

Region of Waterloo
Stage 1 Light Rail Transit Project

Operations Specifications
Article 1
Operations Requirements

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ARTICLE 1 OPERATION REQUIREMENTS

1.1 Introduction

- (a) The specifications in this Schedule 15-4 apply to the Operations of the System.
- (b) Project Agreement
 - (i) Any capitalized term used in this Schedule 15-4 but not defined herein has the meaning given to it in Schedule 15-1 – Definitions, Acronyms and Cited References or Schedule 1 of the Project Agreement.
 - (ii) Each reference in this Schedule 15-4 to “Section”, “Article”, “Appendices” and “Schedule” is a reference to a Section of, an Article of, an Appendix to or a Schedule to this Schedule 15-4, except where expressly stated otherwise.

1.2 Project Co to Operate

- (a) Project Co will have complete control of (subject to the rights and obligations of the Region pursuant to the Project Agreement) and responsibility for the Operations of the System during the Operations Term.
- (b) Project Co shall, in addition to and without derogation from its Operations obligations set out in Article 1.2(a), perform the Operations Services in accordance with this Schedule and otherwise in accordance with terms of the Project Agreement, to the extent that it provides for Project Co’s performance of Operations Services that are not set out in this Schedule 15-4.
- (c) So long as the Project Agreement remains in effect and has not been terminated in accordance with its terms and conditions, Project Co shall be unconditionally obligated to perform the Operations Services throughout and diligently at all times during the Operations Term in accordance with the Project Agreement, notwithstanding the existence of any Dispute, including any Dispute respecting Payments. For further certainty, in no event shall the existence of a Dispute or the fact that a Party has invoked the Dispute Resolution Procedure exempt Project Co, for any period of time during the Operations Term, from the fulfillment of its obligations to perform the Operations Services pursuant to the Project Agreement. For further certainty, Project Co’s obligation to perform the Operations Services shall be subject to any Time Relief granted to Project Co by the provisions of the Project Agreement (including the Operations Requirements) following the occurrence of a Relief Event.
 - (i) In the event that a Dispute exists which relates to monetary matters, including, without limitation, any amount payable by a Party to the other under the Project Agreement, the Parties shall pay to each other all amounts payable under the Project Agreement which are not the subject matter of a Dispute, in compliance with the terms and conditions of the Project Agreement, notwithstanding the existence of a Dispute respecting amounts payable or other monetary matters under the Project Agreement, or the fact that a Party has invoked or may invoke the Dispute Resolution Procedure with respect to such Dispute.

1.3 Scope of Operations

- (a) General
 - (i) Project Co shall conduct all Operations, on and for the System, as and when required, so as to meet and maintain the operations in a safe, reliable and efficient manner.

- (ii) Project Co shall ensure that all Operations personnel classifications required to operate trains and provide on-route field supervision are fully trained in its Standard Operating Procedures (SOPs) and Light Rail Operators Rule Book.
- (iii) Project Co shall develop a Certification Program for all employees engaged in Operations Services. This Certification Program must be submitted no later than one (1) year prior to Substantial Completion and in accordance with Schedule 10 – Review Procedure.

1.4 General

- (a) Project Co shall provide all of the personnel, materials, equipment, and services in accordance with the terms of this Article, and the Project Agreement in order to operate the System and to assure that it provides safe and reliable service for passengers.

1.5 Scope of Services for the Operations Period

- (a) Project Co shall be responsible for performing the work during the Operations Period as per the approved Operations Plan and as detailed in the Project Agreement.

1.6 Operations Term

- (a) The Operation Term shall be as defined in the Project Agreement.

1.7 Direction of Operations Work

- (a) During the Operations Period, Project Co's responsibilities shall include, as a minimum, the provision of services in accordance with the Operations Plan. The Operations Plan, prepared by Project Co and approved by the Region, prescribe the basic services to be provided by Project Co's personnel, as well as personnel on the payrolls of subcontractors, where such subcontractors have been hired by Project Co.
- (b) General Requirements
 - (i) Project Co shall assign a qualified and experienced person as the General Manager to be responsible for overseeing and directing the Operations Services and Maintenance and Rehabilitation Services as well as all other administrative services required under the Project Agreement. The Region recognizes that this employee is a Key Individual and will continue overseeing and directing Project Co's Maintenance and Rehabilitation Services should the Operations Services be transitioned to another entity in accordance with the terms of the Project Agreement. The Region retains the right to approve Project Co's selection of the General Manager and his/her replacement. Once the Region's approval has been provided as aforesaid, no such approved personnel, for so long as such personnel remain in the employ of Project Co, or its constituent partners or shareholders, may be removed from the Project without approval by the Region of the General Manager replacement, acting reasonably. The General Manager shall be responsible to the Region and shall cooperate with the Region in accomplishing the orderly operation and maintenance of the System.
 - (ii) Project Co shall have the right to subcontract portions of the operations work to qualified Subcontractors.

(c) Safety and Security

- (i) Project Co's personnel shall follow the requirements of the Safety and Security Program developed in accordance with Schedule 15-3 Article 2 to ensure the safety of passengers, Project Co staff and others who may for any reason be on or in System facilities.
- (ii) In the event that Project Co becomes aware that any of its personnel or those of any of its Subcontractors are jeopardizing safety, disregarding the rules and procedures established, or acting in a negligent or irresponsible manner in discharging assigned duties, Project Co shall remove and replace such personnel.
- (iii) In accordance with the requirements of Article 2 of Schedule 15-3, Project Co's safety and security responsibilities shall include, as a minimum: the health and safety of its employees, agents, subcontractors, and other persons who perform work during the Operations Period; protection of passengers and the public to the extent reasonably possible in the absence of a contractual law enforcement/security responsibility; and the protection and preservation of the System. Project Co shall take all necessary and reasonable precautions and actions to protect such persons and property. Such actions shall include, as a minimum:
 - A. Compliance with all applicable laws, regulations, ordinances, rules and orders of any public authority having jurisdiction relating to safety of persons or property.
 - B. Implementation of all practices, procedures and programs customarily implemented by contractors performing work of a similar nature, e.g., securing all equipment and facilities that may present a hazard to the public, particularly when the System is closed; assisting ill passengers; and monitoring, either with roving personnel or remotely, all System facilities.
 - C. Responding to emergency incidents and taking proper action regarding the reporting of criminal incidents and unsafe situations to appropriate personnel.
 - D. Other such actions as may be deemed prudent by the Region.
- (iv) This Article shall be interpreted in its broadest sense for the protection of persons and property by Project Co, and no action or omission by the Region shall relieve Project Co of its obligations and duties hereunder.
- (v) Project Co shall assist the Region of Waterloo Police and security representatives of the Region in providing a secure system at all times. This shall include the reporting of crimes against persons or property, assisting crime victims when necessary, and cooperating with law enforcement agencies in the investigation and prosecution of persons committing infractions.

(d) Management Requirements

- (i) System Operating Criteria and normal hours of operation for the System shall be as set forth in the Project Agreement. Refer to the Baseline Service Plans found in Schedule 15-3 Appendix D for train schedules. Operating data for short-term, temporary changes to the normal operating plan or any special services during any year of the Operations Period shall be compensated as set forth in the Project Agreement.
- (ii) Notwithstanding these requirements for Project Co's technical operation of the System, all policy decisions regarding operations of the System shall rest with the Region. When

officially notified by the Region of a decision regarding any matters that the Region wishes to classify as a policy decision, Project Co shall immediately take all appropriate steps to comply with the decision, subject to Variation under Schedule 22.

(iii) Advertising and Marketing

- A. The Region will assume primary responsibility for the promotion of the Region of Waterloo Rapid Transit System. Project Co shall assist the Region in the advertising and marketing of the System; activities shall include promotional efforts associated with launching the service, e.g., newspaper advertisements and the publication and distribution of informational brochures and service schedules. Project Co shall also assist the Region in marketing efforts necessary to highlight special aspects of the service such as the integration with other modes of transportation.
- B. Project Co shall support and coordinate with the Region on public relations. This support and coordination shall include, but not be limited to, handling general inquiries about the System, including the distribution of information about the System, and coordinating tours of the System and its facilities, since it is expected that there will be great interest shown in the Light Rail System. All inquiries to the Region for tours will be coordinated with Project Co. No reasonable request for tours of the System endorsed by the Region shall be refused by Project Co, provided that sufficient notice is given.
- C. Project Co shall coordinate with the Region to publish and distribute service schedules that match the most recently agreed operating plan, and shall maintain a supply of these schedules and other public information on every light rail car. Project Co shall display service schedules and other public information at every station. Project Co shall coordinate with the Region to produce and display route maps on every car and at every station.
- E. The Region reserves the right to place advertising in or on any of the System facilities and cars. The Region will receive all advertising revenues.
- F. Project Co shall not conduct advertising in or on any of the vehicles, stations, trackways or facilities of the System without the express consent of the Region. Project Co shall facilitate and not impede any advertising program conducted by the Region for the System.
 - 1. The Region will operate a call center for transit customer service purposes. However, Project Co shall be responsible for responding to customer inquiries, including complaints and recommendations, regarding service. Project Co shall also respond to inquiries directly sent to the Region and transmitted to Project Co for their handling.

(iv) Monthly Reporting

- A. During the Operations Period, monthly management reports detailing the performance of the System shall be prepared by Project Co and submitted to the Region. In addition, Project Co shall keep detailed operations and records and inventory data to permit the Region to ascertain Project Co's compliance with the

requirements for the Operations Period and shall furnish copies of such documents upon request. The operations records shall include a daily summary of all interruptions to normal service, explaining the duration and cause of such interruptions. The procedures and forms for such recordkeeping shall be provided by Project Co and approved by the Region. All records and data shall be the property of the Region.

- B. The monthly management reports shall be submitted to the Region. At a minimum, the monthly report shall include the following:
1. A summary of that month's activity, highlighting any special events and incidents and accidents;
 2. A summary of performance achieved;
 3. Operating statistics, including but not limited to:
 - I. Schedule of services,
 - II. Patronage, and
 - III. Operator Hours.
 5. Other information as may be required by the Project Agreement or as required by the Region.

(v) Reporting of Incidents

- A. Project Co shall report forthwith in writing to the Region all accidents whatsoever arising out of, or in connection with, the services hereunder, which result in injuries or property damage, giving full details and statements of witnesses. In addition, if death, serious injuries or damages result, the same shall be reported immediately by telephone to the Region. Project Co shall also report forthwith all criminal incidents both in writing and by telephone.
- B. The report shall include a complete description of the incident or accident, including an explanation of what occurred, the probable cause and the actions taken by all parties. Additional requirements regarding the reporting of incidents are contained in the Project Agreement.

(vi) Personnel Proficiency Testing

- A. Project Co shall place into effect a testing program whereby personnel within specific job classifications are periodically retested for proficiency within that job classification. With concurrence by the Region, certain job classifications may be exempted from such testing or retesting. Also, both new hires and current staff seeking promotion opportunities shall be tested and trained before assuming their new duties.

1.8 Training

(a) Training

- (i) Project Co shall be responsible for providing training services for personnel carrying out Operations Services including:
 - A. preparing, revising, coordinating and scheduling of Operations training programs as required;
 - B. providing training to newly-hired Operations employees and providing ongoing re-certification training to existing employees as required;
 - C. providing ongoing staff development training;
 - D. providing training to Service Providers employed by Project Co to carry out Operations Services on the System;
 - E. maintaining up to date training records on all Operations employees; and
 - F. maintaining up to date training manuals for Operation Services.

Project Co shall be responsible for all training required to the Region and third parties the Region considers necessary, acting reasonably, as a result of any changes to the System.

1.9 Maintenance and Rehabilitation Services Coordination

(a) General

- (i) Subject to this Article 1, Project Co shall coordinate the Operations Services and Maintenance and Rehabilitation Services so that:
 - A. at no time shall Operations be adversely affected by Maintenance Services; and
 - B. Project Co uses best/commercially reasonable efforts to prevent any complete or partial shutdowns of the System.

(b) Operator Interface Protocol

- (i) The Region and Project Co shall develop a protocol based on the principles noted below and shall comply with such protocol in the performance of their responsibilities as outlined in the Project Agreement. The terms of this section shall apply throughout the Operations Services Term as well as the Maintenance and Rehabilitation Services Term, even in the event that the Region opts to provide the Operations Services with a third party or itself. For greater clarity, the following provisions will apply even if the Region decides to transition the Operations Services to another entity in accordance with the Project Agreement. The Region will ensure that any third-party operator follows the Operator Interface Protocol. Project Co shall assist and cooperate in developing the Operator Interface Protocol with the Region and any potential third-party operator as well as develop, implement and administer the appropriate access procedures to the System and OMSF for potential third party operator personnel. The Operator Interface Protocol will be based on the following principles:
 - A. Standard Operating Procedures and Rule Book Adherence – All operations employees will be required to adhere to the provisions of the Rule Book and Standard Operating Procedures (SOPs).

- B. Train Operators must complete a pre-trip inspection of the light rail vehicles (LRVs) prior to entering revenue service operations or leaving the yard. The pre-trip inspection will be outlined in the Standard Operating Procedures (SOPs). Train Operators will be required to make note of any and all defects or damage to the LRVs and immediately notify the Central Control Facility (CCF). The determination of whether the LRV enters revenue service shall be governed by established procedures and policies. Train Operators must also follow the LRV troubleshooting procedures and protocols that are established between Project Co and the railcar manufacturer. Train operators must also complete a post revenue service check-in of the LRV, detailing any on board items requiring attention by Project Co maintenance staff. This must be completed even if there are no on board items requiring attention.
- C. Train Operators and On-Route Supervisors must follow and obey the instructions, radio communications directions, service bulletins, train orders and special orders issued from the Central Control Facility. While the On-Route Supervisors will act as on scene coordinators during incidents, special events or emergencies, the Central Control Facility will determine all actions, responses and contingency operations. Train Operators and On-Route Supervisors must immediately notify the Central Control Facility (CC) of any defects to the LRVs, systems and facilities. Route Supervisors must interview operators as required and provide completed incident reports to the CCF for all service delays and incidents on route.

1.10 Baseline Service Plans and Service Levels

- (a) The Region has developed a set of Baseline Service Plans which are included in Schedule 15-3 Appendix D. These plans define the train service to be provided by Project Co for a particular year. Refer to Schedule 20 for information related to which Baseline Service Plan which is applicable for each year of the Operations Term. For clarity, the Region may:
 - (i) Require Project Co to change to another Baseline Service Plan; or
 - (ii) Modify a Baseline Service Plan and require Project Co to operate the modified plan.
- (b) Unless otherwise agreed by Project Co. and the Region, on the Revenue Service Availability Date Project Co. shall be required to provide train service as per Baseline Service Plan 1.
- (c) The Region may vary any aspect of the Baseline Service Plan in its sole discretion, subject to the notice periods provided below, and subject to any rights of Project Co. granted by this Article 1 to the extent that such variance of the Baseline Service Plan results in a Major Service Change, Medium Service Change, or Minor Service Change.

1.11 Major Service Changes – Baseline Service Plan Change

- (a) The Region may require a Project Co to change from the current Baseline Service Plan to another Baseline Service Plan or modified Baseline Service Plan, by providing written notice to Project Co clearly indicating the desired new train schedules, train consist size and the date on which such new Baseline Service Plan is to be implemented, which must be not less than thirty (30) months from the date of the notice of the change to the train service. The change in the scope of Project Co's Maintenance Services obligations including the change in the number of LRT

Vehicles which the Region is required to provide and Project Co shall have to maintain, shall be based on the revised Baseline Service Plan.

- (b) The change in the Baseline Service Plan shall trigger a change in the Payment Mechanism in accordance with Schedule 20 – Payment Mechanism.
- (c) Project Co shall implement the new Baseline Service Plan earlier than the thirty (30) month period, in the following circumstances:
 - (i) If additional vehicle fleet capacity, sufficient to provide the Service Level Increase, is or will be available to Project Co within a shorter period of time; or
 - (ii) If the Region and Project Co mutually agree to implement the new Baseline Service Plan at an earlier date.

1.12 Minor Service Changes

- (a) A minor amendment of the Current Baseline Service Plan which results in a Minor Service Change shall require a change in compensation related to a change in the number of overall train operator hours needed for the amended Current Baseline Service Plan. The change in the scope of Project Co’s Maintenance Services obligations shall also be based on the amended Baseline Service Plan. Refer to Schedule 20 for the process to adjusting the Payment Mechanism for a change in the number of train operator hours. The change in the scope and payment of Project Co’s Maintenance Services obligations shall be based on the amended Baseline Service Plan and the change in vehicle kilometers attributable to the amended Baseline Service Plan.

EXHIBIT A
Performance Measures
Refer to Schedule 20 – Payment Mechanism