Preliminary Assessment for Operations Model 1

Assessment Criteria	Model 1 - Third party performs all Operational Activities.
<u>Customer Experience</u> Is the model likely to contribute to a seamless customer service experience between bus service and the LRT service?	- High potential for overlaps and/or gaps in customer experience - High potential for customer confusion about who to call for inquiries - Significant effort needed to coordinate customer communication between the City and third party - High potential for inconsistent public messaging from the City and third party - Creates complexities for call centre, incident management, reporting and lost/found - Creates complexities related to stop communications: multiple screens/signs - Creates barriers for customer experience improvements, leading to customer experience issues/confusion may impact overall HSR brand.
Is the model providing benefits to schedule and service integration requirements of the project?	- High level of effort will be needed to coordinate schedules between HSR and third party - Coordination required through Metrolinx creates more complexities. - Potential for confusion when unpredicted schedule disruptions occur.
Does the model give the City the desired profile with transit customers?	- City would have limited presence on LRT system or vehicles - Low ability to influence and provide quality control over customer interactions - Potential for lack of alignment between fare enforcement activities, and optimizing revenue to the City
Does this model provide appropriate opportunities for the City to consider socio-economic circumstances when dealing with transit customers? Does the model foster opportunities for enhanced Inclusion, Diversity, Equity and Accessibility (IDEA) for the public?	- Limited or no opportunity for the City to consider socio-economic factors when dealing with customer service and fare enforcement i.e., addressing the barriers that affordability and enforcement can present to some. - Least opportunity for the City to influence delivery of the City's mandate for enhanced IDEA - Low ability to influence and provide quality control over customer interactions

Does model allow for the integration/coordination of some customer facing roles to enhance efficiency? (e.g., security also performs fare enforcement and passenger relations)	- Two separate customer service departments (HSR and LRT) would introduce inefficiencies (duplication of some effort) - Same party (third party) would be responsible for all LRT customer facing functions, which would potentially enhance LRT customer service efficiency.
Accountability - Interface(s) between parties In the model, what interfaces exist between the City and other parties? How complex are the interfaces between the City and other parties?	Model 1 contemplates some commonly known interfaces as Model 2, with the addition of customer service and fare enforcement/fare revenue interfaces. Interfaces in this model are mainly Moderate in complexity. For this model, known interfaces include but are not limited to the following: Key interfaces include: - Scheduling: Third party will be responsible for Light Rail Vehicle (LRV) scheduling; The City (HSR) will be responsible for bus scheduling. Will need close coordination to integrate scheduling, hours of operation, etc. Complexity: Low to Moderate - Bus Bridging: Third party will be responsible for LRT operations, but the City (HSR) will be responsible for providing buses and operators needed for bus bridging, for planned and emergency service disruptions. Complexity: Moderate - Emergency Response: Third party will be responsible for responding to LRT-related emergencies; especially collisions involving LRVs. The City will likely also be involved in some aspects of emergency response (e.g., related to traffic operations; EMS; fire; etc.) Protocols will be needed for the communication of notifications of emergencies between LRV and general traffic. Complexity: Moderate - Operations Monitoring/Payments: Third party is responsible for operations; Metrolinx is responsible for monitoring Project Agreement (PA) compliance; the City is responsible for paying all operating costs. The City needs efficient, effective mechanisms to obtain operations monitoring/PA compliance information to determine appropriate payments and/or penalties. Complexity: Moderate - Traffic Signal Operation: Higher level of coordination for different modes of transportation will be required between

	LRT's Operation Control Centre and the City's Traffic Signals Operations. Complexity: Moderate - Customer Service: The City and third party will both be providing customer service. Will need to be close coordination between them with respect to responsibility for various calls, complaints, and transfer and tracking protocols. Complexity: Low to Moderate. - Fare Revenue/Fare Enforcement: Depends on physical design of system and platforms, and location of "fare-paid zone". City is entitled to fare revenue, but third party is responsible for fare enforcement. May be motivation for third party to minimize (cost of) fare enforcement, which may reduce City's revenue. Complexity: Moderate. - Agreements: Anticipated that Metrolinx will have a PA with third party for design, construction, maintenance, network, LRV, and facility operation), and a separate agreement with the City for Customer interface. This may be cumbersome as the many interfaces between City and third party will need to be managed by Metrolinx, as there likely will not be an agreement between City and third party. Complexity: Moderate to High.
Ease of Mitigation: How easy or difficult will it be to create agreements that clarify interface roles and responsibilities and provide adequate incentive for other parties to act responsibly?	In general, interface issues can be partially mitigated through appropriate provisions in the Project Agreement (PA) and in Standard Operating Procedures (SOPs) between the various parties: - Scheduling Mitigation: Create or use current PAs/SOPs to specify initial hours of service and need to coordinate/align schedules. PA could provide mechanism for ongoing coordination of schedules - Bus Bridging Mitigation: PA and/or SOPs could specify roles and responsibilities and financial arrangements for bus bridging. Need to avoid incentive for third party to over-use the frequency or duration of bus bridging. - Emergency Response Mitigation: PA and/or SOPs could specify roles and responsibilities related to emergency response - Operations Monitoring/Payments Mitigation: PA could include mechanisms for monitoring operations performance and tracking appropriate payments and penalties. Operation & Maintenance payment agreement between The City and

	Metrolinx could contain provisions to ensure The City gets appropriate information to inform Operations payments - Traffic Signal Operation Mitigation: New SOPs established between the City and third party. - Customer Service Mitigation: Create or use current PAs/SOPs (who handles which types of calls, tracking customer calls, transferring calls, lost and found, etc.) - Fare Revenue/Fare Enforcement Mitigation: PA could provide a minimum standard for fare enforcement.
Risks and Liability What risks to the City does the model create? What are the likelihood and consequence of each risk?	The risks associated with all of the operational activities (LRV drivers, vehicle collisions, etc.) are borne by third party operator, not by the City. This model generally has the same number of commonly known risks compared to Model 2; however, contemplates Medium overall risk to the City. - Poorly integrated/coordinated customer service and customer information. Likelihood: Medium; Consequence: High; Overall Risk: Medium - Schedules are not integrated/aligned. Likelihood: Low; Consequence: Medium; Overall Risk: Low to Medium - Bus bridging is not well-coordinated and/or is overly costly to the City. Likelihood: Medium; Consequence: Medium; Overall Risk: Medium - Emergency response not well-coordinated. Likelihood: Medium; Consequence: Medium; Overall Risk: Medium - Misalignment with COH objectives/philosophies when choosing third party contractor e.g. changes in priorities. Likelihood: Medium; Consequence: Medium; Overall Risk: Medium - Lack of reporting of LRV-related collisions, untimely investigations, resulting in claims. Likelihood: Low; Consequence: Low to Medium; Overall Risk: Low - Fare enforcement is not appropriately aligned with fare revenue optimization. Likelihood: Depends on system design; Low to Medium; Consequence: Medium; Overall Risk: Medium - Reputational/Public perception risk for having public

	interface e.g. customer service, communication, fare enforcement and passenger interface security by third party (any bylaw issues or privacy issues having third party performing public interface security and fare enforcement). Likelihood: Low; Consequence: Medium; Overall Risk: Low - Operations do not meet PA service standards. Likelihood: Low; Consequence: Medium to High; Overall Risk: Low to Medium.
How easy can the potential risks be mitigated?	In general, risks can be partially mitigated through appropriate provisions in the Project Agreement and appropriate Standard Operating Procedures between the various parties. Create or adjust PAs/SOPs to mitigate the risks and manage high liability circumstances, and to achieve: - Integrated/coordinated customer service and customer information - Schedule integrated and alignment - Bus bridging coordination and/or reduced cost to City - Emergency response coordination - Enhanced public interface - Alignment with the City's objectives - Fare enforcement appropriately aligned with fare revenue optimization (design system to minimize potential for customers to board LRVs without paying fares) - Operations meet PA service standards (adequate information available to City to ensure that appropriate payments are made and/or penalties withheld). - Accurate and timely reporting of LRV-related collisions: ensure collisions are reported to the City, handling of all LRV related collisions with other modes of traffic. i.e. documentation, reporting and investigation. Further mitigation could include the City proposing an initial "start-up" period e.g. 5 years, in which certain activities are operated by a third party, with an option for the City to assume responsibility for those activities after the expiry of the initial start-up period.

<u>Cost to the City</u> Is the model likely to result in greater or lesser cost certainty to the City? Is the model likely to result in higher or lower costs to the City associated with bringing in new functions, setting up the staffing units and appropriate skills and expertise? Is the model likely to result in greater or lesser ongoing cost to the City for operations (excluding facility operations)?	Greatest cost certainty with third party contract compared to other models (most services contracted to third party) Least upfront cost to the City to bring in new functions compared to other models Ongoing Costs should be similar to Model 2 and slightly lower than Models 3 or 4: - third party will need to make a profit on all aspects of contracted operations - some duplication of customer service functions would lead to slightly higher costs for that function compared to Model 2 - fewer interfaces requiring management by City staff than Models 3 or 4 - fewest additional City staff required compared to other models - the relative cost of City staff vs third party staff is unknown