CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

MyCiTi Business Plan Update 2024 – 2038

Directorate: Urban Mobility

September 2024

Making progress possible. Together.

Disclaimer

This Business Plan Update is based on current knowledge regarding system requirements and information currently available. Continuous detailed and in-depth assessments are required to optimise system performance, ensure ongoing financial sustainability, and achieve an optimal implementation programme. In response to this and further information on system needs, risk mitigation, reduced uncertainty, funding changes and the like, the Business Plan and the associated development programme will be subject to change. While every effort has been made to present accurate and current information, the City will not be held liable for the consequence of any decisions or actions taken by others who may utilise the information contained herein.

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Executive summary

The current dynamic nature of the Public Transport Environment, as well as the fact that in the history of MyCiTi operations the next MTREF can be counted as one of the most important, has led to development of a business plan that recognises that it is not "*business as usual*" due to the significant risks that the business faces. Given this background through the Business Planning Process, specific aims that the MyCiTi Business plan wishes to achieve and principles to drive the successful realisation of these aims have been developed. In total there are six aims outlined in the Business Plan; these are:

1. MyCiTi services in Phase 2A are successfully rolled out and optimised to provide the best service to commuters given the resources that are available.

2. Phase 1 continues to operate and provide the best possible service to commuters given the resources that are available.

3. An appropriate solution is found to the current AFC System that best fits the MyCiTi needs, given the resources available.

4. Explore and where possible implement solutions that will enhance Revenue Generation to ensure long term sustainability.

5. Explore and where possible implement solutions that will enhance Business Optimisation to ensure long term sustainability.

6. Implement MyCiTi in a manner that enhances Economic Growth and Spatial Integration within the City.

The successful realisation of these Aims hinges on a set of branch-specific principles. These principles were developed through a comprehensive engagement process with each branch to ensure smooth implementation. The core of these principles aligns the aims outlined above; there are 21 principles in total across 10 functional areas. What follows is a brief outline of various factional areas:

1. **Transport Systems and Modelling**

It is envisaged that MyCiTi is a dependable, cost-effective, and inclusive public transport service that grows alongside the City. Expansion plans include exploring unsubsidised feeder routes (organic feeding) to enhance accessibility. The MyCiTi Business Plan, informed by the broader Integrated Public Transport Network (IPTN) strategy, requires ongoing adaptation as both initiatives unfold. To ensure sustained MyCiTi development, the City must prioritise prudent budgeting for both plans while identifying innovative revenue sources. This proactive approach is crucial as traditional grant funding becomes less predictable. This area has a total of five key principles and various development activities.

2. **Public Transport Operations**

MyCiTi's success hinges on route optimisation to maximise ridership and revenue, which fuels further expansion. To achieve this growth, maintaining reliable service is paramount. Consistent schedules and dependable operations build trust with passengers,

encouraging them to become regular commuters. This area has a total of two key principles and various development activities.

3. **Public Transport Systems**

Implementing an open fare collection system allows passengers to utilise their personal devices for payment, reduces barriers to entry and enhances ridership growth. By embracing this technology, MyCiTi will adopt a more accessible and integrated public transport experience for all. Consultations with the line department resulted in the development of two key principles with various associated developmental areas.

4. **Public Transport Infrastructure**

This area has only one key principle, which is focused on driving infrastructure efficiencies in both capital and operating expenditure. The principle is critical for both the short and long-term sustainability of MyCiTi.

5. **Public Transport Fleet Management**

While this area also only has one key principle there are various developmental areas that have been identified. The focus of the current principle is that MyCiTi fleet resilience and efficiencies ensure a consistent and reliable service to passengers.

6. **Industry Transition**

MyCiTi's future depends on balancing competition with industry collaboration. While introducing competitors slowly promotes efficiency, buy-in from existing role-players is critical. The City must ensure clear communication and stipulate plans to build trust for a successful public transport sector, including a strong policy for data collection. Consultations with the line department resulted in the development of three key principles with various associated developmental areas.

7. **Public Transport Contract Management**

This area has only one key principle, which is premised on the fact that Active Contract Management fosters greater contract adherence. Note that as with the other areas there are various developmental initiatives outlined.

8. **Public Transport Facilities Management**

MyCiTi stations and Public Transport Interchanges (PTIs) can become revenue generators through partnerships and creative advertising models. Ultimately, well-maintained and financially strong public transport hubs are essential for a sustainable public transport system. This area has a total of three key principles and various development activities.

9. **Public Transport Enforcement**

The guiding principle in this space is that "A safe service is essential to ensure ridership, efficient operations and revenue realisation." In order to realise this various development activities have been outlined in this space.

10. **Institutional optimisation**

This area has only one key principle which is "Optimising the institutional framework is essential for MyCiTi's efficient operation." In order to understand the best framework, a study to understand the most effective operating structure of MyCiTi management to facilitate a single point of responsibility, as well as assessing current key contract positions

for permanency needs to be undertaken. This has been detailed as a key developmental area for realisation of this principle.

11. **MyCiTi service rules**

As with the above, this area also has only one key principle which is "Clearly defined rules are essential for maintaining a safe and reliable service for all users."

The Business Plan then goes further by proposing several significant changes from the current approach to MyCiTi provision. The starting point of revisiting the "business approach" is recognising the intersection between the various system elements in working towards the desired outcomes, as depicted schematically in Figure 0-1. Essentially, the extent and nature of operations affects every aspect of the total cost in some way, with some standing out somewhat more than others. Infrastructure, fleet, direct operating costs, facilities management and, where applicable, industry compensation are all notably affected cost elements. As outlined below, this Business Plan has been developed in response to the financial requirements of the City. As can be seen in the Multi-Year Financial Operational Plan (MYFIN), the provision of the services has been reduced in order to ensure that there is a balanced budget in the Medium-Term Revenue and Expenditure Framework (MTREF). For this reason, changes need to be made to the operating plans to ensure that services can be delivered while staying within the funding envelope.

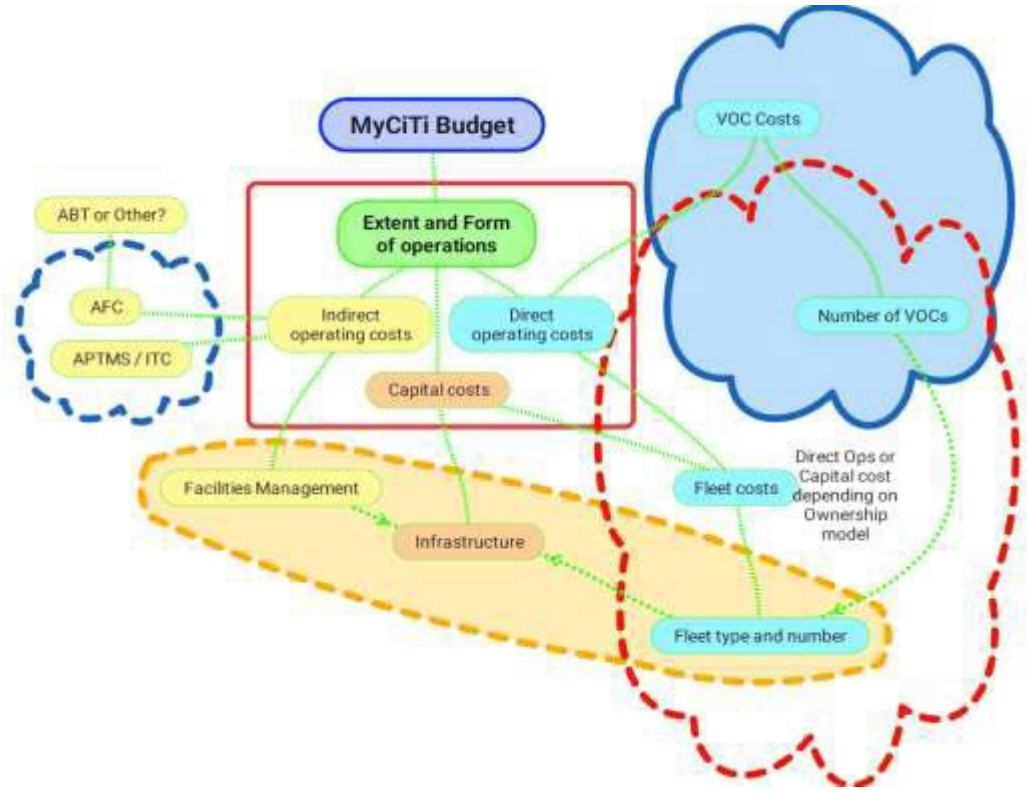


Figure 0-1: Intersection of elements in MyCiTi cost structure.

What is important to understand is that, in many instances, changing one element of MyCiTi affects all of the other elements in some way or another, not necessarily always in the same way, i.e. a cost saving in one aspect may result in a cost increase in one or more other aspects and vice versa. For example, selecting battery electric buses requires buses with a higher capital cost and auxiliary equipment, but lower operating cost. Within a constrained budget this is likely to mean fewer buses and those will most likely be 12m buses, until 18m electric buses

are more commonly available. This in turn results in reduced services due to fewer buses with less capacity. As has been workshopped with the Urban Mobility branches, this Business Plan proposes that a group of changes believed to achieve the most financially and environmentally sustainable combination of interventions be pursued.

Concurrent with the above, it must be recognised that MyCiTi is an element of a broader public transport system, with the key focus areas of filling a capacity gap and ensuring a certain level of service throughout the day. The capacity gap is that between conventional bus services operating in general traffic and the dedicated right of way of rail, using dedicated right of way road-based services where demand warrants such services. The service level aspect relates to providing services in off-peak periods as well as during peak periods so that users always have the opportunity to travel. In providing these services, it is important to keep in mind that the measure of performance should be the system wide generalised[1] cost of public transport in the City, not the number of passengers specifically attracted by one mode as compared to another.

Several of the changes may well be seen as extreme by some. However, "business as usual" represents a Multi-Year Financial Operational Plan (MYFIN) 2023 deficit for the 2023-2037 period excess of R6.3 billion, whereas the Urban Mobility Directorate has received a directive indicating that only a balance to the available funding sources for the MYFIN MTREF period will be acceptable and any deficit in the later years must be within manageable bounds. This Business Plan sets out those changes required to achieve the MTREF balance and a sustainable road-based IPTN core, noting that none of the changes preclude the future development of MyCiTi into the originally foreseen comprehensive road-based public transport system.

The immediate MyCiTi Phase 1 and Phase 2A services levels will be set according to the balanced MYFIN 2024, which currently does not assume the reallocation of the Public Transport Operating Grant (PTOG). This requires a significant reduction in the originally planned Phase 2A service levels. The City will be able to considerably expand its services when a reallocation of the PTOG is confirmed. Owing to the immediate financial constraints and time limitations, Milestones 0.1 and 0.2 are to be dropped and the potential exists for other timeframe modifications.

Changes since last business plan approval

This Business Plan update proposes a variety of changes to MyCiTi, mainly in the form of the aims and principles as well as emphasising or expanding on proposals in earlier business plans. The requirement of achieving a balanced MTREF period in the updated MYFIN and the directive to commence with the deployment of battery electric buses have necessitated more vigorous cost saving measures. In particular, this business plan emphasises the importance of making every decision in the context of the MyCiTi role in the City's overall public transport system and the budget and operational implications.

Given the current dynamic environment as well as the significant risks faced by the Business, the Business Plan has recommended that the Executive Director: Urban Mobility have the power to make decisions regarding the implementation of this Business Plan, including adjusting provisions where necessary, to give effect to its key aims and principles in the interest of improving public transport in Cape Town. These decisions are bounded by the funding envelope presented by MYFIN as well as the current (phase 1) and projected ridership for Phase 2A.

[1] Generalised cost is a measure of both the fare cost and the travel time for passengers. For the City, it can be thought of as the value of cumulative time lost to traffic congestion and economic activity. Most transport planning is based on minimising the generalised travel cost of network users.

1 Introduction

This MyCiTi Business Plan Update 2024 to 2038 flows from and is aligned with various legislative requirements, national policies and higher order City plans and policies, such as the Integrated Development Plan (IDP), Comprehensive Integrated Transport Plan (CITP), Spatial Development Framework (SDF) and so on. It updates earlier Council approved business plans based on implementation experience and developments within the system since such approval. A list of the informant documents relevant to this Business Plan is provided in the references and bibliography section at the end of this document.

The key companion document to the MyCiTi Business Plan is the Multi-Year Financial Operational Plan (MYFIN) Report, in this case, *MYFIN 2024* being the current version. The Business Plan and MYFIN have an inter-dependence and iterative relationship. The Business Plan provides the strategic direction and intended interventions and the MYFIN establishes the financial framework and sets the funding envelopes which in turn again influence Business Plan priorities and strategies. The intention and practice are to update and align them regularly.

1.1 Background

MyCiTi was initiated in February 2007 when the City performed a scoping study on a high level Integrated Public Transport Network (IPTN). The report titled "City of Cape Town – Public Transport Implementation Framework" [17], identified the potential for a city-wide network of bus rapid transit (BRT) routes and related motorised and non-motorised feeder services to complement the rail system as part of an integrated public transport system. This was in response to concurrent developments at national level which saw the adoption of a new national *Public Transport Strategy and Action Plan* (PTSAP) [16] envisaging BRT as a key element in the new approach, with new funding streams to finance the strategy.

The main funding stream to support the PTSAP was the national Public Transport Infrastructure and Systems Grant (PTISG), which was established by National Treasury to improve public transport for the 2010 FIFA World Cup. The grant was retained to accommodate further transforming public transport and is now called the Public Transport Network Grant (PTNG). The City has received, and continues to receive, the bulk of its funding for rolling out the MyCiTi service from this source. Such funding is conditional upon achieving certain national goals and does not cover all the MyCiTi costs.

MyCiTi, whilst perceptually expensive to provide in comparison with other road-based public transport services, must be seen in the context of a number of factors:

- Economies of scale are not yet apparent as MyCiTi is being rolled out and the timeframe over which the cost of infrastructure has thus far been amortised falls far short of the life expectancy of much of the fixed infrastructure, which is as much as 50 years and can benefit multiple public transport modes.
- MyCiTi provides scheduled public transport throughout the day, offering travel options to access economic and social opportunities, while other road-based public transport tends to focus on commuter transport with limited off-peak offerings.
- MyCiTi is the only universally accessible public transport in Cape Town and the vehicles and infrastructure required to achieve this have a major cost impact.

- The system introduced the technologies necessary to facilitate the eventual implementation of a comprehensive, multi-modal IPTN, thus bearing some of the establishment cost that will ultimately support other modes.
- The overall economic benefit to the City arising from the significant external investment from grant funding does not show on the financial statements.

The MyCiTi Project has attracted major national grant funding that represents a major stimulus to the economy. The multiplier effect of this external income along with local expenditure have significant positive impacts on the local economy. Investment into MyCiTi further enhances the urban environment along corridors resulting in increases in property values and new investment which translates into additional City rates. It is a recommendation of this Business Plan, that a detailed study be undertaken to quantify the "real" cost and benefits of the system to the City.

Notwithstanding the underlying economic benefits, what has become clear is that attempting to provide all road-based public transport through the MyCiTi model, as originally envisaged, is financially unsustainable for the City. That this is the case has been reflected in a significant deficit being shown in the annual MYFIN submissions of the last few years and this has filtered through into system and network planning activities. Also, the ratio of direct to indirect costs is disproportionately weighted towards indirect costs and the overall revenue cost ratio is relatively poor.

Table 1-1 shows direct and indirect costs, from MYFIN for the years 2019 through 2023. Whilst this included the COVID-19[2] period, which had significant negative impacts on revenue, and reflects recent improvements, shocks to the system come and go and a more resilient financial position is required.

Table 1-1: Summary of MYFIN values from recent years.

Description	Ratio
Revenue/Cost Ratio	
Revenue/Cost Ratio including other revenue	40%
Average proportion of expenditure (Average 2019/20 to 2022/23)	
Direct operating cost	33%
Indirect Operating costs	36%
Capital	31%

***Other revenue includes inter alia advertising income, sale of myconnect cards, bus charters etc.**

1.2 Business Plan imperatives

The directive outlined for MYFIN 2024 – achieving a balanced Medium-Term Revenue and Expenditure Framework (MTREF) period and a more sustainable deficit in the long term – necessitates a significant departure from the "business as usual" approach reflected in MYFIN 2023. Under the previous business plan, MyCiTi Phases 1 and 2A alone would generate a deficit exceeding R6.3 billion. To ensure MyCiTi's continued growth and its role as the foundation for a robust IPTN in a growing city, decisive action is required. It is important to emphasise that

[2] Coronavirus disease (COVID-19) is an infectious disease caused by the SARS-CoV-2 virus. An international pandemic resulted in a national shut-down of almost all business and social activity for some months starting in March 2020.

these proposals do not hinder MyCiTi's future expansion or its potential to encompass a more comprehensive public transport function for Cape Town.

Concurrent with the financing issues, although there are perceptions of long-term, ongoing growth, the fare system data does not support this, as shown in Figure 1-1 where it can be seen that current demand levels have not yet returned to the highest pre-COVID levels, experienced at the end of 2016-beginning of 2017, in spite of high fuel prices. Demand was dropping off from those levels before COVID. In short, interventions pertaining to MyCiTi attractiveness are also required.

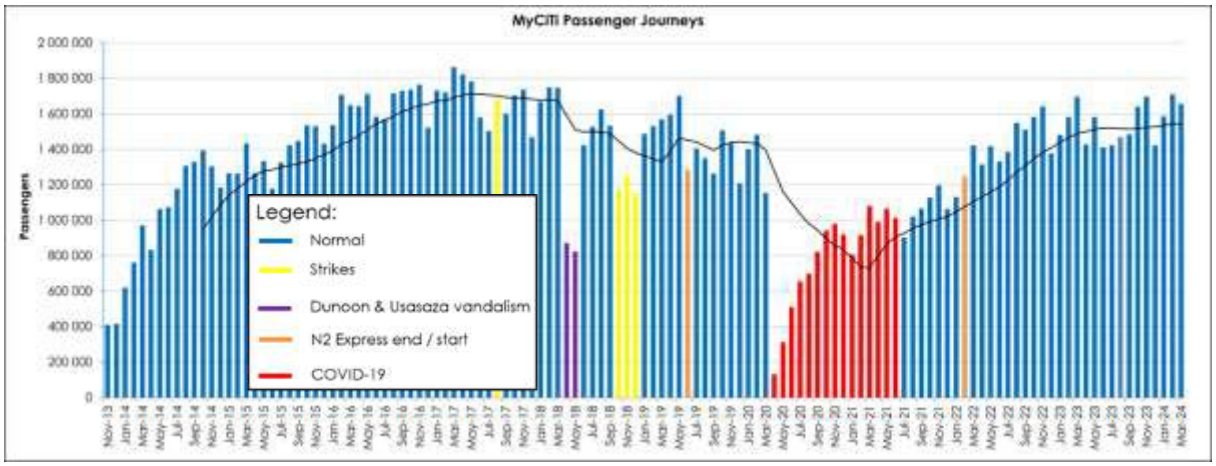


Figure 1-1: Historic MyCiTi passenger data.

1.3 MyCiTi Strategic Role

Recognising the need for resilience and demand appropriate services, the City's public transport vision is not based on a single mode but on the integration of a variety of modes into a single seamless system forming the City's IPTN. To realise this vision, the City approved the implementation of the MyCiTi Integrated Rapid Transit (IRT) system shown in Figure 1-2.

This project, with a provisional timeframe of 15 to 20 years (from 2012), represents a significant step towards the establishment of a fully integrated public transport network encompassing high-quality rail and road services that will place at least 75% of Cape Town's population within 500 metres of the system.

In Phase 1 of MyCiTi roll-out, all affected conventional bus and legal minibus-taxi services were replaced by MyCiTi services, extending somewhat beyond the primary BRT role to which MyCiTi is best suited. This has proven to be financially unsustainable in the context of establishing the desired IPTN across the entire Metro. Based on the lessons learnt and changing circumstances such as an increasingly constrained financial environment, it is intended that MyCiTi BRT routes, together with rail, will form the city's core trunk network while the remaining areas of the city will be served by a variety of direct and feeder services. Direct and feeder services may form part of the formal MyCiTi service or be provided by other independent service providers as most appropriate for long-term sustainability. This does require that Phase 1 Stage 2 will need to institute an approach to reinstate a more diverse public transport supply model while in future phases, starting with Phase 2A, models will be pursued in which the different services coexist from commencement of MyCiTi services in the phase.

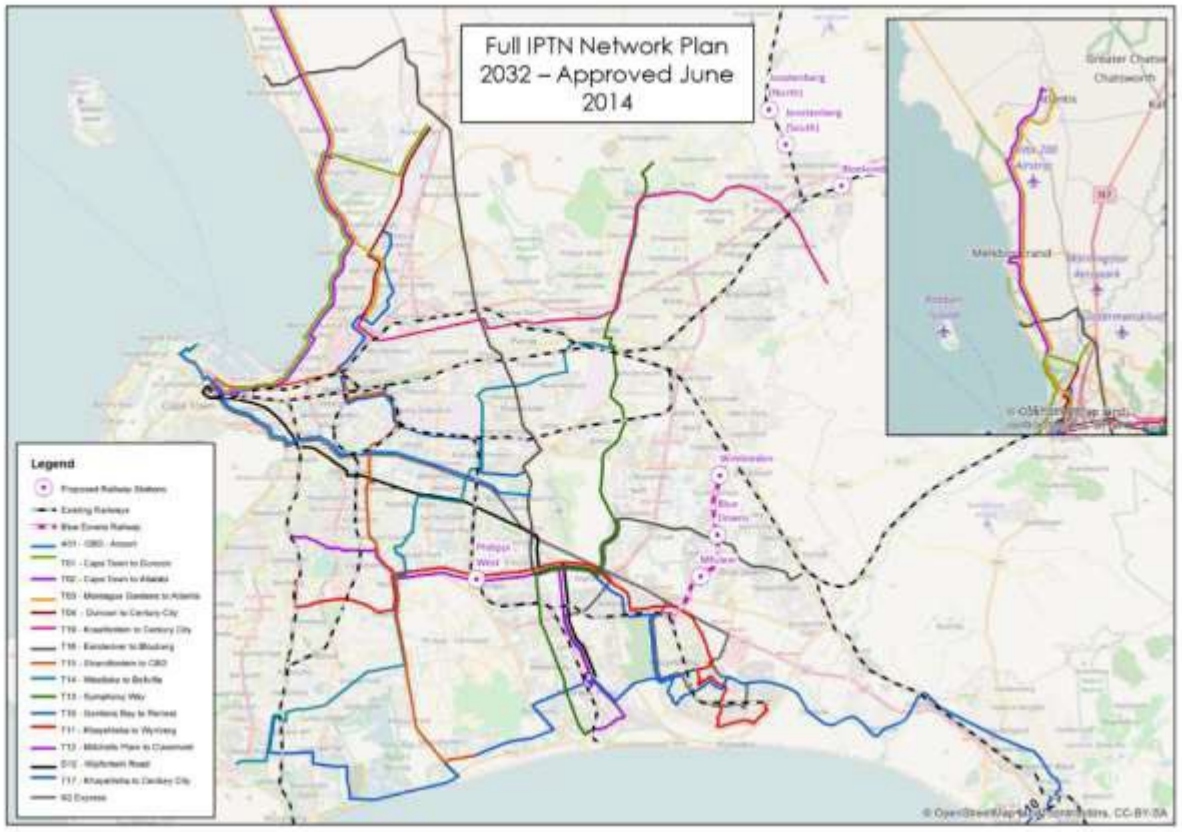


Figure 1-2: IPTN Network 2032. [1]

Although full public transport integration is a work in progress, there are broadly four main modes of transport within the City's integrated public transport network (IPTN) namely:

- Passenger rail
- Conventional Bus Services
- MyCiTi BRT services
- Minibus-taxi (MBT) services

Of these, MyCiTi, a core element of the IPTN, is the only one of the modes currently under the full and direct control of the City.

MyCiTi has two key strategic roles in this IPTN, filling a capacity gap, and ensuring service quality. These roles should be guided by the optimum use of resource applied to the whole of the public transport system as well as the most efficient use of MyCiTi resources. Such optimisation is not measured in terms of the total number of passengers carried by a mode, but by the total generalised cost[3] of travel to public transport users in the system. A passenger's perception of generalised cost will depend on several factors, but usually is more fare dependent than time dependent for those really struggling financially, with time having more value to those with more disposable income. Ultimately, the City goal is to minimise the passenger generalised cost within the long-term budget constraints of the City. For the City, the cost of reducing the generalised cost to the passengers should be less than the overall economic benefit of the introduced changes. Such benefits should include a reduction in the system generalised cost for passengers and reduction in other costs that may be reduced, such as general road construction.

[3] Generalised cost refers mainly to the combination of journey time, transfers, and fare payable. A longer journey at lower fare may have the same or even a higher generalised cost than a quicker journey at a higher fare. A lot has to do with a passenger's perceived "value of time".

1.3.1 Filling a capacity gap

The first of MyCiTi's strategic roles is the provision of a medium capacity, high[4] speed public transport mode along relatively high demand corridors where rail services are not available or warranted. MyCiTi BRT services are designed to operate on dedicated rights of way and provide a road-based equivalent of rail services with limited closed-station stopping points and limited interaction with general traffic. This is in comparison with other road-based public transport modes that provide much more frequent boarding and alighting opportunities, necessitating operation in general traffic and a generally lower average speed. This core element of MyCiTi fills a particular gap in the capacity-speed categorisation of public transport modes. This does not preclude other modes from operating in the same corridor to fulfil other travel demand needs, but these services would not usually operate in the dedicated lanes.

Although this is not yet Council approved, work on the 2024-2029 CITP has included quite extensive transport network modelling from which it appears that certain corridors seem to be appropriate for the deployment of BRT type services in a range of modelled future scenarios; i.e. whether low, medium or high growth of the city and its economy materialise, there is an expectation that there will be strong demand for public transport on these corridors, most of which tend to be north-south aligned between the MSE and Bellville. Similar outcomes have been observed in modelling for development of the Bellville public transport interchange. The MyCiTi system plan needs to be updated concurrently with the development of the IPTN to facilitate optimum MyCiTi planning and implementation.

1.3.2 Quality Public Transport

MyCiTi's second strategic role is the provision of high-quality[5] public transport services. Although there are many other "quality" attributes applicable, MyCiTi's role in this case is in the context of there being adequate spatial and temporal coverage, i.e. that offers services when and where there is a need. This includes providing adequate service when there are low levels of demand on key corridors but nevertheless a need for public transport, reflecting social and economic needs and the responsibility of the Municipality in terms of the South African Constitution. This quality aspect extends to providing universally accessible public transport, requiring both appropriate buses and, in many instances, new infrastructure. Whilst the ultimate IPTN goal will be universal access throughout, high-cost infrastructure changes to the rail system for Universal Access (UA) compliance and unavailability of affordable universally accessible minibuses mean that this is likely to take some time to achieve. MyCiTi provides a mechanism for commencing that provision.

1.4 Business Plan purpose

This overarching MyCiTi Business Plan Update for the period 2024-2038 contextualises MyCiTi services within the overall Cape Town public transport system and sets out the basic strategies that guide the planning, implementation, and on-going operations of the MyCiTi service, indicating key strategic priorities that need to be addressed to ensure the efficiency, effectiveness, relevance, impact, coherence, sustainability, and expansion of the service. The implementation detail of the various strategies in this Business Plan are either already available

[4] In this context, "high" speed is to be seen in comparison to other modes available locally, not in the context of actual absolute speed and then only when operating as a bus rapid transit service on dedicated right of way.
[5] "Quality" deals with accessibility (financial, spatial, and temporal), reliability, convenience, safety and security, comfort, etc.

or need to be developed and incorporated into a portfolio of business and system plans, policies, contracts, and standards that is developed and updated on an on-going basis.

The purpose of this overarching MyCiTi Business Plan can be summarised as follows:

1) Outline the aims and principles that drive MyCiTi. The following section outlines both of these aspects while also providing detail on further developmental work that needs to be undertaken in order to ensure the realisation of the Aims of the business plan.
2) To ensure that the MyCiTi service design, implementation and operation is supported by a clear strategic approach aligned with the broader objectives of an integrated public transport network for Cape Town and is responsive to risks and opportunities in the external environment;
3) To improve the overall operational and financial performance[6] of the MyCiTi system: Continuing the current approach to MyCiTi implementation is projected to result in a significant financial deficit through 2038. A directive has been given that a new approach to MyCiTi implementation must be found that gives a balance to the available funding sources for the MTREF period and a more manageable deficit in the latter MYFIN years.
4) To establish clear direction regarding the further development of the system including;
    a. The award of the new Phase 1 contracts;
    b. The roll-out of Phase 2A including the N2 Express service;
    c. Mechanisms for service expansion on new corridors through optimising fleet use; and
    d. Enhanced integration of MyCiTi with other modes.

1.5 Business Plan focus

This Business Plan focuses on those factors of the MyCiTi service that are deemed to be under the direct and immediate control of the City. This includes the type and extent of MyCiTi services delivered, the form of contract and the number of operating contracts, the type of buses used and the form of the auxiliary services. These are the factors that must be managed to achieve sustainable service delivery. The plan is premised on the goal of achieving "immediate" fiscal and financial sustainability in respect of MyCiTi implementation and operation, as distinct from longer-term social and development-oriented goals of implementing MyCiTi and the broader Integrated Public Transport Network.

Fiscal and financial sustainability can only be achieved through:

- Ensuring that MyCiTi is implemented in its optimum role as part of the IPTN.
- Promotion of a more efficient MyCiTi delivery model that maximises benefits and minimises cost – to City and thus, to passengers.
- Ensuring that infrastructure design is fit-for-purpose, adaptable to change, and offers maximum value for money.
- Minimising risk by adopting an incremental implementation approach to minimise the possibility of unnecessary infrastructure or fleet. Such an approach must be backed up by a model for rapid infrastructure establishment and fleet procurement for when these are demonstrated, as necessary.

Achieving a sustainable MyCiTi and, more importantly, City wide IPTN, will, over time, facilitate secondary beneficial outcomes, such as:

[6] This performance is to be seen in terms of both financial "efficiency", i.e. maximising passengers per Rand spent, and affordability to the City whilst targeting appropriate spatial and temporal coverage.

- Extraction of the maximum value from implementation through the promotion of value capture opportunities.
- Promotion of Transit Oriented Development (TOD), to provide for commercial integration at appropriate interchange facilities and terminals. This requires improved inter-directorate cooperation to ensure a coherent development approach.
- The facilitation of Travel Demand Management (TDM) measure implementation.

1.6 Chapter conclusions and recommendations

This chapter highlights the need to focus MyCiTi delivery on its strategic role within the City's IPTN, especially in light of the resource constraints on implementation and the need to distribute those resources as fairly and effectively as possible. As a result, it is recommended, in addition, that: The IPTN and MyCiTi plans must be continuously reviewed to ensure their ongoing alignment with these and future business plan strategies and the developing IPTN so as to maximise MyCiTi BRT focused coverage of the City.

2 Aims and Principles of the MyCiTi Business Plan

In the history of the operation of MyCiTi the next MTREF can be counted as one of the most important. In this time the Phase 1 contracts are expected to conclude and the Phase 2 will be rolled out. At the same time the current AFC system is reaching the end of its useful life, and a solution needs to be urgently found as this has serious implications for the collection of revenue and accessibility of the service. This is all in the backdrop of fiscal reductions/constraints. Given this the MyCiTi Aims are as follows:

i. MyCiTi services in Phase 2 are successfully rolled out and optimised to provide the best service to commuters given the resources that are available

ii. Phase 1 continues to operate and provide the best possible service to commuters given the resources that are available

iii. An appropriate solution is found to the current AFC System that best fits the MyCiTi needs given the resources available

iv. Explore and where possible implement solutions that will enhance Revenue Generation to ensure long term sustainability

v. Explore and where possible implement solutions that will enhance Business Optimisation to ensure long term sustainability

vi. Implement MyCiTi in a manner that enhances Economic Growth and Spatial Integration within the City.

In the dynamic landscape of MyCiTi, having a clear roadmap is essential for success. In the process of developing this Business Plan, this chapter contains key principles which have been developed and agreed upon in a consultative approach with the relevant branches within Urban Mobility. The purpose of these key principles is to provide strategic guidelines aimed at achieving the successful implementation of Aims of MyCiTi outlined above. It will be noted that under each principle a set of actions is detailed. It is envisaged that in order for the business plan to be effectively implemented these actions will need to be undertaken, the outcome of each of the actions will then have direct impact on the decisions taken within the business; ensuring that the aims of the business plan are achieved.

A well-functioning transport system relies on a diverse network of branches working in tandem, even though they may not all fall under the same department. This integration ensures the smooth implementation and operation of daily services. Each branch plays a fundamental role, contributing specialised expertise that keeps the MyCiTi system running efficiently. The section builds on the aims by detailing the business principles for each of the branches directly involved in the MyCiTi service. Figure 2-1 shows the branches involved in the implementation and operation of the MyCiTi service.

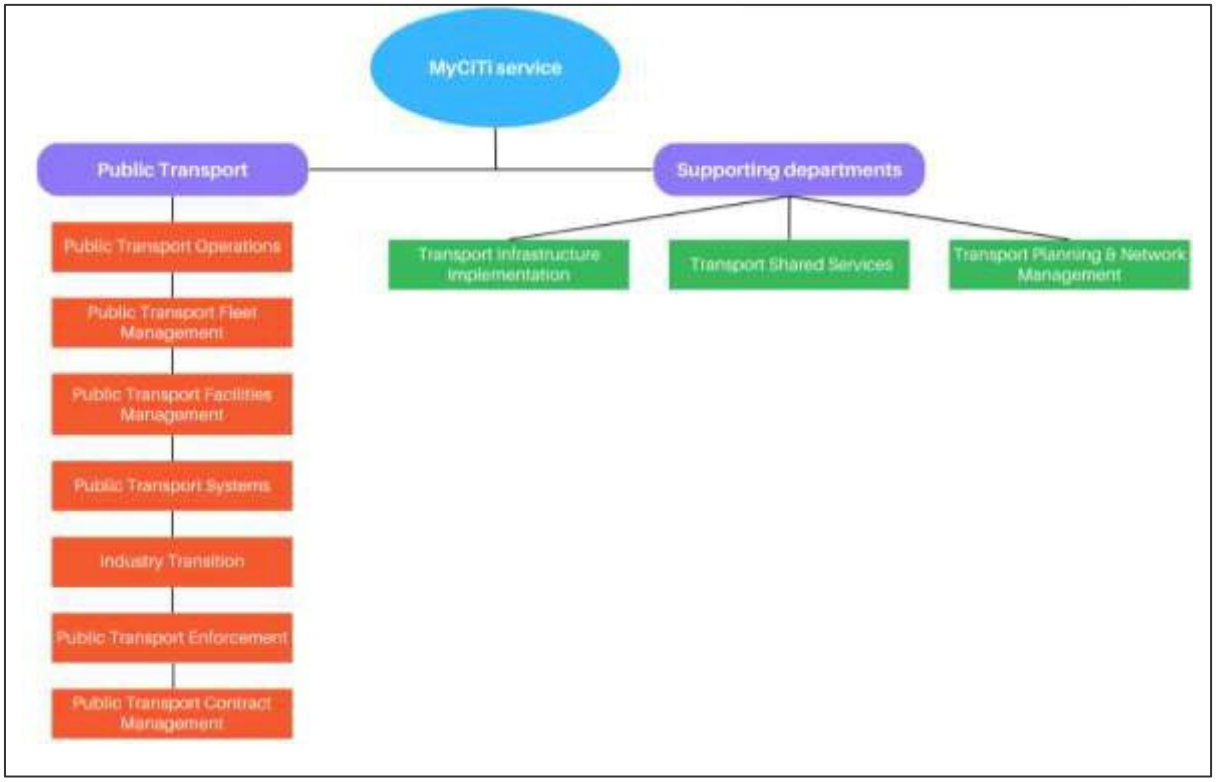


Figure 2-1: MyCiTi service work streams

2.1 Transport Systems and Modelling:

Is responsible for planning and managing the integrated transport network, including the development of the Comprehensive Integrated Transport Plan (CITP) and long – term strategic planning with a focus on the Integrated Public Transport Network (IPTN). This includes implementing strategies to enable integrated transport and ensure efficient traffic-related systems, network facilitation, development, integration, regulations and traffic management. The following principles have been identified by Transport Systems and Modelling:

Principle 2.1.1:
MyCiTi is a distinct quality rapid mode aimed at integrating with other public transport services while offering reliability, dignity and affordability to commuters.

The following area of work needs to be developed in order to realise the above principle: In conjunction with the development of the IPTN a study needs to be undertaken which has the following focus areas:

a. Investigate positioning MyCiTi as a distinct mode between rail and bus services geared to moving large numbers of passengers rapidly on dedicated right-of-way on key high-demand mobility corridors without rail services.
b. Explore Implementing MyCiTi as a high – quality universally accessible (UA), car competitive and all-day service with enhanced passenger information and payment convenience.
c. Investigate focusing on the provision of trunk (and trunk extension) services on high intensity corridors that can accommodate the MyCiTi bus rapid transit (BRT) mode to optimise efficiencies of the mode.
d. Develop costing for all further MyCiTi corridors, routes and expansion of services with various scenarios and ensure it aligns with the vision of the IPTN.

Principle 2.1.2:
As MyCiTi expands further economies of scale (cost savings and enhanced reliability) and metropolitan reach are realised.

The following area of work needs to be developed in order to realise above principle: Undertake a study (modelling and appraisal) to assess the operational efficiencies of the MyCiTi service flowing from trunk (and other) services on dedicated infrastructure using largely 18m buses. A key requirement to enable this is the identification of expansion corridors running north from the Metropolitan Southeast (MSE) using dedicated infrastructure-lite bus and minibus taxi (BMT) lanes on key freeways.

Principle 2.1.3:
The City can consider non-subsidised feeder services depending on operational, financial and socio-economic needs of the targeted users.

The following area of work needs to be developed in order to realise the above principle: Undertake further analyses in order to understand when this principle can be applied (Phase1 and Phase 2 impacts needs to be unpacked and fully understood). The impact of the implementation of this principle will be that feeder services to the MyCiTi (and rail) trunks will be provided on an unsubsidised basis by the private market including MBTs, e-hailing and sedan taxi services as well as non-motorised modes.

Principle 2.1.4:
The MyCiTi Business Plan is prefaced on the IPTN and its development and will need to adapt as the implementation of the IPTN is realised going forward.

The following area of work need to be developed in order to realise the above principle: Develop an alignment document that clearly articulates the combined strategies of the IPTN and the MyCiTi plans.

Principle 2.1.5:
Funding sources that are reliable, realisable and adapt to the current fiscal environment are essential for both the future of MyCiTi and the implementation of the IPTN.

The following areas of work need to be developed in order to realise the above principle:

a. Develop a strategy to leverage Urban Mobility assets to generate additional revenue for future MyCiTi service expansion to improve the coverage of the service.
b. Liaise with corporate finance to allocate additional revenue generated by Urban Mobility for expanding future MyCiTi services.
c. Conduct an assessment of routes that will allow for further revenue enhancement. This could include service trials/pilots as well as assessing and implementing appropriate fare strategies linked to the target market under consideration.

2.2 Public Transport Operations:

Is responsible for all MyCiTi operations in terms of coordinating and implementing the service on the ground. This includes network monitoring and timetable adjustment to improve efficiencies of the MyCiTi network. The following key principles have been developed in conjunction with Public Transport Operations:

Principle 2.2.1:
Optimising routes are critical for passenger volume and revenue generation in order to achieve service expansion.

The following areas of work need to be developed in order to realise the above principle:

a. Evaluate and identify routes that serve the maximum number of passengers while generating optimal revenue. These should be tabled and documented through the

Optimisation Forum. Note that aspects such as prioritisation of efficiency and effectiveness in route planning should also be assessed.

b. Explore further options to secure funding for service expansion by strategically implementing new routes where necessary. This approach will contribute to passenger growth and build trust in the service.
c. Investigate additional funding sources that can be redirected to cover operating costs. Analyse how other cities utilise their PTNG funding and identify ways to optimise our own PTNG grant funding.

Principle 2.2.2:
Ensuring service reliability is essential to improving passenger growth. This should be done by maintaining certainty and consistency in service delivery to sustain passenger growth. A reliable service fosters trust and encourages continued ridership.

The following areas of work need to be developed in order to realise above principle:

a. Develop an annexure to the current MyCiTi system plan which addresses the current fiscal constraints faced by MyCiTi. This annexure to the system plan should also determine the required number of buses, which will inform the number of VOCs required. Operations can then develop the Prospectus and a Phase 2A operational plan outlining the service level required.
b. Develop a coordination mechanism between different branches around the implementation of Phase 2A in the form of a Gantt chart identifying timelines and risk associated with key decisions. This can enhance the proposed implementation plan.

2.3 Public Transport Systems:

Is the custodian of the Automated Fare Collection (AFC/APTMS) system for the MyCiTi service. Under their ambit of responsibilities, they are also in charge of all hardware and software systems related to the fare collection system found at stations and on buses. The Public Transport Systems branch has identified the following principles which are key to their success:

Principle 2.3.1:
Inter-modal alignment and iTicketing will seek to facilitate greater integration with feeder and complementary modes to strengthen the IPTN and to make multi-modal journeys more convenient.

The following area of work needs to be developed in order to realise above principle: Investigate the adoption of an open, account-based ticketing (ABT) system that can be deployed across all public transport modes.

Principle 2.3.2:
An aim of the MyCiTi service is to be accessible to all potential commuters (minimum barriers to entry). A pure ABT system is an open Automated Fare Collection (AFC) system which allows for any fare media (Bring Your own Device) to be used. This system should allow for the reduction in the barriers to entry for potential commuters opting to use MyCiTi.

The following area of work needs to be developed in order to realise above principle: Design and implement a system that is fit for purpose for the MyCiTi service with the aim of reducing barriers to entry.

2.4 Public Transport Infrastructure:

Is in charge of implementing all new construction and capital investment in public transport, non-motorised transport including walking and cycling, and new roads infrastructure within the metropolitan. The below strategy has been identified by the Public Transport Infrastructure branch:

Principle 2.4.1:
Driving infrastructure efficiencies in both capital and operating expenditure is critical for both the short and long-term sustainability of MyCiTi.

The following area of work needs to be developed in order to realise above principle: Conduct further studies into funding utilisation for expansion as well as Cost Benefit Analyses to be conducted on low volume stations in order to ensure a balanced MYFIN. This is linked to the earlier work outlined in the Transport Systems and Modelling section.

2.5 Public Transport Fleet Management:

Is accountable for overseeing the management and maintenance of the entire MyCiTi vehicle fleet. This encompasses tasks such as addressing fleet maintenance and repairs, as well as managing vehicle operating costs (VOCs) associated with the fleet. The Fleet Branch has identified the following key principle and relevant developmental areas:

Principle 2.5.1:
MyCiTi fleet resilience and efficiencies ensures a consistent and reliable service to passengers.

The following areas of work need to be developed in order to realise the above principle:

a. Conduct an Appraisal Study on the best model in terms of City vs VOC maintenance of the fleet.
b. Conduct an Appraisal Study on the optimal fleet size and management thereof. Taking into consideration transport modelling (system plan), age of fleet, refurbishment, contract periods, etc.
c. Conduct a study on the best option for bus ownership linked to the contract durations and the associated cost to the City. This study should look to answer questions around:
    i. Tendering vs negotiation as well as contract extension;
    ii. Advantages, disadvantages and risks to the City of all above options;
    iii. Terms and conditions of any contract extensions, specifically regarding the End of Contract obligations;
    iv. Duration of any contract extensions, given its direct impact on the associated maintenance contract and bus replacement programme.

2.6 Industry Transition:

Is responsible for business partnership management, including industry development and transformation. This branch is mandated to liaise with various industries that provide public transport within the metropolitan. The below key principles have been in conjunction with the Industry Transition branch:

Principle 2.6.1:
Market completion facilitates long-term efficiency and fairness in the operation of public transport services.

The following area of work needs to be developed in order to realise the above principle: Create a competition policy to encourage the establishment of VOCs within the public transport sector in order to create a competitive environment where commuters receive the best rates, and economic efficiencies will be realised through competition. We need to understand how many VOCs are optimal as market concentration changes.

Principle 2.6.2
A key risk to the success of the MyCiTi business is buy-in from the industry stakeholders. Ensuring that the City has consistency in its messaging and provides certainty to the industry is critical in ensuring that there is industry buy-in and trust between role players.

The following area of work needs to be developed in order to realise the above principle: Develop an integration plan that outlines how different modes of public transport will integrate in order to ensure consistency. The plan should focus on the following areas:

i. Uses of data sources to create a travel plan that meets demand.
ii. Determine the best feeder model. Specify whether feeder services are necessary and identify potential providers (e.g., organic feeding, City, or MBT).
iii. Outline a compensation model that is aligned to the City's vision for public transport development that ensures industry buy-in and achieves cost efficiencies.

Principle 2.6.3:
A Public Transport Policy that ensures that the City is in possession of all data required to plan effectively is essential for the success of the Public Transport Sector.

The following area of work needs to be developed in order to realise above principle: Advocate for policy changes that allows access to data from all public transport providers within the City and potentially implementing a by-law to facilitate this.

2.7 Public Transport Contract Management:

Oversees the design, processes, and performance management of Public Transport multifaceted contracts. Additionally, this branch is responsible for co-ordinating and preparing the negotiations of the Vehicle Operating (VO) Contracts; and contract managing of Vehicle Operating and Dial-a-Ride (DAR) contracts. Public Transport Contract Management has identified key principles as follows:

Principle 2.7.1
Active Contract Management fosters greater contract adherence.

The following areas of work need to be developed in order to realise the above principle:

a. Develop a contract assessment framework which includes a contract risk assessment tool.
b. Conduct an appraisal study to understand the costs and benefits of Public Transport internalising a Contract Assessment Framework in order to improve oversight of the VOC contracts. The following 3 principles must be included in the Framework:
   - PTCM to have the ability to review performance of the VOC in order to monitor compliance with the contract;
   - PTCM to have oversight of the rectification/s of non-compliance; and
   - PTCM involvement in the verification of the monthly invoices.
c. Develop a mandate that ensures that Operating line departments are to be responsible for their own financial risk assessments, however, PTCM can be called upon to assist in the process as and when required.

2.8 Public Transport Facilities Management:

Is responsible for all public transport facilities under Urban Mobility within the City. This includes station management and maintenance of all MyCiTi stations, MyCiTi VOC depots and general public transport shelters, stops, Public Transport interchanges. During the consultation process with the Transport Facilities management branch, the below key principles with associated developmental areas have been identified:

Principle 2.8.1:
Enhancing Revenue Generation at MyCiTi Stations and Public Transport Interchanges (PTIs) through Strategic Partnerships and revenue enhancement can significantly enhance service delivery in the Public Transport Sector.

The following areas of work need to be developed in order to realise the above principle:

a. Conduct an assessment that identifies strategies which look at developing collaboration with key industry stakeholders; look at how MyCiTi assets can be leveraged to generate further revenue as well as methodologies to enhance delivery of services by capturing further revenue. Specifically, explore revenue opportunities through advertising and retailer spaces at MyCiTi stations.
b. Investigate methods to increase revenue generation to further enhance the delivery of services within the Public Transport Sector.

Principle 2.8.2:
Streamlined interdepartmental communication and coordination is essential for the planning, development and operationalisation of Public Transport facilities.

The following areas of work need to be developed in order to realise the above principle:

a. Develop a coordination and integration protocol between all relevant stakeholders that are responsible for the planning, implementation and maintenance of all future facilities. This collaboration aims to improve the design, implementation, and maintenance of MyCiTi facilities and PTIs.
b. Develop a handover process for major infrastructure such as depots and stations between the relevant branches in order to ensure that these facilities are maintained and secured until they are occupied.

Principle 2.8.3:
The ongoing effective maintenance of Public Transport facilities is critical for the success of the Public Transport Network.

The following areas of work need to be developed in order to realise the above principle:

a. Conduct a comprehensive assessment of all facilities to establish an asset register. This will assist in the development of a Maintenance Master Plan that considers the life cycle of the facilities and associated maintenance costs. The primary objective is to create a maintenance schedule (refurbishment plan) to advocate for budget allocation.
b. Conduct an assessment of the quality of stations in relation to how they are managed and maintained, including safety and security aspects. This will allow the branch to make the necessary changes in order to improve management of stations and address any safety concerns raised by commuters.

2.9 Public Transport Enforcement:

Plays a critical role in ensuring the safety and security of passengers, employees and property within the public transport system. This branch provides transport policing, crime prevention, emergency responses and assisting commuters. The following key principle and relevant developmental areas have been identified by the Transport Enforcement Unit:

Principle 2.9.1:
A safe service is essential to ensure ridership, efficient operations and revenue realisation.

The following areas of work need to be developed in order to realise the above principle:

a. Conduct an appraisal study to understand the costs and benefits of the Urban Mobility directorate internalising the security aspects of the service.
b. Development and agreement of an SLA with the City's Safety and Security directorate in order to ensure the necessary services are in place.
c. Assess the use of Bus Inspectors in respect of enhancing safety and operational efficiency of the service

2.10 Institutional optimisation:

Pertains to the overall organisational structure within Urban Mobility. The below principle and strategy have been identified across the directorate:

Principle 2.10.1:
Optimising the institutional framework is essential for MyCiTi's efficient operation.

The following area of work need to be developed in order to realise the above principle: Undertake a study to understand the most effective operating structure of MyCiTi management to facilitate a single point of responsibility, as well as assessing current key contract positions for permanency. These need to be tabled with decision makers and approved by Council as and when funding becomes available.

2.11 MyCiTi service rules:

Relates to the review of all MyCiTi rules linked to all aspects of the service. The following principle and strategy should continuously be applied on an annual basis during the tariff setting process:

Principle 2.11.1:
Clearly defined rules are essential for maintaining a safe and reliable service for all users.

The following area of work needs to be developed in order to realise the above principle: Conduct a review of the existing MyCiTi rules, in order to ensure smooth operational and efficient service delivery taking into account the passenger needs. The MyCiTi rules is attached to this Business Plan as an annexure.

Conclusion

This section outlines both the aims as well as the principles that need to be implemented in order for the aims to be achieved. Each of the principles requires further development and refinement based on the developmental areas outlined. The outcomes of the refinement process can be implemented provided that there is little/no impact on the funding envelope (the implementation must be in line with the MYFIN outcomes) and does not negatively impact on ridership (more than 10 – 15%). If either of these two aspects are impacted Council Approval for the change needs to be sought.

3 Focused MyCiTi services

Integrated public transport networks become more effective, efficient, and competitive when they can link to all the major residential and commercial areas in a metropolitan area and provide easy access to public transport, minimising but facilitating easy transfers between public transport modes. This efficiency comes, in particular, from deploying the optimum mode for the demand patterns on a route or corridor given the very diverse travel needs of the population.

The MyCiTi service has a critical role to play, in consolidating the IPTN, to address gaps in the core rail network by providing a less expensive, road-based alternative operating on dedicated right-of-way corridors. It cannot however be expected to provide all road-based elements of a public transport system given the diversity of needs of such a system. Analysis indicates that trunk routes have the ability to transport more passengers at a lower cost than direct[7] routes owing to shorter route lengths and cycle times. Keeping in mind that MyCiTi is adding to or replacing, but in either event, complementing existing services, it is therefore proposed that MyCiTi focus on trunk routes, allowing that there may be circumstances where "direct routes" are a functional necessity, no other option being available, such as between the Cape Town CBD and Hour Bay for example.

This section outlines how the MyCiTi service will be expanded over time to provide a rapid public transport service on all core IPTN trunk routes that are currently not serviced by rail. It further outlines the way in which the MBT industry and other modes will be harnessed to provide an affordable and resilient feeder and distribution system. Effective information and communication systems will be deployed as part of the AFC/ITC[8] systems to improve the efficiency and convenience of transferring between modes in the inter-modal network.

It should also be noted that this section should be read in conjunction with sections 2.1 (Transport Systems and Modelling) and 2.2. (Public Transport operations) which outline various development areas that should be focused on. The work to be conducted in these developmental areas will inform how, when and the extent to which the strategies outlines in this section can be implemented.

3.1 Core operations

In response to potential over-supply and financial risks, the design of Phase 2A operations, as outlined in previous plans, has already adopted the conservative approach of providing MyCiTi capacity at what is estimated to be about 60% of the total peak hour demand. Figure 3-1, shows an example MyCiTi Phase 1 route demand profile and how the principle of reduced peak capacity can be applied. Phase 2A planning, prior to this Business Plan, envisaged the fleet necessary to accommodate demand at about 8.1% of a typical weekday demand, approximated by the dark blue line in Figure 3-1. It must be noted that this peak capacity level is needed for less than 30 hours of a typical week – less than 28% of the operating hours of MyCiTi. This approach requires that other modes continue to provide services to satisfy the balance of the demand.

Given the impact of current financial constraints, especially on the acquisition of new buses, this can however be taken significantly further. Although the details are route specific, studies

[7] "Direct" routes are rarely physically direct, rather catering for a much wider range of origin-destination options at the expense of travel time over the full route length.
[8] ITC - Intermodal Transport Control, previously referred to as APTMS (Advanced Public Transport Management System)

suggest that a fleet sized to accommodate only 40% of weekday morning peak demand can accommodate up to 70% of the total weekly demand on a route. This is illustrated, in Figure 3-1, by sizing the fleet at -the yellow line representing about 40% of the peak fleet demand. A possible outcome of this approach is that there may be some level of peak spreading induced by a reduced peak period service although many public transport users do not have the luxury of being able to adopt flexible work and or travel hours.

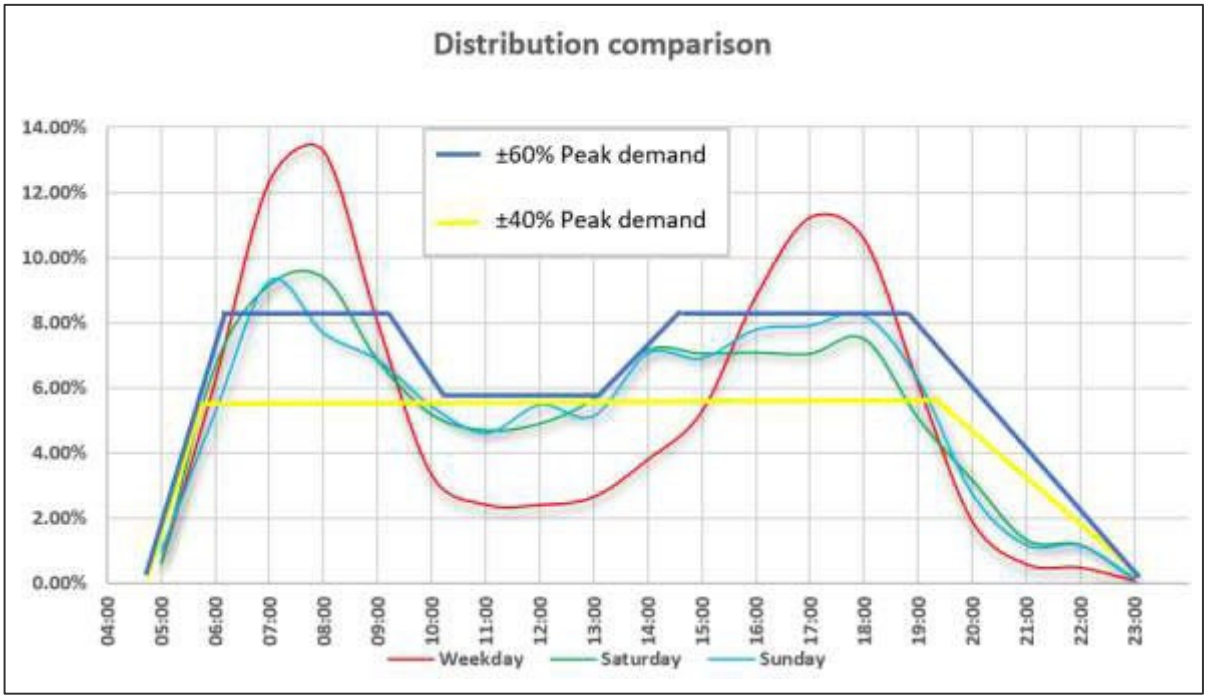


Figure 3-1: All-day service level concept.

In this case, the full fleet of MyCiTi buses operates continuously during operating hours, noting there may be a need for a slight off-peak reduction for operational reasons, offering rapid transit on the longer, and higher demand corridors. This approach guarantees scheduled, UA services throughout the operating hours of the service but focuses on the core element of the service. Passengers have choice, improved by the availability of an appropriate system wide AFC system, guaranteed off-peak services. The trunk service speed advantage should make MyCiTi services attractive to passengers in the peaks and the services can potentially operate at or near capacity during all operating hours over the entire week. Operationally, additional drivers per peak bus are offset by fewer buses and thus, potentially, fewer drivers overall and similarly, per-vehicle kilometres may increase, but with fewer vehicles and usually, total kilometres.

In addition to minimising MyCiTi service provision costs, the limited operational impact on other services reduces the number of displaced MBTs and thus compensation that will be required. Impact compensation is discussed in more detail in sections 6.3.1 and 11.1.

It is recognised that the above approach is contrary to the usual concept of providing the high-capacity services only during peak periods, i.e. that other services should operate at off-peak capacity levels and BRT should provide the additional peak period capacity required. Circumstances pertaining to guaranteed off-peak and universally accessible services mean however, that the normal conceptualisation would defeat the objectives of MyCiTi of sustained service quality across the operating day and the establishment of a core network to which to link other services.

With the foregoing in mind, analysis of the gain in capacity versus the supply provided, reflected in Figure 3-2, shows a quite clear point at which increasing supply has a decreasing gain in the overall benefit achieved.

As additional resources become available, a business assessment must be undertaken to determine where maximum socio-economic benefit can be achieved with allocation of additional fleet, i.e. to areas where people are most in need of this type of service. To this end, a detailed socio-economic study indicating the overall costs and benefits to the City needs to be undertaken.

Figure 3-2: Optimum supply level.

3.1.1 Extended coverage

With a refocusing of the nature and level of supply of MyCiTi, resources can be released to facilitate expansion of the core services over a far greater area of Cape Town.

Recognising the implications for working with existing MBT operations, some expansion can be implemented with very little infrastructural intervention other than conventional BRT stations, either using spare road capacity or peak hour bus lanes[9], mainly on motorways, to link, for example, the Metro Southeast (MSE) with the Bellville Central Business District (CBD). Something similar is already being operated on the N2 to the Cape Town CBD, demonstrating that there is an intermediate approach pending the construction of dedicated right of way where this is necessary for traffic management. This approach aligns with the principles of infrastructure "lite[10]" and incrementalism considered as part of the MyCiTi value engineering exercise previously undertaken in the planning stages of Phase 2A but taken slightly further.

PTOG funding is particularly important to expand MyCiTi over time as this is an expandable funding source. This together with fare revenue and expansion of existing VOC contracts should enable incremental expansion of the service onto all priority corridors as identified in the IPTN.

[9] There may be instances in future where the concept of "reversible lanes" can be considered to maximise network capacity. This is however not that practical where there are permanent median barriers. As encountered on most freeways.
[10] A colloquial term, in this case with respect to the minimum possible infrastructure to get things going.

3.1.2 Feeders and direct services

Noting that different market segments have different travel needs, a refocused MyCiTi prioritising the provision of trunk services using dedicated roadways implies that direct and feeder services in mixed traffic should be provided by other modes unless justified by exceptional circumstances, such as achieving a degree of MyCiTi network connectivity on routes where there are very limited options owing to the local geography. This would include routes such as the Central City-Hout Bay route where dedicated right-of-way would be ideal but is not practical nor always warranted.

Given the full replacement approach adopted in the Phase 1 area, where MBT and bus services in the area were fully replaced by the MyCiTi service, the intention is that current MyCiTi non-core feeder services will transition to a concession-type approach during the next contract period. The contracted VOCs would be required to provide such feeder services on a concession nett cost basis where they would have greater flexibility to design, specify and schedule the service provided they meet certain minimum standards and would receive the fare box and a possible subsidy. This would allow VOCs to harness their flexibility and their commercial and operational experience to provide more competitive and sustainable services that can compete with current unlawful MBT services to the extent that these illegal operators are able to bypass law enforcement. The concession approach will also allow VOCs to sub-contract and regularise[11] MBTs where appropriate.

This approach would also allow commercial entities or business area partnerships (such as the Victoria and Alfred Waterfront or the Central City Improvement District) to contract with VOCs to provide feeder and distributor services on cost recovery basis.

The MyCiTi Phase 2A plans do not provide for any feeder services operated as part of MyCiTi. The assumption is that the ordinary operation of market forces will ensure that MBTs with the necessary route authorisations will provide feeder services to MyCiTi trunk stations, thus becoming more integral to the overall IPTN. To improve passenger convenience and information, MBT operators will be incentivised to adopt an integrated ticketing technology compatible with the MyCiTi system provider. The incentives will be provided to encourage MBT operator and driver adoption of the MyCiTi AFC platform and will be supported by passenger transfer discounts on their MyCiTi fare. A necessary precondition for such an incentivised feeder service is the provision of an affordable and functional integrated ticketing technology that is practical to implement in different modes. The appropriate AFC system will also facilitate an MBT industry opportunity to accommodate multiple fare payment mechanisms for their other business.

In both phases, the use of MyCiTi "trunk extension" services at certain times can expand the reach of MyCiTi services at almost no additional cost. Such 'trunk extension' services can usually be provided in off-peak periods without any requirement for additional fleet.

3.2 Chapter conclusions and recommendations

This chapter presents an approach to focused MyCiTi delivery and recommends the following:

- MyCiTi should focus on providing trunk type services on dedicated rights of way with appropriate trunk extensions except in exceptional circumstances, such as where there is no sensible alternative to appropriate public transport, such as the Cape Town CBD – Hout

[11] In consultation with the relevant MBT Association, issue operating licences to illegal operators whose services are deemed warranted on a route.

Bay route. Such direct services will be appropriate where network continuity is desirable but no realistic warrant or option for a dedicated busway exists.

- MyCiTi trunk services should be operated at the peak period capacity that gives rise to the maximum marginal benefit, per bus added, and measured over a week of service. (See Figure 3-2).
    - A more detailed study must be undertaken, on a route-by-route basis, to establish the optimum level of supply and its implications and impacts on other modes as outlined in Section 3.1.
- That as additional resources become available, they be applied to either improving the marginal benefit or, if such resources will not be of benefit in that use, to the expansion of the network onto new corridors to increase MyCiTi coverage of the City.
- That all feeder and most direct services be provided by existing bus or MBT operators or, where necessary, under concession agreements by the MyCiTi VOCs, for their own account.
- A detailed socio-economic study should be undertaken, as soon as possible, to evaluate the "real" costs and benefits of the system to the City. The outcomes of such a study can provide insight into the optimum format of MyCiTi service delivery in the future.
- It should be noted that this section should be read in conjunction with sections 2.1 and 2.2, which outline various development areas that should be focused on. The outcomes of the work conducted will further refine the implementation of the strategies outlined in this section.

4 Direct and feeder services

On the basis that MyCiTi should focus on providing BRT trunk type services, other service models must be in place to provide the balance of direct and feeder service needs. Owing to circumstances, the models for Phase 1 Stage 2, Phase 2A and other future phases will need to be slightly different.

It should also be noted that this section should be read in conjunction with sections 2.2 (Public Transport Operations) and 2.6. (Industry Transition) which outline various development areas that should be focused on. The work to be conducted in these developmental areas will inform how, when and the extent to which the strategies outlines in this section can be implemented.

4.1 Phase 1 Stage 2[12] Concession based direct and feeder services

In the area of MyCiTi Phase 1 operations, majority of the minibus taxi operating licences were cancelled through a process of compensation to the affected MBT operators. The result is that, with the exception of a few remaining OLs, only MyCiTi is able to legally provide commuter services across most of the Phase 1 area. However, as already noted, the provision of feeder and some direct services is not an effective use of the advantages of the MyCiTi system, and the intention is that such services should be delivered by other "modes" throughout the City. Given the complexity of reinstating MBT operating licences where these were cancelled, over 10-years ago for the most part, the plan is that feeder and relevant direct services be concessioned to the MyCiTi VOCs operating in the area that the service is required. The concessions will be negotiated with successful bidders and will be for the operators own account. Such services would interact with MyCiTi and adopt a fare system common with that of MyCiTi, possibly resulting a passenger fare subsidy. The operational detail and fleet would be the responsibility of the MyCiTi VOC, subject to approvals from the City. Such approvals will mainly be focused on ensuring that there is adequate alignment between the concessionary and contracted MyCiTi services and that vehicles are suited to the operating environment, i.e. smaller buses in residential areas.

This concession approach does not preclude the City from retaining certain key direct services, such as the route from the Cape Town CBD to Hout Bay, or subsidising certain concessionary trips should any be deemed necessary but there is no intention that such an action should be the norm. The approach also aligns very closely with the plan for Phase 2A and other future service delivery where existing bus and MBT operators will continue to provide feeder and direct services other than on MyCiTi routes.

4.2 Phase 2A GABS direct and MBT direct and feeder services

In the Phase 2A and any future MyCiTi expansion areas, the intention is to leave existing bus and MBT services in place except where specifically replaced by MyCiTi BRT operations. These existing services will continue to provide both direct and MyCiTi feeder services on the premise that MyCiTi BRT services will be sufficiently attractive and appropriately structured as to attract the intended user group. This group will mainly be those travelling the longer distances along

[12] Stage 1 is the currently active contract period. Stage 2 is the contract period due to commence at the end of 2025. Stage 3 would be the contract period starting 7-years after that.

the busy corridors, where a significant speed advantage is achieved through minimum stops and dedicated bus lanes.

4.3 Operator incentives

As set out in Section 1, some passenger transfer incentive may be warranted to achieve a level of fare equity for journeys involving MyCiTi in different parts of the city where different operating regimes prevail. Implementing the passenger transfer incentive requires a level of interaction and participation from the operators providing feeder services. The role of the concessionary or MBT feeder services is to provide local services in response to general passenger demand including for connection with MyCiTi, rail, GABS and MBT services.

This transfer incentive, paid only when a passenger uses both modes in a transfer within the prescribed transfer period, is intended to offset the costs that may be incurred in deployment of the AFC system on the MBT, including equipment, data, and any business implications which may be applicable. The amount of the incentive will be dependent on the AFC system deployed to the feeders and no reasonable estimate of the amount is thus presently available. The proposal for an ABT not compliant with the NDoT proposals will reduce the costs to little more that the data costs for maintaining an accurate record of passenger movements and payments for accounting purposes and the provision of some form of vehicle identifier to indicate that the transfer option is active on that vehicle.

It is important to note that any incentives paid to the feeder service operator are to facilitate passenger monitoring so that passenger transfers can be incentivised. This is different from incentivising operators to provide the transport services, which should be market driven.

4.4 Attracting transfer incentives

In order to facilitate passenger transfer incentives, and in the process, attract a concurrent incentive payment to the operator (driver), the following is required:

- In both concessionary and MBT feeder services, vehicles will have to carry a registered, suitable smartphone with tracking capabilities and a data connection with an ABT system application installed that facilitates the registration of passenger boarding's and, where necessary, alighting's. The device can belong to a driver or operator, noting that these devices a now ubiquitous and will require little beyond a GPS function, a data connection and the ability to accommodate the necessary AFC app.
    - It will be the responsibility of the operator/driver to ensure that the device and app are functional and if they are not, this should be clearly obvious to the passengers as a basic function of the AFC App. If the vehicle system is not functioning, there will be no electronic fare payment to the driver / operator nor any incentive payment, and the City cannot be held liable for any loss of income.
- The system should permit, but not require that the fare be paid via the passenger validation device.
    - Where the fare is paid via the passenger validation device, the device should be linked to the registered device owner's bank account and facilitate payment directly to the device owner's bank account, not via City accounts.
- All participating vehicles should carry a marker indicating that the vehicle is equipped and authorised to facilitate MyCiTi transfers via an easily placeable and removable marker. This can be as simple as a laminated card with a MyCiTi AFC log on it and a copy could be

provided as part of the smartphone registration process as part of the City contribution to providing the AFC compatibility.

- Feeder operator transfer incentives will be based on the same record as that of the passenger and will be limited to ensuring that basic costs, such as transaction data, are covered, with any additional contribution being at the City's discretion, as determined during the system design and implementation process.
- Arrangements pertaining to the share of transfer incentive revenue, if any, between the driver and operator will be for their account although allowance should be made to implement a signed agreement, for the part payment of any fares and or incentives to each party in terms of the agreement. This will be implemented as an ABT system rule for the registered device. (Allowance is to be made for this, recognising that it may not be implementable where there are high levels of driver turn over within the system.)
- City Management intervention must be minimised to the greatest extent possible. Such issues as Driving Licence renewals, PrDP renewals, OL renewals and so on should all be part of the original registration application process so that on expiry of any of these, without renewal details being provided by the driver or vehicle owner, the passenger verification app should stop providing the service until new data is provided. This will mean a suitable back-office function able to check the relevant information against official records. A service could be offered as part of the App reminding the user of upcoming renewals with appropriate notice periods.

The implementation of the proposed approach to feeder services for MyCiTi and, in fact, to achieving a truly integrated IPTN, requires that suitable fare technology be deployed. This is discussed in Section 6.1.

4.5 Chapter conclusions and recommendations

This chapter sets out the basic mechanisms and requirements on the direct / feeder service provider to facilitate the payment of passenger transfer incentives. The primary recommendations of this chapter, flowing from the proposals of Chapter 2 are that:

- Most direct and all feeder services must be independently provided by concession services under the management of the VOCs in the Phase 1 area and by GABS and or MBT services in Phase 2A and other future areas, both in continuation of what they presently do, with the exception of a requirement for adopting a MyCiTi integrated fare system where passenger transfer incentives are to be accommodated.
- MBT operators who elect to participate in providing feeder services providing the necessary AFC integration must be suitably compensated in respect of the cost of carrying and operating the required AFC equipment.
- It should be noted that this section should be read in conjunction with sections 2.2 and 2.6 which outline various development areas that should be focused on. The outcomes of the work conducted will further refine the implementation of the strategies outlined in this section.

5 Passengers and fare

MyCiTi exists in order to provide public transport to support a variety of economic and social activities. It is not a profit-making commercial enterprise and the concept of "market share" needs to be considered in the context of the demand that is best satisfied by the service, not by how big a market share the service can attract from other modes for the sake of claiming the passenger numbers.

Concurrently, MyCiTi is needed to provide, firstly, for those who have little other option than public transport and for whom quality, appropriate public transport can make at least some improvement in their lives by minimising travel time and cost but equally recognising that there needs to be some premium for quality. In this latter respect, it is necessary to accept that in providing a faster option, the fare for MyCiTi services may exceed that for other less direct services that rely more on seat turn-over for additional income. Balancing the fare with the level of service can maximise cost recovery with service capacity but need to be evaluated in the context of demand patterns.

Attracting choice users as congestion and travel demand management outcomes are important but should be seen as a goal of the overall public transport system, not one element of that system. Such outcomes may be affected by fare and adequate levels of service but also require concurrent implementation of measures discouraging private vehicle commuter travel in key areas.

This section should be read in conjunction with sections 2.1 (Transport Systems and Modelling), 2.2 (Public Transport Operations) and 2.6. (Industry Transition) which outline various development areas that should be focused on. The work to be conducted in these developmental areas will inform how, when and the extent to which the strategies outlines in this section can be implemented.

5.1 Transfer incentives

In the focusing of MyCiTi on dedicated right-of-way corridors, MyCiTi passengers not in walking distance of the MyCiTi stations become reliant on other modes to access or egress MyCiTi. These other modes have a fare of their own and, in the interest of developing some degree of equality across the City's IPTN, some level of transfer incentive contribution to the passenger fare is considered necessary to balance the fares paid by different users on the one hand and also to promote the appropriate modal choices to the degree necessary to optimise the City's transport network.

Two transfer incentives are potentially necessary. The primary of these is to the passenger transferring between any other mode and MyCiTi, with the transfer incentive intended to serve as above.

Passenger transfer incentives will be determined through evaluation of total journey fare. Operator transfer incentives will be associated with the cost of facilitating passenger monitoring as discussed in Chapter 4.

In order to facilitate passenger transfer incentives, the following is required:

- Passenger transfer incentives, deductible from MyCiTi fares, will be determined based on the recording of a feeder trip transaction within a suitable time between transactions and subject to certain locational rules.

- MyCiTi to feeder transfer must occur within a certain time and distance of the MyCiTi transfer point and a feeder fare payment must be registered or the passenger must activate the validation device on vehicle exit, outside a certain radius from the MyCiTi transfer point.
- Feeder to MyCiTi transfer must occur within a certain timeframe but feeder boarding must be outside of a certain radius from the MyCiTi transfer point.

5.2 Total journey fare

Irrespective of the feeder model (i.e. concession or MBT), a key objective of a transfer incentive to the passenger is to assist in balancing the journey fare for a transferring passenger with that of a passenger using another mode and not transferring, or passengers making an equivalent length journey but only on MyCiTi. This does not mean that the fares experienced must be the same, only that there may be a warrant for offering some level of incentive to passengers who are affected and, in the process, maintaining the network balance mentioned above. The level of the incentive should be worked out in the context of the overall journey fare experienced as compared with an equivalent MyCiTi journey. In other words, the transfer incentive is linked to the journey cost rather than exclusively the action of transferring. Work is underway to evaluate expectation for and possible value of any transfer incentive that may be required as the outcome of a range of factors in this business plan.

Another reason to have cost reflective feeder fares for concession services is to ensure competitive, market related fares for short journeys. A properly functioning market will adapt supply to match demand maintaining a relatively constant fare per kilometre until demand drops below a certain level at which point fare per kilometre will go up. This is a fundamental principle underlying land use planning, transit-oriented development and even travel demand management where densification reduces unit costs.

5.3 Tariff structure

Concurrent with considering the total journey fare is a need to consider the overall tariff structure for MyCiTi and ultimately, for the entire IPTN, recognising that the City has limited control over the fare on some modes. A mechanism available to the City to manage journey fares is to examine the tariff structure for MyCiTi and consider that in the context of the communities using the system. What is required is an intensive examination of the MyCiTi Tariff structure, considering the use of fares differentiated, not only by journey length, but also by the socio-economic classification of the end points of a journey. Many people with very low incomes may travel to and from a high-income area but the fare should be linked to the low-income area. Those travelling only between high- or middle-income areas would attract a different fare for an equivalent journey.

5.4 Chapter conclusions and recommendations

This chapter has focused on the provision of transfer incentives to passengers transferring to or from MBT (or GABS) feeders in order to offset any fare difference from the MyCiTi fare for the equivalent journey. Provisionally, but subject to review, an amount of approximately R22m at current fare levels is foreseen as necessary to cover this. Arising from the general proposals are the following recommendations:

- That the study into the anticipated passenger transfer incentive be concluded and accommodated in future MYFIN and Business Plan updates.

- That a review of the fare structure be undertaken to examine models that might improve the overall MyCiTi fare revenue without disadvantaging the lower income users.
    - In particular, the concept of a terminal point price incentive that supports particular low-income areas should be considered in the context of a stage-distance fare system.
- This section should be read in conjunction with sections 2.1, 2.2 and 2.6 which outline various development areas that should be focused on. The outcomes of the work conducted will further refine the implementation of the strategies outlined in this section.

6 Auxiliary functions

The auxiliary services for MyCiTi represent a significant component of the overall cost of the system. Some costs are independent of the system size and so it makes sense to ensure that these costs are spread over as wide a range of functions as possible. In line with focusing MyCiTi on providing a specific role in the City's IPTN, as much of the public transport auxiliary function as possible should be common to all modes. This is particularly true of the AFC system to facilitate fare integration across modes for passengers. It can however extend to:

- The ITC system, to facilitate spatial and temporal integration of services.
- Facilities management in the sense that all public transport facilities used by passengers should eventually be part of the integrated system.
- Law enforcement in the sense that legal requirements are applied to all modes and that, notwithstanding efforts to promote competition for the market, there is still competition in the market requiring intermodal law enforcement.

In parallel with the above, it is critical that all auxiliary systems are focused on outcomes that facilitate improved system management. In other words, no system should include features that add to system cost but not to system management processes.

This section should be read in conjunction with sections 2.3 (Public Transport Systems), 2.8 (Public Transport Facilities Management) and 2.9 (Public Transport Enforcement) which outline various development areas that should be focused on. The work to be conducted in these developmental areas will inform how, when and the extent to which the strategies outlines in this section can be implemented.

6.1 AFC/ITC systems

Amongst the most critical auxiliary elements of an IPTN will be a fare system that can be used on any mode, avoiding that passengers must carry multiple fare media or multiple tickets for journey elements. NDoT directives require the deployment of a card-centric system with a prescribed data structure, as depicted in Figure 6-1. This is an expensive model with few if any upside benefits compared with an open system as depicted in Figure 6-2.

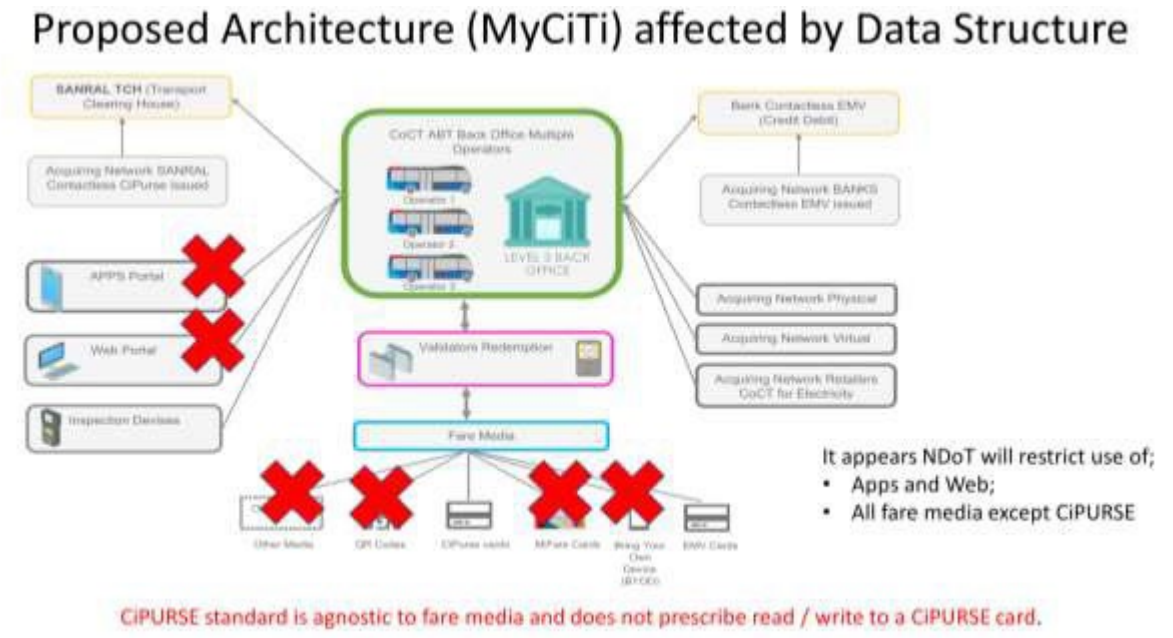


Figure 6-1: The NDoT prescribed AFC model.

The system in Figure 6-1 results in an estimated 66% increase in CAPEX[13], a similar increase in OPEX[14] and poses a barrier to the entry of users as compared with the system reflected in Figure 6-2.

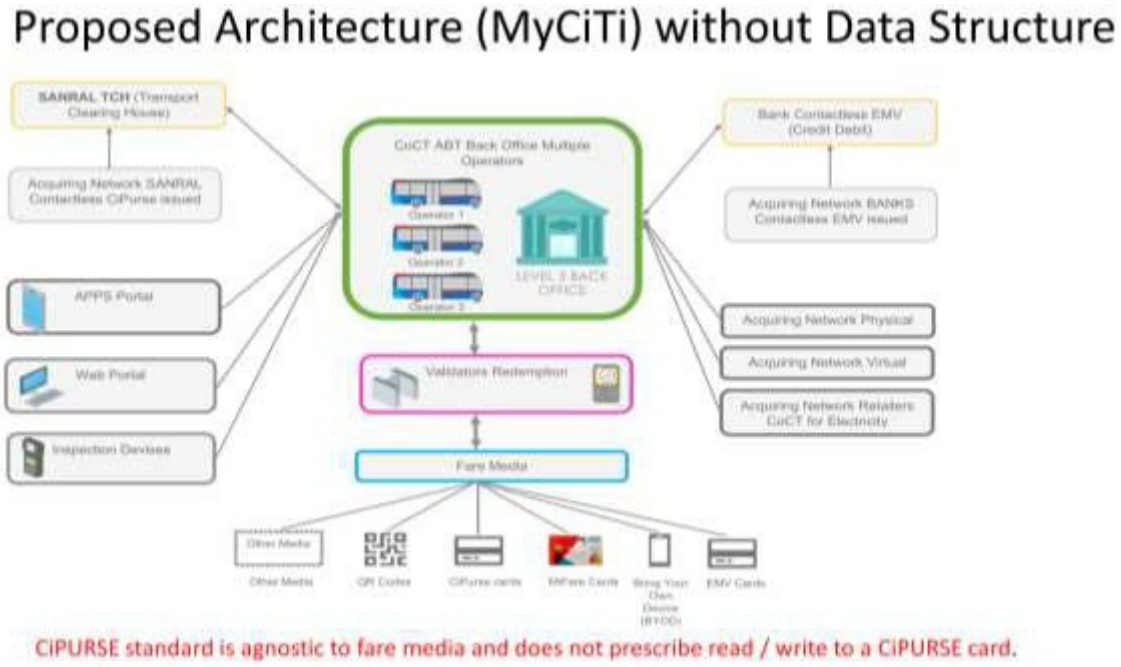


Figure 6-2: Preferred AFC model, without NDoT prescribed data structure.

In Section 4.3 the matter of incentive payments to concessionary or MBT operators for providing information pertaining to passenger transfers was discussed. One of the fundamentals of implementing this approach is a fare system that has the main characteristics mentioned above. With specific reference to the implementation of passenger transfer and related operator incentives, the fare technology must:

- Be agnostic of the particular fare media, including cash where appropriate, being used by the passengers.
- Minimise the effects of, if not eliminate, the fare system as a barrier to entry to the system.
  - Specific cards and top up requirements are both barriers to entry.
- Be technically easy to implement on all modes.
  - The power requirements of some fare systems are incompatible with some of the common public transport modes. (24V systems on buses are difficult to implement on 12V minibuses for example.), consideration should be given to these factors in design and implementation.
- Provide immediate indication of reservation of fare payment – where fare is paid as well as registering a boarding or alighting.
- Facilitate the allocation and daily transfer of fare directly to the registered holder of the validation device.
- Provide locational information in respect of boarding, and, where applicable, alighting, the latter subject to the user "tapping" off the system.

[13] CAPEX – Capital expenditure
[14] OPEX – Operating expenditure

- Provide near real-time service information to system users.

Such systems, based entirely on a smartphone application front end with back-office processing, are available and in common use in Europe[15] and elsewhere, and no local development is required beyond the coding of the local services into the back-office database. These systems, which can include sophisticated fare evasion and fraud prevention mechanisms, can eliminate the need for fare validation equipment at stations.

6.2 Facilities management

Station management is a necessary function but has proven to be expensive. Minimising the cost to the City can be effected through a number of options:

- The number of stations can be minimised, based on the MyCiTi focus on BRT type services only.
- The technology deployed within the station can be reduced, as outlined below.
- Electricity requirements and technological complexity can possibly be reduced by optimising station design.
- The integration of Facilities Management functions to maximise the facilities under management to a single overhead cost centre and fully utilised service team.
- The facilitation of commercial rights on stations, where practical, against covering the station's management costs.

An example deployment of an appropriate AFC system, as discussed in Section 6.1 offers an opportunity to eliminate costly infrastructure from stations through on-vehicle fare media validation, as depicted in Figure 6-3, require no off or on-vehicle validation, relying on the user's smartphone GPS and the network database to determine the fare to be paid (the details in respect of implementation will be assessed and considered as per the financial, operational and business requirements of the City).

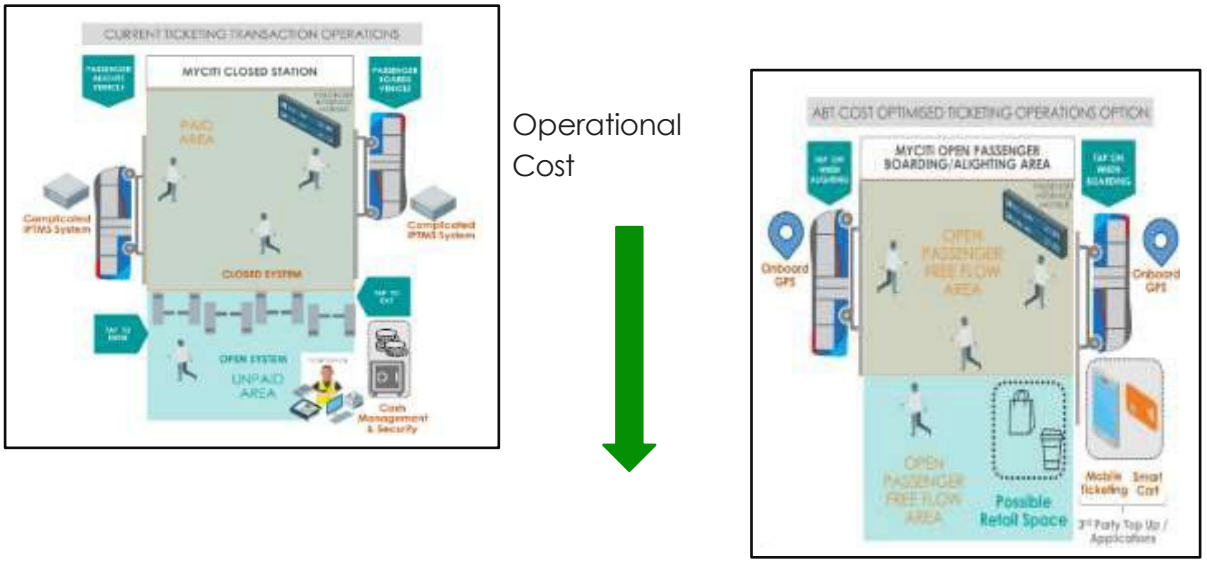


Figure 6-3: An "Open Station" approach.

6.2.1 Station revenue generation

Stations should really only be established where the passenger throughput warrants. This being the case, an opportunity exists to leverage that throughput to generate income to manage

[15] E.g. the FAIRTIQ© system - **https://fairtiq.com/en/**. For information purposes only.

and operate the station. For example, 20-year leases could be offered where business entities can bid for the naming and branding of the station, requiring them to pay for the management and maintenance of that station at an annual tariff with CPI escalation. The lease period would be aligned with the expected life before major refurbishment of a station.

6.3 Law enforcement

6.3.1 Multi-faceted approach to ensuring regulatory compliance

The successful operation of the MyCiTi services in the Phase 1, Phase 2A and subsequent phases requires that the regulations applicable to MBTs operating on routes that compete with MyCiTi services should be strictly enforced, similarly requiring the pre- and post- MyCiTi implementation surveys.

This includes:

- Ensuring that no non-permitted vehicles including MBTs utilise MyCiTi dedicated lanes and other relevant infrastructure.
- Ensuring that all MBTs operating in the areas adjacent to MyCiTi routes have valid operating licences. The city in conjunction with the necessary law enforcement and licensing authorities needs to decide on the best way forward that ensures compliance while minimising disruption.

This regulatory compliance is necessary to protect the City "investment" in reducing the number of operating licences of taxi associations negatively affected by the introduction of MyCiTi services and to ensure that MyCiTi is not subject to "illegal" competition.

A critical issue has been the intermittent and inconsistent law enforcement on Phase 1 routes due to stretched resources and multiple other priorities. The absence of effective enforcement measures in the Phase 1 area has resulted in increasing encroachment by MBT operators without the necessary route authorities. Given this experience, the City will adopt a more extensive, deliberate and multi-faceted approach to ensuring regulatory compliance going forward. This approach will include the following measures:

- Ensuring adequate and appropriate funding for law enforcement relevant to transport operations in Cape Town.
- Infrastructure design features that prevent encroachment onto dedicated BRT lanes by MBTs and private motor cars.
- CCTV monitoring of relevant routes supplemented by number plate recognition to identify all non-compliant vehicles. This should be linked to and enforced through AARTO.
- Sustained strict enforcement of operating licence regulations by Traffic Services
- Instituting action against motorists and MBT operators who fail to comply with regulations or encroach on dedicated MyCiTi infrastructure through AARTO.
- Enhanced coordination with the Provincial Regulatory Entity in order to ensure regulatory consequences for non-compliant operators and associations through all available mechanisms.
- The deployment of business models in both Phases 1 and 2A that promote registered feeder service operators to passengers, to minimise the attractiveness of illegal and destructive competition in addition to effective law enforcement.

6.3.2 Dedicated enforcement capacity

A Transport Enforcement Unit (TEU) was set up within Traffic Services responsible for public transport enforcement focused on Phase 1. The TEU was made up of officers from Law Enforcement tasked with safety and security and by-law compliance on buses and at stations and officers from Traffic Services tasked with OL compliance and policing moving violations. Metro Police are responsible for CCTV surveillance. This arrangement has not delivered the desired results for various reasons, the most important of which is funding and related resource limitations. A more thorough assessment of the factors driving limited performance is required, with proposals for improving the situation so that resources can be attracted, and their utilisation maximised.

The above process should ensure adequate provision for dedicated law enforcement, including a fare inspectorate, within the City's public transport budget. Law enforcement commitment to rendering of the required service can be ensured by means of the existing internal service level agreement backed by the necessary resources. This agreement should be checked to ensure it includes a mechanism for the regular review of unit performance and will enable the Urban Mobility Directorate to determine and update the unit priorities on a regular basis.

6.3.3 Ensuring safety and security

MyCiTi and other public transport services face a range of possible threats to the safety and security of passengers, staff, buses, stations, and other infrastructure. These include theft, robbery, and violence at stations and on buses and trains, the destruction of property (including arson) and various other forms of anti-social conduct. In addition, volatility in the MBT industry, manifested in numerous murders and incidences of violence in recent years, has the potential to undermine the extensive and complex set of negotiations that will be required for Phase 2A implementation, in particular, and could put the safety and security of participants in the process at risk.

The City must therefore put in place all measures within its power to mitigate such risks, to protect the integrity of the negotiations process, to ensure high levels of safety and security for all passengers and staff when the Phase 2A or any other new service is launched and to enable the City to respond rapidly and decisively when any security and safety incidents occur.

These measures include:

- An appropriate safety and security committee comprising the City, Province, SAPS in association with VOCs and the MBT industry and other relevant stakeholders should be tasked to identify and address any security and safety challenges that may emerge in regard to the MyCiTi service.
- The development and implementation of a comprehensive joint safety and security plan for public transport involving all relevant government agencies.
- An appropriate high-level safety and security team with clear terms of reference comprising relevant law enforcement officials of SAPS, City Police and the Western Cape Government should be tasked to ensure that all incidents of violence are investigated, the perpetrators are identified and apprehended and that proactive measures are taken to minimise the risk of any re-occurrence.
- The provision of extensive CCTV surveillance covering all stations, depots and MyCiTi routes and including a camera on all MyCiTi buses

- Contractual provisions requiring VOCs and station service contractors to ensure high levels of security at MyCiTi facilities including the provision of security guards at all stations.
- The possible contracting of a rapid response security capacity that can respond immediately to any security threat that is detected or reported. (An in-house rapid response team has also been considered and could be developed as an alternative.)

6.4 Chapter conclusions and recommendations

This chapter focuses on the auxiliary functions required to facilitate the operation of MyCiTi, including the provision of an AFC system, facilities management of stations and depots and law enforcement pertaining to public transport. The key recommendations of the chapter are:

- The implementation of a fare media agnostic, pure ABT fare system must be facilitated as a priority for implementation from the 2026 contract renewals.
- A study should be initiated that looks at revenue generating initiatives that would improve MyCiTi's cost recovery, such as partnering with private entities to operate stations in return for certain rights, looking at advertising revenue and promoting additional use of stations to reduce per person station costs.
- Notwithstanding the perception that lack of sustained resourcing has been the main factor, a study must be implemented to understand why previous law-enforcement interventions have not achieved the desired outcomes, with a recommendation for an improved approach that should then be implemented.
- This section should be read in conjunction with sections 2.3, 2.8 and 2.9 which outline various development areas that should be focused on. The outcomes of the work conducted will further refine the implementation of the strategies outlined in this section.

7 Infrastructure

Although the funding for most MyCiTi infrastructure derives from grant funding, the extent of the infrastructure proposed in the "business-as-usual' model has resulted in potential funding problems. To provide other infrastructure perceived by the Council as more important to City sustainability, some funding has been diverted from MyCiTi infrastructure. These adjustments have been accommodated by postponing certain MyCiTi Phase 2A infrastructure projects. This will have impacts on the operations component of the MyCiTi Phase 2A programme and the overall timeline. In addition, anticipated requirements regarding the Wynberg staging area and the installation of charging equipment for battery electric buses (BEBs) at the staging area and the depots including sub-station and cable upgrading will have significant time and cost implications and may have implications for the Phase 2A programme.

Noting that other modes of public transport have been operating in public transport for a very long time, it is clear that public transport is able to operate on existing infrastructure. There is a need however to relieve congestion and improve cross-city linkages to promote economic activity and social integration, which should be the focus of MyCiTi in the future. This means restricting expenditure to the most important elements of the system until funding is available for more extensive infrastructure development. Such infrastructure needs then to be used to the maximum extent possible in its intended role. This means examining mechanisms to facilitate the use of bus lanes by other appropriate public transport where that will improve the public transport passenger experience without interfering or competing for passengers with MyCiTi. Section 2.4 (Public Transport Infrastructure) provides further details of actions which need to be taken within the Infrastructure space.

7.1 Focus on bus lanes

MyCiTi originated as a bus rapid transit concept, implying operating in dedicated right-of-way at better speeds than possible for other road-based public transport. However, MyCiTi ventured into trying to provide all direct and feeder services as well, still requiring transfers, albeit in a closed environment, but without direct and feeder services having any advantage over other existing modes in terms of speed, and only having any advantage in price to the extent that passenger fare subsidies are provided.

MyCiTi must thus refocus its operations on its core capability, BRT type services. Infrastructure funding thus needs to be directed to providing the bus lanes that give the advantage to MyCiTi, where the cost and advantage is warranted by sustained demand, on, for example, north-south routes between the MSE and Bellville. With appropriate controls, this busway infrastructure[16], not necessarily the stations, could be opened to other bus operations, maximising passenger benefits for the infrastructure investment and improved overall system integration. With appropriate buses and ticketing systems even stations could be opened for non-MyCiTi bus services where station capacity allows.

This does not mean that no additional services can be rolled-out because specially constructed bus-lanes are not in place. There are a number of instances where expansion of the service may be possible through the implementation of bus and minibus taxi (BMT) lanes such as deployed on the N2 pending the design and construction of dedicated bus-lanes. The intermediate service provision will provide opportunity for testing the warrant for the expense

[16] Non-MyCiTi buses would not run the same route as MyCiTi but could enter and exit the busway along their route to improve travel times as long as not interfering with MyCiTi operations.

of BRT bus-lane infrastructure. Stations, as noted elsewhere can also make use of alternative infrastructure that can be expanded or relocated as may prove justified in future.

7.2 Minimised stations

Although there is a real time advantage in off-vehicle fare validation, the advantage only applies to vehicles working in a closed-system, still requiring on-vehicle fare validation on feeder vehicles and, in some instances also on direct service vehicles. Further, the advantage is, to an extent, dependent on the fare system being deployed. In other words, the slower the fare system, the greater the advantage gained through off-vehicle validation. The faster the fare validation, the less the advantage of off-vehicle validation. Modern ABT fare systems are fast and their deployment on-bus instead of off-bus can facilitate a very significant reduction in the complexity of MyCiTi stations, in some cases, eliminating the need for fare system turnstiles and, where implemented, card-top-up devices. There are systems that are validated through back-office integration and random checks only, requiring no local equipment. Removing fare validation requirements on stations allows for a less complicated station infrastructure with much reduced utility, maintenance, and management costs. Where local fare validation is required, the on-vehicle approach can be effective at stations where there is a bit of a mix of boarding and alighting in moderate numbers. At stations where there is a majority boarding, usually the terminal stations, off-vehicle fare validation should be retained. Also, the impact on overall cycle times and thus fleet requirements over full routes, in the system environment, needs to be considered in light of the chosen AFC system characteristics.

As noted in previous business plans, there is also a need to evaluate the station structures and focus on providing functional stations rather than iconic stations. This does not mean relinquishing aesthetics, so much as cutting the suit according to the cloth. The Curitiba BRT stations, as shown in Figure 7-1, are an excellent example of a relatively simple station design that facilitates modular, off-site construction and deployment with redeployment being practical if necessary. Such modular stations, adapted for universal access and with integrated solar power systems, would be an ideal approach. All of the above need to be developed with a deep consideration of the Cape Town South African context.

(Source: https://wrirosscities.org/sites/default/files/Curitiba_BRT_-_Fabio Mascarenhas-1140x518.jpg)

Figure 7-1: Example of Curitiba BRT Station.

7.3 Chapter conclusions and recommendations

This chapter emphasises the need to focus MyCiTi resource allocation on creating busways or BMT lanes in order to extend the network and advantage of the MyCiTi services whilst maximising the benefit of the investment by allowing the use of busways and BMT lanes by other public transport providers where that does not compete directly with MyCiTi for passengers. It is also suggested that the MyCiTi station structure design focus on function and modularity and that a new AFC system take into account the implications of station structure and ongoing management and operating costs. Key recommendations are that:

- MyCiTi should focus infrastructure development on the basis of providing BRT type services.
- On- versus off-board fare validation be examined in the context of whatever fare system is deployed, in an effort to minimise station construction, management and operating costs.
- Modular station design and construction be considered to facilitate relocation and or rapid station size adjustments.
- Prior to any call for expressions of interest from other bus operators, a similar corridor level study should be undertaken to establish if and where non-MyCiTi buses could be allowed to operate, but not compete with MyCiTi for passengers, in bus-lanes to promote improved passenger flows across the City.
- This section should be read in conjunction with section 2.4 which outline various development areas that should be focused on. The outcomes of the work conducted will further refine the implementation of the strategies outlined in this section.

8 Fleet Strategy

A fleet strategy is influenced by many externalities and in turn has many downstream influences. It therefore needs to be recognised that decisions relating to fleet are really part of an iterative process. Figure 8-1 is schematically shows some of the key relationships with externalities and also illustrates the numerous factors which need to be considered as part of the strategy.

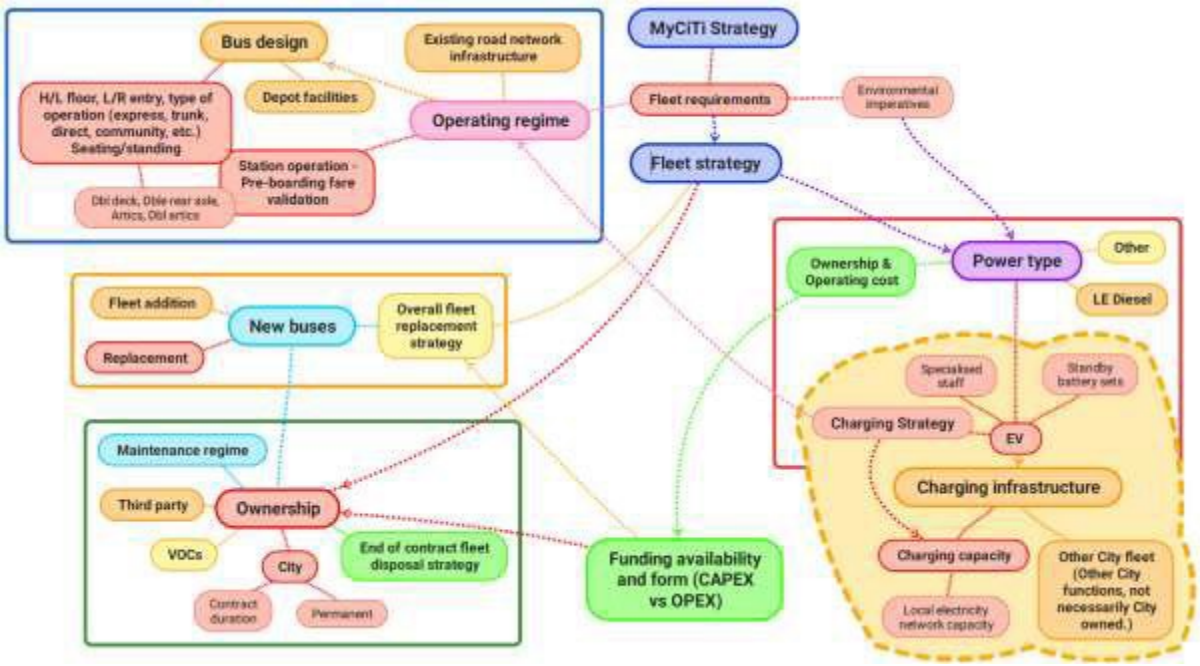


Figure 8-1: Options and interactions in a fleet strategy.

The formalisation of a Fleet Strategy is required that:

- Recognises the diversity of needs and thus promotes mixed fleet.
  - Power type, seating configuration, size, etc.
- Acknowledges current commitments for a shift to low-carbon emission vehicles.
- Recognises rapid ongoing changes in technology and the need to be adaptable.
  - Specialised infrastructure requirements: depots and terminals.
  - Skilled personnel requirements.
  - Future proofing service and maintenance (parts availability).
- Plans for bus useful life in shorter contract timeframes.
  - Schedule operations and/or structure contracts so that the Estimated Useful Life (EUL) of buses is reached in one contract, or at the most at the end of two contract periods which combined are in the order of 14 years.
  - The useful life of a fleet cannot be determined on the simplistic basis of specified life kilometres or age. Technological developments, spares availability, maintenance costs, public perception and so on all need to be factored into replacement decisions.
- Allows for flexible ownership and financing of buses to suit circumstances as they change with time.
  - Funding availability.
  - Total cost of ownership.
  - Empowerment.
  - Consideration of limitations which exclude certain ownership.

- Establishes a programme of ongoing fleet replacement and, where appropriate, expansion to ensure service continuity and growth as well as managed cashflow.
    - Recognise that some fleet at ±14 years old is already nearing end of useful life.

This section should be read in conjunction with section 2.5 (Public Transport Fleet) which outline various development areas that should be focused on. The work to be conducted in these developmental areas will inform how, when and the extent to which the strategies outlines in this section can be implemented.

8.1 Operating Regime and Bus Design

As discussed in Chapter 2, the strategy to focus MyCiTi services on trunk routes only, including trunk extensions where appropriate, unless for exceptional circumstances, has an influence on the operating regime and bus design.

To accommodate services on trunk corridors, while allowing the flexibility of left kerbside boarding for trunk-extension services, bus design should accommodate the following:

- Right- and left-hand entry for both right aligned median stations and left kerbside alignment at integration points other than stations.
- High and low floor/entry buses noting that Phase 1 stations are predominantly at high floor level whereas Phase 2A stations are all at low floor level.
- The difference in station floor level between the phases limits the opportunity to transfer buses between phases. This limitation particularly affects VOCs who have no guarantee of being able to use their buses at the end of the contract period. To addresses this limitation, an investigation into the financial and operational implications of altering the Phase 1 stations to accommodate low floor/entry buses needs to be undertaken. Alternatively, either contract durations and/or average annual kilometres per bus can be set to align with the EUL of buses for a single contract or, the EUL must extend across two contracts, thereby giving VOCs a competitive advantage when contracts are tendered. See Section 8.5 for further details.
- The seating versus standing ratio on buses will be dependent on the operating environment and average / percentile travel time of passengers (i.e. the higher the average travel time of passengers beyond 30min may require more seating space than standing space). Operation on certain routes may also warrant more seating than standing capacity owing to topography or operating speeds.
- Any change to the design capacity of vehicles due to changes in the seating: standing ratio must be considered given the potential impact on peak fleet requirements for operations.
- Appropriate bus size is a function of demand and the operating environment (i.e. horizontal and/or vertical curvature of roads extending into communities may restrict certain bus sizes).

MyCiTi feeder services are not presently planned for inclusion in future contracts. MyCiTi Phase 2A relies on feeding by MBTs, and depending on the success of this model, may be the approach applied to future phases beyond Phase 2A. In Phase 1 Stage 2, feeders are to be provided by the VOCs, but for their own account under a concession agreement. Given the full replacement model adopted in Phase 1 Stage 1, these concessionary services can either be operated by MBTs under contract to the VOCs, or directly by the VOCs themselves. Current

thinking is that these services will not necessarily be UA compliant. Motivation for this includes the high cost of retrofitting these vehicles to be UA compliant. The introduction of MyCiTi core feeders may be possible, ensuring a lower frequency but regular UA compliant service throughout the day, noting that Dial-a-Ride exists in the City as a separate service and its Business Plan speaks to service expansion through contracting out services to independent operators who already have UA compliant vehicles where appropriate. As MyCiTi reaches maturity across the City and appropriate vehicle availability allows, the provision of UA services can be extended more deeply into local areas.

8.2 Environmental imperatives and power type

Owing to City commitments in respect of the environment and in particular a shift to low-carbon emission vehicles, Council has recently approved a blended approach to bus procurement, including BEBs, and Euro 6[17] diesel buses.

To give effect to this policy shift, the intention is to procure an initial Phase 2A fleet using two rates-based contracts for at least 30 x 12 m BEBs and 50 x 18 m Euro 6 diesel buses utilising PTNG funding set aside for this specific purpose. The propulsion type of any fleet purchased beyond this is to be based on a sound business case.

The City is to ensure that there is sufficient electrical supply to depots within Phases 1 and 2A prior to the deployment of any battery electric buses, and that supply, installation and maintenance of all charging equipment is appropriately accommodated.

8.3 Ownership and financing of new buses (replacement and additional)

Ownership of the current Phase 1 fleet will remain with the City but will be transferred to the Phase 1 Stage 2 VOCs to operate and maintain as is the case in the Stage 1 contacts, with the exception that the maintenance of the 9m Optares will no longer be via a separate contract but is to be built into the tendered rates.

Bus operations require that vehicles need to be replaced over time as they reach their EUL and additional vehicles are required to expand services on existing or new routes, such as Phase 2A. The ownership of new MyCiTi buses is likely to be a combination of both City and VOC owned for a number of reasons, and ownership of buses will likely influence the procurement strategy of new buses.

The City may choose to procure buses directly, and in this situation have the option to either procure buses ad-hoc as required or have a planned annual replacement schedule to ensure that no buses exceed a predetermined age and to allow for service expansion. The exact procurement mechanism will be dealt with in the annual financial planning for MyCiTi, via the MYFIN, based on decisions taken, short term needs and available funding. Funding sources available and to be considered include:

- Loan
- Capital lease
- Operational lease
- Grant funding

VOCs are unlikely to purchase new buses unless there is guarantee that they will be paid for by the contract, or a significant advantage when tendering for future contracts. Bus

[17] Internal combustion engines have an environmental rating based on the exhaust emissions. EURO 6 or EURO VI is the highest standard presently available in SA. Most modern bus fleet in SA is EURO 4 or 5.

procurement is therefore likely to be linked to contracts and funded as a direct operating cost through the contracts.

8.4 Maintenance regime

Maintenance is a function of and affected by many factors including ownership and financing models, bus age, odometer reading, and power type. For new City owned fleet, it may be preferential for maintenance to be undertaken by OEMs initially until such time as VOCs are certified for maintenance and have some experience should they wish to undertake this internally. Similarly, it may be preferential for specialist fleet such as battery electric buses to be maintained externally to ensure vehicles are properly maintained and to reduce the risk of any failure which may occur. This latter particularly in light of the high-voltage equipment on battery electric buses and the resultant safety issues during service and maintenance activities.

Also important to consider in the maintenance regime and bus replacement strategy is that there comes a time, referred to as the Economic Life or Estimated Useful Life (EUL), when the cost of replacement is cheaper than the cost of service, repair, maintenance, and any other factors such as reliability which needs to be considered. Figure 8-2 provides a generic illustration of this principle.

It is recommended that an ongoing programme of life cycle costing is undertaken for City owned fleet to guide the maintenance and replacement of buses.

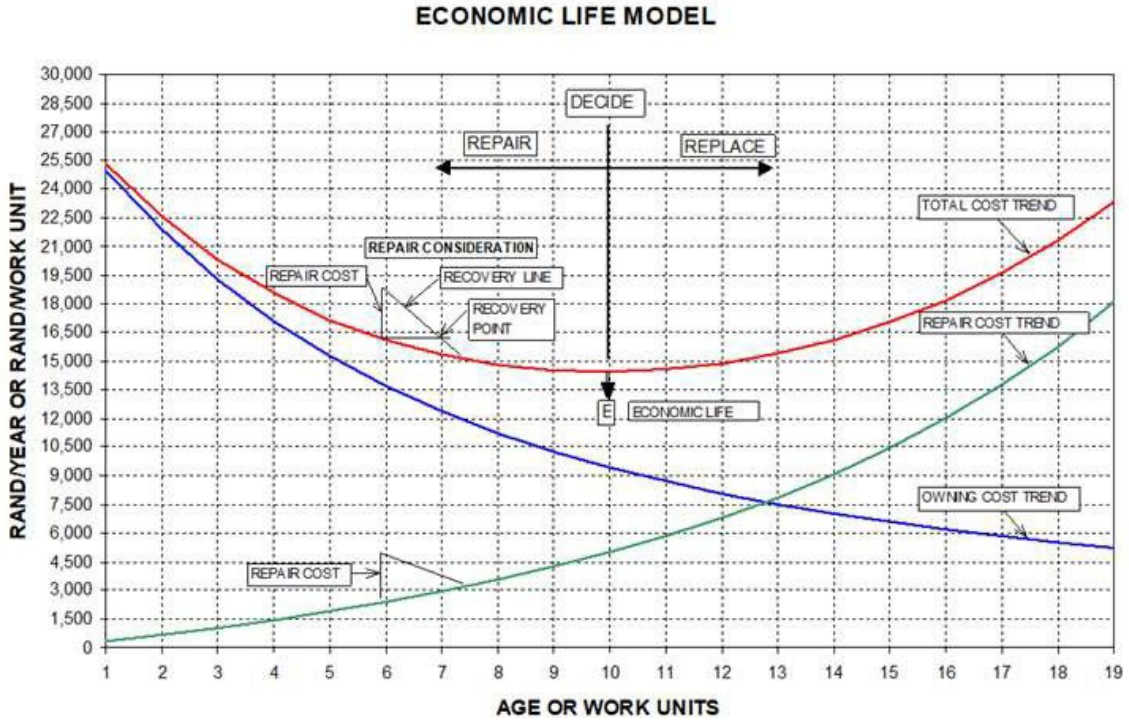


Figure 8-2: Economic Life Model principle.

8.5 Contract duration and end of contract obligations

For VOC ownership, contracts and the implemented operational model should be structured so that bus EUL and contract duration preferable match or carry over two contacts to prevent VOCs sitting with specialised buses that cannot be used elsewhere without significant

modification. The concept of the all-day fleet operation in a busway environment, discussed in Section 3.1, would result in a contract period of approximately 7 years being enough to extract full value from a bus. Different operating regimes may result in different ideal contract periods for achievement of EUL in 1 or 2 contract periods.

With City ownership, contract duration is less important as City ownership allows for buses to be transferred between contracts with little risk to City or VOCs.

8.6 Excess Phase 1 Stage 2 Fleet

Excess fleet from Phase 1, Optares, to be redeployed to wherever useful or sold. Redeployment options include, as long as the fare revenue earned is greater than the marginal cost of operation:

- Early start services, MSE to Bellville.
- N2 Express
- Phase 1 Stage 2 concession services.
- Somerset West Business Express

8.7 Chapter conclusions and recommendations

This chapter focuses on bus fleet, examining issues of the operating regime, bus design, environmental factors and imperatives, financing, replacement and alignment of bus life with contract periods. Key recommendations are that:

- The mix of vehicle types in the fleet must be carefully considered in light of the costs, current experience with alternative technologies, time frames for implementation and the availability of a relatively high number of unused 9m buses presently owned by the City.
- An ongoing programme of life cycle costing is undertaken for City owned fleet to guide the maintenance and replacement of buses.
- This section should be read in conjunction with section 2.5 which outline various development areas that should be focused on. The outcomes of the work conducted will further refine the implementation of the strategies outlined in this section.

9 Enabling competition for MyCiTi and subsidised bus services

9.1 The challenge of public transport competition

Effective and efficient regulation and management of competition for BRT and bus services is desirable. Competition incentivises operators to enhance service quality, reliability, and efficiency to attract passengers. It drives innovation and technology adoption. It encourages operators to minimise costs while maintaining service standards, potentially lowering fares for passengers. It also helps drive a wider choice of services and routes, catering to diverse needs and enhancing accessibility. Additionally, competition promotes accountability and transparency among operators, ensuring adherence to service standards and responsiveness to passenger feedback.

However, the international experience demonstrates that the market for public transport services is highly complex, and that the economics of the sector tend to result in the emergence of monopolies unless active regulatory and procurement interventions are made.

Challenges Cape Town needs to overcome to ensure sustainable competition include:

- The relatively small market for public transport bus and BRT services.
- The legacy advantages of GABS as the dominant bus operator flowing from their depot and fleet assets and their economies of scale and experience, these advantages have been realised in part due to Government's inability to normalise competition in this space.
- From an economies of scale perspective, bus companies should ideally be operating a fleet of at least some 300-500 vehicles.

The international evidence suggests that competition-for-the-market (where bus operators compete to operate services in particular areas or routes on an exclusive basis or in accordance with schedules specifications set by the contracting authority) is the preferred approach to subsidised BRT/bus provision because it avoids destructive competition in the market (where multiple bus operators compete against each other on the same routes), lowers costs, and facilitates cross-subsidisation across routes to ensure a more comprehensive service. This is the City's preferred approach to bus and BRT service provision.

MyCiTi and any contracted bus companies who have exclusive rights to operate buses on a route will however nevertheless experience some competition-in-the-market on that route from alternative transport modes such as MBTs and e-hailing companies. This competition-in-the-market will be managed through the regulatory and enforcement system that will work to ensure that the number of operating licences issued to MBT operators is limited to the supply required to cater for the demand not supplied by the MyCiTi service.

A key purpose of the National Land Transport Act (NLTA) [18] and its section 41 provisions was to restructure public transport services *inter alia* to enable effective competition for such services including reducing monopolies. Many of the changes anticipated by the NLTA that would enhance competition including the tendering of the legacy section 46 PTOG-subsidised services have not yet happened. A key reason is that tendering such contracts is fraught with policy, legal, financial, and practical challenges notwithstanding the competition imperative of the Constitution and the NLTA.

The underlying problem is **the absence of a clear, certain, and fit-for purpose policy framework for subsidised public transport competition** supported by appropriate legislation that covers

both BRT-type and other subsidised bus contracts. Tendering MyCiTi vehicle operating contracts in this context will be fraught with risk and potential unintended consequences.

This section should be read in conjunction with sections 2.6 (Industry Transition) as well as 2.7 (Public Transport Contract Management) which outline various development areas that should be focused on. The work to be conducted in these developmental areas will inform how, when and the extent to which the strategies outlines in this section can be implemented.

9.2 A framework for subsidised Bus/BRT services competition

Key elements of such a framework aimed at promoting competition for public transport services would include:

- **Joint Inter-Governmental Competition Management.** While the City and Western Cape Government both have contracting authority functions and the function is not consolidated under the City, they should align their subsidised bus and BRT contracting processes to create the necessary scale and integration for sustainable public transport competition. This will require that the City and Province define common contracting principles and a common process and timetable for introducing coordinated competition.
- **Enabling capable competitive VOCs.** The City will use the S41 negotiated contracts mechanism in Phase 1 and Phase 2A to create an initial 4-6 capacitated companies able to compete for future bus/BRT contracts. The s41 contracts should enable companies to finance their own bus/BRT fleets to enhance their long-term capacity to compete. The City will also give such companies access to strategically located City-owned depots to facilitate entry of smaller companies. Companies established via the NLTA s41 mechanism should be entitled to compete for additional bus contracts prior to having their contract package tendered.
- **Incremental expansion of competition.** The City should develop a common programme for competition as outlined in the principles in section 2.
- **Common competition end state.** The City should work towards a long-term goal of ensuring that a sustainable number of capacitated bus companies are consolidated and able to compete for subsidised road-based public transport contracts. These contracts should be tendered on a regular basis with contract lengths aligned with the useful life of the buses.

9.3 Contracting model review

MyCiTi has adopted a gross cost contracting structure thus far where the City pays the VOC the full cost of operating the prescribed service but receives the fare box. This arrangement has some advantages over a nett cost model where the operator receives the fare box plus a subsidy and has considerable discretion in specifying and scheduling service levels. In addition to facilitating negotiated contracts as part of MBT industry transformation, a gross cost contract gives the City considerable ability to control the service in regard to specifying, scheduling, setting fares and marketing the service. It facilitates service standardisation and a common brand across multiple corridors with multiple operators and allows more than one operator to run on the same route where efficiency considerations warrant. It facilitates cross-subsidisation allowing wider coverage and a guarantee of a minimum service even on low demand routes. It enables a single common BRT brand.

While some may view the City's management responsibilities as being burdensome, it is precisely due to this effective management that MyCiTi is operating as the best BRT project in

the country. Further, the mandate of Public Transport is to ensure a reliable and affordable system. It is only through this management structure that this is being realised. However it is acknowledged that the procedural and bureaucratic requirements inherent in a public authority can result in major inefficiencies and unresponsiveness in respect of these functions. It also results in a high indirect operating cost structure, it is the City's responsibility to monitor and maintain these structures in the most efficient way possible. Most importantly, the City bears all revenue risk for the service. The model does not incentivise VOCs to have a passenger or service improvement focus and does not draw on their operational knowledge in adjusting schedules and specifications to optimise efficiencies or enhance the competitiveness of MyCiTi relative to other modes (such as MBTs).

Given these factors, it is proposed that the City should consider a possible shift to net cost or blended hybrid contracting model for future MyCiTi contracts. It should be noted that the TOC model has been included in the ITBP (Industry Transition Business Plan), any development in this spaces needs to align itself with this document.

Such a shift would have significant implications. The MyCiTi service would need to be broken into area or corridor-based packages to minimise negative competition-in-the-market between VOCs operating on the same route. (This accords with the proposed division of the Phase 1 area in North and South packages). The City would also relinquish significant control over schedules, operations and fares. However, a nett cost will ensure alignment with the subsidised quality bus contracting process (which is nett cost based). It further reduces the cost and administrative burden on the City and incentivises a VOC focus on passenger service, cost efficiencies and revenue enhancement.

9.4 Chapter conclusions and recommendations

The following recommendations to advance competition for BRT and other subsidised bus services in Cape Town are made:

- That the City should take the lead in initiating discussions with the Western Cape Government (WCG) and the NDoT to develop and agree upon a common Policy Framework for Subsidised Public Transport competition. This framework should provide a cohesive long-term approach to managing competition in the sector.
- That the City should advocate for the development of a new national public transport strategy and comprehensive revisions to relevant sections of the NLTA and Contracting Regulations. These revisions should reflect contemporary needs and best practices in subsidised public transport competition. In the absence of revisions to the NLTA or contracting regulations, explore the option of using provincial legislation or City by-laws to establish a legal foundation for subsidised public transport competition. This will ensure that there is a clear legal basis for the framework's implementation and operation.
- That the City should commission an investigation into whether future tendered MyCiTi VOC procurement should shift to a net cost-based or similar revenue sharing or blended mode. This should detail the efficiencies and implications of such a shift and should be informed by new BRT contracting approaches emerging internationally (such as the Maputo Hybrid Net Cost Contract).
- That in the interim,
    - The gross cost approach be retained for the Phase1: Stage 2 core services but that a nett-cost-based concession approach be explored for non-core feeders.

- Gross cost elements be retained for the Phase 2A negotiated contracts to reduce operator risk during the initial contract period when demand patterns are uncertain, and the new VOCs lack operating experience.
- This section should be read in conjunction with sections 2.6 and 2.7 which outline various development areas that should be focused on. The outcomes of the work conducted will further refine the implementation of the strategies outlined in this section.

10 VOC Contracting

This section outlines the evolving contracting arrangements for Phase 1 (Stage 2) as well as the roll out of the Metro South East Corridor (Stage 2). This section should be read in conjunction with sections 2.6 (Industry Transition) as well as 2.7 (Public Transport Contract Management) which outline various development areas that should be focused on. The work to be conducted in these developmental areas will inform how, when and the extent to which the strategies outlines in this section can be implemented.

10.1 Phase 1 Stage 2 approach

The current MyCiTi Phase 1 full-service approach, based on the full replacement of MBTs and buses operating on MyCiTi trunk and feeder routes, has experienced significant pressures:

- Encroachment on MyCiTi routes by MBT operators without valid operating authorities has had major revenue impacts on some routes.
- A policy shift to a hybrid partial replacement model where Phase 2A feeder services will be provided by MBTs with the necessary feeder authorities on an incentivised basis.
- The need to significantly reduce the projected direct operating deficit for Phase 1.

To address these challenges, the 2022 Business Plan suggested a new "Integrated" approach to VOC contracting in Phase 1 that combined the certainty of gross cost elements for core MyCiTi trunk and feeder services together with the flexibility of some net cost contract or concession contract elements for non-core feeder services.

The three current negotiated VOC contracts for Phase 1 expire on 31 October 2025. The 2022 Business Plan proposed that the new contracts for the second stage of the MyCiTi Phase 1 service be awarded by competitive tender as indicated by the NLTA.

The 2022 Business Plan was prescriptive in that it recommended that the Phase 1 second stage tender should comprise two contract packages and that the tender be structured to ensure two successful bidders to maintain long-term sustainable competition. It should also be noted that the view of only awarding 2 contract packages has now been revised to give the City the discretion on the number of contract packages to award, while focusing on ensuring costs savings are realised. Each package can contain aspects such as (but not limited too) a gross cost element linked to providing scheduled and specified core trunk, direct, distributor and priority feeder services and a concession element for responsive feeder and supplementary services where certain minimum service levels related to headways, operating hours and universal access are set, but where the VOC has considerable discretion in the nature of the services provided. In this case The VOC could be entitled to the full farebox for such concession services and could be eligible for a subsidy determined via the tender process for ensuring that the minimum feeder service requirement was met. The City could choose to award all or some of these aspects (or vary them accordingly), once again with a view of what is most financially prudent while ensuring that passenger numbers are not significantly impacted.

The approach sought to replace scheduled feeders on feeder routes where demand has been compromised by unlawful MBT encroachment or where demand is low, by harnessing VOC flexibility, ingenuity, and operational experience to deliver more competitive and demand-responsive services using appropriate vehicles and technology that will minimise the opportunity for unlawful competition and optimise service provision meeting the diverse needs of a broad passenger base. The outlined approach gives the City considerable flexibility and

discretion to adjust based on the tender outcomes and unanticipated operational dynamics that emerge during contract implementation.

During tender preparation, it was recognised that requiring bidders to submit proposals and tender rates for the concession services component would create a level of complexity that would compromise the tender process itself. The approach was adjusted to allow the City to pilot the concession approach on identified demand-compromised feeder routes with the winning bidders before negotiating an appropriate concession model for the remainder of these contracts based on the outcome of the pilots.

The tender preparation process also highlighted that the need to restructure the demand-compromised feeders combined with the significant end of contract obligations and other transition challenges represented significant risks to any tender process. In addition, the absence of a common framework for public transport competition as outlined above further undermined the ability of the City to achieve positive outcomes through tendering.

10.2 Phase 2A VOC Contracting

10.2.1 Overview

Previous MyCiTi business plans envisaged that MyCiTi Phase 2A services would be operated by three contracted VOCs - two minibus taxi-based VOCs and GABS. The inclusion of GABS was premised on the reallocation of PTOG subsidies for GABS services replaced. This three VOC approached was informed by factors such as the scale of the service, competition imperatives and the dynamics of the MBT industry in the MSE. The City has the discretion to award the necessary number of contract packages in line delegations provided to the ED in this Business Plan.

The City has also adopted an inclusive approach to shareholding where all operators with valid operating licences with origin points in the MyCiTi expansion area were potentially eligible to VOC shareholding through an association or region-based company. A key purpose of this inclusive approach was to create stable VOCs whose contracts could be adjusted to provide MyCiTi services on all envisaged corridors from the MSE (including to Bellville) without requiring changes to shareholding.

There has been an on-going and productive process of engagement with the MBT industry in the MSE regarding VOC formation and the establishment of region-based shareholding company structures is well advanced. It is recognised that the City will need to adopt a flexible approach to VOC formation to address the challenges of possible service reductions and industry dynamics.

10.2.2 Incorporation of N2 Express service

The City intends to continue the temporary N2 Express service until such time as rail services on the Central Line are restored to an adequate level. The N2 Express will then be phased out and the affected bus fleet redeployed to other MyCiTi routes.

The current interim N2 Express contract with the Joint Venture (JV) company established by GABS and the MBT industry has be extended to 30 June 2026 with a possible further extension to 30 June 2027. When the new Phase 2A contracts are concluded, the N2 Express service will then become part of the new Phase 2 contracts and the fleet and relevant staff will be transferred to the Phase 2A VOCs. This will promote service efficiencies and economies of scale.

10.3 Chapter conclusions and recommendations

10.3.1 Phase 1 Stage 2

This 2024 MyCiTi Business Plan seeks to allow the City greater flexibility and sustainability in its public transport services contracting going forward.

The following strategies should be explored:

- The ED in consultation with area experts to determine the number of Contract Packages to award (with a view of both the impact of savings realised as well as the impact on passenger numbers).
- That the potential of negotiating contract extensions or new contracts with the three incumbents be explored for MyCiTi Phase 1 Stage 2 as an alternative to tendering with a view to agreeing amended contract terms (including securing lower rates, addressing end of contract obligations and securing commitment to collaborate on the concession approach).
- That the City proceed to tender in the event that a negotiated approach is found to be legally unsustainable, or unviable or suitable terms cannot be agreed with incumbent VOCs.
- That the City develop appropriate feeder concession pilot projects with the Phase 1 Stage 2 VOCs to test and refine viable models for delivering sustainable feeder services in the Phase 1 area which can then be scaled up for the remainder of the contract period and beyond.
- That the City develop a sustainable long-term model for public transport competition including transition mechanisms in collaboration with the Western Cape government, national government, and other stakeholders to guide future procurement.
- That the City plan to tender area-based packages (possibly on net cost basis) for the Phase 1: Stage 3 contracts to be implemented around 2033, the number and scope are to be determined closer to implementation.

10.3.2 Phase 2A

Given current resource constraints, uncertainties regarding the size of the MyCiTi Phase 2A fleet as well as industry dynamics, this 2024 Business Plan recommends that a more flexible mandate regarding the number of VOCs be established.

The following approaches should be explored (note however the City may choose to vary this provided the funding envelope is not exceeded nor are the passenger numbers significantly affected in a negative manner):

- That only one taxi-based VOC be established and contracted at this stage pending clarity regarding the reallocation PTOG.
- That GABS be contracted as a second VOC if the relevant PTOG subsidy portion for replaced GABS services is secured for MyCiTi. This approach could also allow some MBT-based taxi shareholding groups to partner with GABS provided that at least one MBT-based VOC exists to ensure competition. The negative effects this could have on competition should be carefully assessed.
- That an additional taxi-based VOC be allowed if the PTOG is reallocated and if the scale of the service or the dynamics of the industry and competition require it.

- That the City will adopt a flexible approach to constituting inclusive and workable VOC shareholding arrangements given uncertainties and dynamics.
- That the current N2 Express service continue on a temporary basis until Central Line rail services are provided on an adequate basis on the understanding that the service will become part of the new Phase 2 contracts when these contracts commence, and the fleet and relevant staff of the current Joint Venture company will be transferred to the Phase 2A VOCs.
- This section should be read in conjunction with sections 2.6 and 2.7 which outline various development areas that should be focused on. The outcomes of the work conducted will further refine the implementation of the strategies outlined in this section.

11 Managing inter-modal impacts of MyCiTi expansion

This section provides detail as to the methodologies utilised for determining when as well as the quantum of compensation to be paid. This section should be read in conjunction with section 2.6 (Industry Transition) which outlines various development areas that should be focused on. The work to be conducted in these developmental areas will inform how, when and the extent to which the strategies outlines in this section can be implemented.

11.1 Impact compensation

It is envisaged that the planned MyCiTi Phase 2A service will only cater for a maximum of 60% of the total demand on the MyCiTi corridors when it is fully rolled out. This percentage may vary in individual routes in the Phase 2A network. Existing Minibus Taxi (MBT) services on these routes aligned with the MyCiTi service will only be partially displaced. The intention is that MBTs will cater for the remaining 40% of the demand on MyCiTi corridors that will not be provided for by the MyCiTi supply.

A key assumption of the MyCiTi approach is that the relative speed, comfort, and price point of the MyCiTi service will give it a competitive edge over line-haul MBTs and will ensure high passenger demand for the service. Phase 1 experience demonstrates that regulatory enforcement to remove or reduce unlawful MBT competition has limited impact.

Given this partial replacement approach to MBTs, the City will not seek to buy-out all the existing MBT operating licences (OLs) on MBT routes that correspond with MyCiTi services as was done in MyCiTi Phase 1. The City will instead mitigate the negative impacts of passenger's shifts to MyCiTi on directly affected operators by reducing MBT supply on a route proportionally to the passengers shifting and compensating operators for the surrender of the required number of OLs and vehicles. These negatively impacted MBT operators will become eligible for impact compensation linked to the profit they lose per passenger shifting to the MyCiTi service on a sustained basis. Compensation will be paid when it can be demonstrated that MyCiTi has had a significant ongoing negative effect on MBT profits. Such impact will be measured through a combination of pre- and post MyCiTi route implementation surveys and the MyCiTi AFC system. This will help ensure that MyCiTi and MBTs services can operate in a complementary fashion and will facilitate stability and service continuity.

The process for determining the value of the vehicle and the vehicle surrender arrangement as described in the City's Compensation Policy will apply. The City will seek to facilitate the re-investment of the impact compensation money paid to operators who surrender their licences and vehicle into MyCiTi fleet and VOC capitalisation by offering competitive returns for such investments.

The Phase 2A approach assumes that all current Golden Arrow Bus Service (GABS) services that align with MyCiTi routes will be replaced. GABS will be allocated a portion of the Phase 2A service in accordance with the principles of section 41 of the NLTA (as amended).

11.2 Chapter conclusions and recommendations

The City intends to compensate negatively affected operators for the loss of profit caused by passengers shifting to MyCiTi by buying out MBT supply proportional to the passengers shifting.

It is recommended that:

- The impact compensation model as outlined in previous Business Plans and described in the City's compensation policy be endorsed.
- This section should be read in conjunction with section 2.6 which outlines various development areas that should be focused on. The outcomes of the work conducted will further refine the implementation of the strategies outlined in this section.

12 MyCiTi management arrangements

12.1 Introduction

The City is constitutionally responsible for the provision of 'municipal public transport' in its area. In terms of the National Land Transport Act 5 of 2009 (NLTA), the City is further responsible for the planning, implementation and management of modally integrated public transport networks and travel corridors for transport within the municipal area and liaising in that regard with neighbouring municipalities [NLTA Section 11 (1)(c) (xviii)].

The introduction of the MyCiTi service was an important initiative of the City to give effect to these mandates in line with the national Public Transport Strategy of 2007 and supported by the integrated public transport network grants made available by National Treasury.

This chapter assesses the current management arrangements for the MyCiTi service and highlights key measures to enhance the effective management of MyCiTi services. This section should be read in conjunction with section 2.10 (Institutional Optimisation) which outlines various development areas that should be focused on. The work to be conducted in these developmental areas will inform how, when and the extent to which the strategies outlines in this section can be implemented.

12.2 Current organisational structure of Urban Mobility Directorate

The City's Urban Mobility Directorate currently comprises of five different departments - Transport Planning and Network Management; Transport Infrastructure Implementation; Public Transport; Road Infrastructure Management; and Transport Shared Services.

Direct operational management of the MyCiTi service including managing the various VOC, AFC, Station Management and Commercial Contracts is largely the responsibility of the Public Transport Department.

This Department comprises of the following branches:

- Public Transport Operations
- Public Transport Fleet Management
- Public Transport Contract Management
- Public Transport Facilities Management
- Public Transport Systems
- Public Transport Industry Transition
- Public Transport Enforcement

Many of these branches have important roles regarding both the on-going management of current MyCiTi services as well as the operational planning for further MyCiTi phases. Other departments within the Urban Mobility Directorate also have significant responsibility for functions that support the MyCiTi service:

- The Shared Services Department plays a key role. Its Transport Business Planning Branch has a critical strategic and service integration role regarding MyCiTi services. Marketing and Communication plays an essential function regarding MyCiTi communication and marketing. Similarly, the Business Systems and Infrastructure Branch provides key technology and data support.
- The Transport Planning and Network Management Department has key functions relevant to MyCiTi including: long-term and legislative planning; Universal Access and NMT provision including those along MyCiTi routes; systems planning and determining distance bands (including possible future zonal system); the planning, installation, management and maintenance of traffic signals; the concept design of new transport infrastructure in terms

of both public transport (MyCiTi and PTIs) and non-public transport; and facilitating public transport operating licences (including MyCiTi licences) and engagements with the taxi industry around PTIs and taxi ranks.

- The Transport Infrastructure Implementation Department is responsible for the design and construction of all MyCiTi infrastructure. Once the infrastructure is completed, responsibility for infrastructure management is handed over to the Public Transport Facilities Management branch and to the Roads Infrastructure Management Department.
- The Roads Infrastructure Management Department is responsible for the overall management and maintenance of all the road and stormwater assets, including the MyCiTi dedicated busways.

12.3 Challenges associated with the current institutional arrangements

Various challenges related to the management of MyCiTi services with the current institutional arrangements have been identified:

- **Fragmented authority regarding MyCiTi performance as a whole**. A limitation of existing management arrangements has been that no single person has been accountable for the functioning of the MyCiTi service as a whole, other that the Director: Public Transport who has many responsibilities beyond MyCiTi. The planning, systems, operations management, fleet management, facilities management and contract management and important regulatory and industry transition elements are dispersed across the Urban Mobility Directorate thus fragmenting decision-making authority and accountability for the overall performance of the MyCiTi service. One consequence of this has been difficulty in addressing critical problems in a proactive and decisive fashion. This is reinforced by a tendency for departments to work in silos. Consideration has been given to establishing MyCiTi as an externalised municipal entity with a CEO. A detailed investigation in 2022 found that there was no obvious benefit to this approach, given the constraints of the legislative parameters, and suggested that such externalisation would probably increase the complexity of management and would detract from effective service delivery and result in additional costs to the service.
- **Lack of attention to broader multi-modal system and service integration.** The extensive demands of managing an advanced public transport service like MyCiTi has had the consequence that the focus of the Urban Mobility Directorate, particularly those departments with a public transport focus, has been on ensuring that the MyCiTi service is properly managed. This has limited the attention given to the other modes such as rail, bus services and the minibus-taxi sector. The City has less control over these modes given the functional roles of national and provincial government. However, the City's authority regarding the planning, implementation and management of an integrated public transport network means that the City has considerable ability to influence and direct these modes that may not have been fully utilised given the MyCiTi focus. This should be addressed by implementing mechanisms to ensure inclusion and integration of all modes of transport, including using the Intermodal Planning Committee (IPC) effectively.
- **Managing expansion projects**. The extensive and long-term demands of developing and implementing a major new expansion project such as MyCiTi Phase 2A projects puts major pressures on officials who end up being responsible for both major tasks within such new projects, as well as having on-going operational responsibilities regarding current services. There may be a need to structurally differentiate between on-going operational functions

and the new expansion projects that require a different mix of capacities. In this regard, an appropriate Transition Team will need to be appointed to manage the negotiation, service transition and implementation processes associated with Phase 1 and Phase 2 contracting.

12.4 Chapter conclusions and recommendations

This chapter highlights that well-designed MyCiTi management arrangements with clear lines of authority and the requisite skills and capacities is crucial for the on-going success of the MyCiTi service.

Given the challenges noted, the significant changes since the current organisational set-up was designed and the additional challenges facing the Directorate as the MyCiTi service expands and as additional potential responsibilities relating to rail and bus services are assigned, it is recommended that the Directorate commission an institutional review that addresses the following:

- Possible streamlining of current management arrangements to clarify roles and improve accountability, decision-making and efficiency.
- Possible enhancing of the current staff complement to ensure that the required human resources and skills are in place to manage MyCiTi and other responsibilities.
- Structuring of expansion project teams to facilitate efficiencies and ensure continuity.
- This section should be read in conjunction with section 2.10 which outline various development areas that should be focused on. The outcomes of the work conducted will further refine the implementation of the strategies outlined in this section.

13 MYFIN Summary

One of the key drivers for the changes in approach to MyCiTi delivery presented in this Business Plan is the deficit reflected in a "Business as usual" MYFIN which includes the full Phase 1, Phase 2A and N2 Express services, resulting in a deficit of over R6.3 billion over the MYFIN 2023 period. The exact deficit, summarised in Table 13-1, is detailed in the MYFIN 2023 and MYFIN 2024 reports for the two consecutive reporting periods with the corresponding deficit indicated in Figure 13-1.

Table 13-1: MYFIN Deficit projected in different years based on changing interventions.

MYFIN 2023 (2023/24 to 2036/37) - R 6.3 billion deficit (Business as usual - full service)
MYFIN 2024 (2024/25 to 2037/38) - R 0.14 billion deficit (After accounting for the factors below)
Key Changes since MYFIN 2023: A 64% reduction in the vehicles and 54% reduction in the number of routes operated in the Phase 2A service compared to the 2020 business plan were made to align to the available capital and operational funding: • A reduction in the Phase 2A capital requirement and alignment to the available BFI funding. • Vehicle purchases reduction from 211 to 80 vehicles purchased by the City for Phase 2A. The reduced fleet for Phase 2A is a result of inadequate funding for vehicle purchases. • Station Management reduction from 12 stations to 4 for Phase 2A services. • Purchase of an additional depot is not required due to vehicle reductions. • Compensation allowance for Phase 2A services reduced due to reduced scope of service. **Other notable changes:** • Other operating costs for the end of Phase 1 Stage1 and the beginning of Phase 1 Stage 2 have been rephased in the MYFIN 2024 and updated with 2023/24 estimates. • AFC system based on a pure ABT solution.

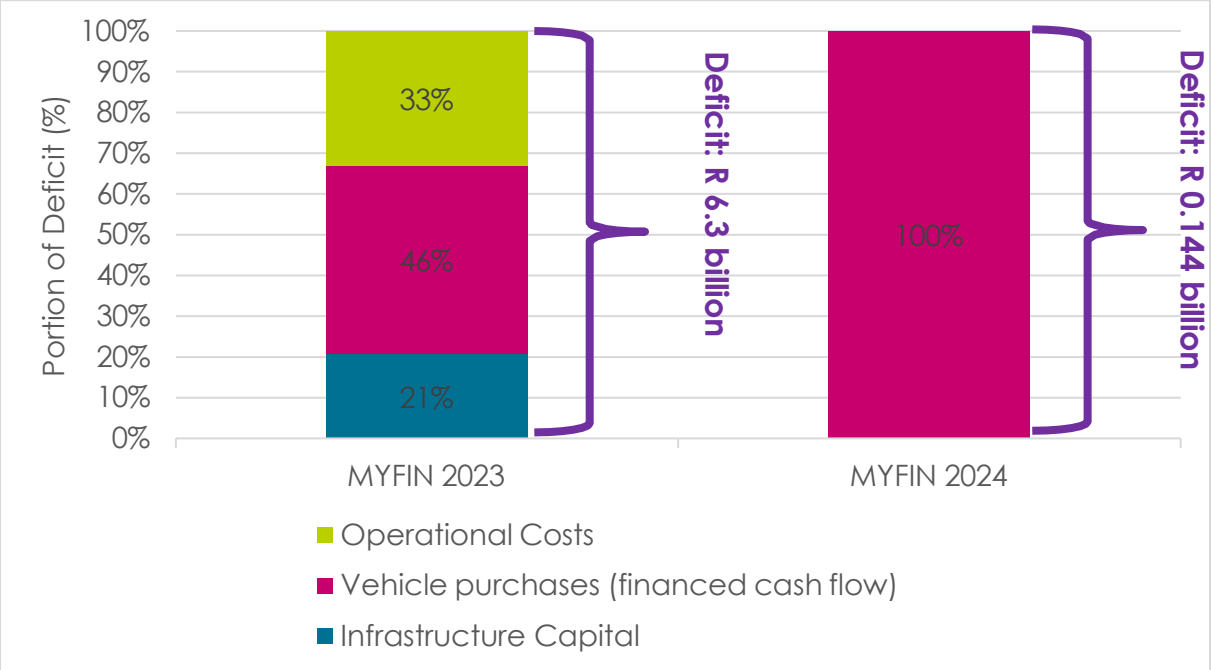


Figure 13-1: MYFIN 2023 deficit versus MYFIN 2024 Deficit Compared.

The main cost drivers of the MyCiTi service include:

- Direct operating revenue and costs related narrowly to the vehicle operations of MyCiTi, including vehicle maintenance, but excluding the purchasing of the vehicles. Direct costs are defined in the DORA framework for PTNG, namely:
  - fuel;
  - labour;
  - operator administration; and
  - vehicle maintenance.
- Indirect operating revenue (**my**connect card sales, advertising revenue, bus charters etc.) and costs other than direct ticket sales and costs incurred in the vehicle operations of the MyCiTi system. Examples of indirect costs include the operating costs of stations, the fare system, marketing and communication and City staff who support the system.
- Other operational expenditure associated with MBT hybrid facilitation and support services, among others.
- Capital expenditure that covers non-movable, movable, and intangible assets.

The proportion of the anticipated expenditure on direct, indirect, and capital costs is indicated in Figure 13-2. When comparing the MYFIN 2023 to the MYFIN 2024 the reduction in indirect and capital costs related to a reduction in the Phase 2A service results in a larger percentage of the expenditure reflected on direct operating costs.

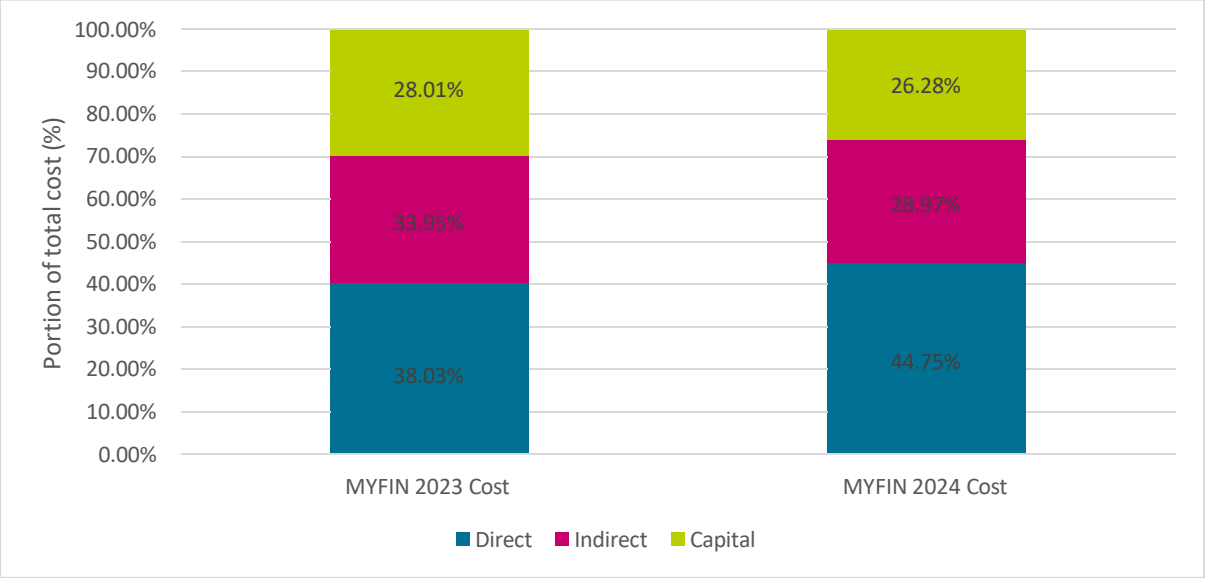


Figure 13-2: Proportion of direct, indirect, and capital cost MYFIN 2023 vs. MYFIN 2024

A total of R15.6 billion is required to fund indirect operating costs over the MYFIN 2024 period. The main funding sources include:

- City Rates allocation for public transport (Funding direct operational costs);
- Public Transport Network grant (PTNG, funding capital, indirect and other operating costs); and
- Budget Facility for Infrastructure (BFI, funding the infrastructure capital for Phase 2A).

The total contribution from each funding source for the 15-year MYFIN period is indicated in Figure 12-3 below. Overall, the funding composition in MYFIN 2024 is similar to the MYFIN 2023 with no major changes made to the allowance from each source.

Figure 12-3: Funding applicable to the MYFIN 2023 and MYFIN 2024 (total for the period 2023/24 to 2037/38)

The following factors contributed to the funding challenges facing the full rollout of the Phase 2A project:

- The PTNG has been reduced in recent years, which has implications for the anticipated funding projections to fund the Phase 2A project.
- The City of Cape Town experienced delays in the roll out of the Phase 2A project, which has led to concerns about whether it will be able to deliver the project on time and within budget.

The indirect operating cost increases, on average, by 10% after the rollout of Phase 2A. Total Capital, which includes refurbishment costs, bus purchases, PTNG capital and infrastructure for Phase 2A, is projected to be R 13.8 billion (escalated). A substantial capital outlay for infrastructure is envisaged in 2024/2025 to 2027/2028 before the completion of the Phase 2A roll-out.

The deficit after funding ("the bottom line") is the measure used for an assessment and comparison of the annual MYFIN outcomes. A deficit after funding occurs in the outer years of the MYFIN 2024 after a balanced outcome (no significant deficit) is forecast for the 2023/2024 MTREF period which implies that the MYFIN does not balance over remaining 12 forecasted years.

The MYFIN 2024 "bottom-line" deficit after the MTREF period is approximately R144 million. The MYFIN 2024 indicates that deficits are likely to occur and are caused primarily by shortfalls in funding which does not cover the vehicle replacement costs for Phase 1 vehicles from 2031/32 to 2037/38.

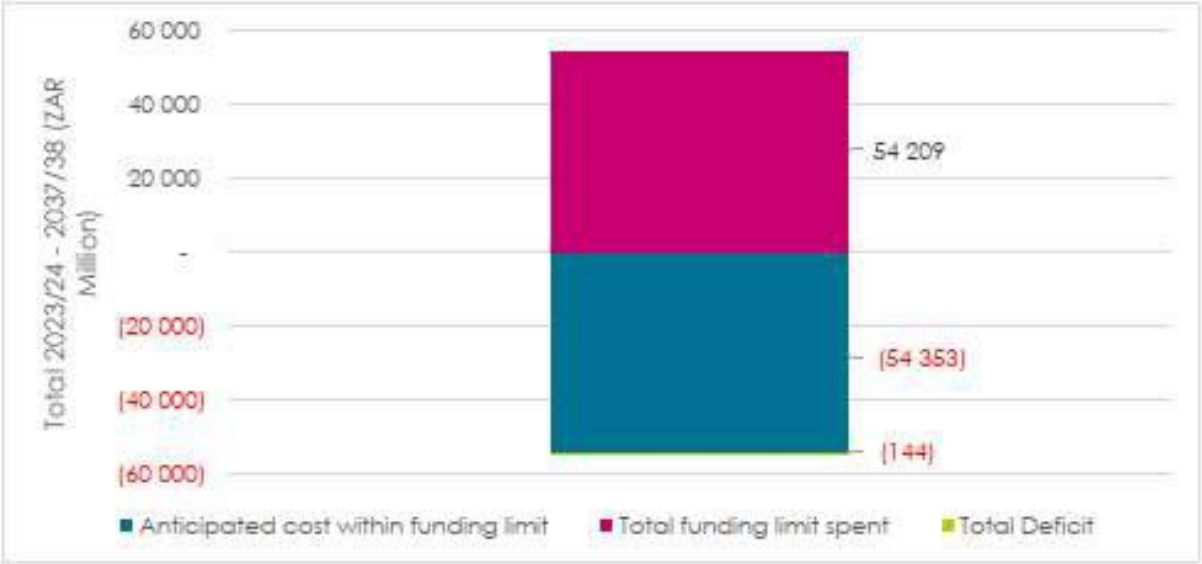


Figure 1313-3: MYFIN 2024 funding and deficit (total for the period 2024/25 to 2037/38)

The proportion of the station management and AFC/APTMS of the PTNG funded indirect costs is indicated in Figure 13-4. In preparing the business plan, an examination has been made of the key cost drivers, cost recovery ratio and direct and indirect cost ratio. What becomes clear from these is that the revenue/cost ratio requires improvement and that the ratio of direct to indirect costs needs to change, noting that certain indirect cost elements represent very significant proportions of total cost.

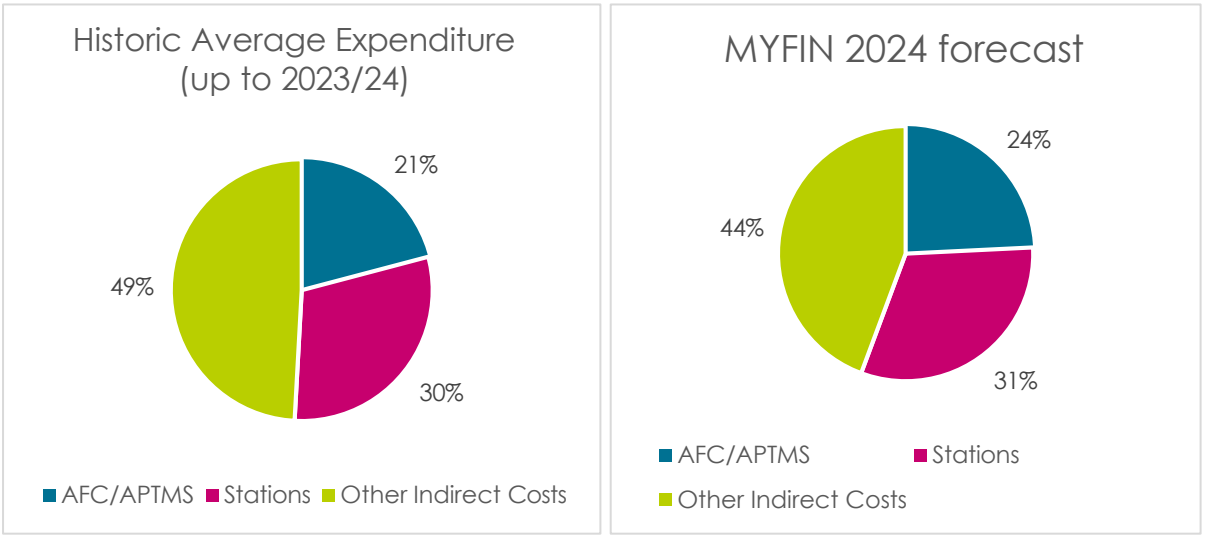


Figure 13-4: Proportion of indirect costs funded by PTNG (%)

A core assumption within the MYFIN 2024 that influences the potential affordability of the N2 Express, Phase 2A and future service expansion is the optimisation of the direct operating costs

incurred in service delivery. These include the following cost optimisation measures (note the planned revenue/cost targets indicated in Figure 13-5):

- Saving[18] in Phase 1 Stage 2 VOC costs (2025/26).
- Transfer of the N2 Express routes to a Phase 2A VOC to benefit from economies of scale and anticipated reduced rates (see below).
- Saving[18] in Phase 2A VOC costs compared to the Phase 1 contract.

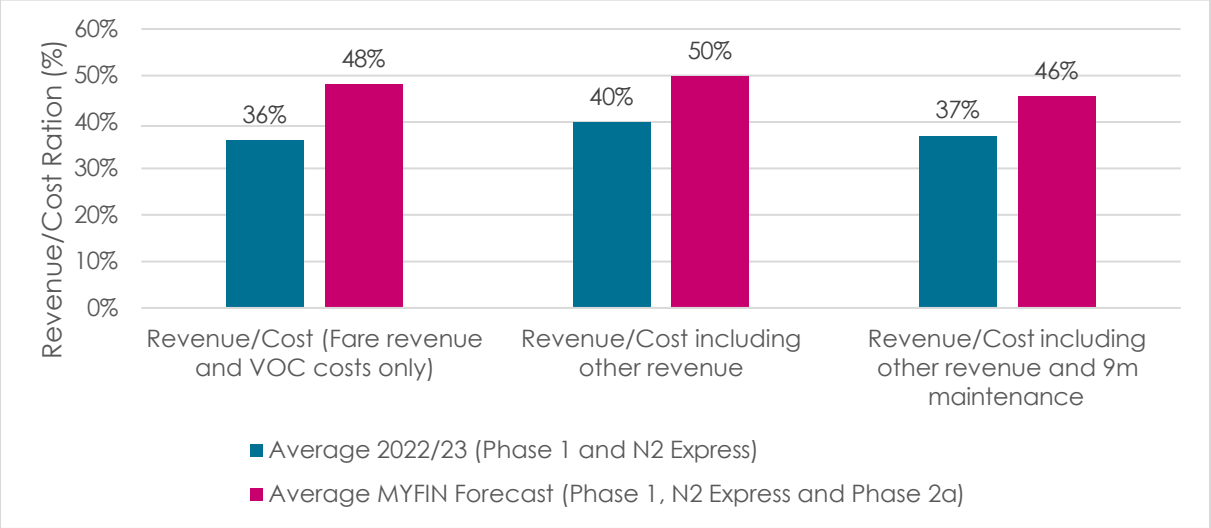
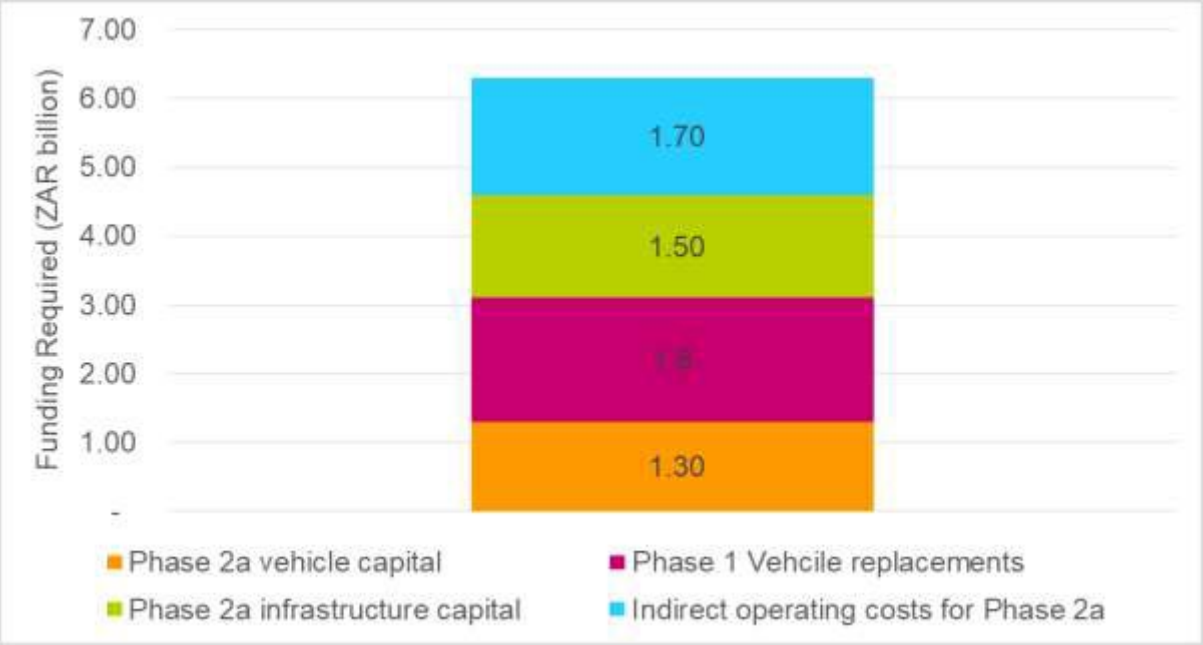


Figure 13-5: Revenue/Cost ration historic versus forecast.

The MYFIN 2024 adopts a reduced Phase 2A service due to funding limitations, departing from the "business as usual" case presented in the MYFIN 2023. The service reduction to achieve the MYFIN 2024 MTREF balance does not limit the future development of MyCiTi into the originally foreseen comprehensive road-based public transport system.

PTOG funding may be an important funding source to expand MyCiTi over time. This together with fare revenue and optimising the direct cost structure can enable incremental expansion of the service onto all priority corridors as identified in the IPTN. No allowance is made for the



[18] Savings as indicated in the 2024 MYFIN

receipt of PTOG funding in the MYFIN estimates, as there is, presently no guarantee that PTOG funding will be assigned to the City and if it is, how much. If PTOG funding is received, then the capacity will exist to expand the MyCiTi services whilst remaining within the overall budget.

Figure 13-6: Funding Required (Deficit in MYFIN 2023).

The outcomes of the MYFIN2024 suggest that:

1. There remains a funding risk in the MYFIN 2024 primarily driven by a provision for Phase 1 Stage 3 vehicle replacements.
2. Although the MYFIN 2024 addresses the funding shortfall identified in the MYFIN 2023, it does so at the compromise of expanded service delivery in Phase 2A.
3. Service expansion beyond the Phase 2A rollout may be required for more beneficial economies of scale on the indirect operating costs. The proportionally smaller service size with a high fixed cost component reflects as a large share of the current cost profile.
4. Reallocated PTOG funding should be formalised through agreement with NDOT, especially if additional costs are incurred, such as the expansion of services in the MYFIN 2024. PTOG may also be a viable source for the Phase 1 Stage 3 vehicle replacements.
5. Although the MYFIN 2024 outcomes are indicated as point estimates, the reality remains that not all savings will be achieved to the desired level and the full extent of changes will only be known once the new contracts are in place. As a result, the budget sensitivities conducted in the MYFIN 2024 try to indicate the risks associated with strategies and scenarios not materialising.
6. Notwithstanding, a breakeven (and therefore a balanced outcome) is probable in the 2024 MTREF period, but challenges do exist to achieve this, especially in the outer years of the MYFIN period. The risks associated with funding reductions, in particular from external funding sources, are real.

14 Implementation and delivery timeframes

Many of the key actions of this Business Plan are already in progress, their implementation being governed by existing target dates. This business plan is driving changes in the detail of interventions rather than the interventions themselves.

An updated Roll-out Plan has been developed to accommodate the zero-deficit approach based on secured funding adopted for in the 2024 MYFIN.

This updated Plan links roll-out to both resource availability as well as realistic delivery timeframes. The MyCiTi Phase 2A service will still commence with an initial Milestone 1 in July 2027 (to coincide with the commencement of the new financial year, and annual increase in tariffs) in line with the original planned Milestone A service commencement date. This would comprise the optimised allocation of an initial 80-bus fleet with routes configured for the infrastructure that will be completed at that point.

Subsequent Milestones will provide for an expanded Phase 2A service (and even further Phases) as further buses become available but will be contingent on the availability of the additional resources flowing primarily from achieving Phase 1 and Phase 2A savings and from securing the reallocation of PTOG funding for MyCiTi services that replace existing GABS services. The timing of such later milestones can only be determined when the required resources have been secured.

The Phase 2A VOC contracts will commence in good time prior to this date to allow for the necessary start up preparations. The Phase 2A VOCs will also take over the N2 Express service when the current contract terminates.

The temporary interim services envisaged as Milestones 0.1 and 0.2 are no longer feasible or necessary and have been removed from the programme.

The indicative high level programme for MyCiTi delivery Phase 1 Stage 2 and Phase 2A is shown in Figure 14-1. This programme is dynamic and will be adapted over the course of programme as required. This implementation plan is correct at the time of the document preparation, however we recognise that this is a dynamic space and further updates can be obtained from the Director Public Transport.

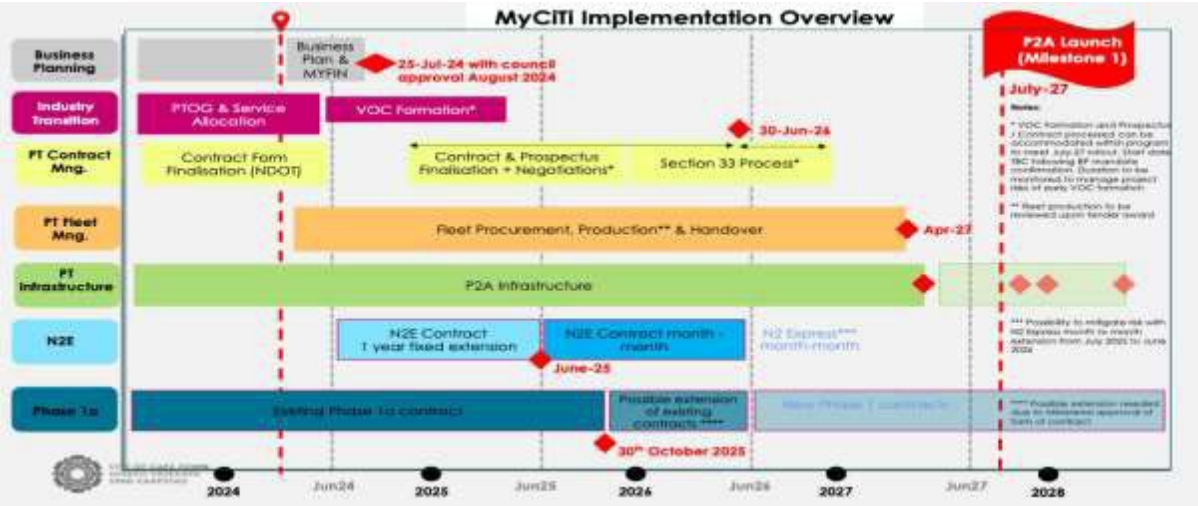


Figure 14-1: Simplified MyCiTi Milestone Programme

A detailed Phase 2A programme can be found in Appendix B. Risks associated with this programme are discussed in the next Chapter.

15 Risks and mitigation measures

Risks are reflected in the MYFIN report and not addressed here. The following sets out those risks that are a result of the interventions set out in this business plan along with proposed mitigation measures. These need to be carefully monitored on and ongoing basis as they affect major process decisions.

Risk	Mitigation
• Phase 1 contract renewal process fails to achieve required outcomes o Service continuity undermined and performance decline. o Failure to achieve minimum savings and solution to poorly performing feeder services.	• Establish partnership-orientated problem-solving relationship with VOCs. • Establish capable appropriately mandated negotiating team. • Seek approval for deviation allowing new contracts to be negotiated but retain option of tendering if negotiated approach fails to achieve minimum required outcomes.
• Phase 2A contract negotiation process fails to achieve required outcomes o No participation of acceptable agreements achieved with some or all major MBT groupings. o No acceptable agreement reached with GABS.	• Establish capable appropriately mandated negotiating teams. • Reserve the right to conclude contract with only some of the parties or to tender to contracts.
• Acquisition of new buses o Acquisition of buses is affected by a variety of local and international factors that influence price, minimum order requirements and delivery timing. o Although 10ppm diesel is available in Gauteng, it is not presently on sale as a matter of course in the Western Cape and arrangements must be put in place to ensure a steady supply of fuel suitable for EURO VI diesel buses.	• Diversify requirements to ensure that at least some buses are acquired. Recognise the fall-back position of deploying the inappropriate but available excess Optare fleet. • Commence engagement with fuel suppliers to give effect to a permanent supply arrangement, with adequate local storage capacity, when Phase 2A bus operations commence.
• Supply and installation of equipment required for battery electric buses o It has already been reported that the provision of adequate power and charging equipment for battery electric buses is going to take until beyond the proposed implementation time of Phase 2A operations.	• Make provision for full battery electric bus fleets in depot design and construction or upgrades but establish if critical path items preclude a wider distribution battery electric bus deployment with fewer buses at each depot.

Risk	Mitigation
• Deployment of appropriate fare system o An alternative is proposed to the NDoT promoted deployment of a card-centric fare system. The latter will result in significant additional cost and may even preclude the practical implementation of the proposed Phase 2A passenger transfer incentive model. The risk is that of the City being forced to adopt the NDoT proposal.	• Commence with acquisition process for most appropriate AFC system and present detailed motivation to NDoT with emphasis on cost and integration implications. (It seems that other Cities have already implemented non-compliant systems).
• Legal challenges to Phase 2A infrastructure contracts and other future MyCiTi contracts.	• Adjust delivery roll-out planning to align with outcome of legal decision and address any legal loopholes identified.
• Lack of inter-governmental alignment and cooperation o Delays in securing necessary NDOT/NT authorities. o Lack of co-ordination re s46 bus and MyCiTi services including competition and service integration.	• Regular engagement and relationship-building with WCG and NDOT to ensure excellent communication, common understanding and shared approach.
• Grant funding reduction and instability o Unanticipated PTNG and rates contribution reductions. o Failure to obtain PTOG funding for Phases 1 and 2A.	• Diversify funding sources by exploring land value capture, partnerships, and other mechanisms to secure additional income. • Drive increased fare revenue and cost recovery ratios. • Proactive engagement with national and provincial government to secure PTOG.

16 Recommendations

The following are the key recommendations derived from this business plan:

16.1 Chapter 1: Introduction

- MyCiTi must be clearly recognised as a complementary element, filling a strategic role in a City-wide IPTN, and not as an independent service competing for passengers with other modes.
- The IPTN and MyCiTi plans must be continuously reviewed to ensure their ongoing alignment with these and future business plan strategies and the developing IPTN so as to maximise MyCiTi BRT focused coverage of the City.
- This section must be read with Chapter 2 with outlines the aims and principles of the Business Plan.

16.2 Chapter 3: MyCiTi Services

- MyCiTi should focus on providing trunk type services on dedicated rights of way with appropriate trunk extensions except in exceptional circumstances, such as where there is no sensible alternative to appropriate public transport, such as the Cape Town CBD – Hout Bay route. Such direct services will be appropriate where network continuity is desirable but no realistic warrant or option for a dedicated busway exists.
- MyCiTi trunk services should be operated at the peak period capacity that gives rise to the maximum marginal benefit, per bus added, and measured over a week of service. (See Figure 3-2).
    - A more detailed study must be undertaken, on a route-by-route basis, to establish the optimum level of supply and its implications and impacts on other modes as outlined in Section 3.1.
- That as additional resources become available, they be applied to either improving the marginal benefit or, if such resources will not be of benefit in that use, to the expansion of the network onto new corridors to increase MyCiTi coverage of the City.
- Prior to any call for expressions of interest from other bus operators, a similar corridor level study should be undertaken to establish if and where non-MyCiTi buses could be allowed to operate, but not compete with MyCiTi for passengers, in bus-lanes to promote improved passenger flows across the City.
- A detailed socio-economic study should be undertaken, as soon as possible, to evaluate the "real" costs and benefits of the system to the City. The outcomes of such a study can provide insight into the optimum format of MyCiTi service delivery in the future.
- This section should be read in conjunction with sections 2.1 and 2.2, which outline various development areas that should be focused on. The outcomes of the work conducted will further refine the implementation of the strategies outlined in this section.

16.3 Chapter 4: Direct and feeder services

- Most direct and all feeder services must be independently provided by concession services under the management of the VOCs in the Phase 1 area and by GABS and or MBT services in Phase 2A and other future areas, both in continuation of what they presently do, with the exception of a requirement for adopting a MyCiTi integrated fare system where passenger transfer incentives are to be accommodated.
- MBT operators who elect to participate in providing feeder services providing the necessary AFC integration must be suitably compensated in respect of the cost of carrying and operating the required AFC equipment.
- This section should be read in conjunction with sections 2.2 and 2.6 which outline various development areas that should be focused on. The outcomes of the work conducted will further refine the implementation of the strategies outlined in this section.

16.4 Chapter 5: Passengers and fare

- That the study into the anticipated passenger transfer incentive be concluded and accommodated in future MYFIN and Business Plan updates.
- That a review of the fare structure be undertaken to examine models that might improve the overall MyCiTi fare revenue without disadvantaging the lower income users.
    - In particular, the concept of a terminal point price incentive that supports particular low-income areas should be considered in the context of a stage-distance fare system.
- This section should be read in conjunction with sections 2.1, 2.2 and 2.6 which outline various development areas that should be focused on. The outcomes of the work conducted will further refine the implementation of the strategies outlined in this section.

16.5 Chapter 6: Auxiliary functions

- The implementation of a fare media agnostic, pure ABT fare system must be facilitated as a priority for implementation from the 2026 contract renewals.
- A study should be initiated that looks at revenue generating initiatives that would improve MyCiTi's cost recovery, such as partnering with private entities, looking at advertising revenue, promote additional use of stations that would reduce per person station costs.
    - Leverage passenger throughput at stations to promote, for example, 20-year leases where business entities bid for the naming and branding of the station, requiring them to pay for the management and maintenance of that station at an annual tariff, with CPI escalation.
- Notwithstanding the perception that lack of sustained resourcing has been the main factor, a study must be implemented to understand why previous law-enforcement interventions have not achieved the desired outcomes, with a recommendation for an improved approach that should then be implemented.
- This section should be read in conjunction with sections 2.3, 2.8 and 2.9 which outline various development areas that should be focused on. The outcomes of the work conducted will further refine the implementation of the strategies outlined in this section.

16.6 Chapter 7: Infrastructure

- MyCiTi should focus infrastructure development on the basis of providing BRT type services.
- On-board versus off-board fare validation be examined in the context of whatever fare system is deployed, in an effort to minimise station construction, management and operating costs. (There are modern fare systems that do not require local fare validation at all).
- Modular, station design and construction be considered to facilitate relocation and or rapid station size adjustments.
- This section should be read in conjunction with section 2.4 which outline various development areas that should be focused on. The outcomes of the work conducted will further refine the implementation of the strategies outlined in this section.

16.7 Chapter 8: Fleet

- The mix of vehicle types in the fleet must be carefully considered in light of the costs, current experience with alternative technologies, time frames for implementation and the availability of a relatively high number of unused 9m buses presently owned by the City.
- An ongoing programme of life cycle costing needs to be maintained for City owned fleet to guide the maintenance and replacement of buses.
- This section should be read in conjunction with section 2.5 which outline various development areas that should be focused on. The outcomes of the work conducted will further refine the implementation of the strategies outlined in this section.

16.8 Chapter 9: Contracting and compensation

- That the City should take the lead in initiating discussions with the Western Cape Government (WCG) and the NDoT to develop and agree upon a common Policy Framework for Subsidised Public Transport competition. This framework should provide a cohesive long-term approach to managing competition in the sector.
- That the City should advocate for the development of a new national public transport strategy and comprehensive revisions to relevant sections of the NLTA and Contracting Regulations. These revisions should reflect contemporary needs and best practices in subsidised public transport competition. In the absence of revisions to the NLTA or contracting regulations, explore the option of using provincial legislation or City by-laws to establish a legal foundation for subsidised public transport competition. This will ensure that there is a clear legal basis for the framework's implementation and operation.
- That the City should commission an investigation into whether future tendered MyCiTi VOC procurement should shift to a net cost-based or similar revenue sharing or blended mode. This should detail the efficiencies and implications of such a shift and should be informed by new BRT contracting approaches emerging internationally (such as the Maputo Hybrid Net Cost Contract).
- That in the interim,
    - The gross cost approach be retained for the Phase1: Stage 2 core services but that a nett-cost-based concession approach be explored for non-core feeders.

- Gross cost elements be retained for the Phase 2A negotiated contracts to reduce operator risk during the initial contract period when demand patterns are uncertain, and the new VOCs lack operating experience.
- This section should be read in conjunction with sections 2.6 and 2.7 which outline various development areas that should be focused on. The outcomes of the work conducted will further refine the implementation of the strategies outlined in this section.

16.9 Chapter 10: VOC Contracting

16.9.1 Phase 1 Stage 2: (The following approaches should be explored - note however the City may choose to vary this provided the funding envelope is not exceeded nor are the passenger numbers significantly affected in a negative manner):

- That the potential of negotiating contract extensions or new contracts with the three incumbents be explored for MyCiTi Phase 1 Stage 2 as an alternative to tendering with a view to agreeing amended contract terms (including securing lower rates, addressing end of contract obligations and securing commitment to collaborate on the concession approach).
- That the City proceed to tender in the event that a negotiated approach is found to be legally unsustainable, or unviable or suitable terms cannot be agreed with incumbent VOCs.
- That the City develop appropriate feeder concession pilot projects with the Phase 1 Stage 2 VOCs to test and refine viable models for delivering sustainable feeder services in the Phase 1 area which can then be scaled up for the remainder of the contract period and beyond.
- That the City develop a sustainable long-term model for public transport competition including transition mechanisms in collaboration with the Western Cape government, national government, and other stakeholders to guide future procurement.
- That the City plan to tender area-based packages (possibly on net cost basis) for the Phase 1: Stage 3 contracts to be implemented around 2033.

16.9.2 Phase 2A (The following approaches should be explored - note however the City may choose to vary this provided the funding envelope is not exceeded nor are the passenger numbers significantly affected in a negative manner):

- That only one taxi-based VOC be established and contracted at this stage pending clarity regarding the reallocation PTOG.
- That GABS be contracted as a second VOC if the relevant PTOG subsidy portion for replaced GABS services is secured for MyCiTi. This approach should also allow some MBT-based taxi shareholding groups to partner with GABS provided that at least one MBT-based VOC exists to ensure competition.
- That an additional taxi-based VOC be allowed if the PTOG is reallocated and if the scale of the service or the dynamics of the industry and competition require it.
- That the current N2 Express service continue on a temporary basis until Central Line rail services are provided on an adequate basis on the understanding that the service will become part of the new Phase 2 contracts when these contracts commence, and the fleet and relevant staff of the current Joint Venture company will be transferred to the Phase 2A VOCs.

- This section should be read in conjunction with sections 2.6 and 2.7 which outline various development areas that should be focused on. The outcomes of the work conducted will further refine the implementation of the strategies outlined in this section.

16.10 Chapter 11: Inter-modal impacts

- The impact compensation model as outlined in previous Business Plans and described in the City's compensation policy be endorsed.
- This section should be read in conjunction with section 2.6 which outline various development areas that should be focused on. The outcomes of the work conducted will further refine the implementation of the strategies outlined in this section.

16.11 Chapter 12: MyCiTi management

- The Directorate commission an institutional review that addresses the following:
  - Possible streamlining of current management arrangements to clarify roles and improve accountability, decision-making and efficiency.
  - Possible enhancing of the current staff complement to ensure that the required human resources and skills are in place to manage MyCiTi and other responsibilities.
  - Structuring of expansion project teams to facilitate efficiencies and ensure continuity.
- This section should be read in conjunction with section 2.10 which outline various development areas that should be focused on. The outcomes of the work conducted will further refine the implementation of the strategies outlined in this section.

16.12 Chapter 12: MYFIN

- No specific recommendations

16.13 Chapter 13: Implementation plan

- A consolidated MyCiTi implementation plan, inclusive of all phases, aligned with this Business Plan, once approved by Council, must be developed as a matter of urgency, and maintained into the future. The objective of such consolidation is to ensure coordination of all matters common across phases, AFC, contract alignment, facilities management, fleet management and so on.

16.14 Chapter 14: Risks

- Carefully and regularly monitor and update the risk profile in light of the affected decisions.

16.15 Business Plan implementation

- Delegate to the Executive Director: Urban Mobility the power to make decisions regarding the implementation of this Business Plan, including adjusting provisions where necessary, to give effect to its key intent and principles in the interest of improving public transport in Cape Town and the provisions of the funding made available in the Medium Term Expenditure Framework are not exceeded and the passenger numbers are not significantly affected.

17 References and bibliography

The numbers in this bibliography corresponds to the references in square brackets in the document.

1. *IPTN Network Plan 2014*
2. *IPTN Business Plan 2017*
3. *IPTN Implementation Plan 2017*
4. *Integrated Ticketing Business Plan 2022*
5. *MyCiTi Business Plan 2010*
6. *MyCiTi Business Plan 2012*
7. *MyCiTi Business Plan 2015*
8. *MyCiTi Phase 2A Business Plan 2020 (Council approved on 31 July 2020)*
9. *MyCiTi Phase 2A Industry Transition Business Plan 2021*
10. *MyCiTi Phase 2A System Plan 2020*
11. *Phase 1 System Plan Update 2021-2035 v3.5 (dated 08 November 2021, planned to be submitted to Council for its approval in August 2022)*
12. *MYFIN 2021 and annual predecessors*, including the *MYFIN 2018*, and the *Strategic, Planning and Infrastructure Parameters* (SIPP) report of 2018, a companion to the MYFIN 2018.
13. *MYFIN 2022, submitted for Council approval July 2022*
14. *MyCiTi System Performance Report 2021* and predecessors
15. *New Generation Technologies for Transport Strategic Framework 2022* (forthcoming)
16. NDOT: Public Transport Strategy and Action Plan 2007
17. City of Cape Town – *Public Transport Implementation Framework* (circa 2007)
18. National Land Transport Act (Act 5 of 2009) (Regulations and amendments)
19. Road Traffic Act (No 93 of 1996) (Regulations and amendments)
20. Provincial Land Transport Framework (2011)
21. City of Cape Town *IDP 2017-2022*
22. City of Cape Town *TOD Strategic Framework (2016)*
23. City of Cape Town *Built Environment Performance Plan (2016/17)*
24. City of Cape Town *Comprehensive Integrated Transport Plan 2018-2023*
25. City of Cape Town *Climate Change Action Plan 2021*
26. City of Cape Town *Integrated Ticketing Business Plan* 2022 (forthcoming)

18 Abbreviations and terminology

Abbreviation	Meaning
ABC	Association-Based Company
ABT	Account Based Ticketing
AFC	Automated Fare Collection
AFC&S	Automated Fare Collection & Scheduling
APTMS	Advanced Public Transport Management Systems (now ITC)
BEB(s)	Battery Electric Bus(es)
BEPP	Built Environment Performance Plan
BFI	Budget Facility for Infrastructure
BMT	Bus and Minibus-Taxi
BP	Business Parameter
BRT	Bus Rapid Transit
BYOD	Bring-your-own device
CBD	Central Business District
CCTV	Closed Circuit Television
CITP	Comprehensive Integrated Transport Plan
city	City of Cape Town as a geographic area
City	City of Cape Town
COVID-19	Coronavirus disease (COVID-19) is an infectious disease caused by the SARS-CoV-2 virus.
CVM	Card vending machine
Direct costs	Direct vehicle operating costs as defined in the DORA framework for PTNG, namely fuel, labour, operator administration and vehicle maintenance
DORA	Division of Revenue Act
EMV	Europay/MasterCard/Visa
EUL	End of useful life. (Usually at a particular level of quality and performance.)
GABS	Golden Arrow Bus Services.
IDP	Integrated Development Plan
Indirect costs	Indirect operating costs as defined in the DORA framework for PTNG
IPTN	Integrated Public Transport Network
IRT	Integrated Rapid Transit
ITC	Intermodal Transport Control (previously APTMS)
ITP	Integrated Transport Plan
LAM	Left Aligned Median (with reference to stops and stations)
LTC	Long-Term Contract
MBT	Minibus-taxi
MEA	MyCiTi Expansion Area
MFMA	Municipal Act (56 of 2003)
MPS	Minimum Performance Standards
MPAC	Municipal Public Accounts Committee
MRE	Municipal Regulatory Entity
MSE	Metropolitan Southeast
MTREF	Medium Term Revenue and Expenditure Framework
MYFIN	Multi-Year Financial Operational Plan
N2E or N2 Express	MyCiTi services operating along the N2 in the BMT lane between Mitchells Plain and Khayelitsha and the Civic Centre bus station

Abbreviation	Meaning
NDOT	National Department of Transport
NGS	New Generation Services
NLTA	National Land Transport Act (5 of 2009)
NMT	Non-Motorised Transport, which includes walking and cycling
OEM	Original Equipment Manufacturer
OL	Operating Licence
operator	VOC, or vehicle operator company
Ph1:1	Phase 1 Stage 1 of MyCiTi, namely the first long term VOC contract period from 2013 to 2025. (West Coast and CBD)
Ph1:2	Phase 1 Stage 2 of MyCiTi, namely the planned 2nd VOC contract period from 2025 to 2032 (Metro Southeast).
Phase 2A *or* Ph2A	As described in the *Phase 2A Business Plan* [8]
PGWC	Provincial Government of the Western Cape
PRASA	Passenger Rail Association South Africa
PRE	Provincial Regulatory Entity
Province	The Western Cape Province
PT	Public transport
PTCM	Public Transport Contract Management
PTI	Public Transport Interchange
PTNG	Public Transport Network Grant
PTOG	Public Transport Operating Grant
PTSAP	Public Transport Strategy and Action Plan
RTMS	Road Transport Management System
SARPBAC	South African Road Passenger Bargaining Council
SPIP	Strategic, Planning and Implementation Parameters
TBP	Transport Business Planning
TMC	Traffic Management Centre
TOC	Transport (Taxi) Operating Company
TOD	Transit Oriented Development
Transit	Public transport
TSM	Transport Systems and Modelling
VOC	Vehicle Operator Company

Appendix A MYFIN 2024 – 2038

This is a "replaceable" appendix, intended to provide MYFIN summary information that is updated on an annual basis.

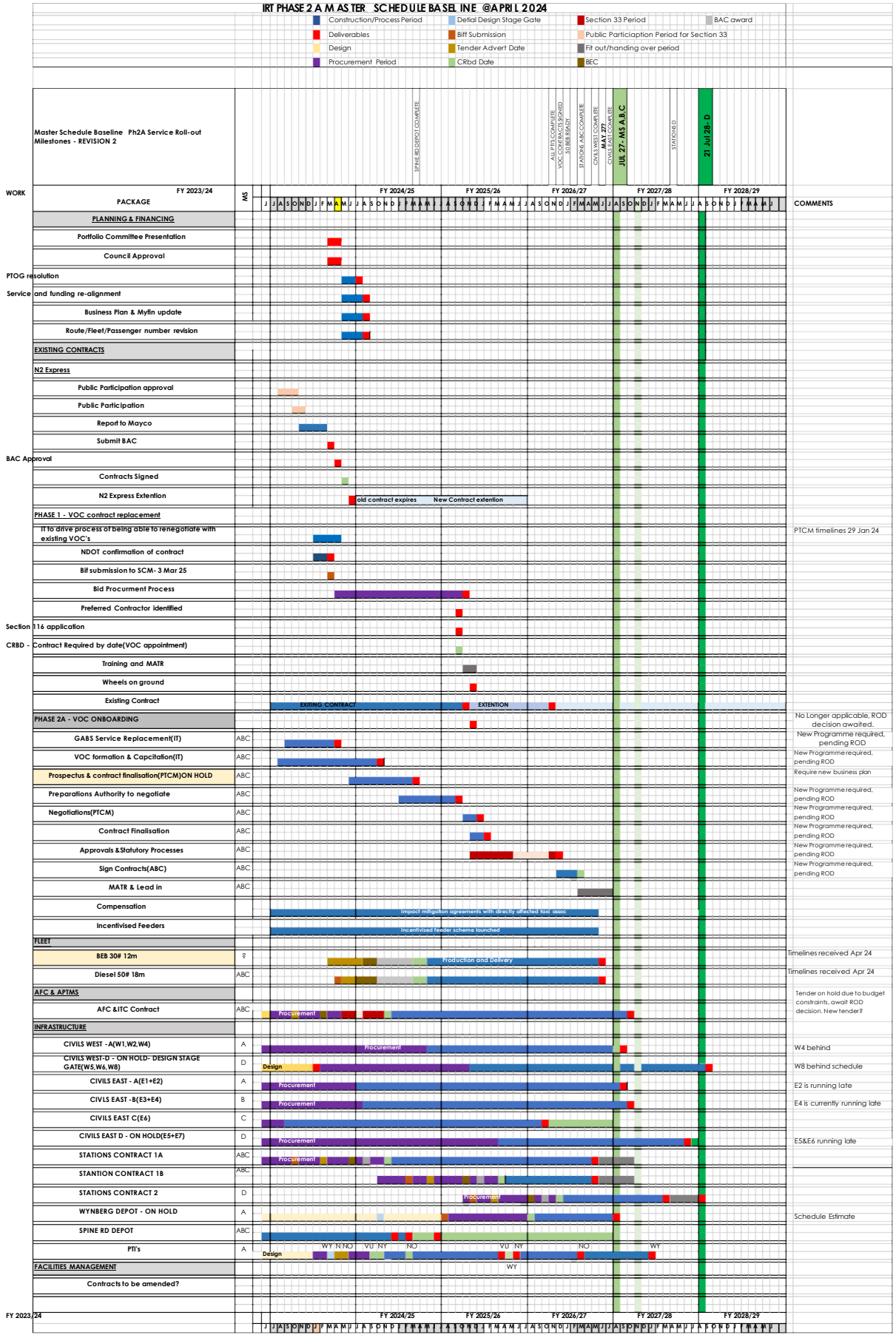
A.1 MYFIN 2024 - Detailed summary of the Baseline MYFIN 2024/25 to 2037/38 (Including escalation)

Period	Total	MTREF			Remaining MYFIN Period (Phase 1 and Phase 2/N2 Express)										
Description	(ZAR Million)	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34	34/35	35/36	36/37	37/38
Direct Operating Revenue	11,184	336	346	431	651	692	736	783	846	900	958	1,019	1,085	1,154	1,247
Direct Operating Costs	(22,139)	(826)	(906)	(1,015)	(1,259)	(1,331)	(1,420)	(1,513)	(1,626)	(1,732)	(1,845)	(1,964)	(2,091)	(2,225)	(2,385)
Other Operating Costs (Depot, Transfer Subsidy and Contingency)	(3,019)	(68)	(71)	-	(197)	(216)	(226)	(236)	(247)	(259)	(271)	(285)	(299)	(314)	(330)
Sub-total (Net Direct Operating Deficit)	(13,973)	(558)	(631)	(584)	(805)	(856)	(909)	(966)	(1,027)	(1,091)	(1,158)	(1,230)	(1,305)	(1,385)	(1,469)
Indirect Operating Costs	(15,568)	(816)	(701)	(750)	(1,221)	(984)	(986)	(1,035)	(1,088)	(1,146)	(1,214)	(1,300)	(1,358)	(1,440)	(1,527)
Sub-total (Net Operating Deficit - Indirect Costs)	(29,541)	(1,374)	(1,332)	(1,334)	(2,026)	(1,840)	(1,895)	(2,001)	(2,115)	(2,237)	(2,373)	(2,530)	(2,663)	(2,825)	(2,996)
Remainder of Phase 1 Stage 3 vehicle replacements - Unfunded	(135)	-	-	-	-	-	-	-	(135)	-	-	-	-	-	-
IRT Phase 2a: Trunk-E1 infrastructure - CRR	(160)	-	(160)	-	-	-	-	-	-	-	-	-	-	-	-
Station and vehicle insurance replacements - CRR	(46)	(18)	-	(28)	-	-	-	-	-	-	-	-	-	-	-
Total Infrastructure and Fixed Assets Phase 2A - BFI	(5,412)	(1,614)	(2,340)	(1,351)	(107)	-	-	-	-	-	-	-	-	-	-
Total Infrastructure and Fixed Assets Phase 2A - ORIO	(221)	(80)	(81)	(54)	(7)	-	-	-	-	-	-	-	-	-	-
Total Infrastructure and Fixed Assets - PTNG	(7,716)	(410)	(295)	(926)	(91)	(465)	(491)	(518)	(547)	(577)	(608)	(642)	(677)	(714)	(754)
Deficit before funding (Including Total Capital)	(43,231)	(3,497)	(4,208)	(3,693)	(2,231)	(2,306)	(2,386)	(2,519)	(2,796)	(2,813)	(2,981)	(3,172)	(3,340)	(3,539)	(3,750)
Total Funding (All phases and City-wide)	43,509	3501	4174	3754	2325	2328	2452	2582	2720	2866	3019	3181	3352	3532	3722
Less: Total Funds Avaiable to Displace Bridging Finance and fund vehcile purchases (PTNG Incentive)	422	5	-	61	94	22	66	63	-	52	38	9	12		
Total Deficit	(144)	-	(33)	0	0	0	0	0	(76)	0	0	0	0	(7)	(28)

*** Figures are stated in R' million; those in parenthesis highlight a cost or deficit**

Appendix B Phase 2A – Implementation Programme

The following Phase 2A programme is subject to update as work proceeds.



Appendix C MyCiTi Implementation Plan

The following section has been developed in an attempt to ensure that adequate risk mitigation measures have been proposed to ensure the realisation of the goals of this business plan (i.e. effective hand over of Phase 1 stage 2 as well as the rollout of the MSE corridor). It is up to the line department to operationalise and monitor these measures going forward to ensure that the above are realised. As this is an operational plan, this is not for Council approval but rather for Council's noting, as this is a dynamic document that will change as the process unfolds.

Interdependencies

A key aspect of risk is the combination "time to delivery" as well as "actions to be undertaken". In order to understand both of the preceding aspects, it is critical to understand key interdependencies and assumptions in the system and what impact these have. At present the "Record of Decision" is being used in this regard. The key assumptions are as follows:

1) Funding remains within the MYFIN envelops
2) MSE could potentially have a total of 80 buses (mixed fleet) including the balance of the vehicles from the N2 Express route (present 109 vehicles in total)
3) Current modelling for MSE is based on the total fleet of 220 vehicles
4) A saving is realised through the phase 1 stage 2 process
5) The process to be followed in terms of phase 1 stage 2 still needs to be finalised

The Risk Mitigation and Implementation Plan Below outlines the key interdependencies that need to be managed to ensure an effective roll out of the services for Phase 2 as well as continued service for phase 1.

Risk Mitigation Steps

Implementation Plan Phase 2A – Key Interdependencies

Note that steps 1 and 2 can run in tandem.

Step 1: Transport Planning

It is noted that at present there are tenders out for the procurement of the 80 vehicles, once these have been finalised this number may vary. For this reason and due to the fact that the current systems plan is based on 220 and not the 109 expected. The first step is to then to update the system plan. This would include:

a. A range of operating options example: from 80 vehicles through to 125. This sensitivity is critical as it ensures that if final procurement numbers change, all eventualities have been accounted for.
b. For each of these sensitives the number of taxis that need to be taken off the road to ensure that the system is viable
c. The details required by the Operations Team to plan for each of the options

Actions

i. Public Transport needs to develop an operational plan around the above points and circulate it with the identified departments for input
ii. Public Transport needs to meet with Transport Planning to agree on the sensitivities to apply

iii. Public Transport (Industry Transition and Operations) need to provide Transport Planning with the details that will be required for their parts of the business that can be provided by Transport Planning.
iv. Any other actions as outlined in i above.
v. It is expected that this process should take 3 – 4 months (to be confirmed in i above)

Step 2: Vehicle Procurement Finalisation

Once the vehicle purchases are finalised, the number and type needs to feedback to Transport Planning to ensure that these do not change the systems plan. In the event that:

1. These change the systems plan: Both processes in Step 2 needs to be re-assessed to ensure the financial implications are within the MYFIN envelope.
2. In the event that they do not: A monitoring system needs to be developed to ensure that all effected role players need to meet their delivery obligations.

Step 3: Compensation, Prospectus, Operational Plan and AFC plan

a. Industry Transition will then be able to determine the number of VOC's to be created as well as the amounts of compensation to be paid and will have to consult with UM Finance, to discuss and finalise the amounts and timing to ensure the financial implications are within the MYFIN envelope.
b. Operations needs to develop the prospectus and operational plan and then meet with UM Finance to ensure the financial implications are within the MYFIN envelope. Note that the prospectus is essential at this stage and the operational plan can be updated through the process.
c. PT Systems (AFC) to develop an implementation plan with timeframes for roll out of the AFC system to the buses, stations and TMC integration.

Step 4: Contracting, Facilities and Empowerment

1. PTCM to use the prospectus to develop the final contract and submit to NDoT for approval
2. PT Facilities to use the operational plan and timelines to meet with Transport Infrastructure Implementation in order to develop an appropriate hand over process and securing of facilities until occupation.
3. IT to ensure that the appropriate empowerment initiatives are put in place for the VOC/VOC's that have been created

Step 5: Enforcement, Operations, Fleet, AFC and Roll Out

1. PT Operations to update the operational plan on an ongoing basis (18, 12, 6 and 3 months before roll-out) to ensure that effective roll out can take place
2. Fleet to take delivery of buses and co-ordinate with AFC to ensure installation of systems take place
3. PT Enforcement to use PT Ops and PT Facilities plans to develop an enforcement strategy. The plan should be fully costed with scenarios.

Implementation Plan Phase 1, Stage 2 – Key Interdependencies

At present the City is awaiting feedback from NDoT in respect of allowing for an alternative procurement process versus having to go out on tender. In both instances an amendment (in respect of time) of the current VOC contracts will need to be carried out to ensure that services continue uninterrupted. For this reason both scenarios have been outlined, both prefaced with the fact that the City will need to put a contract amendment in place. If this is not the case these key dependencies will have to be re-assessed and updated accordingly.

- **Alternative procurement processes**

Step 1: PT Contract Management, Fleet & IT

1. Director Public Transport, in consultation with relevant departmental branches to determine appropriate term for either or both processes (S116 (3) or Reg 36) and advise the department of decision.
2. IT to work with PTCM to determine details of contract (assess through the negotiations if any of the end of contract obligations apply).
3. Director Public Transport to consult with Corporate Risk (FPR) to develop a risk mitigation strategy.

Step 2: Contracting and Implementation

1. PTCM to submit to NDoT the draft contract for approval - *The hybrid form of contract has in principle already been agreed with NDoT. Awaiting Ministerial consent (note: this has still not been approved as required by structures within the City and the NLTA)*.
2. Upon Ministerial consent, PTCM in conjunction with Director Public Transport to facilitate signing of the contract.

- **Tender**

Step 1: PT Contract Management, PT Operations, Fleet & IT

1. Director Public Transport, in consultation with relevant departmental branches to determine appropriate term and advise the department of decision.
2. IT and PT Operations to inform VOC's.
3. Tender process to be in line with the Supply Chain Management (SCM) policy.
4. PTCM to coordinate the End of Contract Obligations (PT branches and Finance).
5. Director Public Transport to consult with Corporate Risk (FPR) to develop a risk mitigation strategy

Step 2: Contracting and Implementation

1. PTCM to submit to NDoT the draft contract for approval - *The hybrid form of contract has in principle already been agreed with NDoT. Awaiting Ministerial consent.*
2. Upon NDoT approval of the draft contract, PTCM, in collaboration with the Director of Public Transport, will initiate the tender advertisement process through the Bid Specification Committee and SCM.

In all instances consultations with Corporate Risk need to be undertaken to develop a risk mitigation strategy. This is essential to ensure that there are no service interruptions.

Critical Action

All of the above steps need to be formalised in an operational plan that needs to be developed and implemented by Public Transport, with an indication of those responsible for each of the critical tasks.

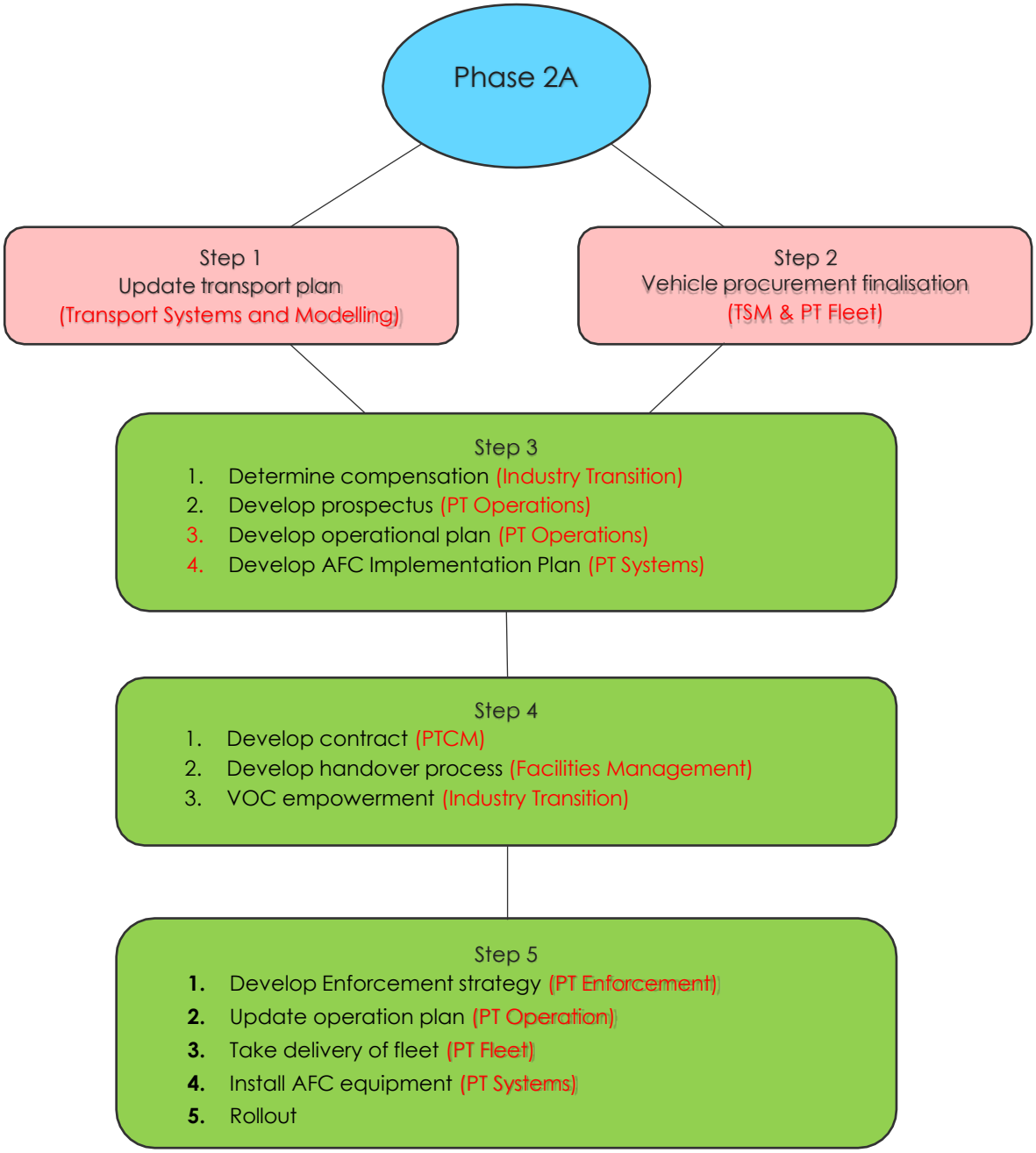
Governance Recommendation

Part of the operational plan outlined above needs to ensure that effective governance processes are in place. This is also critical as some of the required actions have to take place across the Directorate. For this reason, the following governance structure is used:

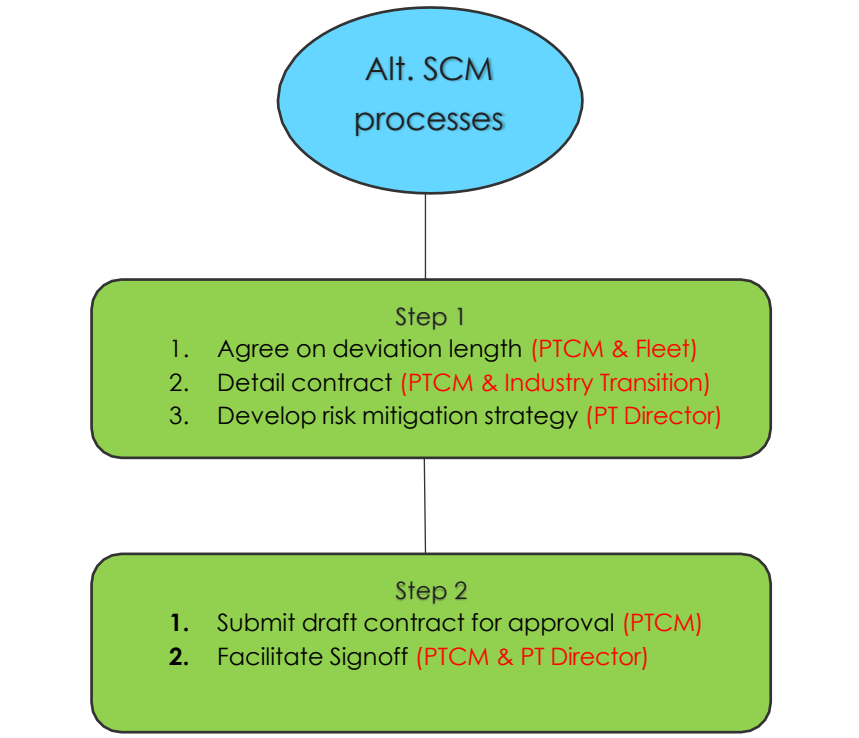
1. An Interdepartmental Transition Team (ITT) is formed with representatives from all affected departments and branches. This team needs a clear terms of reference (use the steps above as the basis) and should meet once a week to assess and track progress.
2. ITT will report progress every 2 weeks to the meeting of all Directors within UM. The purpose of this meeting will be twofold:
    a. Update progress on both Phase 1 Stage 2 and MSE
    b. Raise any problems that ITT could not resolve for Directors to either make a decision or elevate for further decision making.
    c. Reporting back as per the monitoring system outlined in step 3 above.
3. A "Record of Decision", must be maintained and updated monthly by the ITT, this should cover all relevant decisions made by:
    a. ITT
    b. Directors meeting
    c. Instructions from ED/CM/Mayco/Council etc.

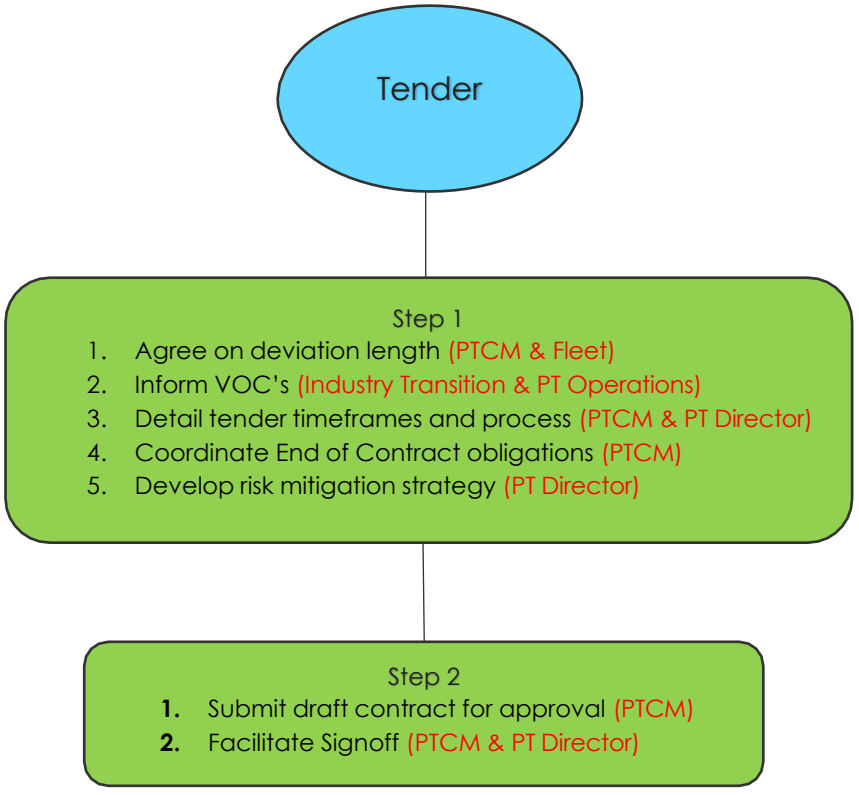
Risk Mitigation Steps

Implementation Plan Phase 2A



Implementation Plan Phase 1, Stage 2





Appendix D MyCiTi service rules

In line with the delegated authority given to the Executive Director (ED): Urban Mobility, the ED will have the ability to vary the rules in line with business needs.