 2011, OC Transpo increased scheduled service availability and on-time performance by improving scheduling practices. Improvements in workforce planning and management have also dramatically improved service reliability, with the number of cancelled trips reduced by more than 75 per cent compared to 2010 levels. On-time performance on routes subjected to detailed GPS data analysis and improved scheduling increased from 57 per cent to 78 per cent. In 2012, staff will continue their proactive efforts to maximize on-time performance.

O-Train expansion. In 2011, Transit Commission and City Council approved a project to improve the O-Train's peak service frequency from 15 minutes to about 8 minutes, increasing peak capacity by about 80 per cent. The project requires the acquisition of six new trainsets and the construction of two new passing tracks, and will begin operation in 2014. OC Transpo is investigating further O-Train enhancements, with a separate report being presented to the Commission on the feasibility of extending the O-Train line south toward Riverside South.

Looking Ahead: 2012 to 2015

Ridership is expected to grow by 2.9 per cent in 2012, and the new route network will continue without major modification due to higher-capacity buses coming into service in the fall. We will adjust the assignment of different bus types to more equitably balance service capacity and crowding levels among routes, and as always we will make minor route adjustments in response to issues raised by customers and operators.

Also in 2012, urban transit service standards have been extended to Stittsville, with accompanying service improvements in January and September. Stittsville and Kanata residents may also choose to take advantage of the new Park & Ride lot at Scotiabank Place, made available in cooperation with the Ottawa Senators organization. Another new Park & Ride lot is planned for the intersection of Strandherd and Woodroffe, and parking capacity expansion is planned for the lots at Strandherd Station (near Greenbank) and at Trim Station.

Key performance indicators supported:

- Ridership
- Area coverage
- Occupancy
- Reliability
- Revenue-cost ratio
- Greenhouse gas emissions
- Customer satisfaction

In the fall of 2012, the first of OC Transpo's new fleet of double-decker buses will enter service. These high-capacity buses will primarily replace articulated buses on long-distance, frequent express routes. Those articulated buses will then be reassigned to replace 40-foot buses on other high-demand express or main line routes. In 2013, the remainder of the new double-decker buses will arrive and enter service on long-distance, frequent express routes, and the cascade of articulated buses to main line routes will continue.

The opening of the new Strandherd-Armstrong Bridge in late 2012 will allow the extension of Transitway Route 94 to Riverview Station, providing a new connection from Riverside South to downtown through Nepean and Tunney's Pasture, and will also allow some Transitway Route 99 trips to be extended to RCMP offices in Barrhaven. The OC Transpo bus routes extending into Gatineau will be revised to provide new connections with the STO's Rapibus service, reducing operating pressure on Rideau and Wellington Streets in downtown Ottawa.

Through 2012, transit priority improvements will reduce travel times and increase service reliability. New measures will be implemented on Carling Avenue east of Preston Street, along Strandherd Drive east of Woodroffe Avenue, and at the intersections of Heron Road/Riverside Drive and Robertson Road/Moodie Drive. Traffic signal priority and road geometry changes will also be made on Woodroffe Avenue between Fallowfield Road and Strandherd Drive, and at a number of intersections along Baseline Road, Carling Avenue and Richmond Road.

In 2013, ridership is expected to grow by 0.7 per cent (a rate that is tempered due to expected reductions in the federal workforce, as discussed in Section 1.4). Additional operating resources will be allocated to routes where ridership is growing or to extend service into newly developed areas of the City. New Park & Ride lots are planned for Hazeldean Road between Kanata and Stittsville, in Kanata North, and at Chapel Hill in Orléans. In the spring and summer of 2013, the O-Train will be removed from service and replaced by a special bus route while major reconstruction is undertaken to increase O-Train frequency and expand its capacity.

In 2014, the expanded O-Train service that was approved in 2011 will open for service, increasing capacity and reducing waiting times for customers travelling to and from Confederation Heights and Carleton University, and making it easier for customers to cross from Ottawa's south end to west end without travelling through the congested downtown core.

In 2015, the new section of the West Transitway between Moodie/Corkstown Station and Bayshore Station is planned to open (subject to funding as outlined in the Long Range Financial Plan for transit), improving travel times and the reliability of service for those customers travelling to and from Kanata and Stittsville, and also improving access for the new federal offices at Carling Place (formerly the Nortel campus). The new Southwest Transitway section between Norice Street and Baseline Station will open, along with a new Tallwood/Archives Station and a reconstructed Baseline Station. The new Transitway will improve travel times and service reliability for customers travelling to and from Barrhaven, and the reconstructed Baseline Station

will allow continued redevelopment of the CentrepoinTE and Algonquin College area. Expansion of Park & Ride lot capacity is also planned, with currently planned projects for 2014 and/or 2015 including an expansion to the Millennium Park & Ride lot and a new Park & Ride lot at Cambrian Road in southern Nepean. Other Park & Ride expansion may occur, as guided by demand and the availability of land and funding.

The City's new Ottawa on the Move program, approved as part of Budget 2012, will allow the City to proceed with much-needed infrastructure renewal in the years leading up to the 150th anniversary of Confederation in 2017 and the opening of the light rail line in 2018. Projects worth \$340 million will be completed across Ottawa, including roadwork and bridge repairs, sidewalk upgrades, sewer and culvert improvements and cycling infrastructure. During these years, the provincial government is also planning major work to expand the capacity of Highway 417. Some of these projects will affect streets that are important to the transit network, and some may increase traffic congestion to the point that travelers shift to transit to avoid delays. OC Transpo will work closely with the project managers for Ottawa on the Move and the Highway 417 work to ensure that any required bus route or schedule changes are integrated with those projects as well as with light rail construction. Any requirements for increased transit operating resources will be reported in project plans or in future Business Plans and annual budgets.

The City is continuing to plan and design more transit priority measures for key corridors and intersections. Over the next few years, transit priority measures will be implemented along Bank Street, Baseline Road, Carling Avenue, Hunt Club Road, Rideau Street, Montreal Road and St. Laurent Boulevard, and at several intersections including Baseline Road/Prince of Wales Drive, Carling Avenue/Richmond Road, and Hunt Club Road/Dazé Street. These improvements will reduce travel times for customers, control transit service variability during congested periods, and make service more reliable and competitive.

Looking Ahead: 2015 Onward

From 2015 until 2018, light rail construction from Tunney's Pasture Station to Blair Station will have a major impact on transit service on the central Transitway and through downtown. Construction will be staged to minimize negative effects on transit customers, but as Transitway sections are converted to light rail, bus operations will be moved onto nearby streets and highways. The capital budget will include funds to enhance bus services and increase O Train frequencies during construction, and Section 3.3 of this plan offers more information on other

plans to mitigate impacts; additional details will be available in 2013, after selection of a project contractor. Though average ridership growth of 1.6 per cent is expected each year from

Key performance indicators supported:

- Ridership
- Area coverage
- Occupancy
- Reliability
- Revenue-cost ratio
- Greenhouse gas emissions
- Customer satisfaction

2015 until 2017, it is possible that longer travel times and reduced service reliability due to light rail construction could depress ridership somewhat. In response to this risk, retaining ridership has been identified as a key priority leading up to and during these years.

The new light rail line is expected to open in 2018, bringing greater capacity, shorter travel times, and increased reliability for transit trips both downtown and across the city; trains are expected to run every three to four minutes in peak periods, and each train will replace up to ten articulated buses. In conjunction with light rail, broader transit network modifications will maximize the benefit to customers. East-end express bus routes from Orléans and other areas will be combined with local routes to create a system of feeder routes connecting to light rail at Blair Station. Routes from Alta Vista, Greenboro, Riverside South and nearby areas will connect with the light rail line at Hurdman Station. Express and Transitway buses from Kanata, Stittsville, Barrhaven, and central and northern Nepean will connect with the light rail line at Tunney's Pasture Station; local routes in those areas will remain much as they are today until the light rail line is extended further west. Within downtown, local routes will be modified to optimize connections with the light rail line and dramatically reduce the number of bus trips operating on Rideau, Wellington, Albert and Slater Streets. These changes are expected to bring about projected ridership growth of 4.0 per cent in 2018 and 5.4 per cent in 2019, slowing thereafter to about 3 per cent annually.

In the longer term, operational efficiency will benefit from light rail, Transitway and O Train improvements that allow growing customer volumes to be served with fewer buses (as shown in Section 2.3). Other major infrastructure projects supported by the transit long-range financial plan include the Cumberland Transitway from Chapel Hill Station to Blair Station in 2021.

Para Transpo Service

OC Transpo continues to optimize efficiency and increase service capacity within Para Transpo's fixed operating budget. One way it does so is by encouraging registered Para Transpo customers to use conventional transit services (now 100 per cent accessible) whenever practical. Looking to the future, we are also participating in a cooperative national review of specialized transit eligibility criteria led by the Canadian Urban Transit Association. That review will allow participating agencies to benchmark their eligibility criteria against those of peer systems in several Canadian cities, and may lead OC Transpo to refine or update our eligibility criteria and application process to ensure that customers in need of the service are accommodated.

Key performance indicators supported:

- Ridership
- Revenue-cost ratio
- Accessibility
- Customer satisfaction

Since 2008, OC Transpo has worked to balance the delivery of specialized transit services using mini buses (operated by staff through an in-house contract) with sedans and accessible vans (operated by taxi companies through an external contract), recognizing important differences in service characteristics and operating costs per trip. Out-sourcing of sedan and van services to the taxi industry has consolidated suppliers and reduced administration costs, lowering the cost to serve most ambulatory customers while improving service due to the larger pool of available vehicles arising from the use of accessible taxis. In sourcing of mini bus services has eliminated overhead and profit from the service model in place before 2008. Over the next few years, the cost advantage of contracted sedan service, upgraded reservation and scheduling systems are expected to reduce mini bus service mileage and deliver more trips for the same tax dollars. A decision to acquire replacement buses will be made before 2013 while the in-house contract for mini bus services will be renewed at the end of 2012, allowing us to continue to provide mini bus services internally.

In 2012, as approved by the Commission, funds for Para Transpo service in the rural parts of Ottawa will be redirected to community support service agencies that offer transportation services for seniors and people with disabilities in rural areas, and to new once-a-week OC Transpo services from rural villages to shopping and service destinations in central Ottawa. Para Transpo is an extremely expensive way to provide mobility in rural areas, and these changes will improve overall mobility for seniors and people with disabilities without increasing costs.

2.3 Fleet Plan

OC Transpo maintains a multi-year plan for bus acquisition, refurbishment and retirement. The fleet plan sets out long-term capital costs to ensure availability of vehicles and efficient use of maintenance resources, based on projected ridership changes, expected opening dates of rapid transit projects, and options for providing system capacity with different bus types.

Bus Acquisition

Substantial bus acquisitions in recent years, including the double-decker bus purchase approved in 2011, have helped make OC Transpo's fleet among the youngest in all of Canada. They have also enabled a faster retirement of older buses than envisioned in the 2011 Business Plan (with an additional 44 buses retired by 2013). Figure 2.2 illustrates the anticipated size of OC Transpo's bus fleet over the next decade, including the number of buses of different types (i.e. 40-foot hybrid and diesel, 60-foot articulated, double-decker). In 2008, OC Transpo projected the potential to reduce fleet size even as ridership grows, and subsequent fleet renewal and the re-engineering of mainte-

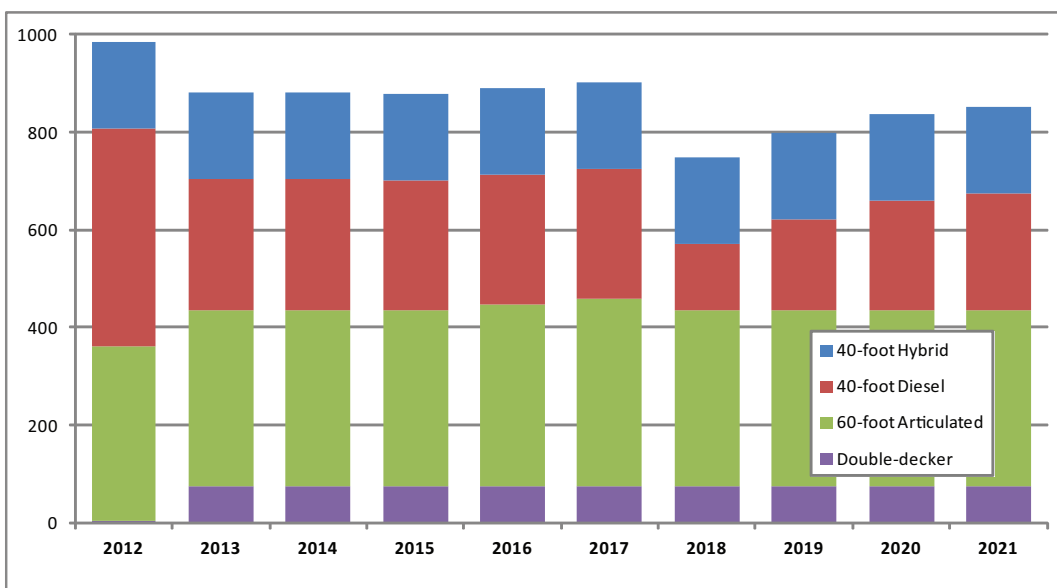
Key performance indicators supported:

- Ridership
- Occupancy
- Service availability
- Reliability
- Revenue-cost ratio
- Greenhouse gas emissions
- Customer satisfaction
- Accessibility

nance processes have dramatically reduced both fleet size and capital costs. It is worth noting that recent and future fleet acquisitions continue to reflect OC Transpo's focus on improving customer satisfaction through features such as air conditioning, low floors, full accessibility and bike racks.

Figure 2.2 does not include Para Transpo's fleet of mini buses that are now five years old and due for retirement. As previously mentioned, in 2012 staff will develop a mini bus replacement strategy consistent with the established capital budget of \$13 million.

Figure 2.2 : Total Fleet Size



Fleet Maintenance

The fleet plan includes the benefit of continued maintenance re-engineering. Success by the maintenance management team in lean engineering and supply chain modernization in 2011 has stabilized and improved fleet availability. The Maintenance division has been consolidated into four facilities, and an improved alignment of resources with operations has provided significant performance improvements in all areas of maintenance.

Key performance indicators supported:

- Service availability
- Reliability
- Revenue-cost ratio
- Security and safety
- Customer satisfaction

In 2012, the focus will shift to preventative maintenance improvement programs that can improve reliability and extend bus life. One critical step toward this goal will be a major training initiative to standardize and update the skills and abilities of professional mechanics and garage attendants.

The backbone of these changes is a 24-month project to modernize the M5 maintenance information technology platform, which will provide consistent support for new processes and improve the quality of business information. Maintenance employees are contributing ideas to help leverage the software's best practices functionality. The results will ensure long-term efficiency along with high-level operational performance.

The material support division will continue its evolution to an integrated and effective part of the maintenance organization. Using modern supply chain management processes, including vendor-managed inventory and point-of-use solutions material, total cost of ownership will be reduced and efficiency will be increased allowing the workforce to focus on value-added work and directly support maintenance operational effectiveness.

Fuel Source Conversion

A key challenge identified through long-range forecasting is the growing discrepancy between the growth rates of fuel prices and transit fares. Diesel costs are forecast to continue increasing at long-term rates of 5 per cent, while opportunities to use fuel more efficiently have been maximized. A switch to a lower-cost fuel may be required to contain fuel cost pressures as fleets are renewed in 10 to 15 years. Conversion to natural gas could be considered for major bus purchases in the latter years of this plan, if current projections for low natural gas prices and high diesel prices are accurate. This shift is currently under extensive study by the transit industry and we will monitor it closely.

2.4 Facilities Plan

Transit Service Facilities

OC Transpo's transit service facilities include an extensive network of dedicated Transitway routes and stations, the existing O-Train line, and 13 Park & Ride lots. In 2011, we added to this portfolio a new Park & Ride lot at Leitrim and a new section of Transitway from Fallowfield to Barrhaven Centre.

Key performance indicators supported:

- Ridership
- Customer satisfaction

In accordance with the Term of Council priorities, in 2012 the City will continue to pursue a number of transit-oriented development (TOD) studies to stimulate development that is dense, innovative, integrated and of high-quality urban design. These studies are being undertaken for

lands surrounding OC Transpo rapid transit stations at the Ottawa VIA Rail station, St. Laurent shopping centre and Cyrville Road. These (and seven other) bus rapid transit stations are to be converted to LRT stations by 2018 as part of the City's first phase of LRT construction. The City will also continue to implement a number of infrastructure improvements to improve customer access to rapid transit stations, such as the pedestrian bridge over Highway 417 linking Train Station to Coventry Road, as well as walking and cycling improvements to help customers reach transit stops and stations. Some of these projects are funded through the City's new Ottawa on the Move program.

Looking beyond 2012, it will be a priority for OC Transpo to refresh its Transitway stations that are not being converted to light rail, as they become scheduled for rehabilitation. These will play an important role in the revitalization of OC Transpo's brand, as discussed in Section 3.1.

Support Facilities

OC Transpo also operates numerous buildings including four bus garages (St. Laurent, Merivale, Pinecrest and Industrial), three support buildings on Belfast Road, a new dispatch centre on Industrial Road, and the Walkley Road O-Train maintenance facility. We are in the process of rehabilitating, modernizing and expanding these facilities, some of which are more than 30 years old and require upgrades for capacity, cost effectiveness and sustainability objectives. We are also focused on opportunities to control costs by rationalizing maintenance and administrative facilities, wherever warranted.

Key performance indicators supported:

- Service availability
- Revenue-cost ratio
- Greenhouse gas emissions

The new Industrial garage, completed in 2011, has proven itself as an exceptional strategic asset. It was built to handle a fleet of articulated buses, but has already exceeded the original design and now maintains over 55 per cent of the entire OC Transpo fleet including articulated, hybrid and double-decker buses. This efficiency has allowed the consolidation of six different maintenance locations into two main locations and two service locations. Furthermore, the garage has high doors and ceilings which will allow it to service the coming fleet of double-decker buses, a capability that improved the double-decker business case by reducing the need for capital modifications. It is a model for improvements to other maintenance facilities.

Also in 2011, Para Transpo operations and bus maintenance were relocated from the leased Bantree facility to the City-owned Merivale garage in order to improve customer service and reduce costs. Transit maintenance operations were relocated from the Swansea garage to the Belfast and St. Laurent facilities, in order to reduce the time needed to reposition buses for major repair and to transport repairable parts.

In 2012, construction is expected to begin on lifecycle repairs and upgrades to the main administration building at St. Laurent, which will require temporary relocation of some staff to the

Queensview facility. Staff also expect to complete tender documents and begin work on a modernized, healthier and more efficient bus maintenance facility at St. Laurent. That garage, along with Merivale, Pinecrest and the Walkley O-Train facility, will receive major upgrades to improve employee working environments (including restrooms, showers, lockers and lunch-rooms) as well as the mechanical and electrical systems (including new equipment and tools, and better ventilation and lighting). As previously forecasted, rehabilitation of operator washrooms across the system will continue.

The facility at 805 Belfast is to be consolidated into existing facilities at St. Laurent and Pinecrest by the end of 2012, to enable planned construction of the future light rail maintenance facility. This will be the third major facility vacated by OC Transpo, demonstrating that our efforts to create a more efficient bus and facilities maintenance operation and to reduce our environmental footprint are paying off.

Finally, in 2012 the renovation of the facility at 1500 St. Laurent will continue. It was built in the 1950s and expanded to include an additional floor in the 1980s, but since that time only minor renovations have taken place in order to accommodate growth. The renovation will address health issues that have arisen due to the facility's age, bring it in line with today's building code, and create administrative and maintenance efficiencies by housing more employees in the existing space while better serving current business practices.

2.5 Technology Plan

For transit systems, technology has become a key enabler of customer satisfaction and ridership growth—a potential that is exemplified by the PRESTO card being introduced in 2012. Information technology is also fundamental to OC Transpo's efforts to improve operational efficiency by reducing costs, streamlining business processes, and boosting productivity. Mobile technology allows information delivery to be streamlined from current manual processes to integrated workflow-based processes that make information more accessible to staff. Guided by Council's approval of the IT Roadmap in 2010, OC Transpo's technology plan is transformative for both customers and employees—a transformation that must be completed by 2015 to cope with the deployment and expansion of light rail, and with operational complexities arising from growing downtown congestion.

Key performance indicators supported:

- Ridership
- Service availability
- Reliability
- Revenue-cost ratio
- Customer satisfaction

A majority of OC Transpo's legacy operational systems are at the end of their lives and require replacement. To better integrate solutions and transfer risks, the IT Roadmap increases the use of common infrastructure, minimizes the number and variety of platforms and vendors, reduces the number of interface points, and shifts technology from custom software to integrated

solutions supported by third parties. Broad modernization of hardware, network and telecommunications infrastructure is underway to improve agility in system deployments, create a foundation for Business Continuity, and prepare for light rail. It is important to note that this major shift comes in parallel to the transformation of the City's Service Ottawa model; to minimize the risk of associated delays, OC Transpo will seek the support of primary suppliers to accelerate the overhaul of our business applications and avoid costly customized "patches" for legacy systems that otherwise may not be decommissioned on a timely basis.

In 2011, OC Transpo's major technology initiatives included preparing for the implementation of the PRESTO card. A new bus information system helped streamline our internal service while offering customers real-time bus information (through octranspo.mobi, the enhanced Travel Planner and 560560 texting) to help plan their trips. We also began major technology initiatives to boost maintenance effectiveness and efficiency (see Section 2.3 for more detail) and to improve scheduling across all departments.

In 2012, work will continue to identify opportunities to leverage the delivery of real-time bus information data and thus creating a potential new source of advertising revenue (estimated at \$1.1 million by 2014, as discussed in Section 2.1). In maintenance, M5 implementation will anchor the broad re engineering of maintenance processes, improving productivity and process reliability; a revamped fuel and fluid dispensing system will be linked to M5 to eliminate manual entries and enable efficient end-to-end tracking of consumption.

2.6 Accessibility Plan

OC Transpo is committed to the satisfaction of customers with disabilities, and 2011 was a landmark year in which we achieved a 100 per cent low-floor bus fleet. We also implemented a next-stop announcement system, and introduced advanced alerts about elevator status through a new SMS alert-registry service that gives subscribing customers real-time service updates by e-mail or text message, allowing them to plan alternative trips in case of an out-of-service elevator. In June, OC Transpo implemented its Accessible Customer Service Policy with guidelines for delivering accessible customer service to persons with disabilities. This policy will continue to be used as a benchmark to guide the review of existing practices, and to foster the development of new procedures in support of accessibility and consistent with the spirit and intent of the Accessibility for Ontarians with Disabilities Act (AODA).

Key performance indicators supported:

- Ridership
- Safety and security
- Accessibility
- Customer satisfaction

Our goal of enhanced accessibility will continue to drive improvement and change in 2012. OC Transpo will enhance barrier-free access to transit stations and facilities by installing more power doors, lowering operating controls, improving signage and lighting, installing new curb ramps, and modernizing older elevators. As well, all transit employees who deal with the public

or develop policy will be trained in accessible customer service; additional training will be undertaken on the AODA Integrated Accessibility Standards regulation, and planned for any new accessibility standards tabled in the coming months. The organization will continue its very successful partnership with community agencies in the provision of travel training, which provides persons with disabilities the confidence and skills needed to use public transit.

2.7 People Plan

Developing and engaging a skilled, bilingual and diverse workforce is key to OC Transpo's success and long-term sustainability. Providing opportunities for growth and development will strengthen our employee base, increase job satisfaction, improve employee engagement and boost operational effectiveness as we strive for service excellence. In order to deliver quality service today and respond to changing business needs and build for the future, OC Transpo is investing in succession management strategies, leadership development opportunities, certification programs, integrated training programs, and improved methods of employee engagement and internal communication.

In coming years, OC Transpo's workforce is not expected to grow as quickly as service levels. This is due to anticipated gains in productivity including those from new technologies including the PRESTO card, and from the deployment of higher capacity, more efficient vehicles including light rail and double-decker buses. While the workforce size is expected to remain approximately constant, our employees will need ongoing training and professional skills development to deal with the unprecedented rate of change.

Employee Engagement

OC Transpo will continue to strengthen employee engagement by focusing on recognition, internal communications, and enabling managers to implement employee-focused initiatives. Today, a variety of employee-management committees exist to jointly tackle issues and solicit ideas in areas such as

health and safety, peer support and scheduling. We will continue to recognize and celebrate employees through initiatives including the TRANSECURE safety awards, long service and retirement awards, the Rodeo (APTA's professional skill contest) and various social events. An employee-sponsored Wellness, Recreation and Fitness committee counts over 1,200 members, operates the fitness centres located in OC Transpo facilities, and runs many social events throughout the year.

We will tailor the intranet and newsletter more closely to employees' information needs by assessing their usability and readership. Increased communication around OC Transpo's vision and related initiatives will help ensure employees understand their role in delivering excellent customer service. Initiatives specifically for managers will strengthen their communication and change management skills. Finally, an employee reference group will be created to provide feedback and ideas from the front lines across the organization.

Key performance indicators supported:

- Safety and security
- Customer satisfaction

Training and Development

Training efforts over the coming years will be extensive, in view of the significant challenges arising from employee engagement initiatives and shifts in customer service, and the need for skills development to support more sophisticated systems and advanced rail technologies.

Key areas of employee development in 2012 and subsequent years will include:

- 100 per cent of employees trained to support PRESTO card implementation and the IT Roadmap;
- Pro-In-Motion, a triennial bus operator review of customer service practices, technology and formal interaction with key branch managers;
- Re-certification of rail operators for O-Train and training for new LRT operators;
- New cyclical and systematic training of bus mechanics;
- Management skill development and leadership; and
- Smart Driver training to support fuel efficiency objectives.

Key performance indicators supported:

- Service availability
- Safety and security
- Greenhouse gas emissions
- Customer satisfaction

Vacancy Allowance Policy

In order to better manage year-to-year financial risks, the corporate policy on vacancy allowance (or gapping, where variances to budget are planned annually) was previously suspended for OC Transpo. In accordance with best practices within the North American transit industry, OC Transpo's budget is based on planned service hours to be delivered rather than on full-time equivalent (FTE) positions. A majority of the transit workforce (80 to 85 per cent) is paid for direct service hours assigned; every hour and every day has a different demand profile, and schedules and work assignments are adjusted accordingly. Gapping provisions that maintain operational vacancies do not reduce OC Transpo's operating costs, but they do reduce our ability to deliver 100 per cent of scheduled service while limiting our flexibility to respond to uncontrollable costs. Experience in 2011 clearly demonstrated that, when the legacy of operational vacancies was finally eliminated, our transit customers benefited from fewer service cancellations.

Chapter 3: STRATEGIC INITIATIVES

To support this plan's key strategic objectives of customer satisfaction and operational efficiency, OC Transpo will address several emerging or ongoing issues by bringing them to the Transit Commission for consideration in 2012:

- **Market revitalization** (Section 3.1);
- **Interprovincial transit services** (Section 3.2);
- **Mitigation of light rail construction impacts** (Section 3.3);
- **Fuel management** (Section 3.4); and
- **Safety management** (Section 3.5)

3.1 Market Revitalization

As with employee engagement, OC Transpo's market revitalization program is a strategic Term of Council priority. This program will help OC Transpo capitalize on its substantial investment in PRESTO, new rail and bus vehicles, and revised products and services. A

revitalized brand, implemented in conjunction with the Rail Implementation Office, will also help guide the future OLRT contractor's creation of a single, seamless transit experience that will define Ottawa for the coming decades.

In 2011, OC Transpo began work on a market revitalization process. Currently, OC Transpo's brand and customer experience are being reviewed to identify future service elements to be integrated (PRESTO cards, double-decker buses and Transitway wayfinding in 2012; O-Train and Transitway station rehabilitation in 2013).

In 2012, OC Transpo will continue with the development of strategic scenarios for revitalizing its market position.

Key performance indicators supported:

- Ridership
- Customer satisfaction

3.2 Interprovincial Transit Services

To pursue customer satisfaction in the important interprovincial travel market segment, the strong working relationship of OC Transpo and STO has historically focused on the effective integration of fares and

Key performance indicators supported:

- Ridership
- Customer satisfaction

schedules. With plans for light rail through central Ottawa by 2018 and the Rapibus system through central Gatineau by 2013, the two transit systems now have a tremendous opportunity to benefit customers while also improving operational efficiency and the quality of inter-provincial transit services. Key objectives of future plans will include enhanced services for transit customers moving between Ontario and Quebec, bus volume reductions on heavily used downtown roads including Albert, Slater, Wellington and Rideau Streets, and better inter-provincial service in weekday off-peak periods.

For the many thousands of transit users who cross the Ottawa River every day, the introduction of the PRESTO card in 2012 will simplify their fare payments. Work is ongoing to ensure a seamless integration of PRESTO with the STO's own Passe-Partout Plus smart card system. Riders using pass products may tap on either bus system without needing a transfer, and all OC Transpo single-fare transfers will be encoded on PRESTO cards for use on STO buses. Future joint marketing efforts will capitalize on the PRESTO card, and will also promote transit use by visitors and federal government employees in the core areas of Ottawa and Gatineau.

STO and OC Transpo are jointly planning improvements to connecting bus routes to allow customers who are travelling between non-central locations to transfer without needing to do so within downtown Ottawa. These changes will reduce operating pressure on Wellington and Rideau Streets, and will reduce travel time for customers. These changes will be planned in 2012 and implemented as STO's Rapibus service is commissioned and STO's new high-capacity articulated buses arrive.

STO and OC Transpo will also work together to build a simpler identity for the existing services that connect downtown museums and federal facilities with all-day, two-way service. Joint planning and marketing for an improved wayfinding system will be required to build ridership using currently underutilized interprovincial capacity. This service is expected to begin in 2013, and to serve growing demand approaching scheduled celebrations in 2017.

These and other areas of collaboration are supported by the ongoing Interprovincial Transit Strategy, a collaborative effort led by the NCC, STO and City of Ottawa with the participation of the City of Gatineau. Work on that strategy has included a broad program of public engagement, a review of global best practices, and an evaluation of policy, operational and infrastructure improvements. By early 2012, City Council will be asked to consider the specifics of a recommended action plan and long-term strategy.

3.3 Mitigation of Light Rail Construction Impacts

During light rail construction the City of Ottawa will aim not only to maintain transit ridership, but to increase it as a means of mitigating road capacity reductions arising from Ottawa on the Move and Highway 417 construction projects. Finding alternative means ensure effective transit service during light rail construction was a key driver behind the rationale for the O-Train expansion project (see Section 2.2), which will play an important role in helping to mitigate

light rail construction impacts starting in 2014. The opening of the Strandherd-Armstrong Bridge in 2012 will also help by serving demand from Riverside South to Tunney's Pasture and downtown via Nepean.

The Ottawa Light Rail Transit (OLRT) project team is also working very closely with OC Transpo, Planning and Growth Management and other City departments, as well as with provincial stakeholders, to identify other ways of minimizing the impact of construction on transit operations and customer service. Through the OLRT proposal process, bidding consortia have been offered incentives to develop plans that minimize impacts on transit customers.

As discussed in Section 2.2, the light rail budget includes funds for expanded transit service (both bus and O Train) during construction.

Key performance indicators supported:

- Ridership
- Service availability
- Reliability
- Revenue-cost ratio
- Customer satisfaction

In general, OLRT project construction is expected to have limited impacts on downtown transit operations, despite the potential need for periodic lane closures on affected streets. However, converting the Transitway to light rail from Tunney's Pasture Station to LeBreton Station and from Laurier Station to Blair Station will have more significant and challenging impacts. Required Transitway closures will affect travel times and the number of buses needed to deliver transit service, and will require some bus operations to move to arterial roads or Highway 417.

During the initial years of OLRT construction (2013 to 2015) when there is little interruption to Transitway operations, and as Highway 417 construction proceeds, transit will play an important role in supporting mobility for east end residents. New Park & Ride capacity at the Trim and Chapel Hill lots (see Section 2.2) will help by improving access for transit customers. However, disruption from OLRT project construction is expected to start in 2015 and increase through 2017 until the project is completed in 2018 (more details will be clear once the OLRT project constructor is selected and construction staging is confirmed). During the Transitway closure, a large number of extra buses will be required to ensure adequate transit service capacity for customers, and this additional fleet will have associated operating and maintenance costs. These requirements could be less than previously anticipated due to the impacts of the O Train service expansion project that was approved in 2011. The purchase of high-capacity double-decker buses, also approved in 2011, will also help minimize capital costs.

Staff are examining two options to meet the short-term requirement for extra buses: either leasing buses for several years, or extending the life of buses that would otherwise be scheduled for retirement during this period. Managing the acquisition, maintenance and disposal of these short-term additional buses, and managing personnel requirements to operate and maintain the buses, is a major element of OC Transpo's business planning (specifically, its fleet, people and facility plans). The parameters of these plans will be developed in the next few years as engineering, design, and construction plans for the light rail line are developed.

3.4 Fuel Management

Fuel use has a great influence on the operational efficiency and environmental impacts of transit systems. Fuel prices have significantly increased in the past few years, and they continue to fluctuate due to the impacts of weather, politics and economic shifts. These facts, along with a greater focus on reducing air emissions, have led OC Transpo to initiate development of a new strategy to maximize the productive use of fuel.

Key performance indicators supported:

- Revenue-cost ratio
- Greenhouse gas emissions

OC Transpo has been able to reduce its annual fuel budget by \$6 million over the last two years by modernizing its fleet, changing its fuel grade, and adopting a price hedging strategy in conjunction with Finance staff. However, in 2011 only \$1.3 million of those savings were achieved due to unforeseen price and operational pressures. These pressures arose due to rising diesel costs, the use of higher-capacity articulated buses on routes previously served with standard buses, and higher fuel consumption driven by Ottawa's operating environment including the increased use of outdoor parking spaces at maintenance facilities. The expectation of continued pressure from increasing service kilometres and higher diesel prices led to an increase in the OC Transpo's approved budget for fuel in 2012.

The extraordinary 16 per cent growth in diesel prices in 2011 currently shows no sign of remission due to a variety of factors such as the constrained supply of low-sulphur/high-energy content oil used in low-emission diesel engines, refinery rationalization in North America, and global demand. Diesel prices are assumed to continue to increase at least 5 per cent annually in 2013 and beyond. Due to the long-term nature of this challenge, a cross-functional employee action team is developing an interim fuel management strategy for 2012 and future years. The strategy will involve measures including:

- Staff communications and education to reduce non-service idling and cold temperature operations;
- A review of cabin heating and cooling temperature settings;
- Expanded Smart Diver training;
- Adjustments to bus tire pressure and transmission settings;
- Automatic performance tracking;
- A review of industry best practices; and
- Investigation of improved traffic signal integration and priority measures, coasting strategies and other bus modifications.

As discussed in Section 2.3, a more efficient use of diesel may not be enough to maintain a long-term fiscal balance. Toward the end of this plan's time horizon, OC Transpo will be required to explore conversion from diesel to lower-cost fuel sources.

3.5 Safety Management

Two recent developments have created the need for OC Transpo to adopt a more comprehensive strategy for managing safety and loss control. The first development was the City's approval of OC Transpo's new mandate as an arm's-length

Commission rather than a City department. The Commission's Terms of Reference require OC Transpo to set industry-recognized standards for safety. The second development was the City's decision to self-regulate as operator of the new light rail system, requiring OC Transpo to adopt a recognized safety management system as a condition of federal approvals.

To respond to this need and to preserve the safety of customers, employees and the general public, in 2012 OC Transpo will begin development of a new plan to manage Corporate risks, and will likely align its program with Transport Canada's Safety and Security Management Systems. Staff will report to the Commission on a final recommendation later in 2012.

OC Transpo will also be looking at the feasibility of installing security cameras on our bus fleet. This complex issue has a range of financial, operational, maintenance, legal (including privacy) and other implications. As such, OC Transpo staff will consult with all affected stakeholders in the development of a report, and will make recommendations for Transit Commission to consider in time for 2013 Budget deliberations.

Key performance indicators supported:

- Security and safety

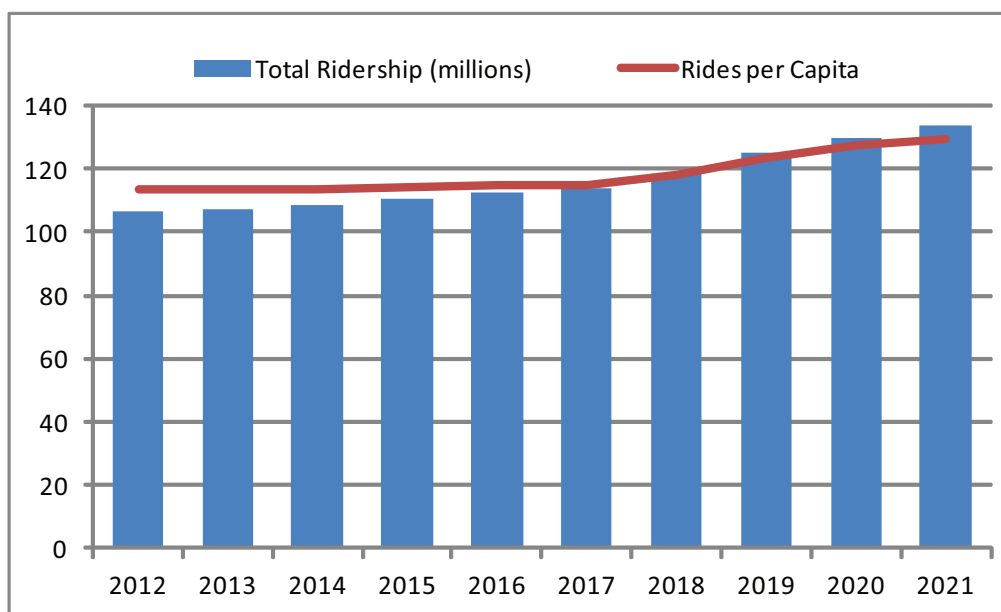
Chapter 4: CONCLUSION

4.1 Performance Indicators

OC Transpo's long-term plans and policy directions revolve around 11 key performance indicators that reflect our priorities and our vision.

Ridership. Figure 4.1 indicates how annual ridership and annual rides per capita are forecast to increase over the coming decade, with a sizeable jump in 2019 coinciding with the first full year of light rail operation. The risk that employment growth—which sustains ridership growth—could be tempered has been taken into account, and the results still show significant ridership increases.

Figure 4.1 : Projected Annual Ridership Growth



Area coverage. Ongoing network adjustments, like the 2011 network optimization, will bring improved efficiency as the resulting network more closely adheres to the standard of having 95 per cent of households within a five-minute walk of a transit stop or station. These network design adjustments will also have a favourable effect on the number of buses required for service, as shown in Figure 4.2.

Figure 4.2 : Year-to-Year Bus Service and Financial Indicators

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Bus Revenue Hours (000)	1,822	1,760	1,774	1,763	1,787	1,810	1,671	1,615	1,704	1,733
Bus Service Hours (000)	2,496	2,411	2,431	2,415	2,448	2,480	2,289	2,212	2,335	2,373
% Change in Service Hours		(3.4%)	0.8%	(0.6%)	1.3%	1.3%	(7.7%)	(3.4%)	5.6%	1.7%
Bus Fleet Required for Fall Service	831	752	757	755	765	775	645	692	730	742
Bus Cost per Revenue Hour	\$143	\$149	\$156	\$162	\$168	\$172	\$178	\$183	\$187	\$192
Passengers per Bus Revenue Hour	59	61	61	63	63	63	71	77	76	77
Ridership (000)	106,604	107,350	108,638	110,594	112,253	113,937	118,504	124,905	129,989	133,759
Ridership per Capita	114	113	113	114	115	115	119	124	127	130

Occupancy. Continuous improvements to network design and the use of high-capacity buses in high-demand corridors will contribute to increasing occupancy (the number of passenger-kilometres carried per seat-kilometre of capacity), in line with the standard of improving this measure each year. Figure 4.2 shows that service productivity, in passengers per revenue hour, will also increase due to the revised fleet size requirements. The number of service hours, which drives operating costs, will decrease again in 2013 as double-decker buses are deployed; after that, growth can be accommodated until the light rail line opens.

Service availability. OC Transpo has maintained more than 99.5 per cent service availability over the past few months, close to our target of 100 per cent. Maintaining sufficient staffing levels of bus operators is a key driver of service availability, and changes to staffing standards following the 2011 Budget process will be retained. The key objective of the maintenance re-engineering program is to increase the availability of buses for service and their reliability while in service, and reducing maintenance costs at the same time. This has a direct and favourable effect on the bus cost per revenue hour and the required fleet size shown in Figure 4.2.

Reliability. Process improvements in maintenance, initiatives in operational support and heightened focus on on-time performance all contribute to greater reliability. Reliability generates savings through operational efficiency, and increases customer satisfaction and loyalty. OC Transpo's standard for reliability is to adhere to published schedules 90 per cent of the time (i.e. not early and no more than five minutes late at every stop).

Security and safety. Operational support activities aimed at maintaining strong customer perceptions of security will favourably impact support costs and increase customer satisfaction and loyalty. The same holds true for safety initiatives, which have a further positive influence on operating costs. Our target for safety and security is to reduce the number of accidents per 100,000 vehicle-kilometres, and the number of offences per 100,000 passenger trips, each year.

Revenue-cost ratio. The base for fare revenue will become more robust with the introduction of a new fare structure in 2012. Non-fare revenue would also increase through innovative advertising streams, partnerships and sponsorships of various types. On the cost side, process improvements, increased reliability and various administrative initiatives will contribute to keeping operating costs low. As a result, revenue-cost ratio is expected to increase further from 2012 to 2017, toward our target of 55 per cent. The opening of the light rail line in 2018 is also expected to contribute significantly to revenue-cost ratio improvements.

Greenhouse gas emissions. Minimizing total fleet size, as shown in Figure 2.2, and using newer, more fuel-efficient buses will keep emissions low and minimize operating costs, in line with our target of reducing greenhouse gas emissions per vehicle-kilometre each year.

Accessibility. Continued efforts to remove barriers at transit stations and facilities, combined with training on customer service standards, will further enhance accessibility for residents and visitors toward our target of a 100 per cent barrier-free transit system.

Customer satisfaction. All the previous indicators contribute to customer satisfaction. OC Transpo's success in areas like reliability, safety and accessibility will lead to more satisfied customers in line with our target of greater customer satisfaction ratings each year.

4.2 Summary

Building on OC Transpo's 2011 Business Plan and Budget 2012, this 2012 Business Plan continues to advance transit as financially sustainable and the mode of choice to serve Ottawa's growing travel demands. It charts a new course toward higher levels of customer satisfaction and operational efficiency, as exemplified by introduction of the PRESTO card that strongly supports both strategic objectives.

OC Transpo is building more attractive and efficient service through initiatives such as light rail and double-decker bus acquisition. We are working to make transit use more flexible and responsive to customer needs, so that more people will view transit as a real choice in their daily lives. At the same time, we are managing several emerging risks in an increasingly complex world, through initiatives such as fuel management and a new approach to safety management.

These initiatives, and many others contained in this 2012 Business Plan, reflect OC Transpo's clear direction and strong sense of purpose in serving customers that grow more numerous and more satisfied with each passing year. Our entire team looks forward to working with the Transit Commission as it continues to provide policy direction in the best interest of the City and its residents.