



SERVICE PLAN 2014/15 – 2016/17

TRANSPORTATION INVESTMENT CORPORATION



**Transportation
Investment Corporation**



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MESSAGE FROM THE CHAIR

To: The Honourable Todd Stone, Minister of Transportation and Infrastructure

Dear Minister:

On behalf of the Board of Directors of Transportation Investment Corporation (TI Corp), I am pleased to provide our Service Plan for 2014/15 – 2016/17.

TI Corp met its goals outlined in the previous service plan for ensuring construction proceeds on schedule and on budget. Following review of its initial year of operations, the organization's performance measures have been selected to reflect TI Corp's conservative and prudent approach to financial management and its strategies to meet its long-term obligations. Measures of TI Corp's operational efficiency customer, service and employee engagement have been refined, updated and benchmarked to reflect operational observations in this first year of operations.

The first year of operations on the new Port Mann Bridge highlighted TRo, TI Corp's sustainable all electronic tolling system. A successful driver registration campaign emphasized the easy, electronic and efficient tolling system and highway improvements opened west of the Port Mann Bridge, doubling the time savings for drivers.

Expectations for ongoing traffic fluctuation on the Highway 1 corridor are a result of new options for commuters and goods movers, including the improved Highway 1 and the new Highway 17, or South Fraser Perimeter Road, which connects to three untolled crossings. Commuters can also consider the newly connected Highway 1 HOV network or the ExpressBus over the Port Mann Bridge, which sees more than 50,000 riders per month.

Looking ahead through the service planning period, TI Corp's activities will focus on the continued delivery of the Port Mann/Highway 1 Improvement Project, the largest transportation infrastructure project in B.C. history and the operation of a free-flow tolling system with approximately 2 million unique customers on an annual basis. The planning focus for 2014/15 will include maintaining best-in-class service levels, employee engagement and reducing operating costs all while improving levels of operational efficiency.

Risks to TI Corp over the service planning period are any factors that could affect traffic volumes and corridor reliability or safety. To mitigate these risks, TI Corp updated its traffic and financial forecasts after engaging an independent traffic forecast firm. Additionally, the successful opening of new highway lanes have provided drivers with the project's full time savings and will ensure any remaining finishing work does not impact corridor reliability or predictability. All risks have an associated management strategy, and with ongoing monitoring, present only a low to moderate risk to TI Corp.



Grant Main
Chair, Board of Directors

ACCOUNTABILITY STATEMENT

The 2014/15 – 2016/17 Transportation Investment Corporation Service Plan was prepared under the direction of the Board of Directors in accordance with the *Budget Transparency and Accountability Act*, the BC Reporting Principles, and the 2014/15 – 2016/17 Crown Corporation Service Plan Guidelines. The plan is consistent with government's strategic priorities and its fiscal plan. The Board is accountable for the contents of the plan, including what has been included and how it has been reported.

To the best of our knowledge the significant assumptions, policy decisions, events and identified risks are current and have been considered in preparing this plan. Performance measures are consistent with TI Corp's mandate and goals, and focus on aspects critical to the corporation's performance. Targets in the plan have been determined based on an assessment of TI Corp's operating environment, forecasting assumptions and risks.



Grant Main
Chair, Board of Directors

ORGANIZATIONAL OVERVIEW

Mandate and Enabling Legislation

Transportation Investment Corporation (TI Corp) was established under the *Transportation Investment Act*. TI Corp's primary mandate as part of the Province's Gateway Program is to manage and ensure successful delivery and implementation of the Port Mann/Highway 1 Improvement Project.

TI Corp is also mandated to recover the capital costs of the project as well as operating and maintenance costs of the bridge and highway.

Our Vision

To develop and implement self-sustaining infrastructure projects for the benefit of British Columbians.

Our Values

The corporation values the diversity of its employees and will strive to deliver projects in a manner that is respectful to residents, businesses, communities, all levels of government and the environment, while ensuring the safe and efficient movement of people and goods.

Core Business Areas and Services

TI Corp is a Crown corporation tasked with the delivery of the Port Mann/Highway 1 Improvement Project. This includes construction of the new bridge and highway improvements, implementation and management of the tolling operations and repayment of the project costs. All electronic tolling on the new Port Mann Bridge is paying for the design, construction, financing and operation of the improvements to the Port Mann/Highway 1 corridor.

The Port Mann/Highway 1 project uses a free-flow, open road tolling system; a safer and more efficient method of tolling than traditional toll booths. The system is easy, electronic and efficient and based on the principle of superior customer service.

Fully electronic tolling means exhaust emissions from idling cars at toll booths are eliminated and bridge users do not need to worry about exact change or delays. Instead, electronic decals and video capture technology identify vehicles as they pass under the toll gantry at the south end of the bridge. Bridge users may choose to pay before or after travel using a variety of payment methods, including online at www.treo.ca, by phone or in person at self-serve kiosks or Customer Service Centres.

Highway 1 is the most economically critical route in Greater Vancouver. Built in the early 1960s when the population of Metro Vancouver was 800,000, it now serves as the most important east-west corridor to the region's 2.2 million people.

The Port Mann/Highway 1 project is British Columbia's largest transportation infrastructure project and a key component of the Province's Gateway Program. The Port Mann is a major crossing over the Fraser River forming part of Highway 1 between Coquitlam and Surrey. The new 10-lane bridge, expanded high occupancy vehicle (HOV) network,

transit priority facilities and a widened Highway 1 will help cut round-trip travel times in this corridor by up to 50 per cent, and has allowed for public transit over the crossing for the first time in over 25 years.

The Gateway Program was established as part of a broader response by the Province of British Columbia to reduce congestion, improve the movement of people and goods, and improve safety and reliability on key highway corridors. The Gateway Program improvements will complement other regional road and transit improvements currently planned or under construction.

The Port Mann/Highway 1 Improvement Project includes construction of the new Port Mann Bridge, widening the highway, upgrading interchanges and improving access and safety on Highway 1. The project spans a distance of approximately 37 kilometres from the McGill Street Interchange in Vancouver to 216th Street in Langley. Taken together, these improvements will help create a comprehensive and effective transportation network for Greater Vancouver, which will improve the movement of people and goods, facilitating economic growth, increased transportation choices and improved connectivity to areas designated for population growth.

The goals of the Port Mann/Highway 1 Improvement Project are as follows:

- Reduce congestion and travel times
- Improve safety and accessibility
- Facilitate expanded public transit service
- Expand the transportation network to better accommodate high occupancy vehicles (HOV), cyclists and pedestrians

As a result of this project, TransLink's ExpressBus service over the Port Mann Bridge connects New Westminster at the Braid SkyTrain Station to the newly constructed Carvolth Exchange in Langley in about 22 minutes, and current ridership is approximately 50,000 riders per month.

Partners, Clients, Stakeholders

TI Corp's key responsibilities are to pay for the Port Mann/Highway 1 Improvement Project within the prescribed time period, and the ongoing management and oversight of the design-build contractor and their activities, ensuring that construction proceeds on budget and on time with minimal disruption to road and bridge users.

Our key partners include:

- Ministry of Transportation and Infrastructure/BC Transportation Financing Authority
- Municipalities adjacent to the corridor
- Insurance Corporation of British Columbia
- TransLink
- Kiewit/Flatiron General Partnership
- Trans Canada Flow Tolling Inc. (TC Flow)
- Sanef ITS Inc.
- Mainroad Infrastructure Management Limited Partnership

Key stakeholders and clients include tolling customers, businesses and industries that will benefit from the project improvements and those providing advice and input:

- The travelling public, TI Corp's customers
- RCMP and other first responders
- First Nations
- Businesses
- Commercial trucking, service companies and drivers
- Businesses and residents located adjacent to the project corridor

Additional information about the Gateway Program and TI Corp can be accessed at the following website links:

<http://www.gatewayprogram.bc.ca>

<http://www.pmh1project.com>

More information about open road tolling and TReO, TI Corp's customer service brand, is available here:

<http://www.treo.ca>

TI CORP LOCATIONS

TI Corp operates TReO Customer Service Centres in Surrey and Coquitlam. These locations are conveniently located close to the highway so drivers can pay their tolls or receive customer service before or after they travel.

TI Corp also operates a construction project office with project personnel in the field daily along the 37 kilometers of highway improvements.

Corporate Head Office:

Suite 210 – 1500 Woolridge Street, Coquitlam, B.C. V3K 0B9

Project Office:

Suite 200 – 145 Schoolhouse Street, Coquitlam, B.C. V3K 4X8

TReO Coquitlam Customer Service Centre:

2nd floor, 1500 Woolridge Street, Coquitlam, B.C. V3K 0B9

TReO Surrey Customer Service Centre:

16300 – 104 Avenue, Surrey, B.C. V4N 1Y5

CORPORATE GOVERNANCE

By legislation, TI Corp is governed by a Board of Directors appointed by the Lieutenant Governor in Council. The Board of Directors, through the Chair, reports to the Minister of Transportation and Infrastructure (designated as the Minister Responsible for TI Corp) and is responsible for overseeing the conduct of business, directing management and ensuring that all major issues affecting TI Corp's affairs are given appropriate consideration.

The Board of Directors adheres to the following Corporate governance principles, which are set in accordance with Part 2 "Best Practices Guidelines: Governance" of the Province's *Governance and Disclosure Guidelines for Governing Boards of British Columbia Public Sector Organization*:

- Act in the best interests of the Corporation
- Develop, maintain and adhere to terms of reference for the Board, Chair, Directors and Committees
- Ensure there is a planning process, to become engaged in the process, and then review, question, validate and, ultimately, endorse the Service Plan and monitor performance
- Follow the board-approved TI Corp Governance Guidelines

As a Crown agency, TI Corp operates under a Government Letter of Expectations that outlines both the corporation's as well as the shareholder's responsibilities, and is jointly signed by the Minister of Transportation and Infrastructure and the Chair of TI Corp.

TI Corp's Board of Directors follows the governance practices contained in the Board Resourcing and Development Office (BRDO) corporate governance guidelines. More information regarding TI Corp Board governance can be found at: <http://www.pmh1project.com/about-the-project/about-ti-corp/Pages/Financial-Reporting.aspx>.

As a public Crown corporation and part of the Government of British Columbia's Public Sector Employer's Council (PSEC), TI Corp operates under PSEC's best practices for transparent and full disclosure of public sector executive compensation.

The Board of Directors currently consists of:

Chair - Grant Main

Member - Larry Blain

Member - Don Fairbairn

Committees

In November 2013 the Board established an Audit and Risk Committee to replace the existing Operations Committee. This reflects TI Corp's continuing shift away from construction operations and towards toll operations. Members are:

Don Fairbairn, Chair

Larry Blain, Member

Mike Proudfoot, Ex-officio Member

Officers

Mike Proudfoot, Chief Executive Officer

Garry Dawson, Vice President, Technical Services

Patricia Soanes, Vice President, Finance and Corporate Services

Mahrokh Arefi, Vice President, Tolling

STRATEGIC CONTEXT

Operating Environment

With the opening of the new Port Mann Bridge in December 2012 and the opening of new Highway 1 lanes through Coquitlam, Burnaby and Vancouver in December 2013, drivers are experiencing the time savings promised by the Port Mann/Highway 1 Improvement Project.

For the first year after the bridge opened, the tolling framework provided a substantially reduced toll rate for drivers who registered for a TRéO tolling account, installed a windshield decal, and provided a payment mechanism for automatic payment. This introductory toll rate recognized that drivers had begun to experience significant travel time savings and that those time savings would increase when construction west of the bridge opened new lanes.

This tolling framework was established to promote the use of windshield decals, which are more reliable and accurate than licence plate recognition, and to promote automatic payment, a much more efficient method of toll collection.

Immediately following the opening of new Highway lanes and the introduction of the full rate in January 2014, TI Corp has seen a significant increase in travel time savings with drivers saving up to an hour a day. Those time savings are highest during the rush hours, leading to significantly higher traffic during the morning and afternoon peak periods. The biggest increase in traffic volumes has been in the westbound direction in the morning, which is up more than 10% compared to 2013, indicating the significant time savings are attractive to drivers. Also, truck traffic using the Port Mann Bridge has increased significantly since it opened. On average during the month of January 2014, 1100 more trucks crossed the bridge than the same time in January 2012, an increase of 14%.

Significantly improved options for commuters have contributed to ongoing traffic fluctuation on the corridor. The ExpressBus from Langley over the Port Mann Bridge has a growing ridership of more than 50,000 passengers per month, and drivers are also taking advantage of the newly connected Highway 1 HOV network. In addition to the opening of new Highway 1 lanes west of the Port Mann Bridge, the completion of the new Highway 17 (South Fraser Perimeter Road) provides connections to three untolled crossings over the Fraser River.

TI Corp will continue to monitor the use of alternate routes, but traffic fluctuation is expected to continue for several months and is mirroring the experience seen in other jurisdictions where tolling is more prevalent.

The 2014/15–2016/17 service planning period will focus on two major accountabilities:

1. The continued delivery of the Port Mann/Highway 1 Improvement Project, the largest transportation infrastructure project in B.C. history
2. Operation of a free-flow tolling system serving approximately 100,000 – 120,000 vehicles per day with approximately 2 million unique customers on an annual basis

TI Corp's objectives, detailed in the following pages, are reflective of these two primary accountabilities. Following its first year of operations of the toll system, TI Corp continues to refine its benchmarks. The 2014/15 – 2016/17 Service Plan contains objectives included in previous service plans, specific to construction of the PMH1 Project. The service plan also continues the development of new goals to manage and measure the organization's performance with respect to the operation of the tolling system.

TI Corp's priorities are to ensure the safe and reliable movement of traffic and goods along the Port Mann/Highway 1 corridor, the operation of a self-sustaining and financially stable organization, the provision of superior customer service and engagement of a skilled and motivated workforce.

The key strategic issues and risks for TI Corp are any factors that could affect traffic volumes and revenues, its role as a self-sustaining financially stable organization, corridor reliability or safety, construction schedule and budget.

In addition, TI Corp is addressing the risk that road conditions or traffic incidents along the corridor will affect potential travel time savings or anticipated safety benefits. To do so, an updated incident management procedure has been implemented to ensure any motor vehicle incidents are dealt with quickly and efficiently, with full lane capacity returned promptly. Also, to prevent travel lane or bridge closures associated with inclement weather, an updated weather monitoring protocol has been implemented. In addition, measures to address ice build-up on the cables were implemented in advance of winter 2013/14.

The above noted strategic issues and risks, including economic, demographic and market factors that could impact performance in the service planning period are accounted for in TI Corp's risk management planning.

Organizational Capacity

TI Corp has the required capacity to meet its key objectives for the 2014/15 fiscal year.

- Deliver the Port Mann/Highway 1 Improvement Project on time and on budget
- Ensure the safe and reliable movement of traffic and goods along the Port Mann/Highway 1 corridor
- Operate a self-sustaining and financially stable organization
- Provide superior customer service
- Engage a workforce that drives operational success

The design-build contractor is responsible for the on time and on budget delivery of the Port Mann/Highway 1 Improvement Project and its related benefits.

The tolling operator is responsible for the day-to-day tolling operations, including customer service, helping customers set up accounts, answering questions about account options and programs, billing and accepting payments in person, by phone and online.

TI Corp will be responsible for ensuring both the design-build contractor and the tolling operator meet prescribed standards and timelines and its workforce provides the operational oversight that helps ensure the financial stability of the organization.

RISKS

Risk management is implicit in TI Corp’s management methodology. Key risk management principles include:

- Immediate communication of identified risks
- Proactive risk mitigation
- Continual review
- Appropriate allocation of risks to relevant parties

All risk identified in this table have an associated management strategy. Together with these strategies outlined below and ongoing monitoring, no risk presents more than a low to moderate potential impact to TI Corp.

Key Strategic Issue	Status and Potential Impacts	Risk Mitigation
<p>Project cost escalation:</p> <ul style="list-style-type: none"> • Debt borrowing costs 	<p>TI Corp is maintaining a mix of both long term and short term debt in accordance with the 2009 debt financing strategy. This mix enables the company to conservatively take advantage of short term interest rates to reduce borrowing costs.</p>	<p>Regular cash flow monitoring, analysis and reporting, inclusive of debt strategies, are conducted on an ongoing basis. TI Corp has locked in long term debt at a favourable rate to minimize borrowing costs as appropriate.</p> <p>Risks associated with interest rate fluctuations over the course of the project are mitigated through the use of a long-term hedging strategy.</p>
<ul style="list-style-type: none"> • Project schedule and budget 	<p>The Project is currently on schedule and on budget. The opening of Phase One improvements and completion of tolling components was achieved on schedule in December 2012. Phase Two improvements opened to traffic in December 2013. Final finishing work will continue through 2014. This work primarily involves completion of the final two lanes of the Port Mann Bridge, which are required for future capacity.</p>	<p>TI Corp has entered into a design-build agreement with the contractor that requires the contractor to meet specific costs and dates for the delivery of specific elements of the project.</p> <p>The design-build agreement places responsibility for construction-related cost overruns with the contractor for those activities under its direct control.</p> <p>Ongoing monthly monitoring of construction progress is undertaken to achieve schedule certainty and mitigate cost pressures.</p>

Tolling:

- Public acceptance of tolling operation**

Customer account registration has exceeded forecasts. More than one million vehicles have registered with TReO and more than 80-85% of regular users are signed up, a measure which is best-in-class for the tolling industry internationally.

The base toll rate was introduced in January 2014 after a full year of a half-price introductory toll rate for the majority of users.

The framework is supported by a public communication and engagement plan to raise awareness of the expiry of the introductory toll rate and the travel time savings afforded by the project.
- Use of alternative crossings**

Risk of traffic diversion to other parts of the region.

Time savings delivered by new, improved highway lanes and the communications plan described above encourage drivers to use the new bridge and widened highway. Efforts to promote travel time savings, and enhance time savings with continued highway improvement will continue to mitigate diversion to alternate routes.
- Long-term traffic volume fluctuations**

Risk that volumes will be substantially lower than forecasted would have financial consequences.

TI Corp is continually updating its traffic forecasts to account for recent traffic patterns, fuel prices and economic conditions. These traffic projections have been used to develop internal financial modeling and forecasting.

Ongoing monitoring of traffic volumes and usage patterns allows for updates to financial forecasts and development of mitigation plans as required.

Reliability and safety:

- Improved corridor reliability and safety**

Risk that road and weather conditions or traffic incidents along the corridor will affect potential travel time savings or anticipated safety benefits.

An incident management procedure is in place to respond to any motor vehicle incidents quickly and efficiently to restore traffic flow.

To prevent traffic disruptions associated with inclement weather, an updated weather monitoring protocol has been implemented. In addition, measures to address ice build-up on the cables was refined and implemented in advance of winter 2013/14.

GOALS, STRATEGIES, PERFORMANCE MEASURES AND TARGETS

As noted above, the 2014/15 – 2016/17 reporting period builds on the significant operational changes made by TI Corp in the 2013/14 – 2015/16 service plan.

As the organization looks ahead to the completion of construction activities, TI Corp’s goals have shifted to better reflect the continued operation of an open road tolling system, the provision of services and benefits based on best practices used by similar tolled bridges and roadways, and the operation of a sustainable and financially stable organization.

As TI Corp moves further from construction to operations, this process will continue and organizational objectives will be refined.

Goal 1: Deliver the Port Mann/Highway 1 Improvement Project on time and on budget

A key function of TI Corp is the ongoing management and oversight of the design-build contractor and its activities, ensuring construction proceeds according to schedule and remains on budget.

Strategies

A design-build agreement has been signed between TI Corp and the Kiewit/Flatiron General Partnership. Under this structure, the contractor is required to meet specific dates for the delivery of certain elements of the project.

To achieve these goals, TI Corp has set completion targets by fiscal year and measures progress against these targets. The design-build agreement structure places responsibility for construction-related cost overruns with the contractor for those activities under its direct control.

To achieve these goals, TI Corp has set specific financial targets and measures all streams of activity by fiscal year and measures progress against these targets.

Performance Measures

Performance Measures	2012/13 Actual	2013/14 Target	2014/15 Target	2015/16 Target	2016/17 Target
Achieve percentage of completion target for total design & build construction	91%	97% ¹	100%	N/A ²	N/A

¹ The 97% completion figure recognizes an updated forecast total spend of \$3,236 million in 2013/14 out of a total project budget of \$3,319 million.

² This performance measure will no longer be relevant at the end of construction and will be superseded by new operations-based targets.

Performance Measures (\$Millions)	2012/13 Actual	2013/14 Target	2014/15 Target	2015/16 Target	2016/17 Target
Remain within the approved \$3,319 Capital Budget	\$2,997	\$3,236 ³	\$3,319	N/A ⁴	N/A

Performance Management

The design-build contractor reports regularly to TI Corp on project progress and the percentage of completion is derived from an estimate of the progress of the particular segments of the project using verified progress billings.

The data used to measure financial performance is contained in TI Corp's annual financial statements, which are subject to annual independent audit. TI Corp has received an unqualified audit each year it has been in operation.

Goal 2: Ensure the safe and reliable movement of traffic and goods along the Port Mann/Highway 1 corridor

Key goals of the Port Mann/Highway 1 Improvement Project are the reduction of congestion and travel times along the project corridor, improved safety and accessibility, expanded transit service and an expanded transportation network to better accommodate high occupancy vehicles (HOV), cyclists and pedestrians.

This was a new goal for 2013/14 and reflects TI Corp's shift in roles from a construction focus to that of an operational service provider to customers and stakeholders along the Port Mann/Highway 1 corridor.

Strategies

TI Corp's strategies to implement these benefits along the new Port Mann/Highway 1 corridor will include:

- Managing corridor reliability and travel time predictability
- Ensuring corridor efficiency, and minimize disruptions to traffic flow

Performance Measures Corridor Travel Time Savings

To benchmark this performance measure, sample routes, noted below, were driven in the 2012/13 reporting period before Port Mann/Highway 1 improvements were opened to traffic. Travel times were measured in prevailing conditions by an independent traffic engineering firm. Routes were traveled several times to estimate the average travel time.

Forecasts and targets for these routes will be analyzed after the opening of all new Highway 1 lanes to accurately measure the travel time savings associated with the Port Mann/Highway 1 Improvement Project.

The target for the performance measure is a 30% travel time saving, as in the Gateway Program Definition Report, published during the PMH1 Project planning phase. Travel time estimates generated since then have indicated that

³ The forecasted 2013/14 spend of \$3,236 million is revised from an earlier forecast of \$3,270 million.

⁴ This performance measure will no longer be relevant at the end of construction and will be superseded by new operations-based targets.

travel time savings as high as 50% are possible with a new Port Mann Bridge and widened Highway 1. These updated estimates have informed the development of this performance measure.

Performance Measures	Pre-construction Roundtrip ⁵ Actual (Benchmark)	2013/14 Target	2014/15 Target	2015/16 Target	2016/17 Target
Route 1⁶ 152 Street to/from United Boulevard	0:23	30% - 40% savings	40% - 50% savings	50% savings	50% savings
Route 2⁷ 200 Street to/from Grandview Highway	1:47	30% - 40% savings	40% - 50% savings	50% savings	50% savings
Route 3⁸ 176 Street to/from Brunette Avenue	0:52	30% - 40% savings	40% - 50% savings	50% savings	50% savings

Corridor Incident Prevention

A key objective of the Port Mann/Highway 1 Improvement Project is to improve the safety and efficiency of the highway corridor. Improved interchanges, new merging lanes, dedicated on and off-ramps and an overall reduction in congestion will all contribute to a safe and efficient corridor.

During the 2013/14 service plan period, TI Corp developed new performance standards to measure the safety and efficiency of the PMH1 corridor. To compare collision data from the improved Highway 1 to data from the original corridor, information was gathered from the British Columbia Ministry of Transportation and Infrastructure's Collision Information System⁹. The data used to develop the baseline is from the five years prior to the commencement of PMH1 construction; 2004/05 to 2008/09.

Forecasts are a conservative value based on collision data from 2013/14 on the improved sections of Highway 1 through Langley, Surrey and the Port Mann Bridge. It is anticipated that projections may change over time as TI Corp reviews observed data on comparable corridors as well as the PMH1 improvements.

⁵ Round trip travel times are based on westbound AM and eastbound PM total travel times.

⁶ Route 1: 152 Street at 108 Avenue, Surrey to/from United Boulevard at Lougheed Highway, Coquitlam.

⁷ Route 2: 200 Street at 80 Avenue, Langley to/from Boundary Road at Grandview Highway, Vancouver.

⁸ Route 3: 176 Street at 96 Avenue, Surrey to/from Brunette Avenue at Lougheed Highway, Coquitlam.

⁹ The Collision Information System database is populated by collision information gathered by police incident reports on the provincial roadways and received from ICBC.

Performance Measures	Preconstruction Baseline	2013/14 Target	2014/15 Target	2015/16 Target	2016/17 Target
Vehicle collisions on the PMH1 corridor ¹⁰	680 collisions	20% reduction from baseline	25% reduction from baseline	25% reduction from baseline	25% reduction from baseline

Goal 3: Operate a self-sustaining and financially stable organization

The Port Mann/Highway 1 Improvement Project is a self-funding project using all electronic, open road tolling technology. The Concession Agreement between the Province and TI Corp requires the Corporation to repay the Port Mann/Highway 1 Improvement Project debt by 2050 and meet the operations, maintenance and rehabilitation needs as well as undertake any necessary future improvements.

As such, it is TI Corp’s responsibility to ensure a sustainable, long term source of revenue and demonstrate the cost-effective management of operations. TI Corp will ensure it remains financially stable by implementing operational efficiencies and controlling administrative costs, thereby keeping tolls low for customers.

During the long-term planning phase of the Port Mann/Highway 1 Improvement Project, several traffic forecasts were developed, including those of private sector bidders during the project’s competitive selection process. Those forecasts indicated that based on the expected growth of the Lower Mainland’s population, and the associated traffic growth, it would take approximately 40 years to meet all of the financial obligations associated with the project. As a result a tolling period expiring in 2050 was established.

TI Corp has established financial metrics that set out the requirements and objectives for the organization. A full financial report is included in the Summary of Financial Outlook in this Service Plan, but this selection highlights annual revenue targets laid out in the organization’s long term plan.

¹⁰ Traffic incidents tracked in this performance measure are on the PMH1 corridor from 216 Street in Langley to McGill Street in Vancouver.

(\$ Millions) ¹¹	2012/13 Actual	2013/14 Target	2014/15 Target	2015/16 Target	2016/17 Target
Revenue ¹²	15	98	144	159	174
Administration Expenses ¹³	12	9	9	8	8
Operating Profit/(Loss)	(27)	49	104	120	135

Annual revenue targets have been set that show a year after year increase in revenues through careful financial management, and that correspond with increasing traffic volumes on the Port Mann Bridge. At the same time, administrative expenses have been capped to limit overhead growth.

TI Corp is on track to meet all financial obligations by 2050. To ensure it remains on track, traffic forecasts are reviewed from time-to-time and compared against observed traffic volumes. TI Corp will continue to update forecasts for the Port Mann Bridge and Highway 1 corridor.

The operation of a self-sustaining and financially stable organization was a new goal for 2013/14 and reflects TI Corp's shift in roles from a construction focus to that of an operational service provider to customers and stakeholders along the Port Mann/Highway 1 corridor.

Strategies

TI Corp's strategies to operate a self-sustaining and financially stable organization include:

- Repay the Port Mann/Highway 1 Improvement Project debt within the prescribed time period
- Implement operational efficiencies and control administrative costs to keep costs low for TI Corp and tolls low for customers

Performance Measures

Operational Efficiency

A key measure of operational efficiency for an open road tolling system is the number of registered customers, and the percentage of customers with registered accounts. Registered accounts with windshield decals and payment mechanisms on file are most efficient and cost effective because they are more accurate and payment is fully automated, meaning invoicing and reconciliation is not required.

¹¹ All figures have been rounded to millions of dollars (\$M) which results in rounding additions not always being consistent.

¹² Revenue for 2012/13 represents four months of tolling operations commencing in December 2012.

¹³ Administration Expenses includes communications, salaries, facilities costs and other corporate overhead.

TI Corp's goal is to have 80-85% of regular users registered, which is consistent with best-in-class industry standard.

Performance Measures	2013/14 Target	2014/15 Target	2015/16 Target	2016/17 Target
% of regular users with registered accounts	80-85%	80-85%	80-85%	80-85%

Goal 4: Provide superior customer service

Superior customer service has always been one of TI Corp's key priorities. As construction winds down, TI Corp's annual customer satisfaction survey has transitioned to measure customer attitudes towards the toll system and TReO, TI Corp's consumer-facing brand. The toll operator, TC Flow Inc., was selected in part because of its demonstrated experience and commitment to customer service.

In any given month, the TReO Customer Service Centres receive more than 46,000 phone calls, 3,600 walk-in customers and respond to approximately 4,000 customer emails and letters. To ensure the toll operator maintains a satisfactory level of service, its performance is measured on key indicators of customer service.

Strategies

TI Corp's strategies to provide continued superior customer service include:

- Operate a toll system that is easy, electronic and efficient for customers
- Ensure customers receive superior service through meeting established performance measures

Performance Measures	2013/14 Target	2014/15 Target	2015/16 Target	2016/17 Target
Percentage of telephone calls answered within 20 seconds	80%	80%	80%	80%
Number of customer service complaints as a share of Port Mann crossings	1/10,000	1/10,000	1/10,000	1/10,000
Overall level of satisfaction with the toll system and customer service	80-85%	85%	85%	85%
Overall level of satisfaction with the Port Mann/Highway 1 improvements	80-85%	85%	85%	85%

Performance Management

These performance measures are derived from the key performance indicators in the toll operator agreement. Annual surveys of TReO customers are conducted by TI Corp to reflect its customer service responsibilities.

Goal 5: Engage a workforce that drives operational success

TI Corp requires a highly qualified, diverse and flexible workforce in order to provide reliable, customer-oriented service for commuters and stakeholders that rely on the Port Mann/Highway 1 corridor.

Strategies

TI Corp's strategies to engage its workforce and drive operational success include:

- Supporting and investing in its employees
- Fostering a culture of fiscal responsibility, teamwork and innovation

Performance Measures

TI Corp monitors success in leading an engaged workforce through its annual spring employee survey, which covers a broad range of attributes including performance management and employee engagement. TI Corp's forecast for success in terms of employee satisfaction mirrors TI Corp's own benchmarks for customer satisfaction, which are derived from the key performance indicators in the toll operator agreement.

The target for 2014/15 has been set at "previous result +2%" to reflect both the previous result and the desired level of continuous improvement to the score.

Performance Measures	2013/14 Forecast	2014/15 Target	2015/16 Target	2016/17 Target
Employee satisfaction with TI Corp as an employer of choice that invests in and supports its employees.	85%	Previous result +2%	TBD	TBD

Performance Management

Performance is measured using the organization's annual employee engagement survey conducted each spring.

GOVERNMENT’S LETTER OF EXPECTATIONS

The Government’s Letter of Expectations, between the shareholder (the Government of British Columbia) and TI Corp, is an agreement on the respective roles and responsibilities of each, and serves as the basis of agreement between the shareholder and the Corporation on corporate mandate including high-level performance expectations, public policy issues and strategic priorities.

GLE Direction	Transportation Investment Corporation Alignment
<p>Manage and ensure the delivery and implementation of the design build work on the Port Mann/Highway 1 Improvement Project, all in accordance with the terms of the design build agreement dated as of March 17, 2009, signed between Transportation Investment Corporation (TI Corp) and Kiewit/Flatiron General Partnership, the contractor.</p>	<p>TI Corp continues to manage and ensure the quality of work done by the design-build contractor.</p> <p>On December 1, 2012, Phase One of the Port Mann/Highway 1 Improvement Project was completed and opened on schedule. With the opening of the new bridge and highway widening between Langley and Coquitlam completed, drivers began to experience significant travel time savings.</p> <p>Phase Two of the project, which includes highway widening and interchange improvements from Coquitlam to Vancouver, opened to traffic in December 2013.</p>
<p>Operate and manage a tolling system and toll collections at the Port Mann Bridge, consistent with the provisions of the Port Mann / Highway 1 Concession Agreement signed on March 10, 2010, between the Province, BCTFA and TI Corp and any future modifications to this agreement.</p>	<p>Trans-Canada Flow Tolling, the Port Mann/Highway 1 tolling operator, commenced operations during the summer of 2012.</p> <p>Registration for TReO tolling accounts exceeded expectations with more than one million vehicles registered by December 2013. TI Corp’s registration drive has been recognized internationally as best-in-class for a new open road tolling system.</p>
<p>Work with the Ministry of Transportation and Infrastructure (the Ministry) to ensure financial targets and reporting requirements, as identified in the Ministry Budget Letter to TI Corp, are met.</p> <p>Inform the Ministry in a timely manner of any pressures in meeting these financial targets and the related mitigation strategies.</p>	<p>TI Corp is committed to managing and meeting the financial targets outlined in this Service Plan.</p> <p>Regular dialogue and meetings between TI Corp and the Ministry ensure communication regarding financial reporting is frequent and timely.</p> <p>TI Corp submits quarterly financial statements, capital expenditures and debt forecasts.</p>

Fulfill any other obligations consistent with the provisions of the Concession Agreement.

Transportation Investment Corporation continues to fulfill its obligations under the Concession Agreement.

In addition to the appropriate management of revenue and expenses, TI Corp continues to look for opportunities to ensure tolls are kept as low as possible for families, commuters and businesses. This includes an unlimited monthly pass for very frequent users, a peak period 25% discount for high occupancy vehicles and a 50% discount for large trucks travelling between 9PM and 5 AM.

In addition to the direction contained in TI Corp's Government Letter of Expectations, TI Corp and the PMH1 Improvement Project also play a role in the Province's climate change goals, by reducing greenhouse gases associated with congestion-induced idling and traffic delays, as well as by making public transit across the Port Mann Bridge possible for the first time in more than 25 years.

Highway 1 ExpressBus service is providing transit service between the Carvolth Exchange in Langley and Braid SkyTrain Station as fast as, or faster, than travelling by car. Popularity of the ExpressBus service is growing and 50,000 riders currently use the service per month.

SUMMARY OF FINANCIAL OUTLOOK

The Concession Agreement requires TI Corp to repay the Port Mann/Highway 1 Improvement Project debt by 2050. As such, TI Corp has taken a prudent, long-term approach to financial management. In 2013/14, TI Corp engaged an independent firm to assist with traffic forecast estimates to better reflect the long-term economic conditions of the Metro Vancouver area and meet the obligations in the Concession Agreement.

(\$ Millions) ¹⁴	2012/13	2013/14	2014/15	2015/16	2016/17
	Actual	Target	Target	Target	Target
Revenue¹⁵	15	98	144	159	174
Operating Expenses¹⁶	22	28	20	20	20
Highway Operations and Maintenance¹⁷	8	12	11	11	11
Administration Expenses¹⁸	12	9	9	8	8
Operating Profit/(Loss)	(27)	49	104	120	135
Interest Expense¹⁹	25	107	131	148	158
Depreciation Expense	8	31	52	52	53
Net Income/(Loss)	(60)	(89)	(79)	(80)	(76)
Total Balance Sheet Debt²⁰	2,794	3,452	3,608	3,615	3,616
Retained Earnings/(Deficit)	(135)	(224)	(303)	(383)	(459)
PMH1 Project Expenditure²¹	540	239	83	-	-

¹⁴ All figures have been rounded to millions of dollars (\$M) which results in rounding additions not always being consistent.

¹⁵ The main source of revenue is from tolling and 2012/13 represents four months of tolling operations commencing in December 2012.

¹⁶ Operating Expenses include toll operator and system operations, ongoing operating expenses including quality monitoring and assurance programs as well as certain costs relating to the decommissioning of the old Port Mann Bridge.

¹⁷ Highway Operations and Maintenance costs include the third party service contractor Mainroad Infrastructure Maintenance LP, and services provided by the Ministry of Transportation and Infrastructure.

¹⁸ Administration Expenses includes communications, salaries, facilities costs and other corporate overhead.

¹⁹ Depreciation and Interest expenses increase as various segments of the bridge and associated roadways are completed and made available for use.

²⁰ Total Balance Sheet Debt is comprised of short and long term debt.

²¹ As the project nears completion, capital expenditures will decrease significantly.

CAPITAL PLAN

The capital budget for the Port Mann/Highway 1 Improvement Project is \$3.319 billion. This includes the construction cost of the design build contract with Kiewit/Flatiron General Partnership as well as interest charges, land rights payments, tolling infrastructure development and project management costs. In addition to the PMH1 project above, minor expenditures relating to road rehabilitation (post project completion) and technology upgrades of approximately \$1-2 million per annum are included in the capital plan.

Except for the injection of \$150 million of Provincial equity, financing for all capital and operating expenditures will be by way of the assumption of debt. All debt assumed as well as operating costs will be repaid over the term of the Concession Agreement from tolls collected from users.

CONTACT INFORMATION

For further information please contact:

Transportation Investment Corporation
Corporate Head Office:
Suite 210 – 1500 Woolridge Street
Coquitlam, B.C. V3K 0B9
Office: 778-783-1200
Website: www.pmh1project.com