

**Transportation Report to
SPC on Transportation and Transit
2019 June 26**

**ISC: UNRESTRICTED
TT2019-0637**

RouteAhead Update

EXECUTIVE SUMMARY

This report provides an update on the status of implementation of RouteAhead, a 30-year strategic plan for public transit in Calgary. The 2019 review shows strong progress on overall transit network infrastructure development and improvements to customer-focus and efficiency of service delivery. The report also recommends the criteria to be used and list of major growth projects for prioritizing the future stages of development of the rapid transit network. Significant funding risks for the sliding scale Low Income Transit Pass program are presented, and a long-term sustainable funding model is required in advance of 2020.

ADMINISTRATION RECOMMENDATION:

That the Standing Policy Committee on Transportation & Transit recommend that Council:

1. Direct Administration to use the framework and list of major transit growth projects in Attachment 1 for prioritizing the future stages of growth of the rapid transit network, and provide an update through the SPC on Transportation & Transit by Q4 2019.
2. Direct Administration to continue advocacy with the Government of Alberta on a long-term funding extension for the Low Income Transit Pass program.
3. Direct Administration to develop recommendations for a long-term sustainable funding model for the Low Income Transit Pass program, and report back through the SPC on Transportation & Transit by Q3 2019.

PREVIOUS COUNCIL DIRECTION / POLICY

At the 2013 January 14 Combined Meeting of Council, report TT2012-0833, RouteAhead: A Strategic Plan for Transit in Calgary, was approved with the recommendation that Council direct Administration to prepare an annual status report on implementation of RouteAhead. Reports providing updates were subsequently prepared annually from 2013-2018.

As the 2018 June 25 Regular Meeting of Council, report TT2018-0617, RouteAhead Update, was approved with the recommendation that Council “Direct Administration to use the attached prioritization framework for major transit growth projects, and provide an update to Council through the SPC on Transportation & Transit by Q1 2019”.

At the 2018 December 06 Regular Meeting of Council, report TT2018-1405, Green Line: Staging and Right-of-way and RouteAhead Update – Deferral Request, was approved with the recommendation that “Council approve Administration’s request to defer the reports on ... ‘RouteAhead Update to prioritize major transit growth projects’ to no later than 2019 Q3”.

BACKGROUND

In 2011 Council directed that a new long-term plan for Calgary Transit be created in accordance with the Calgary Transportation Plan (CTP). The RouteAhead strategic plan was developed to guide both operations and investment in transit over the next 30 years. The plan was approved by Council in 2013. RouteAhead establishes a clear vision for transit in Calgary and will be used by City Council and Administration to make informed decisions regarding customer-centric improvements, investments in capital and operating budgets, impacts of fare adjustments, service changes and other major business decisions.

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The next section is organized under the headings of chapters in RouteAhead: Customer Experience, Network and Finances.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Customer Experience

A key outcome of RouteAhead was to foster greater focus on responding to the opinions, feedback and preferred value characteristics of Calgary Transit customers. Several attributes and supporting actions were developed through the Customer Commitment project, with a focus on measuring and improving Calgary Transit's performance related to Reliability, Safety, Helpfulness, Information, Ease of Use and Cleanliness.

The Customer Commitment performance measurement program underwent significant enhancements over 2018 to provide more frequent customer satisfaction data on a more granular level, as well as more detailed information on customers' travel choices and their underlying reasons.

The general perception of customer satisfaction was 75% in 2018, equivalent to the most recent five-year average. Overall customer satisfaction with recent trips was considerably higher, averaging 88% over 2018 and 87% in Q1 2019. 2018 performance on the specific Customer Commitment measures are as follows:

- Reliability: 88% Bus, 92% CTrain (perceived)
- Safety: 83%
- Helpfulness: 83%
- Information: 78%
- Ease of Use: 82%
- Cleanliness: 76%

More details on the Customer Commitment and Research program enhancements and scores are provided in Attachment 2.

Significant improvements to the waiting, riding and connecting experience have been implemented with the MAX network launch in 2018 November. Customer-focused improvements include amenities such as heated shelters, improved lighting and security features, larger platforms, and real-time bus arrival information displays. A survey conducted in 2019 February showed that 61% of customers in the MAX service area agreed that overall quality of service has improved since launch, and 87% and 67% of customers stated that heated shelters and real-time information displays were a valuable amenity, respectively.

Administration is currently implementing upgrades to payment systems to improve the convenience and flexibility of purchasing transit fares, with specifications and initial testing for the My Fare Mobile Ticketing System currently taking place. The first phase of mobile ticketing will include single fares and regular adult and youth monthly passes, and field testing will take place over Q3 2019. Further mobile fare product options, including other current fare products and expanded options, will be evaluated through future phases. Upgrades to existing Ticket Vending Machines will be complete by Q1 2020, with improvements to displays, transaction software, user-friendliness and accessibility.

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Several improvements to customer safety are underway for implementation in 2019. The recruitment for another class of Calgary Transit Peace Officers was completed in 2019 April, bringing the total number officers on the system to 102. The Transit Watch text messaging system was implemented in 2019 April, providing customers with another option to easily and discreetly report immediate safety and security issues using improved technology. The safety of at-grade Light Rail Transit (LRT) crossings and protection measures have also been reviewed in response to Notice of Motion C2018-1288 At-Grade LRT Crossing Safety, with a detailed report on current crossings and treatments, industry best practices, review processes and recommendations for safety improvement opportunities presented in TT2019-0638 Calgary Transit At-Grade LRT Crossing Safety at the 2019 June 26 SPC on Transportation and Transit.

Calgary Transit Access (CTA) customer satisfaction remained strong in 2018, with 91% of CTA bus customers and 85-88% of contracted service (e.g. taxi, accessible mini-vans) customers rating the service as good. 88% of CTA customers also agreed that the service is on time, 92% agreed that the service provided meets their needs, and 91% agreed that it is easy to book a trip. Online trip booking was launched as a pilot in 2018 with full rollout in 2019 January, providing customers with an accessible method to book their trips anytime through their computers or internet-enabled mobile phones. In Q1 2019, CTA also partnered with Calgary Public Library to offer training on how to use the application. Improvements have also been made to automatic customer notification systems and scheduling tools to provide customers with better information and more certainty on different types of trips being requested.

Network

Calgary Transit continues to make strong progress on the planning and construction of RouteAhead 10-year network objectives (Attachment 3). Major construction has been completed on many Bus Rapid Transit Network projects, with service commencing on the MAX Orange, Purple and Teal lines in 2018 November. Roadworks, pedestrian bridge and station construction are ongoing on the southwest MAX line, and it is anticipated that service will begin in late 2019. As part of this implementation, Calgary Transit is reviewing 20 existing bus routes in the southwest to develop a more effective and efficient bus network that supports the MAX rapid transit network. The goals of this review include improving connections to key destinations, providing routes that are more direct and easier to understand, reducing travel time, operating at higher service levels on higher ridership corridors, reducing duplication of service, improving efficiency and productivity of service and increasing ridership. The main public engagement has recently been completed, and feedback is being used to inform potential adjustments to the service proposals.

Construction of Green Line Stage 1, 16 Avenue N (Crescent Heights) to 126 AV SE (Shepard), is planned to begin in 2020.

The Airport Transit Study is underway, examining the full alignment, potential station locations, technology type, project staging and preliminary cost estimates for a transit connection between the Blue Line, Calgary International Airport and Green Line. Phase 1 of public engagement took place between Summer-Fall 2018, and Phase 2 with recommendations on technology, alignment and station locations will be released in mid 2019.

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Prioritizing Future Rapid Transit Network Growth Projects

Administration is in the process of updating and evaluating the benefits and costs of RouteAhead rapid transit network growth projects to help inform when and where the next major transit growth projects should be built. The list of projects and guiding framework and criteria for project prioritization are described in Attachment 1. Previously, Council directed the RouteAhead team to develop open and transparent criteria that was easy to understand, easy to apply to a variety of transit capital projects, evaluated relative benefits of various projects across the city and could be replicated in the future with different projects. The general outcomes desired by future projects reflect those in the RouteAhead document:

- Support of Land Use
- Improving the Customer Experience
- Provision to serve high ridership and overall mobility

Indicators and performance measures to quantify the benefits of each outcome (ridership, customer experience, economic, social, environmental) are described in more detail in Attachment 1. These measures can then be compared to the net operating costs, capital costs and additional project characteristics (e.g. transit oriented development, project readiness, strategic alignment) to assess the relative benefits and value of each project. Prioritizing projects across the entire network ensures decisions provide the greatest value to Calgarians. An update will be provided to Council through the SPC on Transportation & Transit by Q4 2019.

Prioritizing State of Good Repair

It is important to note that while funding new projects is important to the growth of the transit system, there remains critical asset replacement and renewal needs to sustain existing service and keep up with current ridership demand. Capital programs that improve the state of good repair of public transit and that support system optimization and efficiency will be essential to fund to ensure that Calgary Transit is able to continue providing reliable, efficient and safe service. Assets in this category include fleet vehicles, buildings, tracks and related equipment, electrical systems, fare systems, and other technology systems. Recent significant reductions in capital funding for lifecycle maintenance have increased the risk of service disruptions and failures of these assets, which will negatively impact the ability to sustain reliable operations. As significant portions of the Red and Blue Lines are greater than 30 years old, reduced capital funding for regular maintenance and lifecycle replacement will increase the likelihood of significant failures and extended unplanned reactive maintenance. Appropriate funding is needed for ongoing maintenance of these critical assets to remain in a state of good repair and support safe and reliable transit service. These requirements will need to be prioritized with network growth as further capital funding streams are identified; one example is the \$200 million annual transit capital funding announced in the Bill 32 City Charters Fiscal Framework Act starting in 2027, which remains pending an agreement with the Province.

Other Network Updates

Station refurbishments at six CTrain stations were completed in between 2018 November and 2019 May. These stations were built in the 1980s and required upgrades to improve passenger movements, safety and comfort. Enhancements included improved lighting, security cameras, electrical and mechanical systems, wayfinding, public address systems, pedestrian flow, accessibility, and general repair of interior and exterior finishes.

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Stoney Transit Facility in NE Calgary began service in 2019 March. This is the largest indoor Compressed Natural Gas (CNG) facility in Canada, with capacity for 36 maintenance bays and storage of over 450 buses. There are currently 200 buses operating out of the facility, providing service mainly focused in northeast and northwest Calgary. The opening of this facility has enabled indoor storage and maintenance of vehicles previously stored outside at existing facilities, improving the reliability of service delivery.

Calgary Transit On Demand, an on-demand shared public transportation pilot funded by the Council Innovation Fund, is planned to begin service in Q3 2019. This one-year pilot will occur in the actively developing communities of Carrington and Livingston, providing connections from the communities to the rapid transit network and retail and community services near North Pointe bus terminal. Ride aggregation, dispatching and service delivery are being provided by external partners. The results of this one-year pilot will allow Calgary Transit to identify and evaluate further opportunities for providing more cost-effective, scalable and demand-responsive service options in areas or time periods that typically experience lower ridership.

On a regional perspective, the Intermunicipal Servicing Committee of the provincially-mandated Calgary Metropolitan Region Board recently authorized the creation of a Transit Subcommittee. The mandate of this Subcommittee is to develop a background report on intermunicipal transit in the Calgary Metropolitan Region and to provide recommendations for consideration into the Growth Plan and Servicing Plan process. The scope of this report is currently being defined. Discussions are also taking place on the feasibility of transit service connections with the City of Chestermere. These discussions will help further inform the definition of Calgary Transit's role in the regional transit network.

Finances

Recent economic considerations and budget constraints are influencing the implementation of the RouteAhead plan. Some of the important impacts are highlighted in this section.

Ridership

After three years of ridership declines tied to the economic downturn, overall Calgary Transit ridership increased by 3.4% to 105.4 million trips in 2018. The mode share of commuter transit trips into downtown increased by 4.1% to 44.7%, after a 10-year low in 2017. Improvements in ridership are linked to the economic recovery and improvements made to the transit network in 2018; ridership increased by 7.4% in the catchment area of the 2018 MAX rapid transit network and revised surrounding bus network. Low Income Transit Pass ridership remained the highest growing customer segment over 2018, with regular single fares and monthly passes (adult and youth) showing modest growth over late 2018 and Q1 2019.

Revenues

Funding of transit service in Calgary relies on a combination of municipal taxes, transit fares and other non-fare revenue. Overall transit revenues grew by 2.0% in 2018, although still \$9.9 million below the budgeted amount. Non-fare revenue grew by 4.4% year-over-year in 2018, driven by growth in revenues from charters, fines and advertising. The number of parking reservations declined by 4.3% in 2018 compared to the previous year, although demand and waiting lists remained high at specific locations such as 69 Street, Somerset-Bridlewood and Tuscany stations. Parking reservations have grown by 1.2% in Q1 2019 compared to 2018.

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Council direction calls for Calgary Transit to achieve a Revenue / Cost (R/C) ratio of between 50 and 55 percent. When considering the above revenues and cost increases attributed to increasing prices for parts, technology, fuel, utilities and contractual services, the R/C ratio was 44% in 2018. In response to pressures on the operating gap between the cost per trip and revenue per trip, significant back-of-house and service-related efficiencies have been implemented over the past three years to reduce costs by approximately \$19 million. Further efficiency and effectiveness initiatives are underway in 2019, and described in more detail in Attachment 4. Additional revenue growth is also being pursued through the renewal of traditional advertising contracts in Q3 2019 and exploration of innovative sources such as digital advertising, WiFi, commercial activities on transit property, and naming rights/sponsorships for stations, facilities, transit products and service for special events.

Long Term Funding for the Low Income Transit Pass Program

In partnership with The City, the Government of Alberta is currently contributing \$4.5 million per year (plus a 5% contingency) from 2017 to 2019 for the sliding scale fare structure for the Low Income Transit Pass program. In the first 12 months of the sliding scale fare structure (April 2017 – March 2018), pass sales grew 70% compared to the same period a year earlier, with 409,000 passes sold over 2018. Two-thirds of pass sales have been at Band A (\$5.30 in 2019), 29% at Band B (\$37.10 in 2019) and 4% at Band C (\$53.00 in 2019). The number of participants in the program has more than doubled, and it continues to support more than 63,000 low income Calgarians through the economic recovery by making it easier for them to access employment, appointments and services in the community. Low income Calgarians have been clear that the program has made significant positive impacts in their day-to-day lives, and this program has strong alignment with the City's poverty reduction and economic strategies.

However, the current funding model for this program is not sustainable due to significant increases to the City's subsidy costs from program growth and the conclusion of the Provincial grant at the end of 2019. Council approved additional one-time funding of \$4 million in 2018 and \$6 million in 2019 to manage the revenue impacts of this increased uptake, but funding required to make up this gap has not been identified for 2020 onward. In addition, the Government of Alberta has not provided an update on the status of the funding partnership beyond 2019, although advocacy has taken place over 2018 and 2019, including the YYCMatters campaign. A long-term sustainable funding model for the Low Income Transit Pass program will need to be established in advance of the 2020 budget adjustments in order to cover the estimated approximately \$11 million funding gap. This will include scenarios for Low Income Transit Pass price increases to address some or all the funding shortfall, based on program growth and the status of Provincial funding beyond the current year. Post-election advocacy for an extension of the funding partnership will need to continue with the new Provincial government, in coordination with Intergovernmental & Corporate Strategy. More details on the program's background, status, benefits, and funding challenges are provided in Attachment 5.

Service Investments

The key challenge to delivering transit service as envisioned in RouteAhead continues to be operating funding. Higher service levels defined in RouteAhead and progression from introductory service to base service and Primary Transit Network (in some corridors) were established to make transit a more convenient and competitive travel mode. At that time, the operating funding gap to deliver this level of service was estimated to require an additional

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\$17.7 million per year. Attachment 6 outlines the challenges Administration faces in steering this evolution in Calgary today, and the service investments that would be required to keep pace with development, occupancy, and growing customer demand.

In addition to the southwest MAX line and associated bus service changes, some service improvements previously approved in One Calgary have been implemented in 2019 focusing on rapidly growing actively developing communities and industrial employment areas. Based on ridership growth, development and the Growth Strategy framework for funding direct incremental operating costs of actively developing communities, additional service was implemented in 2019 June in the communities of Nolan Hill/Sage Hill, Redstone/Cornerstone, Walden/Legacy and Mahogany/Cranston. Weekday bus service was introduced to the Stoney Industrial employment area in 2019 March, supplementing service enhancements to other NE and SE industrial employment areas implemented during the 2018 Transit Service Review to support businesses, employees and economic development.

Further service investments in actively developing and established communities were approved in One Calgary in 2020 onward, but will be refined through the annual budget adjustments process based on revised budget targets that are established. In response to recently approved operating budget reductions in 2019 June, Calgary Transit is also currently evaluating service reductions across the network. As part of this process, reductions in base and growth service budgets will impact current service levels, temporal/spatial coverage and implementation timelines in actively developing communities, but will be prioritized using a least-harm approach.

Vehicle Procurement

Procurement of new buses and Light Rail Vehicles (LRVs) for lifecycle replacement and service growth needs is continuing over 2019, funded through Federal and Provincial grants and approved One Calgary capital budget. 20 community shuttles and 32 40-ft CNG buses will be commissioned this year, along with 16 LRVs. The Alberta Community Transit Fund grants announced in 2019 March remain pending a funding agreement with the Province; however, combined with the approved One Calgary capital budget, these funding streams would allow for the procurement of approximately 35 LRVs by 2024. This will enable the retirement of Calgary Transit's remaining U2 fleet, and will significantly improve the reliability, accessibility, security, and overall customer experience for CTrain service. Discussions and advocacy with the Government of Alberta are ongoing to secure an agreement within the required timelines for this enhanced procurement.

Stakeholder Engagement, Research and Communication

A letter from the Calgary Transit Customer Advisory Group is included in Attachment 7. The letter was written in 2019 June and expresses the priorities of a group consisting of 14 members with eight new members as of fall 2017.

Strategic Alignment

The investments and improvements discussed in this report are aligned with One Calgary 2019-2022, Infrastructure Calgary, RouteAhead, the Calgary Regional Transit Plan (2009), the Municipal Development Plan/Calgary Transportation Plan, the Enough For All poverty reduction strategy, and Calgary's Economic Strategy.

RouteAhead Update

Social, Environmental, Economic (External)

Providing transit service plays a key role in Calgary's overall mobility plan. In addition to the direct transit customer benefits, investment in public transit benefits the broader community by:

- helping revitalize corridors and main streets,
- providing mobility choice,
- connecting employers to an expanded workforce
- supporting GHG reduction, and
- supporting redevelopment, particularly at Transit Oriented Developments.

Public transit provides choice, expanded opportunity to move and connect with the community, with a more convenient and socially inclusive mode of travel.

The sliding scale fare structure for the Low Income Transit Pass provides fares better aligned to the ability to pay for many low income Calgarians, supporting them during the economic recovery, improving economic resiliency, enhancing their mobility options and enabling them to become more active community members. Furthermore, enhancing affordability improves accessibility to a range of City places, spaces and services, improves formal and informal social connections for low income persons and contributes to improved economic participation and quality of life.

Investments in the rapid transit network and bus connections to growing employment and education centres supports improved economic development, business growth and place-making.

Financial Capacity

Current and Future Operating Budget:

Administration has responded to economic conditions by focusing on improved efficiency and effectiveness of service delivery and support. Moderate strategic investments in the rapid transit network, actively developing communities and industrial employment areas have been implemented. Service reductions in response to recently approved operating budget reduction targets are currently being evaluated. A long-term sustainable funding model will be required for the Low Income Transit Pass program beyond 2019.

Current and Future Capital Budget:

There are no capital budget implications associated with the recommendations in this report.

Risk Assessment

A funding commitment beyond 2019 for the sliding scale Low Income Transit Pass program has not been made by the Government of Alberta. There is a significant risk to the structure of this program if a long-term sustainable funding partnership is not established.

Significant back-of-house and service-related efficiencies have been implemented over the past three years in response to budget pressures and reduction targets. Further reductions in base and growth service budgets as part of the operating budget reductions process will divert from

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the vision outlined RouteAhead and impact current service levels, temporal/spatial coverage and implementation timelines in actively developing communities.

Recent significant reductions in capital funding for maintenance of infrastructure, fleet and technology systems have increased the risk of failures of these assets and extended unplanned service disruptions, which will negatively impact the ability to sustain reliable operations.

REASON(S) FOR RECOMMENDATION(S):

This report provides an update on progress related to RouteAhead, a 30-year Strategic Plan for Transit in Calgary.

Attachment 1 provides the framework that will guide the prioritization of major rapid transit network growth projects as capital funding becomes available.

Given the unprecedented user growth and uncertain status of the funding partnership with the Government of Alberta beyond 2019, a long-term sustainable funding model for the Low Income Transit Pass will be required to continue the program in a sliding scale structure.

ATTACHMENT(S)

1. Attachment 1 – Guiding Framework for Prioritizing Future RouteAhead Capital Projects – TT2019-0637
2. Attachment 2 – Customer Commitment and Research Program Update – TT2019-0637
3. Attachment 3 – RouteAhead Update: Status of Capital Projects – TT2019-0637
4. Attachment 4 – Calgary Transit Efficiency and Effectiveness Improvements – TT2019-0637
5. Attachment 5 – Calgary Transit Low Income Transit Pass Program – TT2019-0637
6. Attachment 6 – RouteAhead Update: Progress Toward Service Goals – TT2019-0637
7. Attachment 7 – 2019 Calgary Transit Customer Advisory Group Letter – TT2019-0637