



## City Budget 2012

## Toronto Transit Commission Capital Budget Analyst Notes

The City of Toronto's budget is presented by program and service, in Analyst Note format. The City's Capital Budget funds major infrastructure.

# 2012–2021 Capital Program

## 2012 CAPITAL BUDGET ANALYST BRIEFING NOTES BUDGET COMMITTEE NOVEMBER 28, 2011

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## PART I: RECOMMENDATIONS

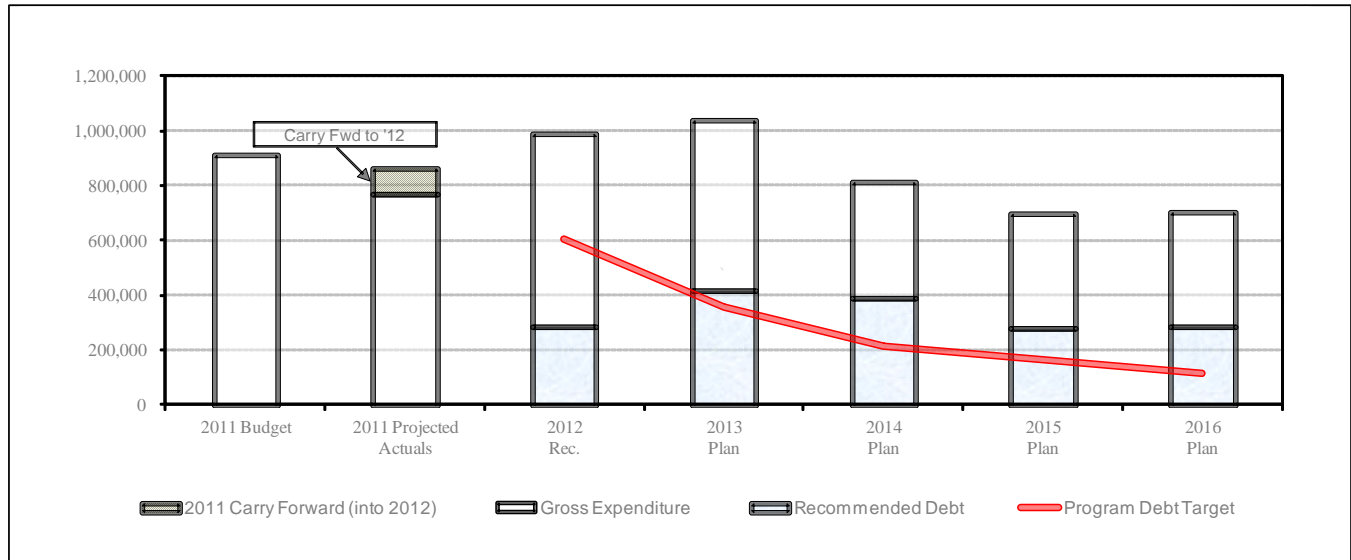
The City Manager and Chief Financial Officer recommend that:

1. Council approve the 2012 Recommended Capital Budget for the TTC with a total project cost of \$597.169 million, and 2012 cash flow of \$1.080 billion and future year commitments of \$2.210 billion comprised of the following:
  - a) New Cash Flow Funding for:
    - i) 38 new/change in scope sub-projects with a 2012 total project cost of \$597.169 million that require cash flow of \$71.041 million in 2012 and a future year commitment of \$242.345 million in 2013; \$221.806 million in 2014; \$88.522 million in 2015; \$46.757 million in 2016; and reduced commitments of (\$73.302) million in 2019;
    - ii) 55 previously approved sub-projects with a 2012 cash flow of \$918.882 million and a future year commitment of \$701.885 million in 2013; \$330.660 million in 2014; \$214.451 million in 2015; \$167.153 million in 2016; \$105.621 million in 2017; \$90.590 million in 2018; and, \$73.302 million in 2019;
  - b) 2011 approved cash flow for 34 previously approved sub-projects with carry forward funding from 2011 into 2012 totaling \$89.854 million;
2. Council approve the 2013–2021 Recommended Capital Plan for TTC totaling \$2.984 billion in project estimates, comprised of \$97.059 million in 2013; \$262.424 million in 2014; \$393.350 million in 2015; \$488.029 million in 2016; \$401.667 million in 2017; \$339.937 million in 2018; \$329.721 million in 2019; \$316.661 million in 2020; and \$355.424 million in 2021;
3. Council approve new debt service costs of \$0.671 million in 2012 and incremental debt costs of \$12.248 million in 2013; \$44.181 million in 2014; \$41.691 million in 2015, \$33.210 million in 2016, \$31.701 million in 2017, \$24.995 million in 2018, \$17.520 million in 2019, \$10.132 million in 2020 and \$9.058 million in 2021 resulting from the approval of the 2012 Recommended Capital Budget, to be included in the 2012 and future year operating budgets;
4. Council consider operating impacts of \$1.433 million in 2012; \$0.503 million in 2013; (\$0.332) million in 2014; (\$0.594) million in 2015; and (\$0.366) million in 2016 emanating from the approval of the 2012 Recommended Capital Budget for inclusion in the 2012 and future year operating budgets;

5. Council approve transfers to capital funding from the following capital reserves (the amounts to include carry forward funding of 2011 unspent funds) of: \$73.170 million from the Provincial Gas Tax Revenues for Public Transit Reserve Fund (XR3018); \$26.644 million from the CSIF Reserve Fund (XR3020); \$3.122 million from the TTIP Reserve Fund (XR3023); \$7.758 million from the ORSIF Reserve Fund (XR3024); and \$156.666 million in Metrolinx funding from the MoveOntario 2020 Reserve Fund (XR3025);
6. Council approve the 2012 Recommended Capital Budget for the Spadina Subway Extension with no new project cost and 2012 cash flow of \$685.463 million and future year commitments of \$1.277 billion comprised of the following:
  - a) New Cash Flow Funding for:
    - i) a new/change in scope sub-project with no new project cost and no cash flows in 2012 and no future year commitments;
    - ii) a previously approved sub-project with a 2012 cash flow of \$536.695 million and a future year commitment of \$622.863 million in 2013; \$330.672 million in 2014; and \$323.893 million in 2015;
  - b) 2011 approved cash flow for a previously approved sub-project with carry forward funding from 2011 into 2012 totaling \$148.768 million;
7. TTC staff work with the City to pursue Federal and Provincial funding, on an urgent basis, to address its SOGR, capacity building, service improvement and growth needs, and in particular funding is needed for the 189 Streetcars already in production and the new LRT Replacement Maintenance and Storage Facility, which must be completed to house the new streetcars;
8. TTC staff provide a full 10-year projection of the operating impacts of capital projects with the 2013 Capital Budget submission;
9. TTC staff assess their future fleet procurement requirements outside of the 2012–2021 10-year horizon and develop a strategy for the replacement of the next generation of Subway Cars, Streetcars and Buses intermittently over an extended period in order to minimize substantial concurrent capital costs.

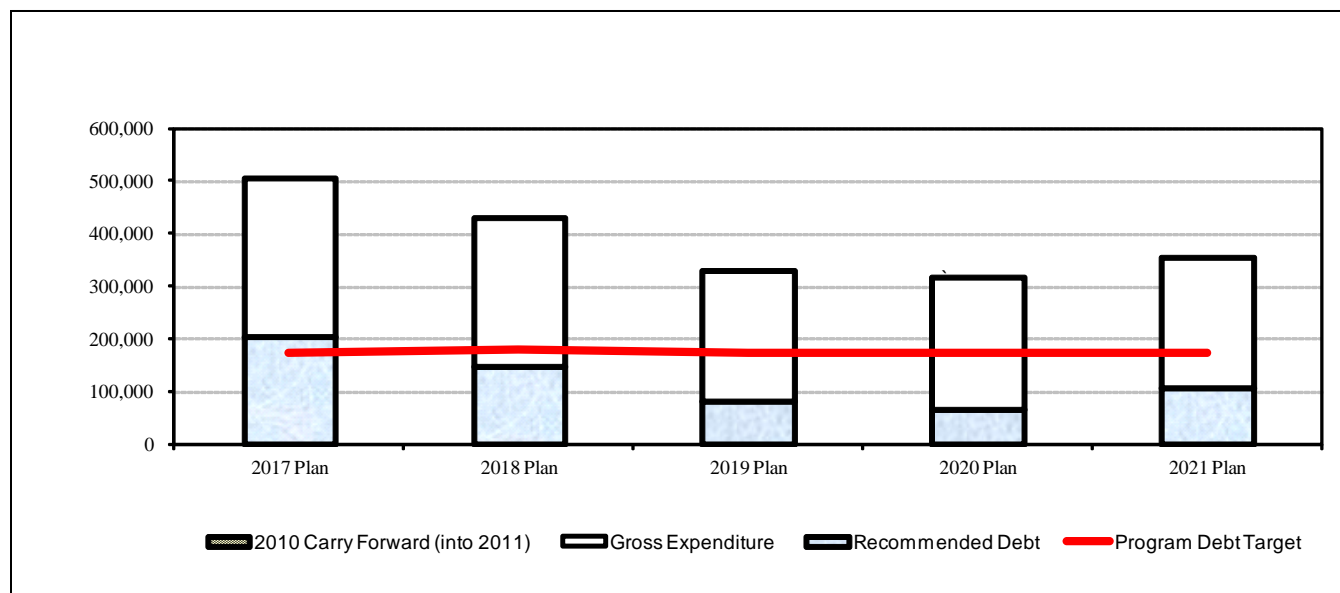
# PART II: 2012 – 2021 CAPITAL PROGRAM

## 10-Year Capital Plan 2012 Recommended Budget, 2013–2016 Recommended Plan (In \$000s)



	2012 Rec. Budget and 2013-2016 Plan								
	2011		2012	2013	2014	2015	2016	2012-2016	5-Year Total Percent
	Budget	Projected Actual							
<b>Gross Expenditures:</b>									
2011 Capital Budget & Approved FY Commitments	914,822	770,795	918,882	701,885	330,660	214,451	167,153	2,333,031	55%
Recommended Changes to Approved FY Commitments			71,041	242,345	221,806	88,522	46,757	670,471	16%
2012 New/Change in Scope and Future Year Commitments				97,059	262,424	393,350	488,029	1,240,862	29%
2013 - 2016 Capital Plan Estimates									
1-Year Carry Forward to 2012		89,854	→						
<b>Total Gross Annual Expenditures &amp; Plan</b>	<b>914,822</b>	<b>860,649</b>	<b>989,923</b>	<b>1,041,289</b>	<b>814,890</b>	<b>696,323</b>	<b>701,939</b>	<b>4,244,364</b>	<b>100%</b>
<b>Program Debt Target</b>			<b>602,011</b>	<b>355,311</b>	<b>211,885</b>	<b>164,614</b>	<b>112,989</b>	<b>1,446,810</b>	
<b>Financing:</b>									
<b>Recommended Debt</b>			<b>284,929</b>	<b>416,527</b>	<b>389,695</b>	<b>279,912</b>	<b>281,966</b>	1,653,029	39%
Reserves/Reserve Funds			200,000	200,000	100,000	100,000	100,000	700,000	16%
Development Charges			23,493	14,732	18,071	11,235	11,253	78,784	2%
Provincial/Federal			453,917	389,463	287,176	285,816	286,848	1,703,220	40%
Other Revenue			27,584	20,567	19,948	19,360	21,872	109,331	3%
<b>Total Financing</b>			<b>989,923</b>	<b>1,041,289</b>	<b>814,890</b>	<b>696,323</b>	<b>701,939</b>	<b>4,244,364</b>	<b>100%</b>
<b>By Project Category:</b>									
Health & Safety									
Legislated			42,205	50,213	40,000	39,265	33,444	205,127	5%
SOGR			924,701	956,663	734,760	613,651	625,744	3,855,519	91%
Service Improvement			18,414	14,415	10,124	9,368	4,280	56,601	1%
Growth Related			4,603	19,998	30,006	34,039	38,471	127,117	3%
<b>Total By Project Category</b>			<b>989,923</b>	<b>1,041,289</b>	<b>814,890</b>	<b>696,323</b>	<b>701,939</b>	<b>4,244,364</b>	<b>100%</b>
Asset Value - end of each year (\$)									
Yearly SOGR Backlog Estimate (not addressed by current plan)									
Accumulated Backlog Estimate (end of year)									
Backlog: Percentage of Asset Value (%)									
Debt Service Costs			671	12,248	44,181	41,691	33,210	132,001	
Operating Impact on Program Costs			1,433	503	(332)	(594)	(366)	644	
New Positions								0	

### 10-Year Capital Plan 2017–2021 Recommended Plan (In \$000s)



	2017 - 2021 Capital Plan						10-Year Total Percent
	2017	2018	2019	2020	2021	2012-2021	
<b>Gross Expenditures:</b>							
2011 Capital Budget & Approved FY Commitments	105,621	90,590	73,302			2,602,544	42%
Recommended Changes to Approved FY Commitments							
2012 New/Change in Scope and Future Year Commitments			(73,302)			597,169	10%
2017 - 2021 Capital Plan Estimates	401,667	339,937	329,721	316,661	355,424	2,984,272	48%
<b>Total Gross Annual Expenditures &amp; Plan</b>	<b>507,288</b>	<b>430,527</b>	<b>329,721</b>	<b>316,661</b>	<b>355,424</b>	<b>6,183,985</b>	<b>100%</b>
<b>Program Debt Target</b>	<b>174,190</b>	<b>178,538</b>	<b>174,189</b>	<b>174,189</b>	<b>174,189</b>	<b>2,322,105</b>	
<b>Financing:</b>							
<b>Recommended Debt</b>	<b>205,491</b>	<b>148,011</b>	<b>82,421</b>	<b>64,701</b>	<b>106,026</b>	2,259,679	37%
Reserves/Reserve Funds						700,000	11%
Development Charges	7,446	4,808				91,038	1%
Provincial/Federal	275,796	257,536	227,537	227,537	227,537	2,919,163	47%
Other Revenue	18,555	20,172	19,763	24,423	21,861	214,105	3%
<b>Total Financing</b>	<b>507,288</b>	<b>430,527</b>	<b>329,721</b>	<b>316,661</b>	<b>355,424</b>	<b>6,183,985</b>	<b>100%</b>
<b>By Project Category:</b>							
Health & Safety							
Legislated	34,669	27,935	23,508	22,129	23,270	336,638	5%
SOGR	446,383	398,545	303,328	291,647	326,734	5,622,156	91%
Service Improvement	5,100	3,394	2,885	2,885	5,420	76,285	1%
Growth Related	21,136	653				148,906	2%
<b>Total By Project Category</b>	<b>507,288</b>	<b>430,527</b>	<b>329,721</b>	<b>316,661</b>	<b>355,424</b>	<b>6,183,985</b>	<b>100%</b>
Asset Value - end of each year (\$)							
Yearly SOGR Backlog Estimate (not addressed by current plan)							
Accumulated Backlog Estimate (end of year)							
Backlog: Percentage of Asset Value (%)							
Debt Service Costs	31,701	24,995	17,520	10,132	9,058	225,407	
Operating Impact on Program Costs						644	
New Positions						0	

## 10–Year Capital Plan Overview

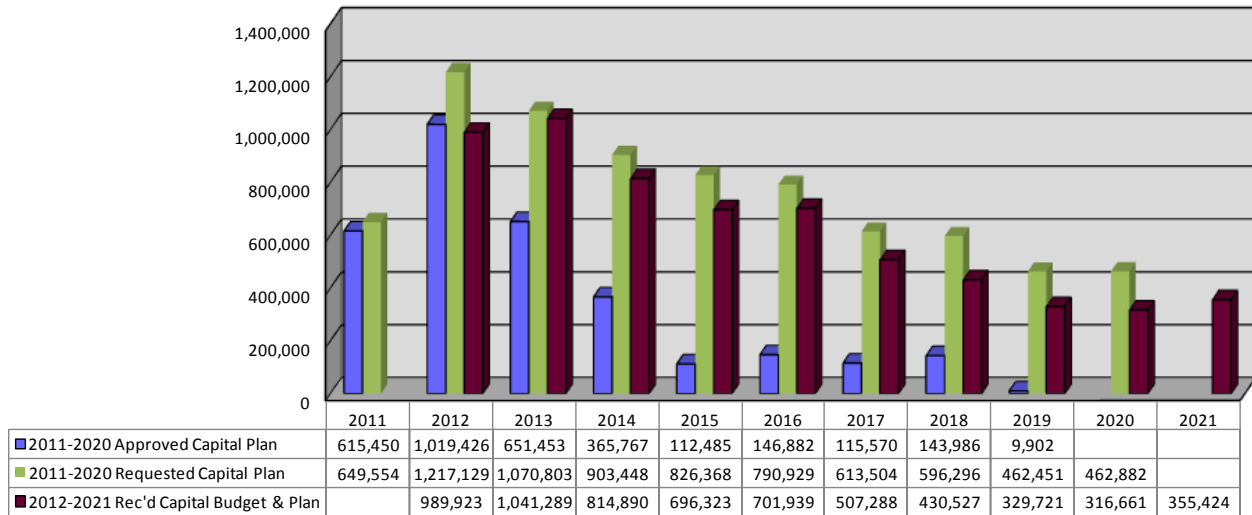
- The Toronto Transit Commission is responsible for the provision of transit services to an estimated 503 million riders in 2012, using buses, subway trains, streetcars and SRT trains.
- The TTC is also responsible for the stewardship of transit assets to ensure these vehicles, subway tunnels, subway track, surface track and bridges are maintained in a state of good repair.
- TTC also maintains an additional inventory of assets including traction power feeder and distribution systems, communication systems, signal control systems, garages, stations, terminals, carhouses, commuter parking lots, non–revenue rail and automotive vehicles, administration buildings, and shop and maintenance and revenue and fare handling equipment.
- The TTC's 10–Year Recommended Capital Plan focuses on meeting three key objectives: the replacement of existing vehicles and addition of growth vehicles; the associated facility construction and improvements to accommodate those new vehicles; and maintaining track, tunnels, bridges and buildings in a state of good repair.
- The TTC's 10–Year Requested Capital Plan totaled \$6.9 billion, but required \$3.8 billion of debt funding which was \$1.4 billion over the TTC's debt target for the 10 year capital planning period. TTC then revised the capital plan by reducing or deferring various projects by \$725 million and requested a revised 10–year capital plan that totaled \$6.2 billion, requiring \$3.1 billion in debt funding. However, this still exceeded the TTC's established 10– year debt target of \$2.3 billion by \$760 million. After maximizing development charge funding for eligible projects and applying available Provincial reserve funding, this offset debt by a further \$122 million resulting in a debt shortfall of \$638 million.
- TTC's 10–Year Capital Budget and Plan is being recommended within debt affordability limits and includes \$700 million of projected financing from proceeds from the monetization of City assets, the use of surplus operating funds in accordance with the City's surplus distribution policy as well as projected Provincial and Federal funding to maintain and grow the transit system. After application of this funding, TTC's Recommended Capital Plan is \$62 million under the 10–year debt target.
  - The Capital Plan is over the debt target by \$206 million over the first five years but under by \$62 million over the 10 years with the concentration of spending for the replacement and accommodation (facilities) of TTC's subway cars, buses and streetcar fleet occurring between 2012–2018.

- The maximization of development charge funding for eligible projects provided \$79 million from 2012–2016 and \$12 million from 2017–2021 to assist in reducing the City's debt requirements.
- The 2012–2021 Recommended Capital Budget and Plan of \$6.274 billion, including \$90 million of 2011 funding carried forward into 2012, provides funding to maintain the system in a state of good repair, replace fleet and build capacity to meet increased ridership.
  - The first five years of the budget requires \$4.244 billion of funding and the final five years requires an additional \$1.940 billion in funding.
- TTC is reducing fleet in order to meet its debt target. TTC is confident that they will be able to meet current projected ridership demands with the reduced level of fleet. However, the fleet levels will need to be reassessed in the future to ensure that the transit system is maintained and capacity is accommodated. TTC fleet procurement and associated fleet infrastructure projects have been reduced from the 2012–2021 Requested Capital Plan by the following:
  - Deletion of 134 buses for projected growth and contingencies – \$49.819 million
  - Deferral of 60 growth subway car purchases – \$161.040 million
  - Deletion of 15 streetcars for projected growth – \$70.778 million
  - Deferral beyond 2021 for Bloor–Danforth Automatic Train Control Resignalling – \$150.000 million
  - Deferrals in the completion of storage tracks, overhaul shop, runaround loop, new vehicle access roadway and Greenwood Yard modifications for the Toronto Rocket Yard and Storage Track – \$181.954 million
  - Deletion of the Temporary Bus Storage Facility as additional storage will no longer be required due to the deletion of 134 buses – \$23.120 million
- The TTC's current fleet plan requires the replacement of streetcars, subway cars and buses from 2012–2018. The significant funding challenge associated with these purchases severely restrained the TTC's ability to address the balance of its state of good repair program and capacity building. Concurrent with this, is the significant pressure placed on the City to fund these purchases particularly in the absence of Federal and Provincial funding, as these funding programs expire within the next few years. New Federal and Provincial funding programs are essential to TTC's ability to maintain transit assets in a state of good repair and build capacity to meet increasing ridership growth.



## Key Changes to the 2011 – 2020 Requested and Approved Capital Plan

Changes to the 2011–2020 Requested and Approved Capital Plan  
(In \$000s)



- During the 2011 budget process, TTC submitted a 2011–2020 Requested Capital Plan of \$7.593 billion requiring \$4.4 billion of debt funding. Subsequently, through the 2011 budget process, this request was reduced by \$256 million in project deferrals and reductions. The revised 2011–2020 Requested Capital Plan totaled \$7.337 billion.
- Due to the debt funding required for the original 2011–2020 Requested Capital Plan being \$2.3 billion over the debt target, only projects requiring commitments in 2011 and future years were approved resulting in a 10–year Capital Plan of \$3.181 billion compared to an original request of \$7.593 billion, reducing TTC's capital works by \$4.412 billion and \$2.634 billion in debt funding.
- For the purpose of comparison, TTC's original (January 2011) 2011–2020 Requested Capital Plan of \$7.593 billion for the 2012–2020 period is compared to the 2012–2021 Recommended Capital Plan of \$6.184 billion for 2012–2020 period as this more accurately reflects TTC's total need between the 2011 and 2012 10–year planning periods.
- Given the limited approval in 2011, virtually every project's cash flow funding has increased in the 2012–2021 Recommended Capital Plan from the Approved 2011–2020 Capital Plan.
- The 2012–2021 Recommended Capital Plan of \$6.184 billion is \$1.1 billion less than the 2011–2020 Requested Capital Plan for the same 9–year period of 2012–2020.
- The chart above compares the 2011–2020 Approved Capital Plan, the 2011–2020 Requested Capital Plan and the 2012–2021 Recommended Capital Plan. Because the

2011–2020 Requested Capital Plan and 2012–2021 Recommended Capital Plan include plan estimates, a comparison of these two plans is appropriate.

**Summary of Project Changes**  
**2011–2020 Requested Capital Plan to 2012–2021 Recommended Capital Plan**  
(In \$000s)

Key Projects	2012	2013	2014	2015	2016	2017	2018	2019	2020	2012 - 2020
<b>Capital Increases</b>										
Yards & Roads	(721)	1,675	6,077	5,278	1,641	4,739	1,626			20,315
Other Increases	(67,336)	34,735	66,350	1,366	(6,678)	(529)	3,954	2,243	1,015	35,120
<b>Sub-Total Capital Increases</b>	<b>(68,057)</b>	<b>36,410</b>	<b>72,427</b>	<b>6,644</b>	<b>(5,037)</b>	<b>4,210</b>	<b>5,580</b>	<b>2,243</b>	<b>1,015</b>	<b>55,435</b>
<b>Capital Reductions</b>										
Fire Ventilation Upgrade	2,505	6,692	(692)	(16,248)	(14,442)	(22,829)	(17,249)	(9,316)	(9,524)	(81,103)
Subway Car Purchases	9	(39,000)	(29,485)	(87,100)	(231)	(5,224)				(161,031)
Other Buildings & Structures	(41,964)	(38,535)	(9,400)	5,995	2,705	6,194	(642)	(174)	(8,007)	(83,828)
Purchase of Streetcars	(17,024)	42,409	(21,541)	36,427	(40,206)	(10,124)	(53,903)	(18,600)		(82,562)
Fare system	(34,252)	(29,028)	(20,503)	(7,343)	32,529	19,662	653			(38,282)
YUS ATC Resignalling Project	27,480	14,319	10,066	(9,687)	(42,462)	(47,641)	(38,177)	(34,229)	(21,265)	(141,596)
Platform Edge Door	(11,000)	(40,770)	(63,068)	(62,162)						(177,000)
Toronto rocket Yard & Storage track accommodation	(21,560)	16,208	25,685	(29,467)	(50,220)	(33,720)	(38,220)	(38,220)	(38,220)	(207,734)
Purchase of Buses	(409)	(34,651)	(39,464)	42,735	21,383					(10,406)
Replacement Wheel-Trans Vehicles	(1,806)	4,302						(18,856)	(18,856)	(35,216)
On-Grade Paving Rehabilitation	(3,128)	1,833	(2,333)	79		(10,000)	(10,000)	(10,000)	(10,000)	(43,549)
Other Reductions	(58,000)	30,297	(10,250)	(9,918)	6,991	(6,744)	(13,811)	(5,578)	(41,364)	(108,377)
<b>Sub-Total Capital Reductions</b>	<b>(159,149)</b>	<b>(65,924)</b>	<b>(160,985)</b>	<b>(136,689)</b>	<b>(83,953)</b>	<b>(110,426)</b>	<b>(171,349)</b>	<b>(134,973)</b>	<b>(147,236)</b>	<b>(1,170,684)</b>
<b>Total Recommended Changes</b>	<b>(227,206)</b>	<b>(29,514)</b>	<b>(88,558)</b>	<b>(130,045)</b>	<b>(88,990)</b>	<b>(106,216)</b>	<b>(165,769)</b>	<b>(132,730)</b>	<b>(146,221)</b>	<b>(1,115,249)</b>

- The TTC's 2012–2021 Recommended Capital Budget and Plan of \$6.184 billion includes \$227.206 million in reduced 2012 capital funding from the 2011–2020 Requested Capital Plan, primarily arising from reductions in the following projects:
  - A portion of the Toronto Rocket Yard & Storage Track Accommodation capital project has been deferred reflecting a reduction of \$21.560 million in 2012 and \$207.734 million over the 9 year period;
  - The Platform Edge Door capital project has been deferred beyond 2021 reflecting a reduction of \$11 million in 2012 and \$177 million from 2012 to 2020;
  - The ATC Resignalling capital project for the Bloor–Danforth Line has been deferred beyond 2021 and reflects a reduction of \$141.596 million over the 9 year period;
  - Subway Car Purchases have been reduced by \$161.031 million over the 9 year period as 10 trains required for projected growth have been deleted;
  - The Purchase of Streetcars has been reduced by \$17.024 million in 2012 and \$82.562 million from 2012 to 2020 as 15 streetcars have been deleted; and

- TTC's Other Buildings and Structures project has been reduced by \$41.964 million in 2012 and \$83.828 million from 2012 to 2020.

Details of changes to the 2011–2020 Approved Capital Plan (and approved project cash flow commitments):

- The 2012 Recommended Capital Budget and 2013–2021 Recommended Capital Plan reflects an increase of \$3.263 billion or 127.2% from the 2011–2020 Approved Capital Plan.
- This increase, as indicated above, is due to the fact that because the debt funding of the 2011–2020 Requested Capital Plan was \$2.3 billion over the debt target, only projects requiring commitments in 2011 and future years were approved in last year's budget.
- The 2011–2020 Approved Capital Plan included \$2.5 billion in funding for the 2012–2020 period to fund the future year commitments of previously approved and new essential projects only. The 2012–2021 Recommended Capital Plan provides funding for all existing and future capital commitments and planned needs, and includes \$5.8 billion for the 2012–2020 period, an increase of \$3.3 billion.

**Summary of Project Changes**  
**2011–2020 Approved Capital Plan to 2012–2021 Recommended Capital Plan**  
(In \$000s)

Key Projects	Total Project Cost	2012	2013	2014	2015	2016	2017	2018	2019	2020	2012 - 2020	Revised Total Project Cost (incl. 2021)
<b>Capital Increases</b>												
ATC Resignalling	241,898	27,480	14,319	49,054	37,449	41,823	41,908	42,542	45,719	49,948	350,242	648,353
YUS ATC Resignalling		27,480	14,319	48,554	35,949	27,445	8,909	3,112			165,768	
BD ATC Resignalling				500	1,500	14,378	32,999	39,430	45,719	49,948	184,474	
Bridges and Tunnels - Various	274,453	(1,683)	45,626	39,176	40,013	43,708	44,277	46,071	46,447	47,350	350,985	673,674
Bus Heavy Rebuild Program	100,009	12,512	33,205	47,292	46,324	47,101	45,968	25,799	28,930	13,871	301,002	416,235
Surface Track	254,280	1,084	42,342	24,132	29,233	34,967	27,069	27,827	28,604	29,401	244,659	529,116
Easier Access Phase II & III	149,898	5,439	24,546	32,663	34,681	30,932	28,443	23,647	21,156	19,711	221,218	391,903
Subway Track	70,412	3,451	22,821	15,511	17,996	18,879	22,074	30,870	27,675	28,506	187,783	287,470
Toronto Rocket Yard & Storage	141,000	(21,560)	16,208	84,468	59,353	38,600	4,500				181,569	322,569
Other Increases		(41,541)	187,360	196,324	283,624	339,253	187,603	143,688	131,190	127,874	1,555,375	
<b>Sub-Total Capital Increases</b>		<b>(14,818)</b>	<b>386,427</b>	<b>488,620</b>	<b>548,673</b>	<b>595,263</b>	<b>401,842</b>	<b>340,444</b>	<b>329,721</b>	<b>316,661</b>	<b>3,392,833</b>	
<b>Capital Reductions</b>												
Subway Car Purchases	992,051	9	(39,000)	(17,956)	9,683						(47,264)	944,787
Purchase of Streetcars	1,154,805	(17,024)	42,409	(21,541)	36,427	(40,206)	(10,124)	(53,903)	(9,902)		(73,864)	1,080,941
Wilson Complex - Modifications	98,451	2,330			(10,944)						(8,614)	98,451
Other Reductions												
<b>Sub-Total Capital Reductions</b>		<b>(14,685)</b>	<b>3,409</b>	<b>(39,497)</b>	<b>35,166</b>	<b>(40,206)</b>	<b>(10,124)</b>	<b>(53,903)</b>	<b>(9,902)</b>	<b>0</b>	<b>(129,742)</b>	
<b>Total Recommended Changes</b>		<b>(29,503)</b>	<b>389,836</b>	<b>449,123</b>	<b>583,839</b>	<b>555,057</b>	<b>391,718</b>	<b>286,541</b>	<b>319,819</b>	<b>316,661</b>	<b>3,263,091</b>	

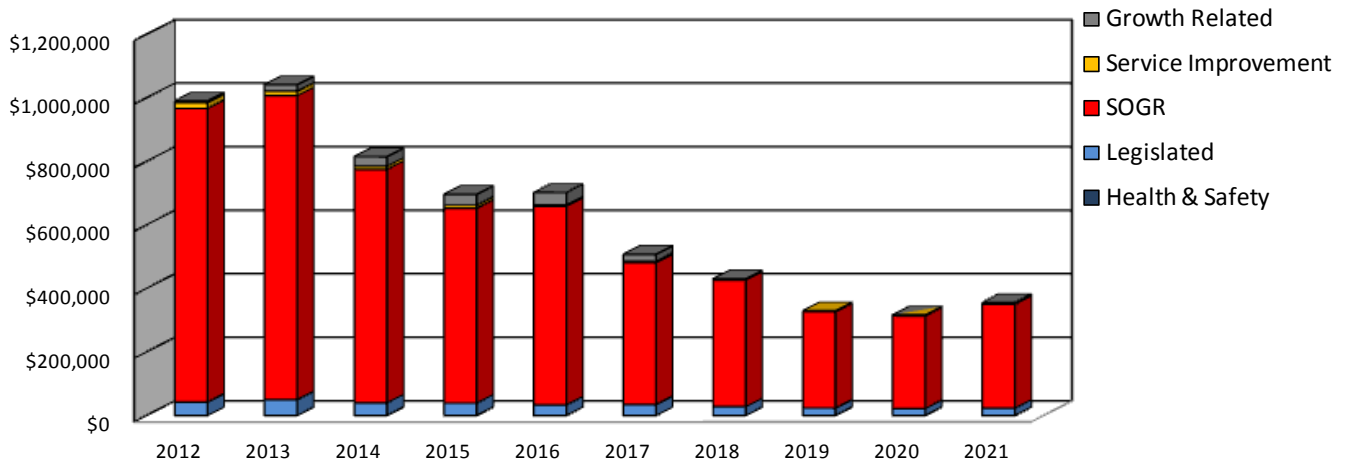
- The following highlights the changes from the 2011–2020 Council Approved Capital Plan, as compared with the 2012–2021 Recommended Capital Budget and Plan.
- Most projects are increasing in funding in the 2012–2021 Recommended Capital Plan. In general, for last year's approved capital plan, state-of-good-repair projects were not

affordable because the available debt funding was being devoted to vehicle replacement, facilities upgrades to accommodate the new vehicles and projects which would accommodate the growth in demand due to increased ridership.

- Therefore, the 2012–2021 Recommended Capital Plan includes new or increased funding for most capital projects, as these projects were not fully funded in last year's Capital Plan, such as:
  - The Toronto Rocket Yard and Storage Track Accommodation project, which is necessary to provide space to store the new Toronto Rocket subway trains which will be purchased to accommodate growth in demand (\$182 million);
  - The Automatic Train Control (ATC) project to increase capacity on the Yonge Subway by allowing closer headways and accommodating growth and the new Toronto Rocket subway trains as well as replacement of antiquated conventional signaling on the Bloor–Danforth line (\$350 million);
  - The Replacement of Buses in order to procure new vehicles to replace buses that have reached their useful life (\$122 million); and
  - In general, all other state-of-good-repair projects, such as Bridges and Tunnels, Subway Track, Surface Track and Traction Power, are increasing in order to maintain the transit system.
- The 2012–2021 Recommended Capital Plan includes only three projects that have decreased in cost over the 10 year period, as these projects were fully funded but have been reduced in order to meet the Program's debt target. They include:
  - Purchase of Streetcars reduced by \$74 million – this reflects the reduction of 15 streetcars from the 204 car order;
  - Purchase of Subway Cars reduced by \$47 million – this reflects the reduction of 10 growth trains;
  - Wilson Complex Modifications reduced by \$9 million – this reflects the acceleration of work for this capital project as this funding is no longer needed in 2015.

## 2012 – 2021 Recommended Capital Plan

2012–2021 Capital Plan by Project Category  
(In \$000s)



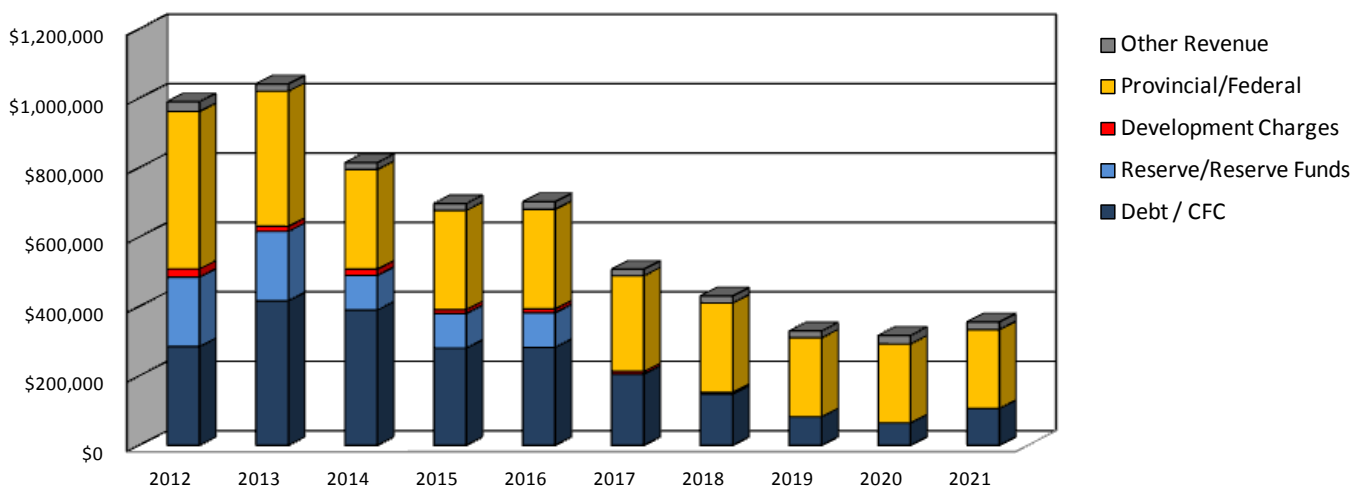
- The 2012–2021 Recommended Capital Plan of \$6.184 billion is comprised of \$336.638 million or 5.4% for Legislated projects, \$76.285 million or 1.2% for Service Improvement projects, \$148.906 million or 2.4% for Growth projects and \$5.622 billion or 90.9% for State-of-Good-Repair projects.
- The 10-Year Recommended Capital Plan reflects the need for \$4.244 billion or 69% of recommended funding in the 2012–2016 period, when most of the fleet will be acquired and related new fleet facility improvements must be in place.
  - Starting in 2017, when funding decreases, most of TTC's fleet will have been acquired and the TTC's capital program will focus primarily on maintenance projects.
  - The purchase of streetcars is planned to be completed in 2018 and, therefore beginning in 2019, the Capital Plan decreases further.
- Capital funding requirements for Legislated projects total \$205.127 million or 4.8% of total funding in the first 5 years and \$336.638 million or 5.4% of total funding for the 10 year period of the 2012–2021 Recommended Capital Plan.
  - \$266.051 million or 79.0% of all Legislated projects is required for the Easier Access program from 2012 – 2021, which will make progress on constructing and enhancing accessibility features to make the TTC fully accessible by 2025.
- State of Good Repair (SOGR) projects continue to drive the 2012 and future year requirements within the TTC's capital program.
  - \$3.856 billion in funding is recommended for SOGR projects from 2012 to 2016 representing 90.8% of all projects in the 10-Year Recommended Capital Plan in the first 5 years. Total SOGR funding will amount to \$5.622 billion by 2021, which equates

to 90.9% of total recommended funding for the 10–Year Recommended Capital Plan period.

- SOGR project funding increases and peaks in 2013 with future year cash flow funding requirements beginning to subside in 2014 and out. This funding trend is typical of the entire Capital Plan and is exemplified in the following key TTC SOGR projects:
  - Subway Car Purchases requires funding of \$188.912 million in 2012; \$100.009 million in 2013; \$5.000 million in 2014; and \$9.683 million in 2015.
  - Toronto Rocket Yard and Storage Track Accommodation project provides funding of \$26.400 million in 2012; \$89.331 million in 2013; \$97.505 million in 2014; \$59.353 million in 2015; \$38.600 million in 2016; and \$4.500 million in 2017.
  - The purchase of 189 streetcars requires funding of \$116.641 million in 2012; \$125.042 million in 2013; \$126.267 million in 2014; \$116.498 million in 2015; \$104.061 million in 2016; \$105.446 million in 2017; and \$89.996 million in 2018.
  - LRT Replacement Maintenance & Storage Facility project requires funding of \$97.853 million in 2012; \$162.000 million in 2013; and \$70.509 million in 2014.
- Capital funding requirements of \$1.940 billion in the second 5 years of the 10–Year Recommended Capital Plan are predominantly SOGR projects that require \$1.766 billion or 91.0% and focus on maintaining the transit system and include:
  - Bloor–Danforth Resignalling project to replace the antiquated signaling system on the Bloor–Danforth subway line (\$224.309 million);
  - Bus Heavy Rebuild project to overhaul bus fleet that are due for maintenance (\$129.792 million);
  - Bridges and Tunnels project to maintain bridge and tunnel infrastructure (\$231.872)
  - Subway Track and Surface Track projects to maintain and improve the state of tracks throughout the transit system (\$138.400 million and \$143.078 million respectively)
- Service Improvement projects represent 1.2% or \$76.285 million of total funding in the 10–Year Recommended Capital Plan.
  - Annual capital funding for these projects peaks in 2012 (\$18.414 million) and reduced funding requirements begin in 2013 (\$14.415 million) and again in 2014, 2015 and 2016 (\$10.124 million, \$9.368 million and \$4.280 million respectively) and a further \$19.684 million of funding is required from 2017–2021.

- Contributing to the trend are short term projects requiring funding from 2012–2015 of \$20.752 million for Station Modernization and \$5.742 million for Rail Non–Revenue Vehicle Purchases.
- Growth Related projects represent 2.4% or \$148.906 million of total recommended funding in the 10–Year Recommended Capital Plan.
  - 2012 and future year funding for Growth Related projects is limited to 3 projects, with the most significant (98.9% of all Growth funding), required for the Fare System project that has cash flow requirements of \$125.452 million from 2012–2016 and \$21.789 million from 2017–2021. This funding is predominantly for the TTC/GTA Farecard (PRESTO) project, which will be substantially implemented on the TTC system in 2015 but will not be fully completed until 2017.

**2012–2021 Capital Plan by Funding Source  
(In \$000s)**



- The 2012– 2021 Recommended Capital Plan includes debt funding, which accounts for 36.5% or \$2.260 billion in total recommended financing. This debt amount is over the combined 10–Year debt affordability guideline of \$2.322 billion set for the TTC by \$206 million over the first five years but under by \$62 million over the 10–year period.
  - The 10–Year Recommended Plan Debt funding for TTC has been mitigated by the use of proceeds from the City's asset monetization strategy, the use of surplus operating funds in accordance with the City's surplus distribution policy and/or projected Federal and Provincial contributions to transit. This funding is allocated to those projects related to the purchase of the new streetcars and subway cars.
  - Debt funding is predominately required during the first 5 years of the 10–Year Recommended Capital Plan, with \$1.653 billion or 73.2% of all debt funding allocated

to 2012–2016. Debt significantly reduces beginning in 2017 reflective of the completion of TTC's purchases of buses and most streetcars and related subway and streetcar facility construction.

- Federal and Provincial funding amounts to \$1.589 billion or 25.7% and \$1.330 billion or 21.5% of all recommended financing for the 2012– 2021 Recommended Capital Plan respectively. Combined funding from these orders of government contributes \$2.919 billion or 47.2% towards TTC's capital needs.
  - Secured Federal and Provincial funding is included over the 10–Year Recommended Capital Plan period. However, due to the maximization of certain Provincial reserves in 2012 and 2013, Provincial/Federal funding peaks in 2012 and remains significant in 2013 with funding of \$453.917 million in 2012 and \$389.463 million in 2013. This funding decreases in 2014 and continues to decrease until 2019 as other government funding programs expire. \$1.703 billion or 58.3% of all Federal and Provincial funding will be allocated over the 2012– 2016 period.
- City Reserve funding amounts to \$700 million or 11.3% of the 2012– 2021 Recommended Capital Plan.
  - City Reserve funding represents proceeds from the monetization of City assets, the use of surplus operating funds in accordance with the City's surplus distribution policy and/or anticipated additional Provincial and Federal funding contributions to transit. This funding is assumed for new streetcar and subway car related projects, which have exerted much of the pressure on the TTC's capital program.
- Other sources of revenue, such as projects funded by the TTC through depreciation, represent 3.5% or \$214.105 million of total capital financing.
  - Other revenues are primarily used to fund vehicle and equipment projects.
- Development Charges (DCs) fund growth–related projects and represent approximately 1.5% or \$91.038 million of the 10–Year Recommended Capital Plan.
  - \$78.783 million or 86.5% of all DC funding is allocated within the first five years of the 10–Year Recommended Capital Plan, of which \$56.839 million or 72.1% allocated in the first five years is for the ATC Resignalling and the LRT Replacement Maintenance & Storage Facility projects.
  - DC funding in the second 5 years of the 10–Year Recommended Plan period is limited to \$12.254 million as the only future year projects eligible for DC funding continue to be the ATC Resignalling and Streetcar Purchase projects.



## Summary of Major Capital Initiatives by Category (In \$000s)

	2012 Rec. Budget	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2020 Plan	2021 Plan	2012-2021 Total
<b>State of Good Repair (incl. H&amp;S , &amp; Leg.)</b>											
Purchase of Streetcars	116,641	125,042	126,267	116,498	104,061	105,446	89,996				783,951
ATC Resignalling	91,870	62,750	58,125	37,449	41,823	41,908	42,542	45,719	49,948	56,213	528,347
LRT Replacement Maintenance & Storage Facility	97,853	162,000	70,509								330,362
Toronto Rocket Yard & Storage Track Accommodation	26,400	89,331	97,505	59,353	38,600	4,500					315,689
Bridges and Tunnels - Various	52,392	48,365	39,176	40,013	43,708	44,277	45,562	46,447	47,350	48,236	455,526
Subway Car Purchases	188,912	100,009	5,000	9,683							303,604
Bus Heavy Rebuild Program - 18 Year	15,196	33,205	47,292	46,324	47,101	45,968	25,799	28,930	13,871	15,224	318,910
Surface Track	22,488	41,892	23,970	29,145	33,960	27,069	27,827	28,604	29,401	30,177	294,533
Easier Access Phase II & III	22,251	31,780	32,663	34,681	30,932	28,443	23,647	21,156	19,711	20,787	266,051
Other SOGR/Legislated Projects	332,903	312,502	274,253	279,770	319,003	183,441	171,107	155,980	153,495	179,367	2,361,821
<b>Sub-Total</b>	<b>966,906</b>	<b>1,006,876</b>	<b>774,760</b>	<b>652,916</b>	<b>659,188</b>	<b>481,052</b>	<b>426,480</b>	<b>326,836</b>	<b>313,776</b>	<b>350,004</b>	<b>5,958,794</b>
<b>Service Improvements</b>											
Finishes - Various	7,771	8,657	4,324								20,752
Other Service Planning	1,412	3,453	2,423	2,423	2,423	2,035	2,035	2,035	2,035	4,070	24,344
Other Service Improvement Projects	9,231	2,305	3,377	6,945	1,857	3,065	1,359	850	850	1,350	31,189
<b>Sub-Total</b>	<b>18,414</b>	<b>14,415</b>	<b>10,124</b>	<b>9,368</b>	<b>4,280</b>	<b>5,100</b>	<b>3,394</b>	<b>2,885</b>	<b>2,885</b>	<b>5,420</b>	<b>76,285</b>
<b>Growth Related</b>											
Fare System	2,938	19,998	30,006	34,039	38,471	21,136	653				147,241
Other Growth Projects	1,665										1,665
<b>Sub-Total</b>	<b>4,603</b>	<b>19,998</b>	<b>30,006</b>	<b>34,039</b>	<b>38,471</b>	<b>21,136</b>	<b>653</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>148,906</b>
<b>Health &amp; Safety</b>											
N/A											0
<b>Sub-Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>989,923</b>	<b>1,041,289</b>	<b>814,890</b>	<b>696,323</b>	<b>701,939</b>	<b>507,288</b>	<b>430,527</b>	<b>329,721</b>	<b>316,661</b>	<b>355,424</b>	<b>6,183,985</b>

### Major Capital Initiatives

- 90.9% of TTC's 2012 Recommended Capital Plan is comprised of SOGR projects. Listed below are the major capital initiatives by category:

#### *State of Good Repair (SOGR), Health & Safety, & Legislated*

- Purchase of Streetcars \$783.951 million – provide funding for the purchase of 189 streetcars from 2012–2018 consisting of 175 replacement cars and 14 growth cars. The streetcar procurement schedule includes the delivery of 3 in 2012; 14 in 2013; 36 in 2014; 36 in 2015; 36 in 2016; 36 in 2017; and 28 in 2018.
- ATC Resignalling \$528.347 million – will improve the Yonge–University Subway signaling system by replacing antiquated conventional signaling with Automatic Train Control that will increase capacity by allowing for closer train headways and replacement of the Bloor–Danforth (BD) signaling system with a new conventional system. ATC for the BD line has been deferred in the recommended capital plan.
- LRT Replacement Maintenance and Storage Facility \$330.362 million – will enable the construction of a new maintenance and storage facility to accommodate running repairs and maintenance of up to 189 new streetcars, as well as provide yard storage capacity for 100 streetcars.
- Toronto Rocket Yard & Storage Track Accommodation \$315.689 – provides for the design and construction of various subway vehicle facilities and yards to ensure proper delivery, maintenance and storage of the new fixed six-car Toronto Rocket subway trains.

- Bridges and Tunnels – Various \$455.526 million – will address maintenance and improvements to bridges and tunnels to maintain these assets in a state of good repair.
- Subway Car Purchases \$303.604 million – will fund the purchase of 354 subway cars (59 trains at 6 cars per train) from 2012–2014 consisting of 300 replacement cars and 54 growth cars. The subway car procurement schedule includes the delivery of 144 cars (24 trains) in 2012; 144 cars (24 trains) in 2013; and 66 cars (11 trains) in 2014.
- Easier Access Phase II & III \$266.051 million – to make modifications to subway/RT stations to ensure that they are accessible to persons with disabilities through the addition of elevators, easier access fare gates, automatic sliding doors and signage improvements. This project is spurred by the Accessibility for Ontarians with Disabilities Act (AODA) that was enacted in 2005 and requires all subway stations to be fully accessible by 2025. This project has been initiated to complete the program by the required due date of 2025.

#### *Growth Related*

- Fare System \$147.241 million – Design and build of TTC–PRESTO devices for the implementation of the PRESTO fare collection system as well as the Proof-of-Payment (POP) project which involves the installation of proof-of-payment readers on the LRVs replacing the existing streetcar fleet and also involves the installation of machines at streetcar stops.

#### **State of Good Repair (SOGR) Backlog**

- The TTC does not have a state of good repair backlog.
- The TTC maintains a comprehensive state of good repair program which addresses SOGR needs as they arise ensuring a backlog is not accumulated.

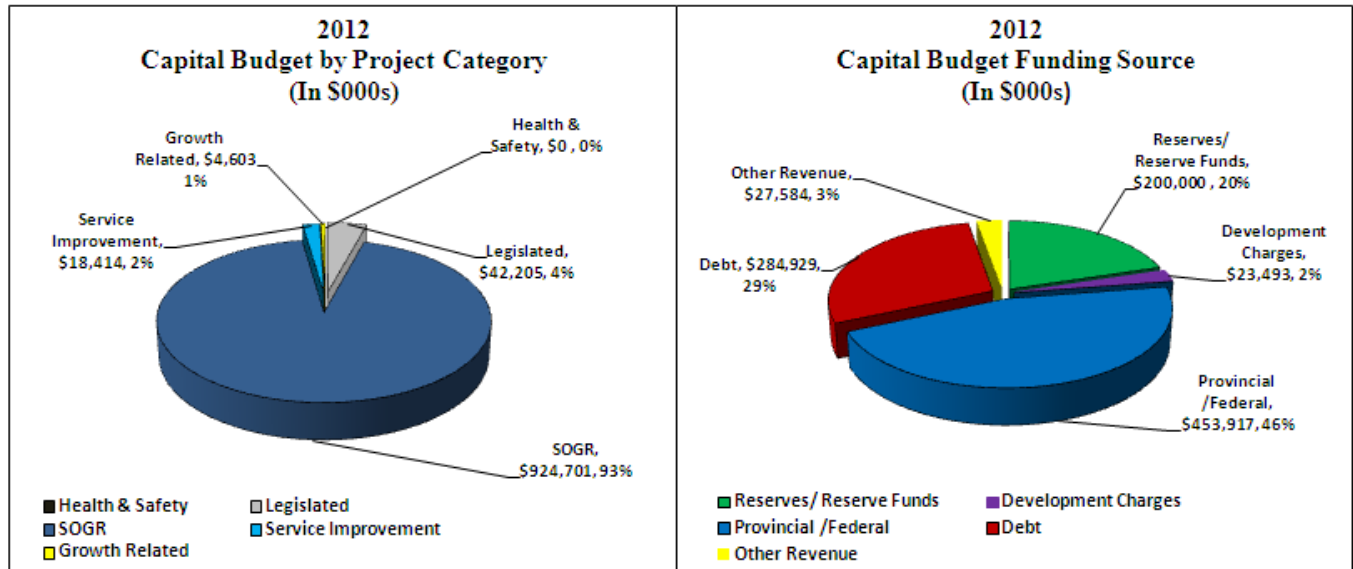
### 10–Year Capital Plan: Operating Impact Summary (In \$000s)

	2012 Rec. Budget	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2020 Plan	2021 Plan	2012- 2021 Total
<b>2012 Recommended Capital Budget</b>											
Program Cost (Net)	1,433										1,433
Approved Positions	(1)										(1)
<b>Recommended 10-Year Capital Plan</b>											
Program Cost (Net)		503	(332)	(594)	(366)						(789)
Approved Positions		(1)	(1)								(2)
<b>Total</b>											
Program Net	1,433	503	(332)	(594)	(366)	-	-	-	-	-	644
Approved Positions	(1)	(1)	(1)	-	-	-	-	-	-	-	(3)

- Approval of the 10–Year Recommended Capital Plan will result in operating impacts from previously approved and new/change in scope capital projects to be completed in 2012 of \$1.433 million; 2013 of \$0.503 million; savings of \$0.332 million in 2014; savings of \$0.594 million in 2015; and savings of \$0.366 million in 2016.
- The operating impacts of capital are mainly attributed to the following projects:
  - Replacement of Wheel–Trans Vehicles – Combined costs of \$0.987 million from 2012 – 2016;
  - Computer Equipment & Software: Combined costs of \$0.615 million from 2012 – 2016;
  - Intelligent Transportation Technical Systems: Combined costs of \$0.406 million from 2012 – 2016;
  - Other Service Planning: Combined savings of \$1.534 million from 2012 – 2016.
- TTC does not provide operating impacts of capital projects beyond the first 5–year period of the Capital Plan.
  - Estimated costs and/or savings are required for the full 10–year planning horizon.
  - It is therefore recommended that TTC staff provide a full 10–year projection of the operating impacts of capital projects with the 2013 Capital Budget submission.

## PART III – 2012 RECOMMENDED CAPITAL BUDGET

### 2012 Capital Budget by Project Category and Funding Source



- The 2012 Recommended Capital Budget, excluding funding carried forward from 2011 to 2012, requires new 2012 cash flow funding of \$989.923 million.
- The 2012 Recommended Capital Budget reflects the allocation of significant funding for State of Good Repair projects which represent 93.4% of the 2012 recommended cash flow funding. The primary focus of the 2012 Recommended Capital Budget is the repair or replacement of aging vehicles, infrastructure and facilities.
- Legislated projects account for 4.3% of the 2012 Recommended Capital Budget's cash flow funding. The Easier Access II and III projects are the most significant Legislated projects, requiring funding of \$22.251 million in 2012.
- Service Improvement projects represent 1.9% of the funding included in the 2012 Recommended Capital Budget. The largest Service Improvement projects to proceed in 2012 include the Station Modernization Program project (\$7.771 million), the Subway Track project (\$3.398 million), and Other Buildings and Structures project (\$1.934 million).
- Growth Related projects represent 0.5% of the 2012 Recommended Capital Budget's cash flow funding. The largest Growth Related project for 2012 is the Fare System project (\$2.938 million).
- The 2012 Recommended Capital Budget is funded largely by Federal and Provincial funding, which accounts for 15.8 % or \$156.790 million and 30.0% or \$297.127 million

respectively. Combined funding from these orders of government represents \$453.917 million or 45.9% of the overall 2012 financing for transit.

- Debt funding amounts to \$284.929 million or 28.8% and is under the 2012 debt target by \$317.082 million due to combined reductions in debt from project cuts and proceeds from the City's monetization of assets, use of operating surplus in accordance with the City's surplus distribution policy and additional Provincial and Federal funding contributions to transit.
- City reserve funding from asset monetization proceeds, the use of operating surplus in accordance with the City's surplus distribution policy and additional Provincial and Federal funding contribute \$200 million or 20.2% of 2012 funding for TTC's Capital Budget.
- Other sources of revenue, such as projects funded by the TTC through depreciation, represent 2.8% or \$27.584 million of 2012 funding.
- Development Charges provide funding for \$23.493 million or 2.4% of the Capital Budget and have been maximized based on the eligibility of 2012 projects.

### 2012 Recommended Cash Flow & Future Year Commitments (In \$000s)

	2012 Previously Approved Cash Flow Commitments	2012 New Cash Flow Rec'd	2012 Total Cash Flow Rec'd	2011 Carry Forwards	Total 2012 Cash Flow (Incl 2010 C/Fwd)	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total Cost
<b>Expenditures</b>															
Previously Approved	918,882		918,882	89,854	1,008,736	701,885	330,660	214,451	167,153	105,621	90,590	73,302			2,692,398
Change in Scope			0		0		2,200		(47,273)			(73,302)			(118,375)
New		306	306		306	4,732	185	1,792	275						7,290
New w/Future Year		70,735	70,735		70,735	237,613	219,421	86,730	93,755						708,254
<b>Total Expenditure</b>	<b>918,882</b>	<b>71,041</b>	<b>989,923</b>	<b>89,854</b>	<b>1,079,777</b>	<b>944,230</b>	<b>552,466</b>	<b>302,973</b>	<b>213,910</b>	<b>105,621</b>	<b>90,590</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,289,567</b>
<b>Financing</b>															
Debt	251,405	33,524	284,929	67,853	352,782	348,879	264,593	83,221	50,634	64,439	55,816				1,220,364
Other	20,628	6,956	27,584	2,127	29,711	13,899	1,666								45,276
Reserves/Res Funds	186,084	13,916	200,000		200,000	200,000	100,000	88,007	77,398						665,405
Development Charges	23,493		23,493		23,493	14,732	18,071	11,235	7,435	5,900	4,268				85,134
ISF			0		0										0
Provincial/Federal	437,272	16,645	453,917	19,874	473,791	366,720	168,136	120,510	78,443	35,282	30,506				1,273,388
<b>Total Financing</b>	<b>918,882</b>	<b>71,041</b>	<b>989,923</b>	<b>89,854</b>	<b>1,079,777</b>	<b>944,230</b>	<b>552,466</b>	<b>302,973</b>	<b>213,910</b>	<b>105,621</b>	<b>90,590</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,289,567</b>

\*Please refer to Appendix 4 for detailed project listings

- The TTC's 2012 Recommended Capital Budget is \$1.080 billion, which provides funding for 2011 projects carried forward into 2012 of \$89.854 million; previously approved 2012 commitment funding of \$918.882 million; and, \$71.041 million for new/change in scope projects.
- In addition to funding previously approved future year commitments of \$1.684 billion, approval of the 2012 Recommended Capital Budget will result in a commitment to additional future year funding for new/change in scope projects of \$242.345 million in 2013; \$221.806 million in 2014; \$88.522 million in 2015; \$46.757 million in 2016; and (\$73.302) million in 2019.

- Key multi-year projects include the Purchase of Subway Cars, Purchase of Streetcars, LRT Replacement Maintenance and Storage Facility, Toronto Rocket Yard and Storage Track Accommodation, ATC Resignalling, Purchase of Buses, Fare System and Easier Access project.
- Ongoing projects include Subway Track, Surface Track, Traction Power, Equipment, Bridges and Tunnels and Computer Equipment and Software and most other SOGR projects.

## 2012 Recommended Capital Project Highlights

2012 Recommended Capital Projects  
(In \$000s)

Project	2012	2013	2014	2015	2016	2012 - 2016	2017	2018	2019	2020	2021	2012 - 2021
Subway Track	11,146	12,184				23,330						23,330
Surface Track	22,810	14,256	162	88	870	38,186						38,186
Traction Power - Various	28,283	5,244				33,527						33,527
Power Dist./Electric Systems - Various	7,028	6,749	5,432			19,209						19,209
Communications - Various	17,113	8,696				25,809						25,809
Signal Systems - Various	4,168	9,071	5,469	2,943		21,651						21,651
Finishes - Various	25,839	25,135	7,581			58,555						58,555
Equipment - Various	23,445	26,249	13,010	1,792	275	64,771						64,771
Yards and Roads - Various	6,552	7,701	11,721			25,974						25,974
On-Grade Paving Rehabilitation	7,497	11,587	600			19,684						19,684
Bridges and Tunnels - Various	52,392	42,634				95,026						95,026
Fire Ventilation Upgrade	25,719	39,915	32,923			98,557						98,557
Easier Access Phase II & III	22,251	31,780	32,663	434		87,128						87,128
Sheppard Subway	1,198					1,198						1,198
Replacement of Wheel-Trans Vehicles	17,144	4,302				21,446						21,446
Subway Car Purchases	188,912	100,009	5,000	9,683		303,604						303,604
SRT Car Overhaul Program	4,551	4,743				9,294						9,294
Streetcar Overhaul Program	9,408	8,829			280	18,517		594				19,111
Subway Car Overhaul Program	16,561	21,395	22,204	15,981		76,141						76,141
Automotive Non-Revenue Vehicles	7,122	3,251	461			10,834						10,834
Rail Non-Revenue Vehicle Overhaul	819	890	19			1,728						1,728
Rail Non-Revenue Vehicle Purchase	912	1,171	1,219	1,877		5,179						5,179
Tools and Shop Equipment	2,734	3,155	105			5,994						5,994
Fare Handling Equipment	1,660	1,389	1,100			4,149						4,149
Environmental Programs	16,752	8,296				25,048						25,048
Computer Equipment & Software	15,884	4,273				20,157						20,157
Furniture & Office Equipment	1,017	79				1,096						1,096
Other Service Planning	1,412	3,453	410			5,275						5,275
Mount Dennis Bus Facility	263					263						263
Other Bldgs & Structures Projects	42,693	48,360	38,381	39,101	20,625	189,160						189,160
Replace 40' Diesel Buses or Equivalent	31,562	339	15,147	43,088	25,029	115,165						115,165
Bus Heavy Rebuild Program - 18 Year	15,196	21,265				36,461						36,461
Other Maintenance Equipment	1,092	774				1,866						1,866
Queensway Bus Garage Renovations	9,553	453				10,006						10,006
Purchase of Streetcars	116,641	125,042	126,267	116,498	104,061	588,509	105,446	89,996				783,951
Eglinton Bus Terminal						0	175					175
Intelligent Transportation & Technical Systems	9,278	5,359				14,637						14,637
Fare System	3,063	22,121	30,006	34,039	25,304	114,533						114,533
ATC Resignalling	91,870	62,750	58,125	37,449	37,466	287,660						287,660
Wilson Complex - Modifications for the Toronto Roc	4,130					4,130						4,130
LRT Replacement Maintenance & Storage Facility	97,853	162,000	70,509			330,362						330,362
Toronto Rocket Yard & Storage Track Accommodation	26,400	89,331	73,952			189,683						189,683
<b>Total</b>	<b>989,923</b>	<b>944,230</b>	<b>552,466</b>	<b>302,973</b>	<b>213,910</b>	<b>3,003,502</b>	<b>105,621</b>	<b>90,590</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,199,713</b>

The 2012 Recommended Capital Budget provides funding of \$989.923 million to:

- Complete the Wilson Complex Modifications for the Toronto Rocket, Mount Dennis Bus Facility, T1 Subway Cars 10–Year Overhaul, Easier Access Phase II and Replacement of 95 40' Clean Diesel Buses.
- Complete the removal of environmentally impacted soil and design of the Leslie Street connection track associated with the LRT Replacement Maintenance and Storage Facility.
- Continue to rollout wireless network connectivity and infrastructure to TTC's buildings, garages and shops across Toronto.
- Continue with design, procurement, installation and testing of the ATC Resignalling project for the York–University–Spadina subway line.

- Continue the On-Grade Paving Rehabilitation Program by re-paving and improving commuter and employee parking lots, yards and garages and bus roadways in subway stations.
- Continue the Surface and Subway Trackwork, Easier Access program, Fire Ventilation Upgrades, and the Fare System projects.
- Continue the Replacement of 40' Diesel Buses or Equivalent, Replacement of Wheel-Trans vehicles, Subway Car Purchases, Streetcar Purchases and Toronto Rocket Yard & Storage Track Accommodation projects.
- Begin the Supervisory Control and Data Acquisition (SCADA) Master Replacement and the New Articulated Bus Hoists and Modifications projects.
- Commence construction of the LRT Replacement Maintenance and Storage Facility and associated connection track on Leslie Street.



## PART IV: ISSUES FOR DISCUSSION

### 2012 and Future Year Issues

#### *TTC 2012–2021 Submitted Capital Budget and Plan versus Debt Affordability*

##### 2011 Budget Approval

In 2011, the TTC submitted a 10–Year Capital Plan comprised of capital works that totaled \$7.593 billion in gross expenditures, requiring \$4.4 billion in new City debt funding after using all other funding sources. This requested debt funding exceeded the TTC's established 10– year debt target of \$2.129 billion by \$2.265 billion which went beyond the City's debt capacity and, was therefore, not affordable.

Consequently, the TTC's 2011–2020 Submitted Capital Budget and Plan was not recommended for approval. Instead, City staff recommended funding that limited spending to previously approved projects and their associated commitments to future year cash flow funding to complete them. In assessing that value, City staff looked to the TTC's capital request for 2011 and for future year funding commitments associated with 2011 ongoing capital work together with their respective debt funding requirements. In essence, what was recommended was a 10–Year Capital Plan that was strictly limited to a capital budget that set out 2011 cashflow funding and associated future year cashflow funding commitments totaling \$3.437 billion, requiring \$2.016 billion in debt {subsequently through the budget process the TTC's 10–Year Capital Plan was reduced to \$3.181 billion, requiring \$1.760 billion in debt funding} over the 10–year planning horizon. No additional projects over the 2011 to 2020 capital planning period were recommended at that time. This resulted in a temporary and incomplete capital plan that required further analysis and adjustment in time for the 2012 budget process in order to support TTC's SOGR needs and other planned capital works.

##### 2012 Budget Process

Prior to submitting the 2012–2021 Capital Plan, TTC assessed their capital needs through a series of internal budget reviews and submitted a 10–year capital plan that was \$684 million less than the 2011–2020 requested capital plan. Therefore, for 2012, the TTC submitted a 10–Year Capital Plan comprised of capital works that totaled \$6.909 billion in gross expenditures, requiring \$3.8 billion in new City debt funding. This requested debt funding exceeded the TTC's established 10– year debt target of \$2.322 billion by \$1.443 billion which again went beyond the City's debt capacity and, was therefore, not affordable.

Subsequently, TTC went through an additional process to reduce their capital plan. This resulted in a further reduction of \$725 million, consisting of deferrals or reductions in

projects including streetcars, subway cars, buses, and other state-of-good-repair infrastructure projects. TTC submitted a revised 10-Year Capital Plan that totals \$6.184 billion in gross expenditures, requiring \$3.082 billion in new City debt funding. This request is \$1.409 billion less than the 2011 10-Year Capital Plan request. However, the 2012 10-Year Capital Plan requested debt funding still exceeded the TTC's established 10-year debt target of \$2.322 billion by \$760 million which, again, goes beyond the City's debt capacity and, is therefore, not affordable.

### Debt Mitigation

In order to manage this tremendous debt need, the City has maximized and applied other revenue sources to fund TTC's capital needs. The City maximized Development Charge funding for eligible growth projects resulting in an increase to DCs of \$65 million and applied capital financing from available Provincial reserves of \$57 million, further reducing the debt need by \$122 million to \$638 million. The City then applied \$700 million in assumed reserve funding to be provided from proceeds from the monetization of City assets, the use of surplus operating funds in accordance with the City's surplus distribution policy and additional contributions to transit from both the Federal and Provincial government. This funding has been applied as follows: \$200 million in 2012; \$200 million in 2013; \$100 million in 2014; \$100 million in 2015; and \$100 million in 2016. With this funding provision and the other maximized funding sources, TTC's debt funding over the 10 years is \$62.426 million under target.

The \$700 million will be applied against projects such as the Purchase of Streetcars, LRT Replacement Maintenance & Storage Facility, Streetcar Carhouse Modifications, Streetcar Network Upgrades, Reconstruction of Streetcar Overhead and Toronto Rocket Yard and Tail Track Accommodation. These projects are necessary for the new streetcars and subway cars and demand significant increased spending and debt funding.

Proceeds from the monetization of City assets are based on the report entitled "Monetization Potential of City Assets" from the Deputy City Manager and Chief Financial Officer and was recommended for approval (as amended) by Executive Committee on November 1, 2011 and will be considered by City Council on November 29 and 30, 2011. The City owns interests in a considerable number of marketable assets, including real estate and government business enterprises. Monetization of some of these assets has the potential to offset some of the spending and debt pressures from the TTC's capital program. This initiative and the potential returns of this initiative are uncertain at this point. However, the actions recommended and contemplated in the report (e.g. monetization activities regarding Enwave, Toronto Hydro, and real property dispositions by Toronto Parking Authority, Real Estate Division and Build Toronto) are expected to result in cash proceeds as high as \$600 million over the remaining term of Council. The magnitude of this one time revenue estimate does not completely offset the TTC 10-year debt shortfall, thereby supporting the fact that consistent funding from the

Provincial and Federal government is paramount to the TTC's ability to afford their capital program.

### ***2012–2021 Recommended Projects Compared with 2011–2020 Approved Projects***

In comparison to the TTC's 2011–2020 Approved Capital Plan for 2012–2020, the 2012 requested 10-Year Capital Plan for 2012–2020 represents a marked increase in gross spending of \$3.263 billion. The 2012–2021 Requested Capital Plan incorporated the following key changes to fund:

- The return of revised plan estimates over and above commitments for most projects that were included in the 2011–2020 Approved Capital Plan;
- Aspects of projects which were deferred in the 2011 Capital Budget to meet debt targets; and;
- Two new projects including the Supervisory Control and Data Acquisition (SCADA) Master Replacement project and New Articulated Bus Hoists and Modifications.

### ***Projects Included in the 2012–2021 Recommended Capital Plan***

The TTC's 2012–2021 Recommended Capital Plan is driven by the purchase of new vehicles, the overhaul of existing vehicles, building of maintenance and repair facilities to house the new LRVs and Toronto Rocket subway trains, automatic train control and other SOGR projects. There is \$1.913 billion of funding for vehicle purchase or overhaul, \$330.362 million for the LRT Replacement Maintenance and Storage Facility, \$287.660 million for the YUS automatic train control, \$315.689 million for the Toronto Rocket Yard and Storage Track Accommodation.

Including carryforward funding of \$89.854 million for 2011 projects not completed, the total recommended funding of \$6.274 billion provides funding for the following major projects:

- Bus purchases – \$194.597 million
- Wheel-Trans vehicle purchases – \$33.530 million
- Subway Car purchases – \$303.795 million
- LRV (Streetcar) purchases – \$783.951 million
- Fare System (farecard and proof-of-payment) – \$179.775 million
- YUS Automatic Train Control & BD Conventional Resignalling – \$528.347 million
- Toronto Rocket Yard and Storage Track – \$315.689 million
- LRT Replacement Maintenance and Storage Facility – \$369.709 million

*Projects not in the 2012–2021 Recommended Capital Plan*

As a result of budget reductions made by TTC, a total of \$725 million in project funding is currently not recommended. Impacting the following key projects:

- Deletion of 134 buses for projected growth and contingencies – \$49.819 million
- Deferral of 60 growth subway car purchases – \$161.040 million
- Deletion of 15 streetcars for projected growth – \$70.778 million
- Deferral beyond 2021 for Bloor–Danforth Automatic Train Control Resignalling – \$150.000 million
- Deferrals in the completion of storage tracks, overhaul shop, runaround loop, new vehicle access roadway and Greenwood Yard modifications for the Toronto Rocket Yard and Storage Track – \$181.954 million
- Deletion of the Temporary Bus Storage Facility as additional storage will no longer be required due to the deletion of 134 buses – \$23.120 million

These reductions represent deletions of vehicles and deferrals of infrastructure work that may be required as capacity on the system grows and if funding becomes available. At this point, TTC has removed aspects of projects that are not required in the near future but they will continue to assess their capital requirements based on ridership growth and funding availability. Many projects have been deferred outside of the 10 year planning period and there are also projects that are "below the line" of the \$6.184 billion submitted requirements.

*Additional TTC Capital Projects*

The 2012– 2021 Recommended Capital Budget and Plan of \$6.184 billion (excluding carryforward funding) requires debt funding of \$2.260 billion, which is \$62.426 million less than the debt available. With \$700 million of funding budgeted from other sources, this available debt funding is sufficient, for now, to meet the TTC's ongoing efforts to maintain its assets in a state of good repair, coupled with service improvement and system capacity projects to meet increasing ridership and increased demand to grow the transit system.

It should be noted that in addition to the \$6.909 billion requested originally in 2012, the TTC has identified an additional \$5.213 billion in funding for major projects which are "below-the-line" (not included) in the TTC's submitted capital plan due to affordability constraints, but which the TTC staff believe are vital to meet future passenger growth and system safety requirements. They include:

- AODA accessibility requirements (legislated) \$26.966 million
- Station Modernization Program \$74.927 million
- Yonge – Bloor Capacity Improvements \$200.000 million

- Yonge North Subway Extension (Metrolinx priority project) \$3.717 billion
- Finch Tail Track Extension \$387.487 million
- University Subway Station Renaissance \$10.572 million

### *TTC Fleet*

Due to funding constraints and a debt shortfall of \$1.443 billion based on the originally submitted 2012 Capital Plan, TTC undertook a review of its capital needs. As a result, certain projects were reduced in an attempt to address the funding shortfall. These reductions amounted to \$725 million, which included a \$282 million reduction to fleet replacement, representing 38.9% of the total reduction.

### *Streetcars*

The current order for 204 cars has been reduced by 15 cars and \$70.8 million resulting in a revised order quantity of 189. The revised order of 189 cars is sufficient to meet ridership demand projections for the current 10 year period. The original order quantity of 204 cars was also based on 10 year envelope requirements but additional cars beyond the 189 required to meet loading standards were added to ensure headways were not too large. Given the current fiscal situation, the need for headway constraint was reviewed, and although not ideal, TTC staff is satisfied there will be minimal customer impact.

As cars continue to be delivered into 2018 under the current contract delivery schedule, car requirements will be reviewed again at that time to ascertain future needs and any potential order amendments that may be required (including an option that permits the purchase of more cars later).

### *Subway Cars*

TTC's Subway Car fleet plan included the purchase of 10 growth trains to arrive in 2015 due to projected ridership growth. These 10 trains have been deleted from the plan thereby reducing the 10-Year Recommended Capital Plan by \$161 million. Current ridership projections indicate the requirement for these trains early in the second five year plan period. An option does not exist in the current contract to buy these trains and a contract would need to be negotiated.

TTC staff believes a price in the same range as currently being paid would be achievable, but only with a continuous production run. This would result in fleet being delivered before it was needed leading to marginal operational cost increases as well as further yard expansion. Further, TTC's ability to run these trains is dependent on having Automatic Train Control (ATC) fully implemented. While TTC staff is confident in the ATC plan, this is a large and complex system being built in an existing subway with high potential for schedule changes.

Given the foregoing, TTC staff has concluded it would be prudent to defer the decision to buy additional trains until a later date.

### *Buses*

Bus procurements have been reduced by 134 forty foot buses and \$49.819 million as a result of the removal of 108 peak ridership growth buses and 26 contingency buses. It should be noted that the majority of these reductions, i.e. 108 of 134 are contingent on the policy to reverse the Ridership Growth Strategy loading standards being approved in the 2012 Operating Budget. The reduction in contingency buses will impact TTC's ability to respond to unexpected events as well as respond to higher than expected ridership growth. Since buses for 2012 have already been contracted and a significant penalty will be incurred to cancel the contract, this change will not impact cash flow funding requirements until 2013. Further, cash flow funding for the years 2014 to 2016 have been adjusted to reflect the anticipated procurement of 153 articulated buses (60 foot buses). Utilization of articulated buses will reduce operating costs and provide better customer service however TTC is still in the due diligence process.

Subsequent to the aforementioned fleet reductions, included in TTC's Recommended 10-Year Capital Plan is \$1.913 billion in total gross expenditures for subway cars, streetcars, buses and Wheel-Trans accessible buses as well as vehicle overhauls and non-revenue vehicle purchases. These new fleet commitments and associated infrastructure projects such as the LRT Replacement Maintenance and Storage Facility and the Toronto Rocket Yard and Storage Track Accommodation drive the TTC's capital requirements and contribute directly to the pressure on debt funding.

However, with budgeted additional funding, the 10-Year Recommended Capital Plan supports all commitments for new vehicles including 189 streetcars, 354 Toronto Rockets, 60 40 foot diesel buses and 153 articulated buses and associated infrastructure projects. Also, included in the recommended plan is the procurement of 73 Wheel-Trans accessible buses, which will improve reliability and reduce maintenance costs for Wheel-Trans service.

### ***Core Service Review Approvals***

At its meeting of September 26 and 27, City Council approved recommendation 2m:

TTC: Consider rolling back some of the service improvements implemented under the Ridership Growth Strategy, including changes to the crowding standard. Also consider reducing/eliminating the Blue Night Network or making it a premium service by raising fares.

The Commission has recommended a 2012 Operating Budget that does reverse the Ridership Growth Strategy peak/off-peak loading standard improvements approved in 2004–2005 and 2008. This service change impacts the TTC Capital Plan as the Purchase of Buses has been

reduced by 134 buses and \$49.819 million (compared to TTC's June 2012 budget) to align with the recommended reduction in service for 2012.

## Future Year Issues

### *Fleet Replacement Strategy*

A key issue with TTC's capital program is the timing of fleet replacement and procurement. The fleet plan includes the replacement of all streetcars from 2012–2018; replacement of all YUS line trains as well as the purchase of growth trains from 2011–2014; replacement of 248 buses from 2011–2016; and the replacement of 88 Wheel-Trans buses from 2011–2012. This replacement schedule has resulted in significant funding challenges for the TTC and the City.

As a mitigating strategy for the future, it is recommended that the TTC assess their future fleet requirements and overhaul programs outside of the 2012–2021 10-year horizon and develop a strategy together with the City for purchasing Subway Cars, Streetcars and Buses intermittently over an extended period in order to avoid procuring the majority of the fleet in the same fiscal years in the future. Below reflects the schedule of TTC's current fleet procurement plan:

**2012–2021 Schedule of Fleet Procurement**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Purchase of Streetcars										
Purchase of Buses										
Subway Car Purchases										
Replacement Wheel-Trans Vehicles										

### *Key Capital Projects*

- *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 was replaced in 2010 by \$344 million in debt as part of a strategy by

the City of Toronto to restructure its debt financing. Debt funding in the 2012–2021 Recommended Capital Plan is \$215.486 million.

It is recommended that Council approve cash flow funding of \$1.963 billion in 2012 and future year commitments for the Spadina Subway Extension, with \$148.768 million in funding carried forward from 2011.

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 Expansion*

The Transit City Plan has been replaced by Transit Expansion. This plan includes the construction, which began in 2011, of the Eglinton–Scarborough Crosstown line, which is fully funded by Metrolinx. There is no funding in the TTC Capital Plan but TTC staff is delivering the project on behalf of Metrolinx. The TTC and City resources are supporting the project and are involved in all aspects including design, engineering, real estate, planning and construction.

- *GTA Farecard and Proof of Payment (POP)*

The Provincial government introduced its Presto fare card in 2010 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 five TTC subway stations which serve as access points for riders from the other parts of the GTA. The total project cost of \$139.956 million reflects that portion of the project for which CSIF funding has been secured. The total cost of this project has increased considerably since it was first planned as the final cost could be as much as \$300 million.

In June 2011, TTC approved the adoption of the Presto fare collection system subject to the development of acceptable operating and financial agreements. To that end, a new business case has been submitted to the Federal government, through the CSIF program, from the TTC, City of Toronto and Metrolinx requesting that the proponenty of the project be shifted from TTC to Metrolinx. The proposal, if approved, would direct the Federal portion of CSIF funding to Metrolinx and the majority of the TTC–Presto capital costs would be financed by the Province. Metrolinx would design, build, purchase, operate, maintain and retain ownership of the TTC–Presto devices and support back–office systems required to meet TTC's fare system business requirements. Therefore, no additional City funding is required at this time in the TTC Capital Plan in order to complete this project.

The Proof-of-Payment (POP) project is also included in the 2012–2021 Recommended Capital Plan. This project involves the installation of proof-of-payment readers on the LRVs replacing the existing streetcar fleet and also involves the installation of machines at streetcar stops.



\$47.408 million in funding is currently recommended for this project. Given TTC's commitment to Presto, this project has been reduced by \$38.601 million due to some overlap in equipment requirements that are included under the Presto Fare Card project. There is still a need to ensure that all payment systems integrate to mitigate against the need for reinvestments in fare collection in the future.

- *Key Projects to Support the New LRVs and the Toronto Rocket Subway Trains*

The purchase of new Light Rail Vehicles and Toronto Rocket Subway Trains requires additional investments in maintenance and storage facilities. These projects include the Carhouse Modifications project (\$68.022 million; part of the Other Buildings and Structures project) to retrofit the Russell and Roncesvalles carhouses to accommodate the new LRVs and the LRT Replacement Maintenance and Storage Facilities project (\$330.362 million). Also associated with the new LRVs is the Streetcar Network Upgrades project (\$48.918 million), which is necessary for the modification of streetcar stops to become fully accessible and accommodate passengers with disabilities upon deployment of the new low-floor LRV vehicles. This project includes curb cuts, island modification/reconstruction and wider platforms and has an increased scope of \$20.962 million. The Toronto Rocket / T1 Rail Yard Accommodation project (\$315.689 million) is a project which will accommodate the new subway trains. The scope of this project has been reduced by \$181.954 million in correlation with the reduction of 60 subway cars (10 train sets).

### ***TTC Capital Funding Needs***

- Pursuit of Federal and Provincial Funding

At the beginning of this budget process, TTC was faced with a \$1.4 billion debt shortfall. Realizing the City's financial challenges, the TTC was able to reduce their requested capital plan by \$725 million, which includes the deferral or reduction of key state-of-good-repair projects. TTC has already reduced many projects in order to meet the debt target and no additional reductions are feasible. The City has maximized all of its financing sources including maximizing its debt capacity; monetizing assets; and directing operating surpluses to fund transit needs with the current 10-Year Recommended Plan. Additional Federal and Provincial funding would bridge any remaining funding gap, and would enable the TTC to proceed with their base capital program as well as needed planned expansion projects. It is crucial that the upper orders of government assist the TTC with its capital funding needs, in order for regional transit to continue to operate seamlessly. As the majority of TTC's capital program is comprised of SOGR and projects to accommodate growth and alleviate congestion, without additional funding from other sources, there are limited options to meet TTC's base funding needs.

It is recommended that TTC staff work with the City to pursue Federal and Provincial funding, on an urgent basis, to address its SOGR, capacity building, service improvement and growth

needs; in particular funding is needed for the 189 Streetcars already in production, the new LRT Replacement Maintenance and Storage Facility, which is planned to be committed to by February 2012 in order to be constructed in conjunction with delivery of the new streetcars, and other new streetcar and subway car related infrastructure projects.

### ***Status of Provincial/Federal Cost Sharing***

#### *Provincial Funding*

- Metrolinx

The Provincial government in March 2008, made approximately \$599 million in transit funding commitments and payments to the City. 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 progress. Funds from these reserve funds will be used to fund projects included in the 2012 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 2007, the Provincial government established the OBRP funding program to provide funding to municipalities for bus purchases. Initially, the Province provided 24% funding however, in 2008, this 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.

In 2010, the Province cancelled the OBRP and provided the City with a lump sum payment covering funding receivable from 2008 and 2009 and also full funding for 2010. This funding has been fully applied and is therefore not included in the 2012 Recommended Capital Budget.

*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. The TTC is making on-going claims for project spending that is eligible for CSIF funding.

- Federal Gas Tax

The permanent Federal Gas Tax allocated to Toronto is based on the City's population as a percentage of the total Provincial population using data from the 2001 census. Starting in 2010, the annual funding decreased from \$162.9 million to \$154.4 million. The funding was 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.

- Infrastructure Stimulus Fund (ISF)

Funding of \$60.4 million is approved as project eligible costs for TTC by the Federal government. Under the ISF program, all projects were supposed to be substantially completed by October 31, 2011. However, total ISF funding to be received is expected to be \$52.1 million of the \$60.4 million approved funding due to a 25% cap on internal labour costs and due to delays and reductions to certain projects.

# Appendix 1

## 2011 Performance

### 2011 Key Accomplishments

In 2011 the TTC:

- ✓ Achieved an all-time record ridership of 497 million despite a poor economy;
- ✓ Provided the highest level of service operated;
- ✓ Continued the roll out of e-Alerts; the Internet Trip Planner; and Next Vehicle Arrivals;
- ✓ Received 35 new 40' diesel buses; 11 new Toronto Rockets trains; and 15 new Wheel-Trans buses;
- ✓ Launched tunnel boring for the Toronto–York Spadina Subway Extension and began construction for the Eglinton–Scarborough Crosstown.
- ✓ Projects projected for completion in 2011 include:
  - Victoria Park Bus Terminal Replacement;
  - Kipling Station Improvements
  - Wilson Yard Fleet Accommodation
  - Downtown Relief Line Study; and
  - Facility Energy Conservation.
- ✓ In 2011, significant progress will also be made on:
  - Automatic train control;
  - Purchase of Streetcars;
  - Purchase of Subway Cars
  - Easier Access Phases II and III; and,
  - The Spadina Subway Extension.

## 2011 Capital Variance Review

**2011 Budget to Actuals Comparison – Total Gross Expenditures  
(In \$000s)**

2011 Approved	Actuals as of September 30th (3rd Qtr Variance)		Projected Actuals at Year End		Unspent Balance	
	\$	% Spent	\$	% Spent	\$	% Unspent
1,439,734	494,321	34.3%	1,158,834	80.5%	280,900	19.5%

- Capital expenditures for the period ending September 30th, 2011 totaled \$494.321 million or 34.3 % of the 2011 Approved Capital Budget of \$1.440 billion (including the Spadina Subway Extension and excluding Transit Expansion, which is funded by the Province).
- The TTC is projecting spending of \$1.159 billion or 80.5% of the 2011 Approved Capital Budget by year–end. Estimated underspending and carry forwards include:
  - The LRT Replacement Maintenance and Storage Facility is the major reason for underspending in 2011. The project has been delayed due to community and City concerns and the TTC will carry forward \$39.347 million in cash flow funding into 2012.
  - Wheel Trans Vehicles will be \$12.084 million under budget due to a revised plan to purchase 15 buses in 2011 as opposed to 48. Only 15 buses out of 48 will be delivered due to manufacturing changes to the operator's cab and passenger's compartment, which will require review and approval thus delaying the delivery of buses planned in 2011. \$12.084 million in cash flow funding will be carried forward into 2012.
  - ATC Resignalling will be \$18.544 million under budget due to slippage of contract work including TTC engineering, TTC installation and Wilson Test Track.
  - The Spadina Subway Extension project will be \$148.769 million under budget due to deferral of progress and payments for Tunnel Lining, Tunnel Boring Machines, early construction and property acquisition. \$148.769 million of cash flow funding will be carried forward into 2012.

## Appendix 2

## 10 – Year Recommended Capital Plan Project Summary

Project	2012	2013	2014	2015	2016	2012 - 2016	2017	2018	2019	2020	2021	2012 - 2021
Subway Track	14,944	22,821	15,511	17,996	18,879	90,151	22,074	30,870	27,675	28,506	29,275	228,551
Surface Track	38,091	42,342	24,132	29,233	34,967	168,765	27,069	27,827	28,604	29,401	30,177	311,843
Traction Power - Various	28,283	20,967	22,887	26,046	22,153	120,336	9,101	7,881	8,023	8,076	8,078	161,495
Power Dist./Electric Systems - Various	7,028	6,749	6,618	5,866	6,003	32,264	4,978	5,072	5,588	5,291	5,550	58,743
Communications - Various	19,272	17,537	12,150	5,061	4,236	58,256	11,529	8,397	6,396	6,467	6,472	97,517
Signal Systems - Various	8,670	9,071	5,469	5,353	5,334	33,897	4,999	2,803	2,874	1,441	1,475	47,489
Finishes - Various	26,739	25,135	19,764	16,986	16,911	105,535	16,541	11,582	11,920	12,273	12,473	170,324
Equipment - Various	24,038	26,249	26,890	19,314	18,133	114,624	20,046	21,006	20,667	14,173	16,435	206,951
Yards and Roads - Various	6,552	7,701	12,257	12,067	3,976	42,553	4,739	1,626				48,918
On-Grade Paving Rehabilitation	7,500	11,587	8,562	11,225	18,074	56,948	8,616	9,175	9,750	10,343	15,573	110,405
Bridges and Tunnels - Various	52,503	48,874	39,176	40,013	43,708	224,274	44,277	46,071	46,447	47,350	48,236	456,655
Fire Ventilation Upgrade	26,285	39,915	36,183	17,234	9,278	128,895	10,432	14,156	7,240	1,636	1,636	163,995
Easier Access Phase II & III	22,251	31,780	32,663	34,681	30,932	152,307	28,443	23,647	21,156	19,711	20,787	266,051
Sheppard Subway	1,240					1,240						1,240
Replacement of Wheel-Trans Vehicles	29,228	4,302				33,530						33,530
Subway Car Purchases	189,103	100,009	5,000	9,683		303,795						303,795
SRT Car Overhaul Program	4,551	4,743				9,294						9,294
Streetcar Overhaul Program	9,445	8,829			280	18,554	4,000	4,200	4,284	4,370	35,408	
Subway Car Overhaul Program	16,561	21,395	22,204	22,760	25,056	107,976	19,095	13,766	14,072	14,372	16,267	185,548
Automotive Non-Revenue Vehicles	7,150	3,251	1,844	4,673	2,883	19,801	1,884	1,884	1,884	1,884	1,884	29,221
Rail Non-Revenue Vehicle Overhaul	1,297	890	901	1,000	931	5,019	1,061	589	606	619	501	8,395
Rail Non-Revenue Vehicle Purchase	1,621	1,171	1,219	4,782	942	9,735	5,182	4,476	2,592	2,356	0	24,341
Tools and Shop Equipment	2,745	3,155	3,048	2,310	2,882	14,140	2,804	2,666	2,697	2,540	2,691	27,538
Fare Handling Equipment	2,260	1,389	1,422	1,460	1,746	8,277	1,896	1,994	2,099	2,210	2,078	18,554
Environmental Programs	16,807	11,762	2,794	2,625	2,165	36,153	2,226	2,288	2,352	2,418	2,483	47,920
Computer Equipment & Software	15,888	14,629	17,935	14,292	18,388	81,132	14,731	12,900	16,232	24,346	23,821	173,162
Furniture & Office Equipment	1,017	314	270	661	205	2,467	457	325	642	653	538	5,082
Other Service Planning	1,412	3,453	2,423	2,423	2,423	12,134	2,035	2,035	2,035	2,035	4,070	24,344
Mount Dennis Bus Facility	500					500						500
Other Bldgs & Structures Projects	43,528	48,360	38,381	39,911	23,102	193,282	11,883	3,285	3,007	3,632	26,281	241,370
Replace 40' Diesel Buses or Equivalent	31,562	339	15,147	43,088	102,241	192,377	422	433	444	455	466	194,597
Bus Heavy Rebuild Program - 18 Year	16,467	33,205	47,292	46,324	47,101	190,389	45,968	25,799	28,930	13,871	15,224	320,181
Other Maintenance Equipment	1,143	957	862	832	865	4,659	870	870	870	870	870	9,009
Birchmount Bus Garage Repair Bay Modifications	100					100						100
Queensway Bus Garage Renovations	10,433	453				10,886						10,886
Purchase of Streetcars	116,641	125,042	126,267	116,498	104,061	588,509	105,446	89,996				783,951
Eglinton Bus Terminal						0	375					375
Intelligent Transportation & Technical Systems	11,720	6,474	5,004	3,000	6,000	32,198	4,800	9,913	5,000	5,500	1,500	58,911
Fare System	5,602	22,358	34,476	42,124	47,661	152,221	26,901	653				179,775
ATC Resignalling	91,870	62,750	58,125	37,449	41,823	292,017	41,908	42,542	45,719	49,948	56,213	528,347
Wilson Complex - Modifications for the Toronto Roc	4,130					4,130						4,130
LRT Replacement Maintenance & Storage Facility	137,200	162,000	70,509			369,709						369,709
Toronto Rocket Yard & Storage Track Accommodation	26,400	89,331	97,505	59,353	38,600	311,189	4,500					315,689
<b>Total (including carry forward)</b>	<b>1,079,777</b>	<b>1,041,289</b>	<b>814,890</b>	<b>696,323</b>	<b>701,939</b>	<b>4,334,218</b>	<b>507,288</b>	<b>430,527</b>	<b>329,721</b>	<b>316,661</b>	<b>355,424</b>	<b>6,273,839</b>

## Appendix 3

### 2012 Recommended Capital Budget; 2013 to 2021 Capital Plan

## Appendix 4

### 2012 Recommended Cash Flow and Future Year Commitments



## Appendix 5

### 2012 Recommended Capital Project with Financing Details

## Appendix 6

## 2012 Reserve / Reserve Fund Review

## Reserve/Reserve Fund Review - Program Specific

\$000s		Projected Balance as at Dec. 31, 2011	Proposed Withdrawals										2012 - 2021 Total	
Reserve / Reserve Fund Name	Project / SubProject Name and Number		2012 Rec. Budget	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2020 Plan	2021 Plan		
TTC DC Reserve Fund XR2109 (2009) XR2025 (2004)	Beginning Balance XR2109	\$32,921	\$32,921	\$24,257	\$19,881	\$4,272	\$3,512	\$3,163	\$7,077	\$14,077	\$26,354	\$39,121		
	Beginning Balance XR2025	\$27,144	\$27,144	\$18,900	\$3,750									
	<b>Total Beginning Balance</b>	<b>\$60,065</b>	<b>\$60,065</b>	<b>\$43,157</b>	<b>\$23,631</b>	<b>\$4,272</b>	<b>\$3,512</b>	<b>\$3,163</b>	<b>\$7,077</b>	<b>\$14,077</b>	<b>\$26,354</b>	<b>\$39,121</b>		
	Replace 40 Diesel Buses or Equivalent		(\$1,866)	(\$13)	(\$566)	(\$1,609)	(\$3,818)							(\$7,871)
	Subway Car Purchases		(\$5,081)	(\$1,654)	(\$312)	(\$3,388)								(\$10,435)
	Purchase of Streetcars		(\$965)				(\$2,673)	(\$5,900)	(\$4,268)					(\$13,806)
	ATC Resignalling-Variou				(\$9,999)	(\$6,238)	(\$4,762)	(\$1,546)	(\$540)					(\$23,085)
	LRT Replacement Maintenance - Storage Facility		(\$15,581)	(\$13,065)	(\$7,194)									(\$35,840)
	<b>Total Proposed Withdrawals for TTC</b>		<b>(\$23,492)</b>	<b>(\$14,732)</b>	<b>(\$18,071)</b>	<b>(\$11,235)</b>	<b>(\$11,254)</b>	<b>(\$7,446)</b>	<b>(\$4,808)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$91,037)</b>
	Other Allocations for Waterfront and Sheppard Subway Cost Recovery		(\$6,624)	(\$18,262)	(\$15,150)	(\$3,800)	(\$3,800)	(\$3,800)	(\$3,800)	(\$3,800)	(\$3,800)	(\$3,800)	(\$3,800)	(\$66,636)
	Projected Contributions		\$13,208	\$13,468	\$13,862	\$14,275	\$14,704	\$15,160	\$15,608	\$16,077	\$16,567	\$17,052		\$149,981
<b>TOTAL RESERVE FUND BALANCE AT YEAR-END</b>		<b>\$60,065</b>	<b>\$43,157</b>	<b>\$23,631</b>	<b>\$4,272</b>	<b>\$3,512</b>	<b>\$3,163</b>	<b>\$7,077</b>	<b>\$14,077</b>	<b>\$26,354</b>	<b>\$39,121</b>	<b>\$52,373</b>		