## Forecast Scenario Assumptions

**NOTE: All assumptions are made strictly for forecast modelling purposes. Actual future operational timelines, service delivery, financial figures, infrastructure timelines, service levels, etc. may differ from what is presented here.**

### Both Scenarios

1. Service Hours

- Both scenarios have the same assumptions for base service hours, with 2,135,987 service hours per year.
- Previously approved On Demand service growth also provides for 9,585 additional service hours per year in 2023, and 30,351 in 2024.[1]
- Previously approved service growth provides for 8,500 additional service hours in 2023 and 17,500 in 2024.[2]

2. Future LRT

- Future LRT operational commencement and annual service hours are consistent across both scenarios (Attachment 1- Tables 1A and 2A). For forecast modelling purposes, **the following assumptions were made**:
    - Valley Line Southeast is fully operational in 2024, delivering 66,066 additional annual service hours.
    - Metro Line Blatchford extension is fully operational in 2024, delivering zero additional annual service hours as the extension can be accommodated within existing schedules (as discussed in report CO01885 Metro to Blatchford Operating Options, Council direction is required on service commencement options for this extension. Additional service hours are not required under either option, and therefore there are no impacts to either modelling scenario).

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[1] On Demand Permanent Funding service package funded as outlined on page 211 in Attachment 2 of the November 14, 2022 Financial and Corporate Services report FCS01394 on an ongoing basis as follows: increase in Edmonton Transit Service branch operating expenditure budget by $7.8 million in 2023 with funding from Financial Strategies, and $3.7 million in 2024, $193,000 in 2025 and $194,000 in 2026 with funding from the tax levy.

[2] Increase in Edmonton Transit Service branch 2023-2026 operating expenditure budget by $1.8 million in 2023, $3 million in 2024, $56,000 in 2025 and $54,000 in 2026 on an ongoing basis to fund the Transit Off Peak and On-Demand Service Growth service package as outlined on page 14 in Addendum 1 of the November 14, 2022, Financial and Corporate Services report FCS01394, with funding from the tax levy.

- Valley Line West is fully operational in 2028, delivering 71,214 additional annual service hours.
- Capital Line South Phase 1 Extension is fully operational in 2028, delivering 12,979 additional annual service hours.

- The net operating impacts of capital (OIC) of the Valley Line West and Capital Line South Phase 1 Extension projects is estimated to be $37.65 million. However, the OICs do not result in large funding shortfalls in 2028 in both scenarios, as they assume the Council-approved four-year tax smoothing strategy (approved in the 2023-2026 Operating Budget) remains in place until 2028. The strategy gradually phases in tax levy funding required for the operations of these two lines beginning in 2025.[3,4]

3. Transit Garages

- Both scenarios have a growth transit garage constructed toward the latter end of the forecast. The growth garage operational commencement year varies across each scenario, as well as the rate of bus fleet acquisition.
- Both scenarios have a satellite garage lease commencing in 2025, as an interim solution to increase garage capacity. The leased transit garage is assumed to have a capacity of 40 forty-foot buses.

4. Bus Fleet Growth

- Both scenarios assume that all future growth buses are E-buses. Forecasted prices of E-buses are provided in Attachment 3.

5. Revenues

- Both scenarios assume a two per cent inflationary adjustment annual fare increase from 2027 to 2033. The Bank of Canada’s annual inflation target is two per cent. Transit fare increases at this rate imply that the user fees are not eroding due to inflation over the 2027 to 2033 period.
- Ride Transit grant program continues throughout the forecast term with no growth or inflationary adjustment ($4.5 million/year).

6. Ridership

[3] $9.4 million annual incremental tax levy funding to PAYG, from 2025 to 2028. The excess tax levy generated from 2025 to 2027 will provide Council with a one-time pool of funds to be applied toward pay-as-you-go (PAYG) unconstrained capital funding.

[4] Tax smoothing is when the City phases in a tax levy increase required in a future year slowly over the years leading up to it. This approach has two advantages: it avoids significant one-time tax levy increases in a single year, and creates one-time funding in the years the levy is introduced but not yet required for its intended purpose.

- Base ridership grows in both scenarios at the population growth rate. This assumption implies that base transit ridership per capita remains constant over the forecast term.

**Maintain Service Level Scenario (Scenario 1)**

- The satellite bus garage lease begins in 2025, with a gradual acquisition of forty-foot buses—10 additional buses in 2025 (25,000 additional annual service hours), 20 additional buses in 2026 (50,000 additional annual service hours), and 10 additional buses in 2027 (25,000 additional annual service hours).
- The growth transit garage is operational in 2031, with 40 additional forty-foot buses in 2031 (100,000 additional annual service hours), 15 in 2032 (37,500 additional annual service hours) and 15 in 2033 (37,500 additional annual service hours). This scenario sees a slow rate of bus fleet growth (Attachment 1, Tables 1A and 1B).

**Grow Service Level Scenario (Scenario 2)**

- The satellite bus garage lease also begins in 2025, but with a more rapid acquisition of forty-foot buses. All 40 buses are acquired in 2025, providing 100,000 additional annual service hours that year.
- Construction of the new growth transit garage is advanced sooner, with service date commencing in 2029. Bus fleet acquisition is also more rapid, with 75 additional forty-foot buses acquired per year beginning in 2029, providing 187,500 additional service hours each year until 2033 (Attachment 1, Tables 2A and 2B). This scenario sees a more rapid rate of bus fleet growth—375 new forty-foot buses are purchased between 2029 and 2033.