

Analyst Briefing Notes

Budget Committee

November 3, 2009

Page

PART I: CAPITAL PROGRAM

Executive Summary.....	2
Recommendations.....	6
2009 Capital Variance Review	8
10-Year Capital Plan (2010 Recommended Budget, 2011-2019 Recommended Plan)	10
10-Year Capital Plan Overview.....	12
10-Year Capital Plan: Incremental Operating Impact Summary.....	22
Total 2010 Recommended Cash Flow & Future Year Commitments	23
2010 Recommended Capital Budget: Overview	24

PART II: ISSUES FOR DISCUSSION

2010 Recommended Capital Budget Issues	27
2011-2019 Recommended Capital Plan Issues.....	27
Outstanding Issues from Prior Years' Budgets	33

APPENDICES

Appendix 1: 10-Year Recommended Capital Plan Project Summary	34
Appendix 2: 2010 Recommended Capital Budget; 2011 to 2019 Capital Plan	35
Appendix 3: 2010 Recommended Cash Flow & Future Year Commitments	36
Appendix 4: 2010 Recommended Capital Projects with Financing Details	37
Appendix 5: 2010 Reserve / Reserve Fund Review	38
Appendix 6: 2010 to 2019 New and Expansion Facility Projects.....	39

Contacts: Josie La Vita
Director, Financial Planning
Tel: (416) 397-4229

Ian McNeil
Senior Financial Planning Analyst
Tel: (416) 397-4530

November 2, 2009

PART I: CAPITAL PROGRAM**Executive Summary**

- Funding for the 10-Year Recommended Capital Plan balances infrastructure renewal needs for state of good repair and Council's priorities for new service improvement projects while ensuring that the delivery of transit service meets existing passenger demand and that sufficient vehicles and infrastructure are available to meet future increases in passenger volumes.
- The following summarizes the allocation of recommended funding by project type:
 - Track: \$492 million
 - Signals, Engineering and Communications: \$641 million
 - Structures: \$1.932 billion
 - Buses (purchase and overhaul): \$368 million
 - Subway Cars (purchase and overhaul): \$775 million
 - Streetcars (purchase and overhaul): \$1.230 billion
 - Other Vehicles, Environmental Programs, Service Planning: \$140 million
 - Equipment: \$343 million
- The 2009 Approved Capital Budget (including the Spadina Subway Extension and Transit City Plan projects) of \$1.126 billion was 30.8% or \$346.7 million spent, as at August 29th, 2009. Actual expenditures by year-end are anticipated to be \$945.3 million or 83.9% of the 2009 Approved Capital Budget. This represents a projected increase of 12.3% or \$281.2 million in capital spending over the 2008 spending rate of \$664.1 million or 71.6%.
 - The projection of 2009 funding to be carried forward into the 2010 Recommended Capital Budget is \$93.954 million (excluding the Spadina Subway Extension and Transit City). Large multi-year projects requiring 2009 carry forward funding include the Purchase of Streetcars (\$5.497 million); Subway Track (\$8.212 million); Surface Track (\$8.861 million); and, Signal Systems (\$4.928 million).
- The 10-Year Recommended Capital Plan totals \$6.015 billion, including 2009 carry forward funding into 2010 of \$93.954 million, of which \$3.947 billion is projected for the first 5 years, with the final 5 years requiring funding of \$2.068 billion or 34.4%.
 - The 2010 Recommended Capital Budget is below the debt target by \$139.519 million and the 10-Year Recommended Plan exceeds TTC's aggregate debt target by \$221.766 million. The 10-Year Recommended Capital Plan is partially funded by the

Province, which accounts for 28.0% or \$1.655 billion and the Federal government, which accounts for 28.3% or \$1.678 billion. Development charges provide funding of approximately 1.6% or \$94.021 million. Funding from the Federal government's Infrastructure Stimulus Fund (ISF) amounts to 0.8% or \$49.121 million.

- The \$49.121 million in Federal government ISF funding in 2010 and 2011 allows 19 projects to proceed. Total project costs of \$181.265 million from 2009 to 2011 have 1/3 federal stimulus funding of \$60.422 million. ISF funding has been approved for the Birchmount Bus Garage Repair Bay Maintenance project, the Wheel-Trans Facility Renewal Program, the Kipling Station East Entrance Improvements project, the Victoria Park Bus Terminal Replacement and several Facilities Renewal projects.
- There are changes to the 2009-2018 Approved Capital Plan of \$64.474 million or 1.2% compared to the 2010 Recommended Capital Budget and 2011-2019 Recommended Capital Plan. These include key changes to the following program areas within the TTC: Duncan Shop ventilation upgrade (\$15.500 million) to bring the ventilation in the Duncan Shop up to modern standards; replacement of the Revenue Operations Facility (\$14.720 million) to replace the existing facility which can no longer handle the increased load of coins and new, heavier tokens; and Skylights at Glencairn Station and the Scarborough Town Centre (\$11.000 million) to replace deteriorated infrastructure.
- The 10-Year Recommended Capital Plan includes operating impacts from previously approved and new/change in scope capital projects for 2010 of \$3.550 million; 2011 of \$7.650 million; 2012 of \$0.715 million; 2013 of \$0.419 million; and, 2014 of \$0.042 million. The operating impacts are due to security system and safety upgrades, computer equipment and software and intelligent transportation and technical systems.
- The TTC does not have an infrastructure rehabilitation backlog.
- Design and engineering have been finalized for major capital works included in the 10-Year Recommended Capital Plan. Construction is underway for many of the larger projects including 234 Toronto Rocket subway cars, the Wilson Complex (modifications for the Toronto Rocket), Fire Ventilation Upgrades and Easier Access III elevator installations.
- The 10-Year Recommended Capital Plan provides funding to advance the following priority actions outlined in the Mayor's and Council's policy agenda:
- ***Buy quiet, accessible, faster, higher capacity light rail cars to replace Toronto's aging streetcars:***

There is \$1.173 billion in funding in the TTC's 2010-2019 Recommended Capital Plan for the purchase of new 204 Light Rapid Transit vehicles to replace and expand the existing streetcar fleet. These new vehicles will be lighter, fully-accessible and will run in their own dedicated rights-of-way. Plans are to make the TTC fully-accessible by the year 2025. The procurement of these 204 vehicles will also provide the opportunity to address vehicle expansion requirements arising from the Transit

City Plan / MoveOntario 2020 and Waterfront initiatives. This project is 1/3 funded by the Provincial government and 2/3 by City debt.

➤ ***Make streetcars and buses as comfortable and reliable as the subway:***

There is \$5.915 million allocated for a Bus Rapid Transit (BRT) corridor from Downsview station to York University. As well, there is \$5.500 million for Streetcar Network Upgrades for the new LRVs. There is also \$379 million in recommended funding in 2010 for the Transit City Plan.

➤ ***Improve capacity by 40% on the Yonge-University-Spadina subway through new trains and innovative signal management systems:***

In December 2006, the TTC awarded a contract for the procurement of 234 new subway cars. The 10-year Recommended Capital Plan includes \$320.235 million for this project, plus another \$311.514 million for the purchase of a further 126 new subway cars. As well, there is \$294.629 million for the resignalling of the Yonge-University-Spadina line. The resignalling will permit the TTC to run trains more frequently and closer together, creating additional capacity equal to building a new north-south subway line.

- The 2010 Recommended Capital Budget for previously approved and new/change in scope projects (excluding 2009 carry forward funding into 2010) of \$924.299 million is 94% allocated to state of good repair projects at \$866.068 million; 1% to growth projects at \$11.092 million; 3% to service improvement projects at \$24.956 million; and, 2% or \$22.183 million to legislated projects.
 - State of good repair projects are driven by the TTC's need to renew its bus, streetcar, subway car and SRT car fleets. As well, the TTC's buildings, bridges, tunnels, yards and other infrastructure require significant renewal.
 - Service improvement projects include: improvements to subway track, surface track, energy management, and non-revenue vehicle purchases.
 - Growth projects include: the fare handling equipment project.
 - Legislated projects such as Easier Access II and III and Environmental programs are required by existing or future Provincial legislation including the Accessibility for Ontarians with Disabilities Act (2001) and the Ontario Electricity Restructuring Act and the Ontario Energy Conservation Responsibility Act.
- Approval of the 2010 Recommended Capital Budget will result in a commitment to future year funding for new/change in scope projects of \$159.525 million in 2011; \$522.609 million in 2012; \$168.339 million in 2013; \$5.006 million in 2014; \$1.200 million in 2015; and \$34.987 million in 2018. The high rate of future year funding reflects the nature of the TTC's capital program which includes many multi-year, multi-million dollar projects such as the purchase of streetcars, purchase of subway cars, and various vehicle overhaul projects.

- The 2010 Recommended Capital Budget and 2011-2019 Recommended Capital Plan includes funding of \$222.971 million in 2010 cash flow, including \$33.663 million carried forward from 2009, and \$153.295 million for future year commitments for the Spadina Subway Extension project. There is \$344 million in debt funding required for this project.
- The 10-Year Recommended Capital Plan also includes \$379.454 million in 2010 cash flow, including \$77.423 million carried forward from 2009, for the Sheppard East LRT, Finch West LRT, Eglinton Crosstown LRT and the Scarborough Rapid Transit line, which are the four funded Transit City lines. The City and TTC are currently negotiating agreements which would formalize Provincial and Federal funding for the four announced Transit City lines in 2010.
- The TTC is in the midst of replacing and expanding all of its fleets. The new vehicles will replace existing vehicles which have reached or exceeded their expected life. They will also provide added vehicle capacity to address the TTC's continued passenger growth.
- The 2010 Recommended Capital Budget of \$921 million provides funding to:
 - Begin the Duncan Shop Ventilation Upgrade, the Revenue Operations Facility and the Downtown Relief Line Study.
 - Begin delivery of subway cars – 90 to be delivered in 2010.
 - Continue ongoing trackwork, security, engineering and communications projects.
 - Continue manufacture of the remaining 144 subway cars and the remaining 88 Wheel-Trans vehicles and continue design and prototyping of the new LRVs.
 - Complete delivery of 120 diesel buses and 69 Wheel-Trans vehicles.
 - Complete work on Broadview and Kipling stations.

Recommendations

The City Manager and Chief Financial Officer recommend that:

1. Council approve the 2010 Recommended Capital Budget for The TTC with a total project cost of \$924.299 million, and 2010 cash flow of \$920.501 million and future year commitments of \$2.603 billion comprised of the following:
 - a) New Cash Flow Funding for:
 - i) 58 new/change in scope sub-projects with a 2010 total project cost of \$924.299 million that require cash flow of \$32.633 million in 2010 and a future year commitment of \$159.525 million in 2011; \$522.609 million in 2012; \$168.339 million in 2013; \$5.006 million in 2014; \$1.200 million in 2015; and, \$34.987 million in 2018;
 - ii) 68 previously approved sub-projects with a 2010 cash flow of \$793.914 million and a future year commitment of \$675.145 million in 2011; \$246.885 million in 2012; \$146.888 million in 2013; \$194.217 million in 2014; \$96.142 million in 2015; \$165.260 million in 2016; \$136.447 million in 2017; and, \$50.857 million in 2018;
 - b) 2009 approved cash flow for 36 previously approved sub-projects with carry forward funding from 2009 into 2010 totalling \$93.954 million;
2. Council approve new debt service costs for the base budget of \$0.272 million in 2010 and incremental debt costs of \$2.471 million in 2011; \$9.938 million in 2012; \$19.694 million in 2013, \$5.934 million in 2014, \$0.185 million in 2015, \$0.042 million in 2016, \$0.0292 million in 2018, and \$1.224 million in 2019 resulting from the approval of the 2010 Recommended Capital Budget, to be included in the 2010 and future year operating budgets;
3. Council approve transfers to capital funding from the following capital reserves (the amounts to include carry forward funding of 2009 unspent funds) of: \$72.500 million from the Provincial Gas Tax Revenues for Public Transit Reserve Fund (XR3018); \$36.348 million from the CSIF Reserve Fund (XR3020); \$2.104 million from the TTIP Reserve Fund (XR3023); \$8.725 million from the ORSIF Reserve Fund (XR3024); \$100.571 million in Metrolinx funding from the MoveOntario 2020 Reserve Fund (XR3025); and \$222.971 million from the Toronto York Spadina Subway Extension Working Capital Fund (XR3027);
4. Council approve the 2011-2019 Recommended Capital Plan for The TTC totalling \$2.491 billion in project estimates, comprised of \$78.029 million in 2011; \$183.888 million in 2012; \$282.292 million in 2013; \$363.378 million in 2014; \$398.375 million in 2015; \$267.792 million in 2016; \$253.411 million in 2017; \$338.464 million in 2018; and, \$325.194 million in 2019;
5. Council consider operating impacts of \$3.550 million in 2010; \$7.650 million in 2011; \$0.715 million in 2012; and, \$0.419 million in 2013; \$0.042 million in 2014 emanating from the approval of the 2010 Recommended Capital Budget for inclusion in the 2010 and future year operating budgets;

6. Council approve cash flow funding of \$2.491 billion in 2010 and future year commitments for the Spadina Subway Extension, with \$33.663 million in funding carried forward from 2009; a 2010 cash flow of \$189.308 and a future year commitment of 153.295 million in 2011, given that the project is fully funded;
7. Council approve new debt service costs for the Spadina Subway Extension budget of \$0.789 million in 2010 and incremental debt costs of \$6.205 million in 2011; \$15.486 million in 2012; \$15.599 million in 2013, and \$6.682 million in 2014 resulting from the approval of the 2010 Recommended Capital Budget, to be included in the 2010 and future year operating budgets;
8. Council approve cash flow funding of \$379.454 in 2010 for the Transit City Plan, including \$77.423 million carried forward from 2009, to enable the project to continue moving forward in 2010 on the understanding that the Province will sign a permanent funding agreement for Transit City in 2010;
9. no spending commitments and no hiring for the Transit City Plan beyond the end of 2010 be made until 3rd party funding is received for this project and that the TTC report back on the impact of discussions with Metrolinx on Transit City funding;
10. the TTC and City staff continue discussions with the other orders of government on increasing funding for transit in the City of Toronto as outlined in the 2010-2019 Recommended Capital Plan, including additional funding for the remainder of the Automatic Train Control project, an additional 1/3 funding for the H6 Subway Car Replacement project, 2/3 funding for the LRV Maintenance Facility, and funding through MoveOntario 2020 for the unfunded Transit City lines;
11. the TTC report back to Budget Committee in November 2009 on the outstanding request approved by City Council with the 2009 Capital Budget to provide a listing of specific projects on which spending will be reduced in 2009 to meet the \$47.096 million recommended budget reduction in 2009;
12. the TTC ensure that the projects approved for ISF funding be given top priority in order to ensure that they are substantially complete by the Federal government's March 31, 2011 deadline; and,
13. the TTC report back to Budget Committee in June 2010 on specific project reductions equal to the 2010 recommended 10% unspecified reduction of \$61 million to accommodate anticipated under spending in 2010.

PART I: CAPITAL PROGRAM

2009 Capital Variance Review

2009 Budget to Actuals Comparison - Total Gross Expenditures (\$000s)					
2009 Approved	Actuals as of Aug. 29th (3rd Qtr Variance)		Projected Actuals at Year End		Balance
\$	\$	% Spent	\$	% Spent	\$ Unspent
1,126,141	346,700	30.8%	945,300	83.9%	180,841

The TTC 2009 Approved Capital Budget was \$1.003 billion. Council approved an increase of \$123.2 million in funding for Transit City on September 30th, 2009 which will bring the TTC's total 2009 Approved Capital Budget, including the Spadina Subway Extension and Transit City to \$1.126 billion.

The 2009 Approved Capital Budget was 30.8% or \$346.700 million spent, as at August 29th, 2009. Actual expenditures by year-end are anticipated to be \$945.300 million or 83.9% of the 2009 Approved Capital Budget. This represents a projected increase of 12.6% or \$281.200 million in capital spending over the 2008 spending rate of \$664.100 million or 71.6%. The high year-end forecasted spending for 2009 is the result of most major projects, including vehicle deliveries, being on schedule. However, the Spadina Subway Extension and Transit City projects will be under spent by \$36.700 million and \$106.845 million respectively.

State of Good Repair projects represent 61.4% or \$691.159 million of the 2009 Approved Capital Budget. The projected year-end spending will be approximately 98.2% or \$680.684 million. The key State of Good Repair projects include:

- Purchase of 360 subway cars.
- Purchase of 204 Light Rapid Vehicles (LRVs).
- Purchase of 360 Diesel Buses.
- Construction of LRV Replacement Maintenance and Storage Facility.
- Yonge-University-Spadina Subway resignalling with automatic train control.

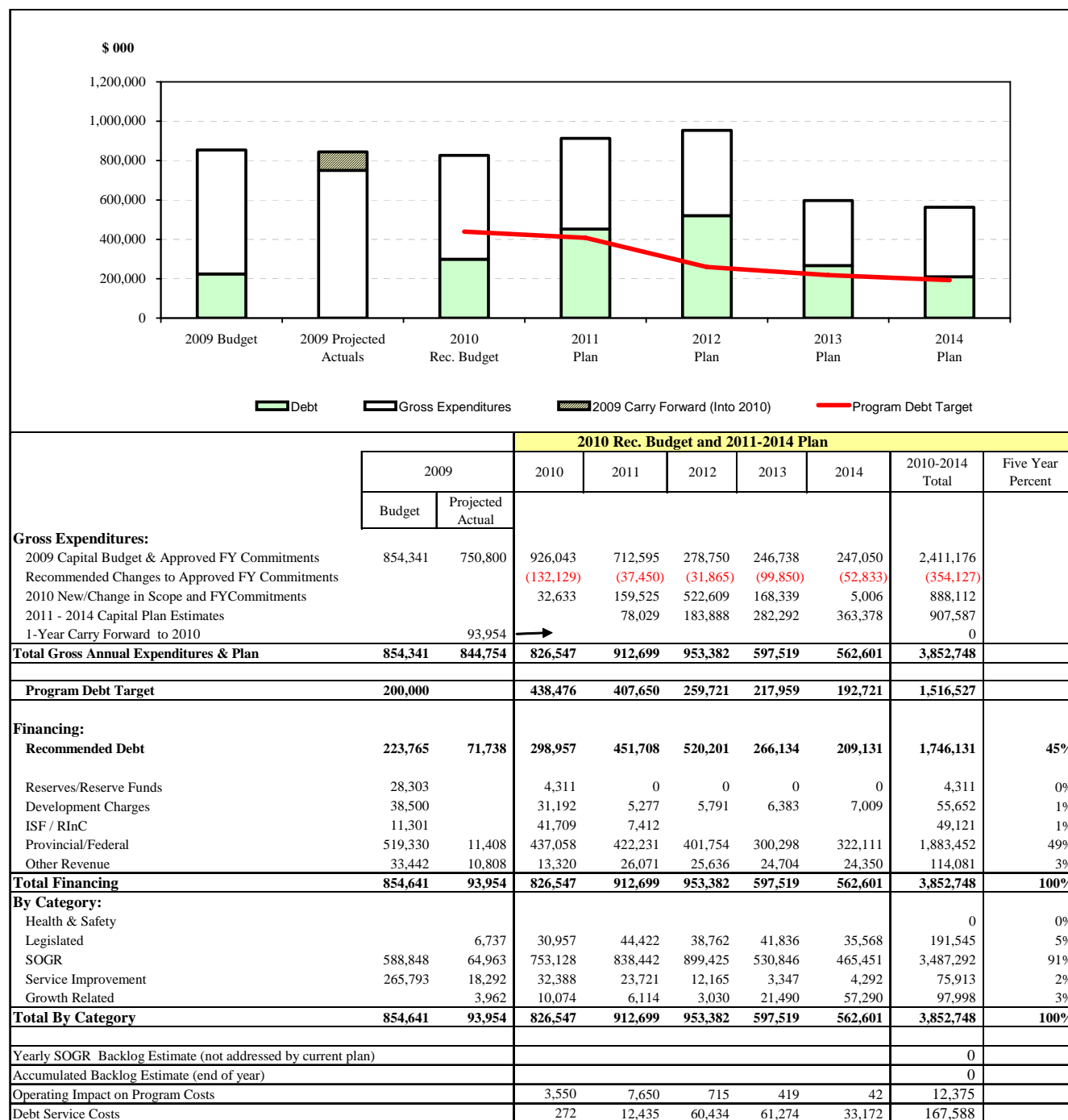
The funding from 2009 carried forward into 2010 included in the 2010 Recommended Capital Budget is \$93.954 million and is lower than the projected unspent actual expenditures of \$180.841 million, reflecting delays on the Spadina Subway Extension and the funded Transit City LRV lines.

Large multi-year projects requiring 2009 carry forward funding in the 2010 Recommended Capital Budget include the:

- Subway Track (\$8.212 million).
- Surface Track (\$8.881 million).
- Other Bridges and Structures (\$11.730 million).

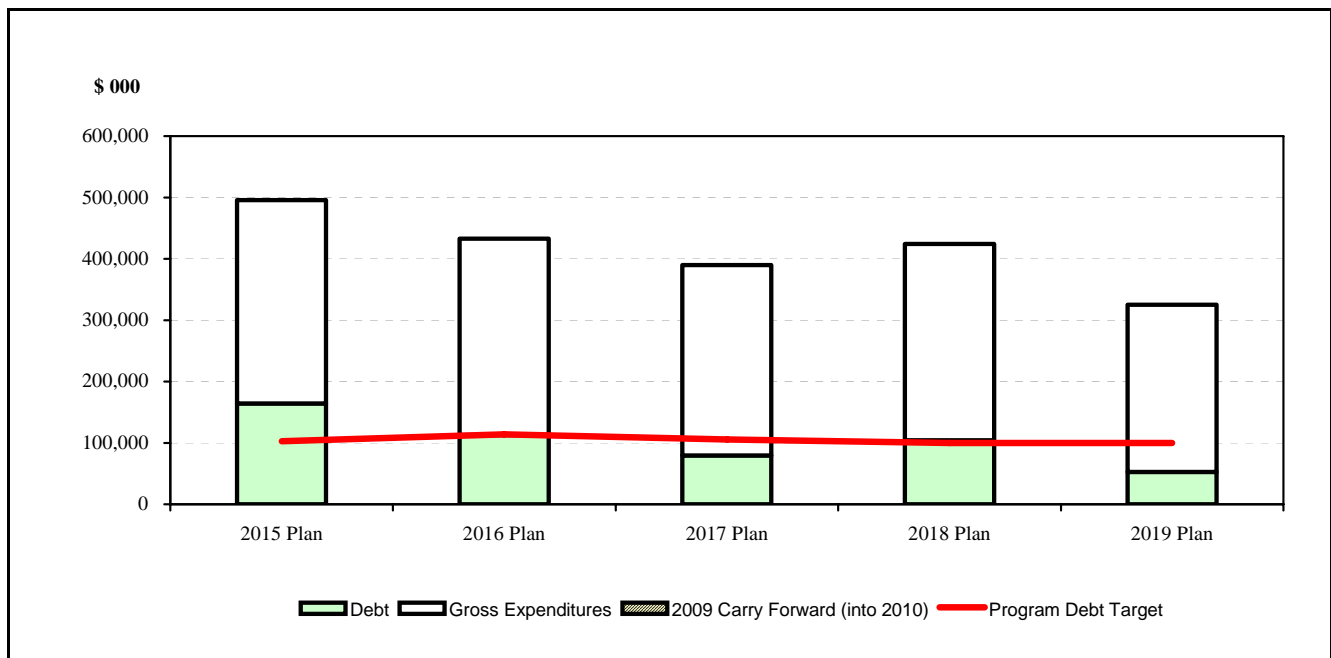
10-Year Capital Plan

2010 Recommended Capital Budget, 2011-2014 Recommended Capital Plan



10-Year Capital Plan

2015-2019 Recommended Capital Plan



	2015-2019 Capital Plan					2010-2019 Total	10-Year Total Percent
	2015	2016	2017	2018	2019		
Gross Expenditures:							
2009 Capital Budget & Approved FY Commitments	139,807	142,396	68,509			2,761,888	
Recommended Changes to Approved FY Commitments	(43,665)	22,864	67,938	50,857		(256,133)	
2010 New/Change in Scope and FY Commitments	1,200			34,987		924,299	
2015 - 2019 Capital Forecast Estimates	398,375	267,792	253,411	338,464	325,194	2,490,823	
Total Gross Annual Expenditures & Plan	495,717	433,052	389,858	424,308	325,194	5,920,877	
Program Debt Target	102,777	113,792	105,546	100,000	100,000	2,038,642	
Financing:							
Recommended Debt	164,613	112,990	79,509	104,349	52,816	2,260,408	38%
Reserves/Reserve Funds						4,311	0%
Development Charges	7,224	7,444	7,669	7,899	8,133	94,021	2%
ISF / RInC						49,121	1%
Provincial/Federal	299,959	290,021	280,416	289,235	241,499	3,284,582	55%
Other Revenue	23,921	22,597	22,264	22,825	22,746	228,434	4%
Total Financing	495,717	433,052	389,858	424,308	325,194	5,920,877	100%
By Category:							
Health & Safety							
Legislated	24,727	30,783	31,425	29,304	17,299	325,083	5%
SOGR	407,364	401,219	357,383	393,454	300,971	5,347,683	90%
Service Improvement	10,955	1,050	1,050	1,550	6,924	97,442	2%
Growth Related	52,671					150,669	3%
Total By Category	495,717	433,052	389,858	424,308	325,194	5,920,877	100%
Yearly SOGR Backlog Estimate (not addressed by current plan)	0	0	0	0	0	0	
Accumulated Backlog Estimate (end of year)	0	0	0	0	0	0	
Operating Impact on Program Costs	N/A	N/A	N/A	N/A	N/A	12,375	
Debt Service Costs	26,074	20,109	13,852	10,957	12,277	250,857	

10-Year Capital Plan Overview

- Funding for the 2010 Recommended Capital Budget and 2011-2019 Recommended Capital Plan balances infrastructure renewal needs for state of good repair and Council's priorities for new service improvement projects while ensuring the delivery of fast, efficient and reliable transit service in the City of Toronto. In addition, funding is also provided to ensure that increases in system capacity keep pace with passenger growth.
- The 10-year Recommended Capital Plan does not meet debt affordability targets. It is below the debt target by \$140 million in 2010, but exceeds the debt target by \$230 million in the first 5 year period and is under the debt target by \$8 million in the last 5 year period. In total the 10-Year Capital Plan exceeds the debt target by \$222 million.
- Provincial funding accounts for 28% of the TTC's 10-year Recommended Capital Plan. Federal funding accounts for another 28%. Funding from reserves, TTC depreciation, development charges and other third parties comprises a further 6%.
- The 10-year Recommended Capital Plan, excluding carry forward funding, totals \$5.921 billion and is allocated by the following project categories:
 - \$5.399 billion or 91.2% of capital funding is required to maintain the transit system in a *State of Good Repair (SOGR)*. SOGR projects include infrastructure repairs like subway track replacement and capital enhancements such as bus and subway car replacements. Capacity enhancements, which are included in the SOGR category projects, total \$10 million, or .2%, and include Wilson Yard improvements and Streetcar Network Upgrade.
 - \$325.083 million or 5.5% of the 10-year Recommended Capital Plan is allocated to *Legislated* projects such as environmental and accessibility initiatives like the Easier Access (Phase III) project.
 - *Service Improvement* projects total \$97.442 million or 1.6% of total recommended funding and include capital work for subway and surface track.
 - *Growth* projects total \$150.669 million, or 2.5% of the 10-Year Recommended Capital Plan, and include \$137 million towards the development of an integrated ticketing system to satisfy conditions of Federal and Provincial funding.
- **Vehicles**
 - Over the next ten years, \$2.1 billion is projected to be spent on vehicle purchases, overhauls or maintenance. Of this amount, \$242.960 million is projected for the purchase of buses; \$631.749 million is projected for the purchase of 360 new subway cars; \$1.173 billion is projected for the purchase of 204 Light Rail Vehicles to replace existing streetcars; and, \$60.981 million is projected to be spent on 198 Wheel-Trans Vehicles.

- **Buildings and Structures Projects**

- Over the next ten years, \$3.0 billion is projected to be spent on maintaining or developing TTC buildings and structures. This spending will address specific renewal or building projects, Fire Ventilation Upgrades (\$253.958 million), the Easier Access (Phase II & III) program (\$269.478 million), the redevelopment of Kipling Station (\$5.685 million) and the Victoria Park Bus Terminal Replacement (\$10.999 million). In addition, \$475.068 million is projected for the rehabilitation and maintenance of 74 kilometres of structure, including bridges and tunnels; \$144.750 million for the maintenance of paved surfaces such as yards and roads; and, \$132.883 million for equipment such as the subway escalator overhaul program.

- **Track Projects**

- \$492.170 million is allocated for the replacement of track over the next ten years. \$293.570 million is required for surface (streetcar) track replacement and \$198.591 million for subway track replacement.

- **All Other Projects**

- In the next ten years, the remaining \$0.4 billion is projected to be spent on capital equipment projects, including: \$154.715 million for revenue and fare handling equipment (mainly the GTA Farecard project costs) and \$634.977 million for signal, electrical and communications systems (including the Yonge-University-Spadina Automatic Train Operation (YUS ATO) resignalling work).

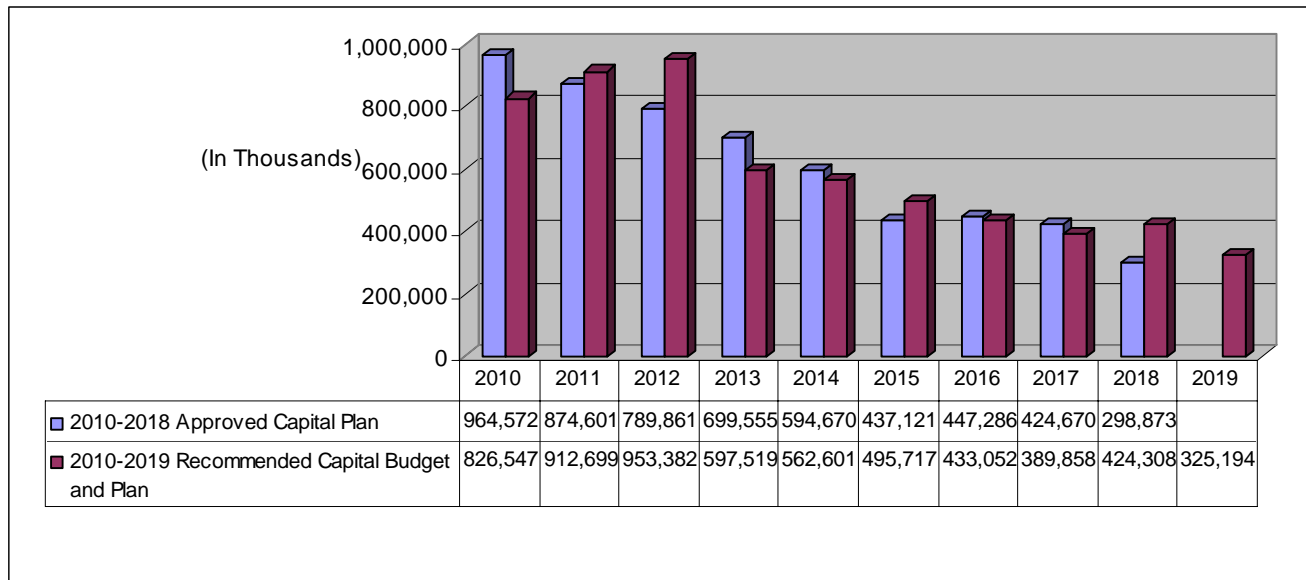
- There are a number of significant projects which are not included in the 2010 Recommended Base Capital Budget and 2011-2019 Recommended Base Capital Plan since they are beyond the TTC's base capital needs and are the subject of specific funding initiatives. The Spadina Subway Extension (\$2.5 billion in 2010-2019, \$2.6 billion total project cost), the Transit City Plan light rail network – funded projects (Finch West LRT, Sheppard East LRT, Eglinton Crosstown LRT and the Scarborough Rapid Transit line) (\$0.3 billion in 2010-2019, \$8.15 billion total project cost) are part of the TTC's overall budget and are funded projects. The Waterfront transit initiatives are not included in the TTC's 10-Year Recommended Capital Plan because they are funded under the auspices of the Waterfront Toronto (\$354.131 million in 2010-2019, total project cost \$537.670 million). Many other projects do not have funding and are not included in the TTC's 2010-2019 Recommended 10-Year Capital Plan. These unfunded projects include four unfunded Transit City Plan light rail lines and the Yonge North Subway Extension (\$4.802 billion in 2010-2019, \$9.720 billion total project cost), the Bremner Streetcar Expansion (\$171.460 million in 2010-2019 and total project cost).
- This 10-Year Recommended Capital Plan incorporates an unspecified reduction of \$61 million for 2010 to reflect historic spending rates of approximately 90%, excluding committed vehicle projects. The TTC must identify specific project changes equal to this funding reduction.
- The TTC does not have state of good repair backlog.

Key Changes to the 2009-2018 Approved Capital Plan

The following highlights the changes from the 2009-2018 Approved Capital Plan with the 2010-2019 Recommended Capital Budget and Plan. In 2009, Provincial funding was received for the Scarborough Rapid Transit (SRT) projects. The 2009-2018 Approved Capital Plan was adjusted to account for the SRT Conversion and SRT Cars being moved out of the base budget. Similarly, the 2009-2018 Approved Capital Plan was adjusted to reduce spending by \$417 million to offset the additional 1/3 debt funding of the LRV purchase project that the City has assumed.

As outlined in the table below, the 2010 Recommended Capital Budget of \$826.547 million in cash flow represents an decrease of 14.3% or \$138.025 million compared to 2010 Approved Capital Plan of \$964.572 million in 2009.

Changes to the 2009-2018 Approved Capital Plan



The TTC’s Capital Plan over the 2010 to 2018 period has increased from the 2009-2018 Approved Capital Plan by \$64.474 million or 1.2%. The majority of the increase is due to new projects such as:

- The Duncan Shop Ventilation Upgrade (\$15.500 million) to bring the ventilation in the Duncan Shop up to modern standards.
- Replacement of the Revenue Operations Facility (\$14.720 million) to replace the existing facility which can no longer handle the increased load of coins and new, heavier tokens.
- The skylights at Glencairn Station and the Scarborough Town Centre projects (\$11.000 million) to replace deteriorated infrastructure.

Project Financing

In previous years' budgets, the financing plan was based on aggressive, yet realistic, assumptions of funding from other orders of governments. However, in 2008 and 2009, the City received significant funding for base transit needs from the Provincial government and also from the Provincial and Federal governments for Transit City, including funding for the Scarborough Rapid Transit line conversion and expansion. The 2010-2019 Recommended Capital Plan will include Provincial funding of \$1.655 billion in the 2010 to 2019 period. There is also Federal funding of \$1.678 billion in the 2010 to 2019 period. Total debt requirements are \$2.260 billion over the 2010 to 2019 period. The City has increased the TTC's debt targets to accommodate the \$487 million in debt needs of the TTC from the 2009-2018 Approved Capital Plan. The third party funding in the TTC's 2010 Recommended Capital Budget and 2011-2019 Recommended Capital Plan includes only funding that has been committed by the Provincial and Federal governments.

10-Year Recommended Capital Plan Versus Multi-Year Debt Targets

The 2010-2019 Recommended Capital Plan for the TTC is over the debt affordability target of \$2.038 billion by \$221.766 million or 10.9% over the ten year period of the Capital Plan. The 2010-2019 Recommended Plan is in line or below the annual debt targets in 2010; 2016; 2017; and, 2019 only. In each of the other years of the 10-Year Recommended Capital Plan the TTC is over target.

- The TTC is over the debt target primarily due to \$104 million in third party funding which has not been received for the H6 replacement subway cars and an additional \$96 million in third party funding which is required for the Automatic Train Control project.

Infrastructure Stimulus Fund (ISF)

Through Canada's Economic Action Plan, the federal government has recently established a new \$4.000 billion Infrastructure Stimulus Fund (ISF). The Infrastructure Stimulus Fund complements existing federal and provincial infrastructure funding by focusing on short-term objectives for economic stimulus. The full \$4.000 billion has been distributed across Canada in Federal fiscal years 2009-2010 and 2010-2011. Projects will focus largely on the rehabilitation of existing assets such as water; wastewater; public transit; highways; roads; culture; parks; and, trails.

In September 2009, the Federal government approved \$64.423 million in Infrastructure Stimulus Fund (ISF) funding for \$193 million of TTC capital projects. The projects that were approved for ISF funding were in the 2009-2018 Approved Capital Plan's in future years. They have been accelerated in order that they can be substantially completed by the Federal government's March 31, 2011 deadline. In order to reduce its level of debt funding, the TTC has chosen not to proceed with the Warden Redevelopment – Phase I. This reduces the total ISF project spending to \$181.115 million and the ISF funding to \$60.372 million.

The TTC has approved funding in the 10-Year Recommended Capital Plan from the Federal government's ISF program totalling \$49.121 million, with \$41.709 million in 2010 and \$7.412 million in 2011, with the balance included in 2009, enabling these projects to proceed with 1/3 federal stimulus funding. As outlined in the table below, funding has been provided for the Station Modernization Program, Easier Access III, the Victoria Park Bus Terminal Replacement and the Bridges and Tunnels project.

Infrastructure Stimulus Funding 2010-2011

Sub-Project	Total			2009		2010		2011		Future Years	
	Total	Debt	ISF	Debt	ISF	Debt	ISF	Debt	ISF	Debt	ISF
Subway Track Renewal	4.772	-1.591	1.591	-1.591	1.591						
Streetcar Overhead Distribution System	7.638	-2.546	2.546	-1.522	2.394	-1.024	0.152				
Streetcar Supporting Infrastructure Upg	1.605	-0.535	0.535			0.315	0.502	-0.850	0.033		
Station Modernization Program	21.414	-7.138	7.138	-1.000	1.000	-4.972	4.972	-1.166	1.166		
Subway Escalator / Elevator Overhaul	6.798	-2.266	2.266	-0.126	0.126	-1.152	1.932	-0.988	0.208		
Bridges and Structures Maintenance	4.254	-1.418	1.418	-0.141	0.141	-0.838	0.838	-0.439	0.439		
Structural Paving Rehabilitation	3.471	-1.157	1.157			-0.978	0.978	-0.179	0.179		
Precast Tunnel Liner Rehabilitation	10.089	-3.363	3.363	-2.319		1.103	2.690	-1.267	0.673	-0.88	
Bridges and Tunnels	13.380	-4.460	4.460	-1.756	1.756	-0.111	2.592	-2.593	0.112		
Easier Access III	22.131	-7.377	7.377	-0.954	0.954	-4.147	4.147	-2.276	2.276		
Roofing Rehabilitation Program	11.769	-3.923	3.923	-0.810	0.810	-2.735	2.735	-0.378	0.378		
On-Grade Paving Rehabilitation Program	11.904	-3.968	3.968	-0.698	0.698	-2.833	2.833	-0.437	0.437		
Subway Carhouse/Shop/SRT Fac. Renew.	10.560	-3.520	3.520	-0.142	0.142	0.299	2.026	1.554	1.352	-5.231	
Bus Garage / Shop Fac. Renewal	4.866	-1.622	1.622	-0.414	0.414	-1.060	1.060	-0.148	0.148		
Carhouse Modifications - New LRV	3.825	-1.275	1.275	-0.125	0.125	-1.451	0.750	0.301	0.400		
Birchmount Bus Garage Repair Bay Maint.	7.203	-2.401	2.401	-1.783	0.660	-1.243	1.428	0.625	0.313		
Wheel-Trans Facility Renewal Program	4.791	-1.597	1.597	-1.742	0.500	-0.650	0.700	0.795	0.397		
Kipling Station Improvements East Entran.	8.049	-2.683	2.683	-4.733	0.788	2.050	1.895				
Victoria Park Bus Terminal Replacement	22.746	-7.582	7.582	-7.292	3.104	0.122	4.145	-0.412	0.333		
Total	181.265	-60.422	60.422	-27.148	15.203	-19.305	36.375	-7.858	8.844	-6.111	

It is recommended that the TTC ensure that the projects approved for ISF funding be given top priority in order to ensure that they are substantially complete by the Federal government's March 31, 2011 deadline.

Development Charge Funded Projects

The 2010-2019 Recommended Capital Plan incorporates the development charge (DC) revenue which is expected to be available for transit growth projects over that time period. The City of Toronto's Development Charge Law and Background Study were updated in 2008 and approved in 2009. The \$94 million DC funding from 2010 to 2019 is consistent with that revised study. Four of the eight on-going projects which are the basis for the study: the purchase of buses, streetcars, subway cars and maintenance facilities are included in the TTC's 2010 Recommended Capital Budget and 2011-2019 Recommended Capital Plan. Three of the other DC fundable transit projects, the Union Station Second Platform, the East Bayfront LRT and the West Donlands LRT projects, are included in the Waterfront Initiatives 10-Year Recommended Capital Plan. The final project, the purchase of SRT cars, was fully funded by the Provincial government in 2009 and, consequently, is no longer eligible for DC funding.

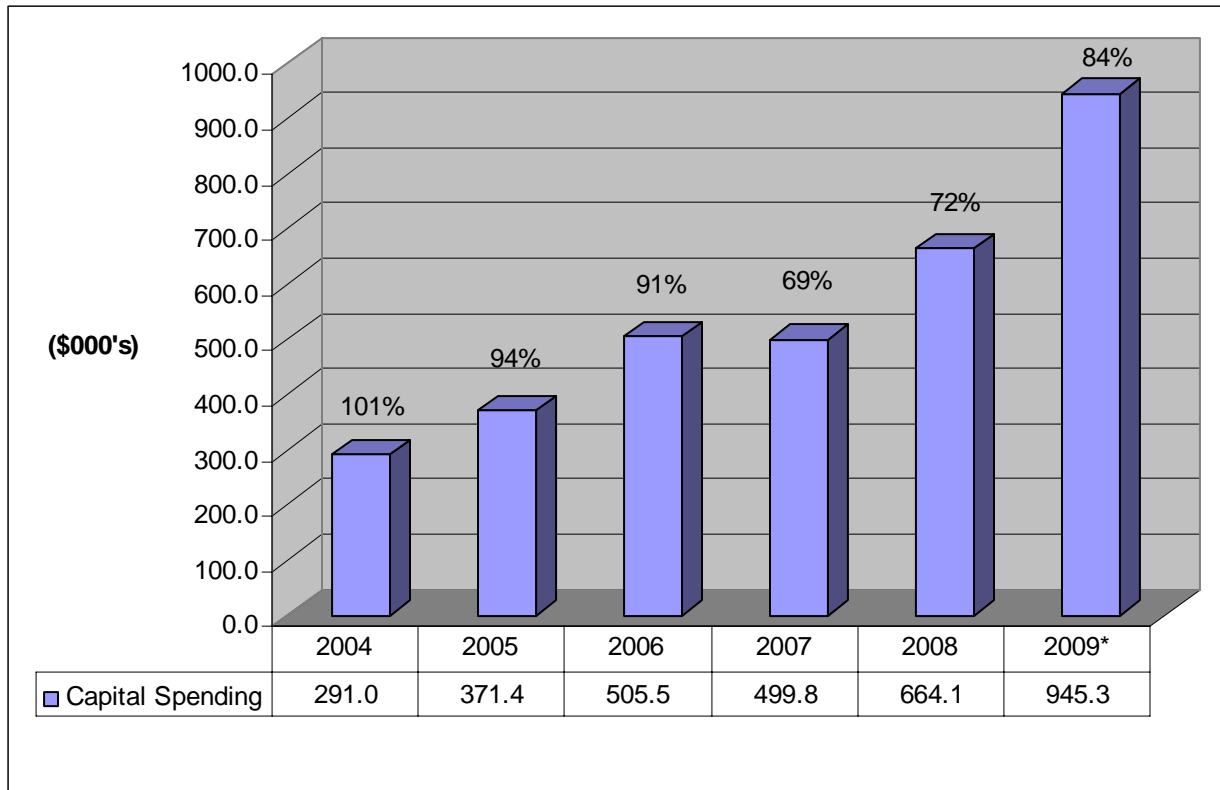
Estimated development charge funding in the TTC's 2010-2019 Recommended Capital Plan decreased by \$44 million from the previous year's budget due to a decrease in the expected development charge revenues as a result of the economic downturn and also because City Council chose to freeze existing DC rates for two years until February 2011 with future increases dependent on the level of residential construction activity increasing.

Program Capacity and Readiness to Proceed

The TTC 2009 Approved Capital Budget, after adjusting for increased Transit City funding approved by Council, was \$1.126 billion million which was 30.9% or \$346.7 million spent, at of August 29, 2009. Actual expenditures by year-end are anticipated to be \$945.300 million or 84.2% of the 2009 Approved Capital Budget. The 2009 projected spending rate by year-end represents an improvement over the Program's 2008 spending rate of 72%. With the exception of a decline in 2007 due to a strike

at the bus manufacturer and in 2008 due to the continued impact of the 2007 manufacturer’s strike on bus deliveries, deferred work on the St. Clair streetcar line, and changes in the streetcar and subway car payment schedules, the last several years have shown a consistent level of capital spending, with 2004 expenditures of \$290.910 million (101%); 2005 expenditures of \$371.400 million (94%); 2006 expenditures of \$505.500 million (91%); 2007 expenditures of \$499.800 million (69%); and, \$664.100 million in 2008 (72%), as outlined in the graph below.

TTC Capital Budget Spending (2004-2009)



Notes: *2009 Year-End Capital Budget Spending Rate Projection as of August 29th, 2009.

The start up and completion of previously approved projects is a priority for TTC and these projects form the basis of the TTC’s 10-year Recommended Capital Plan. The 10-year Recommended Capital Plan reflects the Program’s goal to complete previously approved projects. Based on historical spending, this plan is realistic for the TTC to complete. The TTC has a specific workforce dedicated to capital projects. The projects in the TTC’s 10-Year Recommended Capital Plan are ready to proceed. The majority of the engineering projects are on-going in nature. Vehicle procurement projects are generally constrained by availability of funding rather than the ability of the TTC to undertake them. Once contracts are signed, the TTC’s key role is to oversee their delivery. The TTC has its own procurement process and it also has its own specialized staff dedicated to planning for capital projects.

The 10-year Recommended Capital Plan represents a TTC prioritized package of capital work based on internal review and decision making, noting that revisions to capital work, based on readiness to proceed, have already been made — as is the process each year. These plans are based on evaluated needs, including condition assessments and life cycle replacement plans. They take into account the timing of study and engineering work requirements and essentially represent the anticipated ability to spend — however these are often impacted by external factors and approval processes beyond the TTC’s direct control.

State of Good Repair (SOGR) Backlog

The TTC does not have a state of good repair backlog.

Capital Projects Highlights

The 2010 Recommended Capital Budget and 2011-2019 Recommended Capital Plan advance the following Mayor and Council priorities:

- ***Buy quiet, accessible, faster, higher capacity light rail cars to replace Toronto's aging streetcars:***

There is \$1.173 billion in funding in the TTC's 2010-2019 Recommended Capital Plan for the purchase of new 204 Light Rapid Transit vehicles to replace and expand the existing streetcar fleet. These new vehicles will be lighter, fully-accessible and will run in their own dedicated rights-of-way. Plans are to make the TTC fully-accessible by the year 2025. The procurement of these 204 vehicles will also provide the opportunity to address vehicle expansion requirements arising from the Transit City Plan / MoveOntario 2020 and Waterfront initiatives. This project is 1/3 funded by the Provincial government and 2/3 by City debt.

- ***Make streetcars and buses as comfortable and reliable as the subway:***

There is \$5.915 million allocated for a Bus Rapid Transit (BRT) corridor from Downsview station to York University. As well, there is \$5.500 million for Streetcar Network Upgrades for the new LRVs. There is also \$379 million in recommended funding in 2010 for the Transit City Plan.

- ***Improve capacity by 40% on the Yonge-University-Spadina subway through new trains and innovative signal management systems:***

In December 2006, the TTC awarded a contract for the procurement of 234 new subway cars. The 10-year Recommended Capital Plan includes \$320.235 million for this project, plus another \$311.514 million for the purchase of a further 126 new subway cars. As well, there is \$294.629 million for the resignalling of the Yonge-University-Spadina line. The resignalling will permit the TTC to run trains more frequently and closer together, creating additional capacity equal to building a new north-south subway line.

Other City Initiatives:

Climate Change and Clean Air Action Plan:

- Funding is included for green roofs at the Victoria Park Bus Terminal and the Dufferin Station.
- Funding is recommended for an Energy Conservation, Efficiency and Demand Management project. This project which requires \$6.310 million from 2010 to 2019 will involve designing and implementing energy management measures in various TTC facilities.

Summary of Major Capital Initiatives

The TTC's 2010-2019 Recommended Capital Plan includes the following major capital initiatives:

Project	Status	2010	2011	2012	2013	2014	2010-2014	2015-2019	2010-2019
YUS ATO Resignalling	2009	38,277	43,535	70,717	68,800	42,200	263,529	31,100	294,629
YUS ATO Resignalling	Change	11,202	25,918	(18,046)	(19,074)	71	71	(71)	-
Bus Rapid Transit (BRT) - Spadina Subway to	2009	6,575	-	-	-	-	6,575	-	6,575
Bus Rapid Transit (BRT) - Spadina Subway to	Change	(5,279)	4,619	-	-	-	(660)	-	(660)
Fire Ventilation Upgrade	2009	47,000	38,750	39,650	34,556	18,025	177,981	121,928	299,909
Fire Ventilation Upgrade	Change	(20,800)	3,250	7,400	12,693	-	2,543	(48,494)	(45,951)
Easier Access Phase II	2009	1,036	-	-	-	-	1,036	-	1,036
Easier Access Phase II	Change	2,150	500	-	-	-	2,650	-	2,650
Easier Access Phase III	2009	27,000	37,600	37,600	38,400	38,400	179,000	153,286	332,286
Easier Access Phase III	Change	(9,500)	(8,600)	(6,300)	(4,100)	(5,800)	(34,300)	(32,194)	(66,494)
Kipling Station Improvements	2009	1,740	-	-	-	-	1,740	-	1,740
Kipling Station Improvements	Change	3,945	-	-	-	-	3,945	-	3,945
Islington Station Improvements	2009	8,903	5,218	-	-	-	14,121	-	14,121
Islington Station Improvements (project not proceeding)	Change	(8,903)	(5,218)	-	-	-	(14,121)	-	(14,121)
Wilson Complex Modifications for NST	2009	28,600	28,640	18,000	5,000	-	80,240	-	80,240
Wilson Complex Modifications for NST (accelerated from 2010/11 to 2009)	Change	(7,000)	(10,040)	(7,000)	2,717	-	(21,323)	-	(21,323)
Victoria Park Bus Terminal Replacement	2009	8,168	2,937	-	-	-	11,105	-	11,105
Victoria Park Bus Terminal Replacement	Change	79	(35)	-	-	-	44	-	44
Carhouse Modifications - New LRT Cars	2009	7,574	500	500	500	500	9,574	42,380	51,954
Carhouse Modifications - New LRT Cars	Change	(3,627)	5,527	770	814	-	3,484	-	3,484
LRT Replacement Maintenance & Storage Facility	2009	96,854	143,034	80,725	-	-	320,613	-	320,613
LRT Replacement Maintenance & Storage Facility	Change	(13,540)	(27,201)	61,631	-	-	20,890	-	20,890
Integrated Ticketing System - GTA Farecard Project	2009	1,340	2,735	19,075	50,450	62,950	136,550	-	136,550
Integrated Ticketing System - GTA Farecard Project (schedule change)	Change	(330)	(1,240)	(16,045)	(28,960)	(5,660)	(52,235)	52,671	436
Purchase of Buses	2009	72,567	30,984	33,684	35,337	36,041	208,613	1,612	210,225
Purchase of Buses	Change	148	(10,984)	3,251	1,863	(10,481)	(16,203)	48,938	32,735
Bus Overhaul	2009	3,260	608	7,561	10,148	19,729	41,306	333,237	374,543
Bus Overhaul (program suspended pending study)	Change	760	1,342	(7,561)	(10,148)	(19,729)	(35,336)	(333,237)	(368,573)
Wheel-Trans vehicles	2009	24,304	10,823	8,538	8,654	8,668	60,987	-	60,987
Wheel-Trans vehicles	Change	-	-	-	-	(6)	(6)	-	(6)
Purchase of 234 Toronto Rocket Subway Cars	2009	225,192	57,986	30,745	-	-	313,923	-	313,923
Purchase of 234 Toronto Rocket Subway Cars - revision to sched.	Change	(7,606)	20,751	(6,833)	-	-	6,312	-	6,312
Purchase of 126 Subway Cars to Replace H6 (n	2009	300	30,384	204,358	73,571	1,701	310,314	1,200	311,514
Purchase of Streetcars	2009	93,105	237,232	73,843	170,584	136,874	711,638	456,282	1,167,920
Purchase of Streetcars (Schedule Change)	Change	(19,302)	(68,003)	28,225	(78,607)	22,821	(114,866)	120,363	5,497

Bus Rapid Transit (BRT)

The construction of the Bus Rapid Transit line from Downsview Station to York University requiring funding of \$1.296 million in 2010 and \$4.619 million in 2011 will open in November 2009 with landscaping scheduled to be completed in 2011.

Kipling Station Redevelopment

The Province, through GO Transit/Metrolinx, has taken ownership of the inter-regional bus terminal project at the Kipling Station. This terminal will serve GO Transit and Mississauga Transit whose operations will move from their current location at the Islington subway station. The total project cost of the Kipling Station Redevelopment project in the TTC's budget was reduced by \$26.8 million in 2009 to reflect this change in ownership. Given that the lead role in the Kipling Mobility Hub has

been taken over by Metrolinx, the Province had further indicated that it will cover any other costs related to construction of the TTC-specific components of the project which currently have a total project cost of \$12 million. However, in 2009, the Province decided that it would no longer fund this project and it fell to the City to debt finance the completion of the project.

Bus Fleet Plan

In 2010, the TTC’s fleet of buses will be modernized with the purchase of 120 new diesel/electric hybrid buses at a cost of \$62.500 million. The Commission is following a strategy of “greening” its bus fleet through the use of technologies and practices that reduce both smog and greenhouse gases. The TTC projects that the bus fleet will become 100% accessible by 2012. The average age of the bus fleet will be reduced from 14 years in 2003 to 5.5 years by the end of 2010 as a result of a significant number of life extended buses (22-24 years old) being replaced. The 2010-2019 Recommended Capital Plan includes \$271.519 million in funding for bus purchases beginning in 2010. By the end of 2009, the TTC will have a bus fleet of 1,744 buses growing to 1,859 buses by 2012 in order to meet ridership growth and increase service levels. However, as Transit City Plan LRT lines come on stream, buses on those routes will be replaced by streetcars so that, by 2019, the bus fleet will have shrunk to 1,686 buses. In total, 390 new buses are projected to be purchased throughout 2010-2019.

TTC Bus Fleet Plan 2010 - 2019										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Buses Available (Start Year)	1,744	1,806	1,829	1,859	1,838	1,821	1,840	1,746	1,746	1,746
less: Buses Retired	(58)	(12)	(30)	(81)	(57)	(56)	(94)	0	0	0
add: Buses Procured	120	35	60	60	40	75	0	0	0	0
Buses Available (End Year)	1,806	1,829	1,859	1,838	1,821	1,840	1,746	1,746	1,746	1,746
Bus Requirement	1,790	1,802	1,857	1,833	1,819	1,838	1,745	1,697	1,707	1,686
Contingency	16	27	2	5	2	2	1	49	39	60

Wheel-Trans Vehicles

There is \$24.304 million in the 2010 Recommended Capital Budget and \$36.677 million in the 2011-2019 Recommended Capital Plan for the purchase of 147 Wheel-Trans vehicles to replace the existing ELF vehicles plus 51 additional vehicles for growth. Originally, all of the new vehicles were expected to be delivered by 2011. However, the delivery was delayed because of the difficulty of finding a suitable replacement vehicle. A contract for new vehicles was signed in October 2008. Two buses were delivered in 2009 with an additional 41 buses are to be delivered in 2010 and the rest of the 198 buses to be delivered by 2014.

Subway Car Fleet Plan

The 2010-2019 Recommended Capital Plan includes \$217.886 million in 2010 and \$412.663 million from 2011 to 2015 for a total project cost of \$692.400 million for the purchase of 234 subway cars or 39 trainsets. Delivery is scheduled for 90 cars in 2010 and 138 cars in 2011. There is also \$311.514 million included in the 2010-2019 Recommended Capital Plan for the purchase of 126 subway cars for H6 replacement including \$0.3 million in 2010 to begin design work and \$30.384 million in 2011 and \$204.358 million in 2012 to complete the design and begin construction.

Streetcar (LRV) Purchase

In June 2009, the Commission placed an order to buy 204 new Light Rail Vehicles (LRVs); 183 LRVs to replace the entire existing fleet and 21 new LRVs to accommodate anticipated growth. In addition, 132 existing streetcars will be overhauled to extend their lifespan and bridge the time period until all of the new streetcars are delivered. In 2009, the decision was made to retire the articulated streetcars (ALRVs) before the CLRVs as the new LRVs enter service. This decision results in the ALRV midlife overhaul program ending and the CLRV overhaul program being extended by two years with a resulting saving of \$10 million. TTC intends to keep to the original schedule and award the contract and make a first instalment payment in 2009 with the delivery of the first two prototype vehicles in 2011, with the delivery of production vehicles from 2012 to 2018.

The primary purpose of purchasing new LRVs is to replace vehicles that are at the end of their useful life with more reliable and efficient cars, instead of rebuilding older cars. These new vehicles introduce fully accessible light rail transit to the City of Toronto at the earliest possible date. The Provincial *Accessibility for Ontarians with Disabilities Act, 2005* (AODA) requires that all services and facilities must be accessible by 2025. As well, an option will be available to purchase additional cars to address other City-building initiatives such as the Transit City Plan and Waterfront Toronto LRT plans.

The 10-year Recommended Capital Plan includes amended cashflow funding of \$73.803 million in 2010, with total funding on streetcar purchases of \$1.173 billion in the 2010-2019 period. The Provincial government has committed \$417 million to fund 1/3 of the LRV purchase. No Federal funding was received, so the City has assumed an extra 1/3 share of the funding through debt reallocated from within the TTC's 2009 to 2018 Approved Capital Plan. In order to accommodate this extra debt impact, the TTC deferred \$417 million in projects to outside the 2009-2018 period. Of these deferred projects, \$20 million has been reintroduced into the 2010-2019 Recommended Capital Plan which adds debt pressure in 2019.

Light Rail Transit Vehicle Plans									
(\$ Millions)	to 2009	2010	2011	2012	2013	2014	2010-2014	2015-2019	Total
2010-2019 Recommended Capital Plan									
Streetcar Overhaul (132 Vehicles)	17.3	9.2	9.2	9.8	9.2	0.0	37.4		54.8
LRV Purchase and LEP Close Out *	78.3	73.8	169.2	102.1	92.0	159.7	596.8	576.6	1,251.7
Carhouse Modifications	1.4	3.9	6.0	1.3	1.3	0.5	13.1	42.4	56.9
New LRV Maintenance & Storage Facility	3.2	83.3	115.8	142.4	0.0	0.0	341.5		344.7
Total Expenditures	100.2	170.3	300.3	255.5	102.5	160.2	988.8	619.0	1,708.0
LRT Vehicles Delivered			3	1	30	36	70	134	204

10-Year Capital Plan Incremental Operating Impact Summary

(In \$Thousands)	2010 Rec. Budget	2011 Plan	2012 Plan	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2010-2019 Total
2010 Recommended Capital Budget											
Program Costs (Net)	3,550										3,550
Approved Positions	45										45
Recommended 10-Year Capital Plan											
Program Costs (Net)		7,650	715	419	42	N/A	N/A	N/A	N/A	N/A	8,825
Approved Positions		34	0	(3)	(3)	N/A	N/A	N/A	N/A	N/A	29
Total											
Program Costs (Net)	3,550	7,650	715	419	42	0	0	0	0	0	12,375
Approved Positions	45	34	0	(3)	(3)	0	0	0	0	0	75

The 2010 Recommended Capital Budget and 2011-2019 Recommended Capital Plan will result in operating impacts from previously approved and new/change in scope capital projects for 2010 of \$3.550 million; 2011 of \$7.650 million; 2012 of \$0.715 million; 2013 of \$0.419 million and 2014 of \$0.042 million. The City will work with the TTC to establish the incremental operating impact from the projects within the 2015 to 2019 Recommended Capital Plan period.

The operating impacts primarily reflect additional expenditures that will be required to operate the new Wheel-Trans vehicles, as well as to manage and maintain the new Computer Equipment and the Intelligent Transportation and Technical Systems which will be installed over the next ten years.

The TTC has identified 45 new positions for 2010 and a net increase of 29 new positions arising from approval of the 2011-2019 Recommended Capital Plan. Capital Projects with complement additions include:

- Purchase of Buses (2010 – 35 positions),
- Security System and Safety Upgrades (2011 - 2 positions),
- Fare Handling Equipment (2010 – 2 positions),
- Computer Equipment & Software (2010 – 4 positions, 2011 - 20 positions, 2012 - 3 positions),
- Intelligent Transportation and Technical Systems (2010 – 4 positions, 2011 - 13 positions),
- Automatic Passenger Counting Implementation Replacement (2011 – (2) positions, 2012 – (1) positions, 2013 – (3) positions, 2014 – (3) positions).

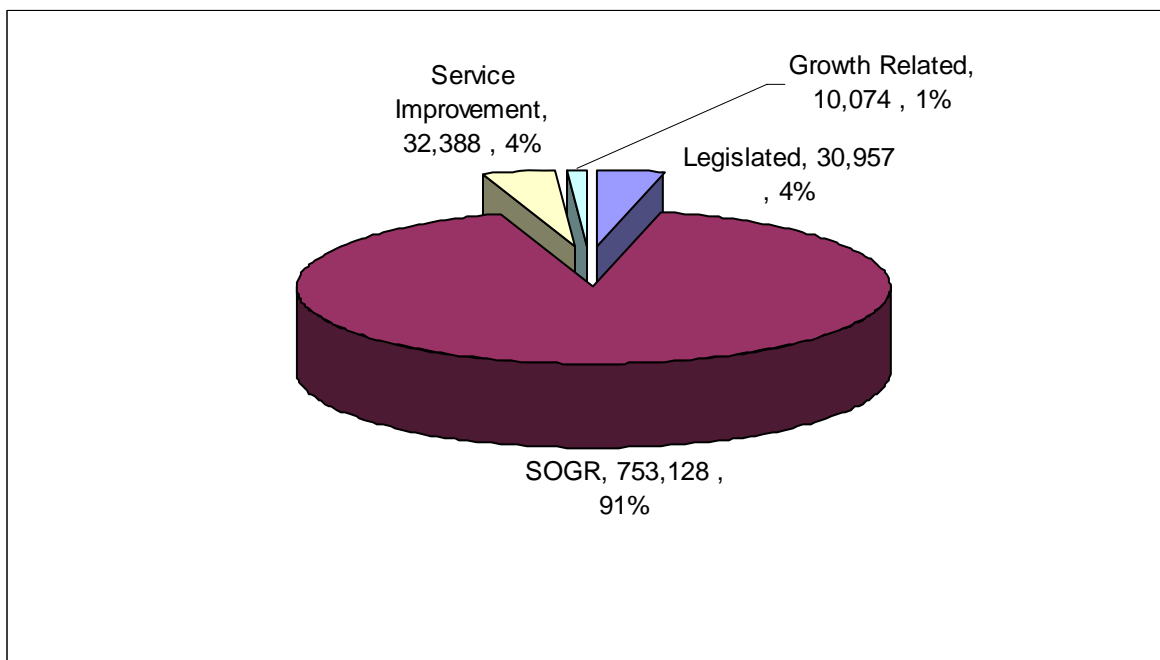
Total 2010 Recommended Cash Flow & Future Year Commitments

	2008 & Prior Year Carry Forwards	2010 Previously Approved Cash Flow Commitments	2010 New Cash Flow Rec'd	2010 Total Cash Flow Rec'd	2009 Carry Forwards	Total 2010 Cash Flow (Incl 2009 C/Fwd)	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total Cost
Expenditures																
Previously Approved		793,914		793,914	93,954	887,868	675,145	246,885	146,888	194,217	96,142	165,260	136,447	50,857		2,599,709
Change in Scope			1,803	1,803		1,803										1,803
New			50	50		50										50
New w/Future Year			30,780	30,780		30,780	159,525	522,609	168,339	5,006	1,200	0	0	34,987		922,446
Total Expenditure	0	793,914	32,633	826,547	93,954	920,501	834,670	769,494	315,227	199,223	97,342	165,260	136,447	85,844	0	3,524,008
Financing																
Debt				292,073	78,622	370,695	278,223	256,498	105,076	66,408	32,447	55,087	45,482	28,615		1,238,531
Reserves/Res Funds				4,311	0	4,311										4,311
Development Charges				31,192	0	31,192										31,192
ISF / RInC				41,709	0	41,709										41,709
Provincial/Federal				437,134	11,332	448,466	556,447	512,996	210,151	132,815	64,895	110,173	90,965	57,229		2,184,137
Other				20,128	4,000	24,128										24,128
Total Financing	0	0	0	826,547	93,954	920,501	834,670	769,494	315,227	199,223	97,342	165,260	136,447	85,844	0	3,524,008

- The TTC’s 2010 Recommended Capital Budget is \$920.501 million and provides funding for 2009 projects carried forward into 2010 of \$93.954 million funding; previously approved projects of \$793.914 million; and, \$32.633 million of funding for new/change in scope projects.
- Large multi-year projects requiring 2009 carry forward funding include: the Subway Track, Surface Track, Other Bridges and Structures, Spadina Subway Extension and Transit City projects.
- Approval of the 2010 Recommended Capital Budget will result in a commitment to future year funding for new/change in scope projects of \$159.525 million in 2011; \$522.609 million in 2012; \$168.339 million in 2013; \$5.006 million in 2014; and \$34.987 million in 2018. The high rate of future year funding reflects the nature of The TTC’s capital program which includes many multi-year, multi-million dollar projects such as the Purchase of Streetcars, Purchase of Subway Cars, and various vehicle overhaul projects.

2010 Recommended Capital Budget: Overview

Capital Budget by Project Category



The following summarizes the allocation of recommended funding by project category:

- The 2010 Recommended Capital Budget reflects the allocation of significant funding for *State of Good Repair* projects which represent 91% of the 2010 cash flow. The primary focus of the 2010 Recommended Capital Budget is the repair or replacement of aging vehicles, infrastructure and facilities.
- *Service Improvement* projects represent 4% of the funding included in the 2010 Recommended Capital Budget. The largest service improvement projects to proceed in 2010 include the Station Modernization project (\$15 million), the Energy Conservation projects (\$3 million), Commuter Parking Expansion (\$4 million), Service Planning (\$8 million) and the Kipling Redevelopment project (\$6 million).
- *Growth* projects represent 1% of the 2010 Recommended Capital Budget's cash flow funding. The largest growth projects for 2010 include the Bremner Streetcar Loop (\$2 million), and the Downtown Relief Line Study (\$2 million).
- *Legislated* projects account for 4% of the 2010 Recommended Capital Budget's cash flow funding. The Easier Access II and III projects are the largest Legislated projects, requiring \$21 million in 2010.

2010 Recommended Capital Budget versus Debt Target

The 2010 Recommended Capital Budget requires new 2010 cash flow of \$827 million with debt funding of \$299 million. This cash flow combined with funding carried forward of \$93.954 million for 2009 projects results in a total 2010 Recommended Capital Budget of \$921 million. The 2010 Recommended Capital Budget for the TTC is under the 2010 debt affordability target of \$438 million by \$139.519 million as a result of ISF funding, projects having been cut and some expenditure on major projects having been deferred to future years.

Capacity and Readiness to Proceed

The TTC's 2010 Recommended Capital Budget is ready to proceed. The majority of the engineering projects are on-going in nature. Vehicle procurement projects are generally constrained by availability of funding rather than the ability of the TTC to undertake them. The TTC has its own procurement process and it also has its own specialized staff dedicated to planning for capital projects.

Capital Project Highlights

The 2010 Recommended Capital Budget provides funding for a broad range of projects that advance the Mayor and Council's priorities.

Buy quiet, accessible, faster, higher capacity light rail cars to replace Toronto's aging streetcars:

There is \$73.803 million in funding in the TTC's 2010 Recommended Capital Budget for the purchase of new 204 Light Rapid Transit vehicles to replace and expand the existing streetcar fleet.

Make streetcars and buses as comfortable and reliable as the subway:

There is \$1.296 million in funding recommended for a Bus Rapid Transit (BRT) corridor from Downsview Station to York University. As well, \$0.250 million is recommended for Streetcar Network Upgrades for the new LRVs. There is also \$379 million in funding in 2010 for the Transit City Plan.

Improve capacity by 40% on the Yonge-University-Spadina subway through new trains and innovative signal management systems:

The 2010 Recommended Capital Budget includes \$217.586 million for 234 new subway cars, plus another \$0.300 million to start work on a further 126 new subway cars. As well, there is \$49.479 million for the resignalling of the Yonge-University-Spadina line

Other City Initiatives:

Climate Change and Clean Air Action Plan:

- Funding is included for green roofs at the Victoria Park Bus Terminal and the Wilson Carhouse.
- Funding is recommended for Energy Conservation projects. These projects which requires \$3.150 million in 2010 designing and implementing energy management measures in various TTC facilities.

- There are 26 new projects that total \$77 million in the TTC’s 2010-2019 Recommended Capital Plan listed below.

2010 Recommended New Projects

TTC - New Projects in 2010												
Project	2010	2011	2012	2013	2014	2010-2014	2015	2016	2017	2018	2019	2010-2019
Lighting in Open Cut - Subway Right of Way	100	200	300	300	800	1,700	600					2,300
Track Level Occupancy Lights		50	1,190	1,170	750	3,160						3,160
Signalling of Davisville Yard						0	1,400	1,400	1,400	1,400	1,400	7,000
Diesel Emission Control Equipment Study	120					120						120
Duncan Shop Ventilation Upgrade	800	4,075	9,050	1,575		15,500						15,500
Design and Install/Replace Parts Dones	150	375	160	340		1,025						1,025
Rail Shops and Carhouse Amalgamation	250	750				1,000						1,000
Temporary Bus Storage and Mainten. Facil. Study	250					250						250
Glencairn and Scarborough Centre Skylights	300	3,500	5,520	1,680		11,000						11,000
Revenue Operations Facility	7,970	5,650	1,100			14,720						14,720
Downtown Relief Line Study	2,000					2,000						2,000
AODA Facilities Modifications Study	100	200				300						300
Replacement of Halon Fire Protection Systems					335	335	1,640	820				2,795
Bus Ergonomics	973	1,950				2,923						2,923
New SRT Cars (108) - 6 Year Overhaul						0					130	130
126 Subway Cars - 6 Year Overhaul						0					680	680
600V DC Air Compressors (7)	215	755				970						970
Electric Flatcar - Tunnel Leaks			900			900						900
Geometric/NDT Track Inspection Workcar					150	150	4,000					4,150
Tie Crane / Backhoe Workcar	450					450						450
Electric Combination Flatcars - Structures (3)					900	900	1,800					2,700
Revenue Operations Business Continuity	600					600						600
Enterprise Geospatial Information - Phase 2	250	800				1,050						1,050
Internet Trip Planning - Phase 2	800					800						800
Automated Customer Notification - Phase 2	800					800						800
Farro Coordinate Measuring Machine	50					50						50
						0						0
Total New Projects in 2010	16,178	18,305	18,220	5,065	2,935	60,703	9,440	2,220	1,400	1,400	2,210	77,373

The 2010 Recommended Capital Budget of \$921 million provides funding to:

- Begin the Duncan Shop Ventilation Upgrade, the Revenue Operations Facility and the Downtown Relief Line Study.
- Begin delivery of subway cars – 90 to be delivered in 2010
- Continue ongoing trackwork, security, engineering and communications projects.
- Continue manufacture of the remaining 144 subway cars and the remaining 88 Wheel-Trans vehicles and continue design and prototyping of the new LRVs
- Complete delivery of 120 diesel buses and 69 Wheel-Trans vehicles
- Complete work on Broadview and Kipling stations

PART II: ISSUES FOR DISCUSSION

2010 Recommended Capital Budget Issues

TTC CAPITAL WORKFORCE	
2010 Recommended Capital Budget	
2009 Year-end Approved Positions	1,362.0
Additional Positions for 2010	
Transit City	83.0
Spadina Subway Extension	8.0
Construction/Engineering	12.0
IT Projects	8.0
Track Work	50.0
All Other	30.0
2010 Recommended Additional Positions	191.0
2010 Year-End Positions	1,553.0

There are 191 new positions being recommended. The 83 Transit City positions are subject to confirmation of Provincial funding. These positions will be temporary until funding is confirmed.

2010 Unallocated Reduction

Annually, the TTC's 2010-2019 Recommended Capital Budget includes an unallocated reduction, which represents 10% of the total cash flow, less committed vehicle purchases, to reflect a 90% spending rate for all other capital works. There is an unallocated reduction of \$61.350 million in 2010. It is recommended that the TTC report back to Budget Committee in June 2010 on specific project reductions equal to the 2010 recommended 10% unspecified reduction of \$61 million to accommodate anticipated under spending in 2010.

2011-2019 Recommended Capital Plan Issues

10-Year Capital Plan Versus Debt Target

The debt required to fund TTC's 10-Year Recommended Capital Plan is \$221.766 million greater than the debt targets set for this program. Of the total \$222 million over debt target in the 2010 to 2019 period, \$104 million representing the 1/3 share of the H6 Replacement Subway Car project which was previously assumed to be funded by the Federal government is now debt funded. An additional \$96 million in costs for the Automatic Train Control will require debt funding, as the Provincial funding for this program covered only \$189 million for the period 2008 to 2012. The addition of \$77 million of new projects not previously included in the 2009-2018 Approved Capital Plan also contribute to the TTC being over its debt target. As a result of a corporate decision to refinance the City's debt there is an additional \$344 million in debt to fund the Spadina Subway Extension, in the 2010-2019 Recommended Capital Plan.

It is recommended that the TTC and City staff continue discussions with the other orders of government on increasing funding for transit in the City of Toronto as outlined in the 2010-2019 Recommended Capital Plan, including additional funding for the remainder of the Automatic Train Control project, an additional 1/3 funding for the H6 Subway Car Replacement project, 2/3 funding for the LRV Maintenance Facility, and funding through MoveOntario 2020 for the unfunded Transit City lines.

Status of Provincial/Federal Cost Sharing

TTC 2010-2019 CAPITAL PROGRAM REQUIREMENTS & SOURCES OF FUNDING													
\$ millions	2009 Carry- Forward	2010	2011	2012	2013	2014	2010-2014	2015	2016	2017	2018	2019	2010-2019
PROPOSED BUDGET													
Commission Proposed 2009-2013 Gross Budget - Aug27/08	94	888	913	953	598	563	3,914	496	433	390	424	325	5,982
Unspecified Budget Reduction - City Applied		(61)	0	0	0	0	(61)	0	0	0	0	0	(61)
PROPOSED CURRENT BUDGET REQUEST													
State-of-Good-Repair / Safety	65	811	836	898	531	463	3,539	407	401	357	393	301	5,399
Legislative	7	31	44	39	42	36	192	25	31	31	29	17	325
Improvement	18	32	24	12	3	4	76	11	1	1	2	7	97
Capacity Enhancement		3	3	1	-	3	10	-	-	-	-	-	10
Expansion	4	10	6	3	21	57	98	53	-	-	-	-	151
Vehicles	15	415	341	404	239	216	1,615	170	188	154	183	41	2,352
Infrastructure / Other	79	472	572	549	358	347	2,299	325	245	236	241	285	3,630
Total Gross - Base Capital Program Request	94	888	913	953	598	563	3,914	496	433	390	424	325	5,982
Unspecified Budget Reduction - City Applied		(61)					(61)						(61)
Proposed Capital Program	94	827	913	953	598	563	3,853	496	433	390	424	325	5,921
Funding Sources													
Ontario Bus Replacement Program (OBRP)		11	9	9	10	11	50	8	8	8	8	8	90
Ontario Rolling Stock Infrastructure Funding	1	8	7	4	0	-	19	-	-	-	-	-	19
Golden Horseshoe Transit Investment Partnerships		2	-	-	-	-	2	-	-	-	-	-	2
Provincial Gas Tax		73	73	73	73	73	363	73	73	73	73	73	725
Canada Strategic Infrastructure Fund (CSIF)	4	32	11	3	4	15	65	17	-	-	-	-	82
Capital Reserve		-	-	-	-	-	-	-	-	-	-	-	-
Metrolinx Quick Wins		101	100	122	25	1	347	0	-	-	-	-	348
LRVs Funding **	2	23	56	34	31	53	197	31	55	45	54	7	389
Total Provincial Funding	7	249	256	244	142	152	1,043	129	136	126	135	87	1,655
Transit-Secure Funding		-	-	-	-	-	-	-	-	-	-	-	-
Base Federal Gas Tax - 5 cent (population)		154	154	154	154	154	772	154	154	154	154	154	1,544
Public Transit Capital Trust (ridership)		-	-	-	-	-	-	-	-	-	-	-	-
Canada Strategic Infrastructure Fund (CSIF)	4	34	12	3	4	15	68	17	-	-	-	-	85
Infrastructure Stimulus Funding (ISF)		42	7	-	-	-	49	-	-	-	-	-	49
Total Federal Funding	4	230	174	158	159	170	889	171	154	154	154	154	1,678
TTC internal (depreciation)	11	13	26	26	25	24	114	24	23	22	23	23	228
Other Reserves / Funding Partners		4	-	-	-	-	4	-	-	-	-	-	4
Development charges **		31	5	6	6	7	56	7	7	8	8	8	94
Total Other Funding	11	49	31	31	31	31	174	31	30	30	31	31	327
City Debt Target - CFO Recommended **		438	408	260	218	193	1,517	103	114	106	100	100	2,039
City Carryforward - Deferred Debt Issued **		-	-	-	-	-	-	-	-	-	-	-	-
Total City / Other Funding	11	487	439	291	249	224	1,691	134	144	135	131	131	2,365
Total Funding	22	966	869	693	549	546	3,623	434	434	416	420	372	5,699
Funding Shortfall (Surplus)	72	(140)	44	261	48	16	(230)	62	(1)	(26)	4	(47)	(222)

Provincial Funding

- Metrolinx

The Provincial government in March 2008, made approximately \$599 million in transit funding commitments and payments to the City. The Province provided \$206 million in one-time funding to the City from which \$57 million has been allocated to the TTC's 2009 Recommended Capital Budget. As well, under the Metrolinx QuickWins program, the Province provided the City with \$393 million for the Automatic Train Control project and funding for 2 subway car orders. Of this \$393 million, \$189 million provided full funding for the 2009-2013 period for the Automatic Train Control (leaving \$100 million unfunded), \$93 million for one third of the 234 Toronto Rocket subway car order and \$104 million for one third of the H6 Replacement subway car order. As well, \$7.1 million was received to further preliminary work on the Transit City Plan. This cost-share funding, as well as funding received from the Provincial government in 2007 for the CSIF, TTIP and ORSIF funding programs, was placed in reserve funds to be drawn on in future years as work on eligible projects

progresses. Funds from these reserve funds will be used to fund projects included in the 2010 Recommended Capital Budget. Council authority is required each year to move these funds from the respective reserve funds to the Capital program.

- Ontario Bus Replacement Program (OBRP)

In 2008, the OBRP funding program was changed by the Provincial government for the eight largest municipalities in Ontario. The percentage of conventional bus purchases that the Province would fund was increased from 24% to 33.3%. However, the payments will be spread over the 12 year assumed life of the buses. The result of this change in the program is that, in 2009, the City of Toronto will receive only \$2.15 million in OBRP payments for TTC bus purchases out of \$25.8 million in eligible funding to reflect the one year amortization on the value of the bus payments. This will require the City to debt finance the Provincial share. The remaining 11/12 will be paid to the City over the next 11 years. The Ministry of Transportation has committed to reimburse the City for its debt costs associated with this deferred revenue stream. Funding will be received in each of the 10 years of the Capital Plan and Forecast.

Federal Funding

- Spadina Subway Extension

In September, 2008, the Federal government signed the contribution agreement for the Toronto York Spadina Subway Extension project. This agreement commits the Federal government to providing \$622 million in funding in addition to the \$75 million which it has already provided. With the signing of this contribution agreement, the Spadina Subway Extension project is fully funded and is now proceeding.

- Canada Strategic Infrastructure Fund (CSIF)

In March 2008, the Federal government signed the CSIF contribution agreement under which it will provide the City with \$303 million in transit funding plus another \$47 million in funding for the GTA Farecard project when that project proceeds. Transport Canada set aside \$113 million in March of 2009 in order to facilitate initial claim payments to the TTC. The TTC made an initial claim of \$100 million. The City received the \$100 million payment for this claim in June 2008. The TTC made another claim for the remaining \$13 million in the fall of 2008. The TTC has further expenditures which can be claimed under the Federal CSIF program, however, under the terms of the CSIF agreement, the TTC must submit an annual report for the Federal government's 2008-2009 year and undergo an annual audit before it can submit any further claims for 2009.

- Gas Tax

The Federal Gas Tax funding has now been made permanent. The Federal Gas Tax allocation is based on the percentage of the City's population to the total Provincial population. Current gas tax funding is based on the 2001 census data. Starting in 2010, the annual funding will decrease from \$162.9 million to \$154.4 million. This results in a loss of \$85 million in Federal Gas Tax funding from 2010 to 2019, adding to the City's debt burden. The funding has been decreased due to a drop in the percentage that Toronto's population comprises of the total population of the Province based on the 2006 census versus the 2001 census.

Projects Excluded from the 2010-2019 Recommended Capital Plan

Projects which are not included in the 10-Year (Base) Recommended Capital Budget are itemized in the table below. The Spadina Subway Extension and Transit City are distinct major projects which are outside the TTC's base budget and have funding recommended. There are a number of projects which are not funded, the largest of which is the four unfunded Transit City lines.

Projects Excluded From The 2010-2019 Recommended Base Capital Plan										
Project	2009 Carryforward	2010	2011	2012	2013	2014	2010-2014	2015-2019	2010-2019	Total Project Cost
Separate TTC Programs										
Spadina Subway Extension	33,663	189,308	613,179	705,000	530,500	422,500	2,460,487	30,945	2,491,432	2,634,171
Transit City - Funded Projects	78,398	301,056	-	-	-	-	301,056	-	301,056	8,150,000
Total	112,061	490,364	613,179	705,000	530,500	422,500	2,761,543	30,945	2,792,488	10,784,171
Waterfront Initiatives										
		33,597	70,788	77,329	109,557	48,030	339,301	14,850	354,151	537,670
Not Included in TTC Capital Plan										
Transit City - Unfunded Projects	-	45,238	109,764	116,730	409,260	604,225	1,285,217	3,517,097	4,802,314	9,720,407
GTA Fare Card Cost Escalation	-	-	-	-	33,500	33,000	66,500	210,058	276,558	276,558
Bremner Streetcar Expansion	-	150	2,260	22,365	27,825	38,325	90,925	80,535	171,460	171,460
AODA Accessibility Requirements	-	24,078	25,334	25,026	10,591	10,591	95,620	2,960	98,580	102,775
Platform Screen Doors	-	-	16,900	18,900	17,900	124,000	177,700	316,300	494,000	1,030,000

The Spadina Subway Extension

The TTC is currently constructing an extension of the Spadina Subway from Downsview station to the Vaughan Corporate Centre through a joint project involving the City of Toronto/TTC and York Region. Provincial government funding for one third of the project cost has been committed and placed in a trust fund. Capital costs are allocated on a 59.96% City / 40.04% Region split based on recognition of municipal boundaries and responsibilities and of shared system infrastructure. It had been planned to use a portion of the monetization of the Toronto Hydro bond to pay for the majority of the City's share of the Spadina Subway Extension. This funding will now be replaced by \$344 million in debt as part of a strategy by the City of Toronto to reorganize its debt financing. Funding of \$189.308 million is required for 2010 cash flow and future commitments for the Spadina Subway Extension.

It is recommended that Council approve cash flow funding of \$2.491 billion in 2010 and future year commitments for the Spadina Subway Extension, with \$33.663 million in funding carried forward from 2009; a 2010 cash flow of \$189.308 and a future year commitment of 153.295 million in 2011, given that the project is fully funded;

While capital funding is in place, no funding has yet been identified for transitional or ongoing incremental operating costs the TTC will incur when this capital project is complete and the subway extension is operational.

Transit City

The TTC in March 2007 issued its Transit City Plan (TCP) which encompasses the construction of seven new Light Rapid Transit lines across the City of Toronto. In total, 120 kilometres of service will be added and communities from Scarborough to North York to Etobicoke will be served along with a possible addition of LRV service to the airport. By 2021, it is anticipated that the new lines will carry 175 million riders per year. The Transit City Plan will require gross expenditures in 2010 of \$379.454 million and \$8.150 billion in total project costs.

On April 1, 2009, the Provincial government announced funding for the SRT conversion and extension, including SRT cars, plus the Eglinton Crosstown and Finch West LRT. Subsequently, on May 15, 2009, the Provincial government announced that it would fund 2/3 of the Sheppard East LRT while the Federal government committed to funding the remaining 1/3. The total funding committed for the first four LRT lines is \$8.15 billion. The TTC is currently negotiating a memorandum of agreement with the Provincial government to secure funding to allow work on the first four Transit City lines to continue throughout 2009. This MOA will eventually be replaced by a permanent agreement. In the meantime, City Council on September 30, 2009, approved interim funding of \$134.5 million (including \$11.3 million for SRT projects) to allow the projects to move forward. Currently no funding commitment has been made by the Province to fund the incremental operating costs the TTC will incur when these capital projects are complete and the Transit City Plan is operational.

The TTC has budgeted for the 2010 year only as negotiations on the scope of the funded lines with the Province are on-going and future year cash flows are not known at this time. The remaining four Transit City lines are not included in the TTC's 2010-2019 10-Year Capital Plan because they are not yet funded.

It is recommended that Council approve cash flow funding of \$379 million in 2010 for the Transit City Plan to enable the project to continue moving forward in 2010 on the understanding that the Province will sign a permanent funding agreement for Transit City in 2010. It is further recommended that no spending commitments and no hiring for the Transit City Plan beyond the end of 2010 be made until 3rd party funding is received for this project and that the TTC report back on the impact of discussions with Metrolinx on Transit City funding.

Waterfront Initiatives

The Waterfront Toronto Corporation has begun construction in the East Bayfront and the West Don Lands areas of the waterfront. The TTC has identified \$33.597 million in 2010, \$354.151 million from 2010 to 2019, and total project costs of \$537.670 million which would be required for the construction of the second platform at Union Station and to provide light rail transit to the East Bayfront and the West Don Lands areas of the waterfront as well as eventual service to the Portlands. Since Waterfront Toronto is responsible for funding these projects, they are not included in the TTC's 2010-2019 Recommended Capital Plan.

Other Issues

LRV Maintenance Facility

The Streetcar Maintenance and Repairs Master Plan Study, which was completed in May 2008, confirmed that the existing carhouses will not support the maintenance requirements of the new LRVs. The existing carhouses have overhead and track spacing restrictions, no longer comply with the building code and lack adequate storage track capacity. It was determined that a new facility was required to accommodate the new vehicles and provide maintenance, servicing and adequate storage capacity for the new LRVs which are scheduled to start arriving in 2012. A search is currently underway for a suitable property on which to locate this facility.

There is \$341.503 million in the 10-year Recommended Plan for the new LRV Maintenance Facility. However, except for a relatively small amount of development charge funding, this project is funded entirely by debt and adds considerable debt pressure to the City's Capital Plan.

H6 Subway Cars

Funding of \$310.314 million is provided in the 2010-2019 Recommended Capital Plan for the purchase of 126 subway cars for H6 replacement including \$0.3 million in 2010 to begin design work and \$30.384 million in 2012 and \$204.358 million in 2013 to complete the design and begin manufacture. No commitments were made for this project in the 2010-2019 Recommended Capital Plan, although one third funding for this project has been received from the Province. Since the Federal government has not contributed to this project, another \$104 million in City debt funding has replaced the Federal funding assumption that existed in 2009 and prior years for this project adding to the amount that the TTC's 10-Year Capital Plan is over the debt target.

GTA Farecard

The Provincial government has introduced its Presto farecard which can be used by transit passengers across the various GTA transit systems. A pilot project is in progress which involves having farecard machines available in 5 TTC subway stations which serve as access points for riders from the other parts of the GTA. Planned expenditures on the TTC farecard project have been reduced by \$53 million in the 2009 to 2014 period with \$53 million moved to 2015. This represents a five year delay in the start of the project, with farebox replacement now slated to start in 2013. The total project cost of \$139.771 million reflects the CSIF commitment for funding. The cost of this project has increased considerably since it was first planned. The final cost could be as high as \$364 million. The additional funding of as much as \$224 million for the remaining scope of this project is excluded from the TTC's 2010-2019 Recommended Capital Plan. Funding of \$46.7 million under the Federal CSIF program depends on the TTC delivering its farecard business case to Transport Canada.

Outstanding Issues from Prior Years' Budgets

The TTC's 2009 Recommended Capital Budget included an unallocated reduction of \$47.096 million, which represents 10% of the total cash flow, less committed vehicle purchases, to reflect a 90% spending rate for all other capital works. The recommendation directed that "The TTC report back to the Budget Committee as part of the June 30, 2009 Capital Budget Variance Report on specific budget reductions equal to the 2009 Recommended 10% unspecified reduction of \$47 million to accommodate anticipated under spending in 2009."

It is recommended that the TTC report back to Budget Committee in November 2009 on the outstanding request approved by City Council with the 2009 Capital Budget to provide a listing of specific projects on which spending will be reduced in 2009 to meet the \$47.096 million recommended budget reduction in 2009.

Appendix 1

10-Year Recommended Capital Plan Project Summary

Project (\$000's)	2010	2011	2012	2013	2014	2010-2014	2015	2016	2017	2018	2019	2010-2019
Subway Track	14,593	18,043	20,322	14,815	15,598	83,371	15,738	18,877	22,070	30,865	27,670	198,591
Surface Track	33,211	26,926	43,281	27,492	25,448	156,358	32,191	33,952	22,990	23,684	24,395	293,570
Traction Power - Various	12,478	12,866	14,844	11,275	12,331	63,794	17,054	13,623	13,241	12,263	12,709	132,684
Power Dist./Electric Systems - Various	6,505	6,588	6,666	6,289	6,411	32,459	5,350	4,966	4,808	5,055	5,225	57,863
Communications - Various	16,144	17,488	11,499	5,834	6,183	57,148	6,975	10,958	10,809	5,704	5,432	97,026
Signal Systems - Various	61,704	77,305	57,331	51,964	44,571	292,875	32,729	7,700	4,700	4,700	4,700	347,404
Finishes - Various	28,350	23,482	17,685	15,209	17,914	102,640	18,577	18,393	18,906	13,794	11,354	183,664
Equipment - Various	21,579	18,857	19,822	15,245	12,866	88,369	10,434	13,446	7,768	6,947	7,039	134,003
Yards and Roads - Various	1,667	6,171	1,250	-	2,750	11,838	-	-	-	-	-	11,838
On-Grade Paving Rehabilitation	8,913	7,267	9,750	9,625	10,750	46,305	6,000	6,187	6,375	6,562	13,125	84,554
Bridges and Tunnels - Various	40,765	45,204	50,748	44,602	39,855	221,174	45,050	45,705	54,705	57,905	58,800	483,339
Mount Dennis Bus Facility	28	-	-	-	-	-	28	-	-	-	-	28
Queensway Bus Garage Renovations	8,703	7,557	-	-	-	16,260	-	-	-	-	-	16,260
Fire Ventilation Upgrade	26,200	42,000	47,050	47,249	18,025	180,524	15,375	15,179	13,853	13,599	15,428	253,958
Easier Access Phase II & III	20,686	29,500	31,300	34,300	32,600	148,386	22,446	24,618	27,425	29,304	17,299	269,478
Other Bldgs & Structures Projects	162,176	185,988	190,803	27,150	9,767	575,884	10,190	4,440	3,620	3,620	49,675	647,429
Replace 40' Diesel Buses or Equivalent	72,715	20,000	34,935	37,200	25,560	190,410	50,550	-	-	-	-	240,960
Replacement of Wheel-Trans Vehicles	24,304	10,823	8,538	8,654	8,662	60,981	-	-	-	-	-	60,981
Subway Car Purchases	217,886	109,121	228,270	73,571	1,701	630,549	1,200	-	-	-	-	631,749
Bus Heavy Rebuild Program - 18 Year	4,020	1,950	-	-	-	5,970	-	-	-	-	-	5,970
SRT Car Overhaul Program	-	-	-	-	-	-	-	-	-	-	130	130
Streetcar Overhaul Program	9,193	9,236	9,755	9,167	-	37,351	-	300	-	4,220	4,460	46,331
Subway Car Overhaul Program	11,800	11,812	13,366	14,125	14,800	65,903	15,510	19,740	14,790	13,450	13,780	143,173
Automotive Non-Revenue Vehicles	6,929	6,238	5,452	2,840	2,120	23,579	2,000	2,000	2,000	2,000	2,000	33,579
Rail Non-Revenue Vehicle Overhaul	390	405	855	1,536	2,500	5,686	950	960	970	481	495	9,542
Tools and Shop Equipment	5,531	4,522	3,186	3,217	3,360	19,816	2,617	2,642	2,558	2,588	2,588	32,809
Fare Handling Equipment	9,107	2,458	3,998	22,503	58,407	96,473	53,793	1,127	1,132	1,138	1,052	154,715
Other Maintenance Equipment	1,490	813	755	779	864	4,701	864	864	864	864	867	9,024
Environmental Programs	10,784	9,894	5,242	5,271	2,373	33,564	2,241	2,165	-	-	-	37,970
Computer Equipment & Software	16,591	10,456	9,697	11,985	21,227	69,956	19,886	17,736	14,555	12,413	16,551	151,097
Furniture & Office Equipment	218	751	639	326	279	2,213	686	214	472	335	199	4,119
Other Service Planning	-	-	-	-	-	-	-	-	-	-	-	-
Transit Shelters & Loops	1,255	359	-	-	-	1,614	-	-	-	-	-	1,614
Purchase of Streetcars	73,803	169,229	102,068	91,977	159,695	596,772	92,338	165,260	136,447	162,904	19,696	1,173,417
Broadview Station Modifications	106	-	-	-	-	106	-	-	-	-	-	106
Eglinton Bus Terminal	519	-	-	-	-	519	-	-	-	-	1,025	1,544
Commuter Parking Expansion - Short Term	458	872	-	-	-	1,330	-	-	-	-	-	1,330
Intelligent Transportation and Technical Systems	23,852	9,113	3,375	3,319	4,934	44,593	7,253	2,000	4,800	9,913	9,500	78,059
Wilson Yard - Fleet Accomodation	2,750	600	-	-	-	3,350	-	-	-	-	-	3,350
Rail Non-Revenue Vehicle Purchase	9,500	1,895	900	-	1,050	13,345	7,720	-	-	-	-	21,065
Unallocated Budget Reduction/Adjustment	(61,350)	-	-	-	-	(61,350)	-	-	-	-	-	(61,350)
Birchmount Bus Garage Repair Bay Modifications	4,283	3,750	-	-	-	8,033	-	-	-	-	-	8,033
Kipling Station Improvements	5,685	-	-	-	-	5,685	-	-	-	-	-	5,685
Warden Station Improvements	-	-	-	-	-	-	-	-	-	-	-	-
Energy Management	3,150	3,160	-	-	-	6,310	-	-	-	-	-	6,310
Sheppard Subway	1,830	-	-	-	-	1,830	-	-	-	-	-	1,830
Total	920,501	912,699	953,382	597,519	562,601	3,946,702	495,717	433,052	389,858	424,308	325,194	6,014,831

Appendix 2
2010 Recommended Capital Budget; 2011 to 2019
Capital Plan

Appendix 3

**2010 Recommended Cash Flow
And Future Year Commitments**

Appendix 4
2010 Recommended Capital Projects
With Financing Details

Appendix 5

Reserve / Reserve Fund Review

(In \$ Thousands)		2010 Rec. Budget	2011 Plan	2012 Plan	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2010 - 2019 Total
Provincial Gas Tax Revenues for Public Transit XR3018	Beginning Balance	-	-	-	-	-	-	-	-	-	-	-
	Contributions	72,500	72,500	72,500	72,500	72,500	72,500	72,500	72,500	72,500	72,500	725,000
	Withdrawals	(72,500)	(72,500)	(72,500)	(72,500)	(72,500)	(72,500)	(72,500)	(72,500)	(72,500)	(72,500)	(725,000)
	Estimated Interest											-
	Ending Balance	-	-	-	-	-	-	-	-	-	-	-
Canada Strategic Infrastructure Fund XR3020	Beginning Balance	63,142	27,526	16,883	14,080	10,014	(5,231)	(22,154)	(22,154)	(22,154)	(22,154)	
	Withdrawals	(36,348)	(10,939)	(2,973)	(4,213)	(15,431)	(16,923)					(86,827)
	Estimated Interest	732	296	170	147	186						1,531
	Ending Balance	63,142	27,526	16,883	14,080	10,014	(5,231)	(22,154)	(22,154)	(22,154)	(22,154)	(22,154)
Ontario Bus Replacement Program XR3022	Beginning Balance	-	-	-	-	-	-	-	-	-	-	-
	Contributions	11,279	9,258	9,169	9,800	10,561	8,045	8,045	8,045	8,045	8,045	90,292
	Withdrawals	(11,279)	(9,258)	(9,169)	(9,800)	(10,561)	(8,045)	(8,045)	(8,045)	(8,045)	(8,045)	(90,292)
	Estimated Interest											-
	Ending Balance	-	-	-	-	-	-	-	-	-	-	-
Transit Technology Infrastructure Program XR3023	Beginning Balance	2,104	-	-	-	-	-	-	-	-	-	
	Withdrawals	(2,104)										(2,104)
	Estimated Interest											-
	Ending Balance	2,104	-	-	-	-	-	-	-	-	-	-
MoveOntario 2020 XR3025	Beginning Balance	338,303	241,943	145,182	25,163	952	397	0	0	0	0	
	Withdrawals	(100,571)	(99,774)	(121,826)	(24,524)	(567)	(400)					(347,662)
	Estimated Interest	4,212	3,012	1,807	313	12	3					9,360
	Ending Balance	338,303	241,943	145,182	25,163	952	397	0	0	0	0	0
Toronto-York Spadina Subway Extension XR3027	Beginning Balance	14,084	-	-	-	-	-	-	-	-	-	-
	Contributions	208,887	613,179	705,000	530,500	422,500	30,945	-	-	-	-	2,511,011
	Withdrawals	(222,971)	(613,179)	(705,000)	(530,500)	(422,500)	(30,945)					(2,525,095)
	Ending Balance	14,084	-	-	-	-	-	-	-	-	-	-
Ontario Rolling Stock Infrastructure XR3024	Beginning Balance	19,352	10,627	3,611	-	-	-	-	-	-	-	
	Withdrawals	(8,725)	(7,016)	(3,611)								(19,352)
	Estimated Interest											-
	Ending Balance	19,352	10,627	3,611	-	-	-	-	-	-	-	-

Appendix 6

2010 to 2019 New and Expansion Facility Projects

Projects (In \$Thousands)	2010 Rec. Budget	2011 Plan	2012 Plan	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2010-2019 Total
Revenue Operations Facility	7,970	5,650	1,100								14,720
Kipling Station - New Entrance	5,685										5,685
Wilson Complex - Modifications for Toronto Rocket	21,600	18,600	11,000	7,717							58,917
Total	35,255	24,250	12,100	7,717	0	0	0	0	0	0	79,322