



IMPROVING CITIES THROUGH PUBLIC-PRIVATE PARTNERSHIPS

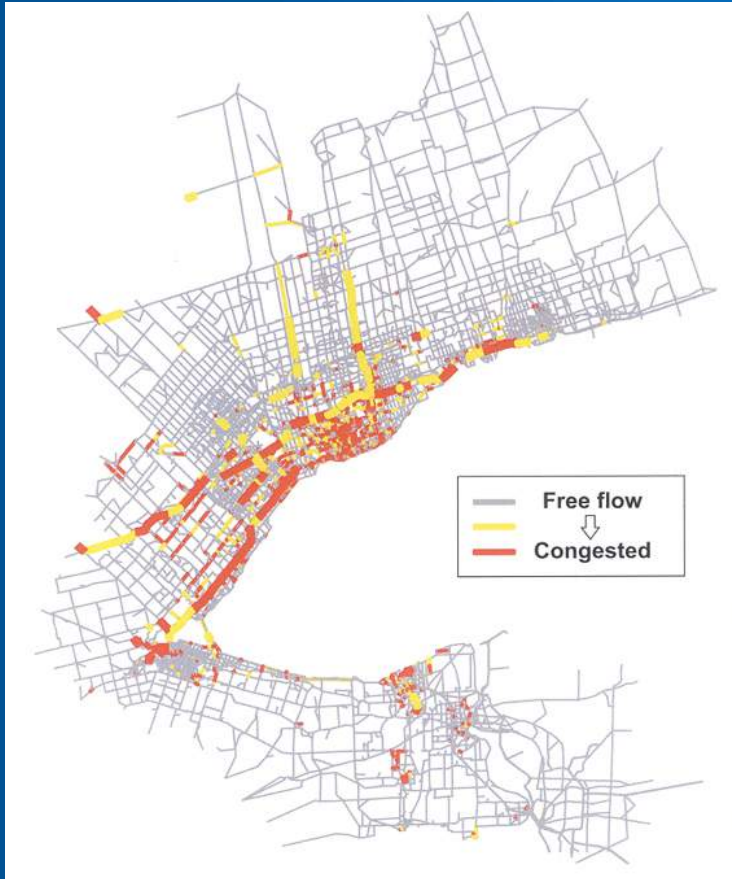
Toronto Forum For Global Cities
December 2008

- » GTA suffers from traffic congestion
- » **The average Torontonian spends seven hours a week in their car – nearly 15 days of the year!**
- » **Fourth most-congested** urban area in North America – behind Los Angeles, San Francisco and Chicago.
- » The cost of congestion is currently estimated to be **over \$3.5 billion annually**
- » The problem is only going to get worse – the Ontario Government estimates that the GTA will increase by **2.6 million by 2031**
- » By 2031, **more than a million** more cars will be on the road

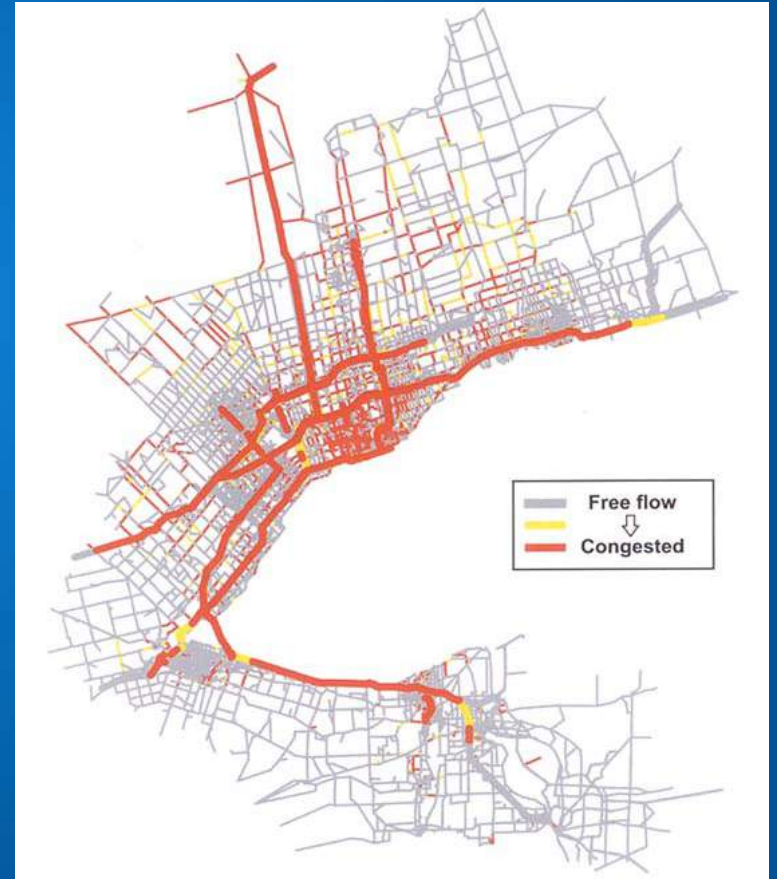


ROAD CONGESTION

2000



2031



Source: Province of Ontario

ONE BRIGHT SPOT!

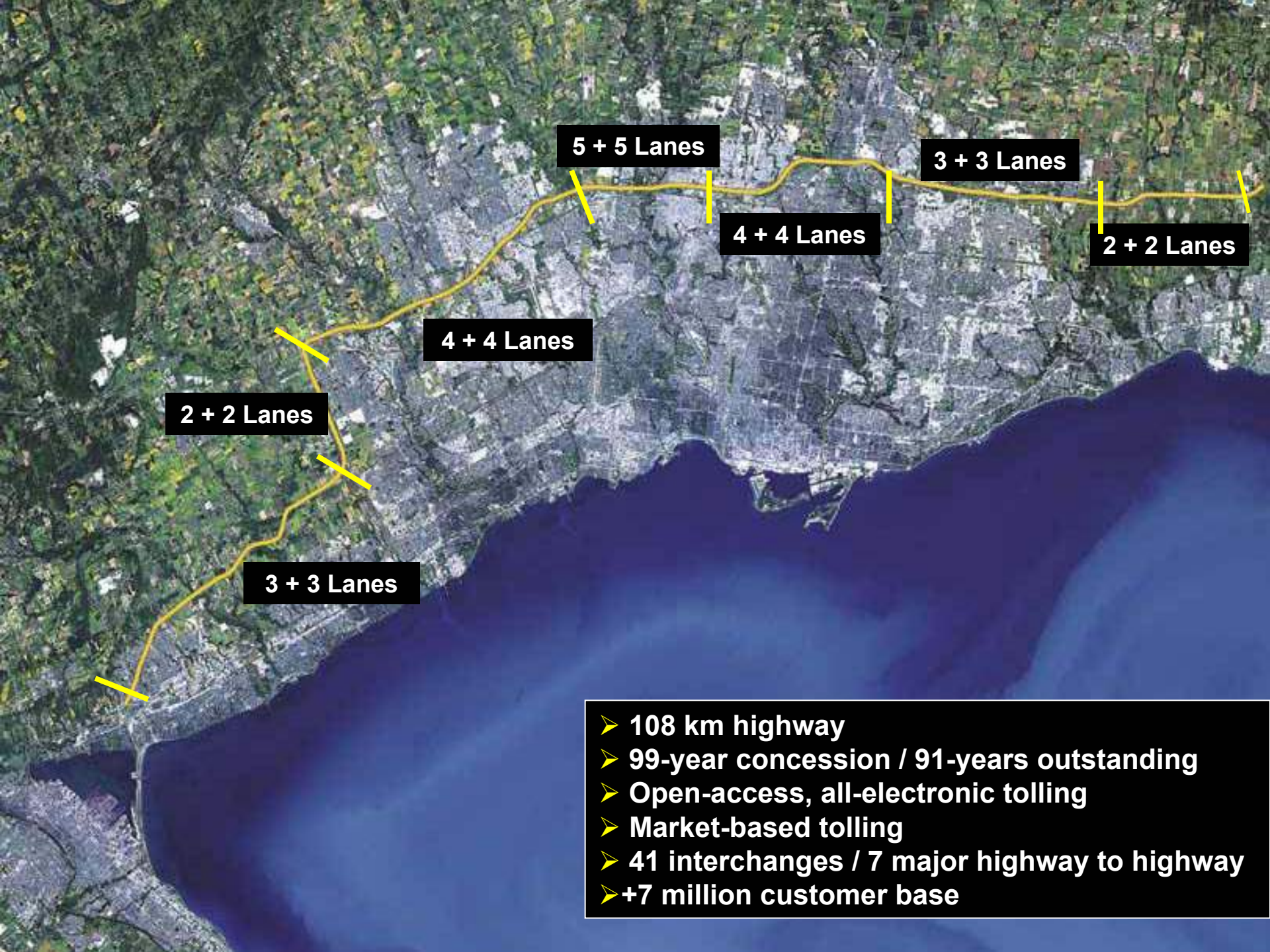
407 ETR helps

save you time...

...time for things that matter,

like family and your career.





2 + 2 Lanes

4 + 4 Lanes

5 + 5 Lanes

4 + 4 Lanes

3 + 3 Lanes

2 + 2 Lanes

3 + 3 Lanes

- **108 km highway**
- **99-year concession / 91-years outstanding**
- **Open-access, all-electronic tolling**
- **Market-based tolling**
- **41 interchanges / 7 major highway to highway**
- **+7 million customer base**

HISTORY OF PROJECT

Government began reserving lands

1950s

Preliminary construction begins using traditional public financing – slow pace of construction

1980s

Economic slowdown

1990-95

Decision to toll and build initial 68 km

1993/94

Initial 68 kilometres opens to traffic

1997

Government Announces international tender for operation of initial 68 km and construction of remaining 40 km

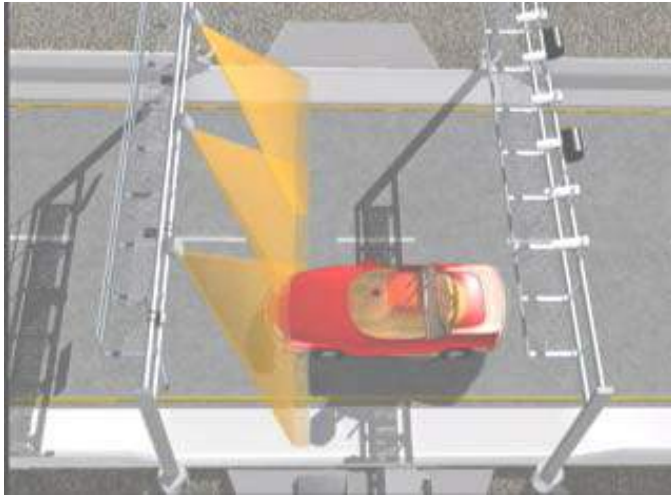
1998



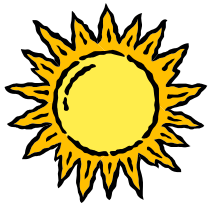
BENEFITS OF PRIVATIZATION

- » **\$3.1B** payment helped Government balance budget, pay for services
- » **\$1.1B** invested by 407 ETR to build **420 new lane kilometres**
- » Highway extensions completed **20 years** ahead of schedule
- » **\$110 million** of customer service improvements – all paid by company
- » Company pays for all maintenance and long-term improvements
- » All policing and enforcement paid by company

Since 1999, taxpayers have saved over \$2 billion!



- » NO toll-booths, “closed ticket” tolling scheme (on/off ramps)
- » NO stopping or slow-downs to pay
- » ALL vehicles able to use highway
- » Transponder not required. If a valid transponder is not detected, digital images are taken at entry and exit
- » Tolls billed monthly
- » ***Still the world’s most-sophisticated electronic toll highway***

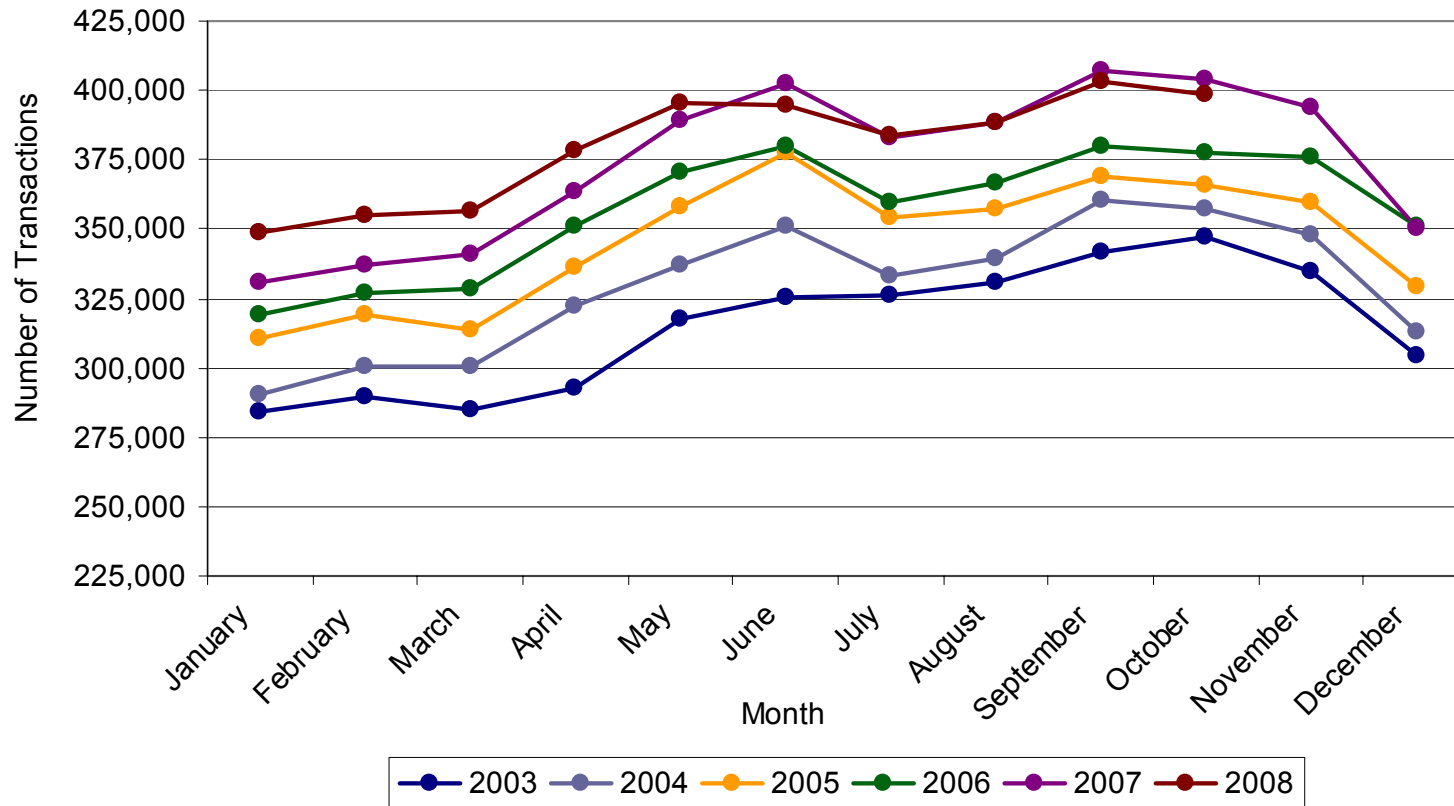


- » Over 900,000 transponders in circulation
- » Battery operated – with proactive management
- » Encrypted to protect privacy
- » Read-write



Average Workday Trips

Weekday Trips by Month



- » 374,348 average trips per workday in 2007 – an increase of 4.7%
- » 445,822 trips on October 5, 2007 – **a one day trip record!**
- » Over **112 million** trips and **2.2 billion** VKT in 2007
- » **900 million** trips and **17 billion** VKT since 1999



Total VKT in 2007 equals
54,621 trips around the Earth!

- » Toronto has the most modern congestion relief mechanism in the world
- » 407 ETR is required to attract a set number of cars in order to relieve congestion from other public highways
- » At the same time, 407 ETR has the freedom to set tolls to keep 407 ETR free of congestion
- » Agreement includes possible penalties if 407 ETR does not attract certain traffic levels
- » Agreement requires the company to build additional lanes within two years after congestion levels are reached

VALUE OF TIME PROPOSITION

- » Average trip (20km) costs roughly \$3.85
- » Customers are seeing the value of the service we offer
- » **50% of drivers say they save 30 minutes or more per trip**
- » **95% of drivers say they save 15 minutes or more per trip**
- » Independent comparisons of similar 40 km trips on 407 ETR and Highway 7 in York Region show:
 - » Saving of 33 minutes on 407 ETR (24.5 minutes vs. 58)
 - » 50% reduction in carbon footprint on 407 ETR (5 vs. 9 tons of carbon)
 - » 3 litres per trip gas savings on 407 ETR (4 litres vs. 7 litres)
 - » (Gas savings pay for the much of the cost of the toll)
 - » 50% less vehicle wear and tear (brakes, tires, transmission, etc.)
 - » 11 less days commuting annually on 407 ETR (8 days vs. 19.3 days or 196 hours vs. 464 hours)
 - » “Commuter compares pay, toll roads”, *Markham Economist & Sun*, (York Region.com), January 25, 2008.



2 + 2 Lanes

1 + 1 Lanes

2 + 2 Lanes

2 + 2 Lanes

3 + 3 Lanes

New Lanes Added By 407 ETR
➤ 420 new lane kilometres
➤ 74 new ramps



- 410,000 hours of labour



- 44 existing bridge structures widened



- 183,000 cubic metres of concrete



- 375,000 cubic metres of excavation



- 11 kilometres of storm sewer pipes

LEVEL OF SERVICE IMPROVEMENTS



1999

- » 21 workstations
- » 21 telephone lines
- » Long wait time
- » 1,400 sq. ft. call centre
- » Legacy computer system
- » Telephone only service channel
- » 237,000 avg. workday trips
- » 300,000 transponders issued
- » Inherited roadside/back office equipment
- » No front counter monitoring or metrics
- » No Escalations or Business Units

2008

- » 174 workstations
- » 640 telephone lines
- » <30 sec. wait since 2003
- » 13,800 sq. ft. call centre
- » New billing system
- » Online, IVR, email, epost, etc.
- » 374,348 avg. workday trips
- » 900,000 transponders issued
- » \$110M in new billing system and projects to improve customer service
- » Detailed front counter/CSR monitoring
- » Customer Advocacy Group, Business Accounts Unit, Ombudsman

SERVICE IMPROVEMENTS

- » Roughly **1.3 million bills** sent each month
- » **759,753 calls** received in 2007 – answered in average of **28 seconds**
- » Number of callers has decreased by **44 percent** in three years
- » Current call drivers: account balance, bill payments, billing inquires, etc.
- » Escalated complaints have **decreased 28%** in three years – 2 complaints per 100,000 trips
- » Satisfaction with customer service has increased by **22 percentage point** in just three years

407 ETR
Express Toll Route

Account Number: 850 269 864
Bill Date: 21 Aug 08
Billing Period: 21 Jul 08 to 20 Aug 08

Total amount due: \$16.46
Please pay promptly. To save time and money, pay up for pre-authorized payment today!

Save Time and Gas!
Drive 407 ETR and save time and gas. A typical trip on 407 ETR uses forty percent less gas and is thirty three minutes quicker. Visit www.407etr.com for details.

Stop interest and avoid collections
Interest charges are accumulating and your service account may be sent to a collections agency. To pay this bill, visit www.407etr.com or call 1-888-407-0407. If payment has been made, please disregard this message.

Account summary

Amount of previous balance	\$16.14
Previous balance due	\$16.14
Toll charges	\$0.00
Video toll charge	\$0.00
Interest	\$0.32
PST	\$0.00
GST (8886411051)	\$0.00
Total new charges	\$0.32
Total amount due	\$16.46

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Account number: 850 269 864
Total amount due: \$16.46
Amount paid: \$

00 000850269864 4 000001646 20080821 3
00074594000 96

- » **\$40 million** loyalty program
- » Top tier of frequent users can save up to **10-15%** off their bill
- » Program designed after significant customer market research and a four-month pilot
- » Savings in the form of gas discounts from Petro-Canada and free weekend kilometres from 407 ETR
- » Over **100,000** customers eligible for program
- » Each month, top tier customers save 9 cents per litre off up to 140 litres of gas and 140 free weekend kms
- » Research shows Rewards members understand program and like it
- » **70%** aided and unaided customer awareness after just 11 months



- » Award-winning highway
- » World-leading congestion relief mechanism
- » Fair, competitive tender and privatization
- » Attracts 375,000 drivers each workday
- » \$2 billion of savings for taxpayers since 1999
- » A good example for Ontario, Canada and other countries to follow...



THANK YOU!

