



Toronto 2015 BUDGET

OPERATING ANALYST NOTES



Toronto Transit Commission

2015 OPERATING BUDGET OVERVIEW

TTC expects that its Conventional service will provide transit to 545 million riders with service that spans 238.5 million kilometres and 9 million hours in 2015. Wheel-Trans provides door-to-door accessible transit service to 3.2 million riders with physical disabilities.

2015 Budget Highlights

The total cost to deliver Conventional and Wheel-Trans transit to Toronto residents and visitors in 2015 is \$1.699 billion and \$115.313 million respectively, as shown below.

TTC Conventional (in \$000's)	2014 Approved	2015 Rec'd Budget	Change	
			\$	%
Gross Expenditures	1,606,683.6	1,699,020.3	92,336.7	5.7%
Gross Revenues	1,166,602.6	1,220,089.5	53,486.9	4.6%
Net Expenditures	440,081.0	478,930.8	38,849.8	8.8%

Wheel-Trans (in \$000's)	2014 Approved	2015 Rec'd Budget	Change	
			\$	%
Gross Expenditures	112,561.9	115,313.1	2,751.2	2.4%
Gross Revenues	5,738.8	6,514.3	775.5	13.5%
Net Expenditures	106,823.1	108,798.8	1,975.7	1.8%

The 2015 Recommended Budget increases funds by \$95.088 million gross (\$40.826 million net) to accommodate increased ridership and expand transit services, including providing relief to families by eliminating the Child Fare (ages 2-12), and introducing a 10 cent fare increase that will fund new and enhanced service changes.

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Fast Facts

- TTC is the largest City transit service in Canada and third largest in North America.
- TTC operates 129 trains, 250 streetcars and 1,869 buses to transport 545 million riders with a staff of 5,616 operators.
- The Yonge-University-Spadina subway line is the busiest TTC route carrying 750,000 riders per day, followed by the Bloor-Danforth subway line carrying 500,000 riders per day.
- Wheel-Trans operates 206 accessible buses to transport 3.2 million riders in 2015 with a staff of 353 operators.

Trends

- TTC ridership has increased by 46.5% since 1996 with 372 million riders, to 545 million anticipated riders in 2015.
- The growing number of users of the monthly Metropass continues to increase, representing 53% of ridership fares in 2014.
- Wheel-Trans ridership demand is steadily increasing due to aging population and AODA requirements.

Our Service Deliverables for 2015

TTC and Wheel-Trans are responsible for providing transit service to the people of Toronto. The 2015 Operating Budget will:

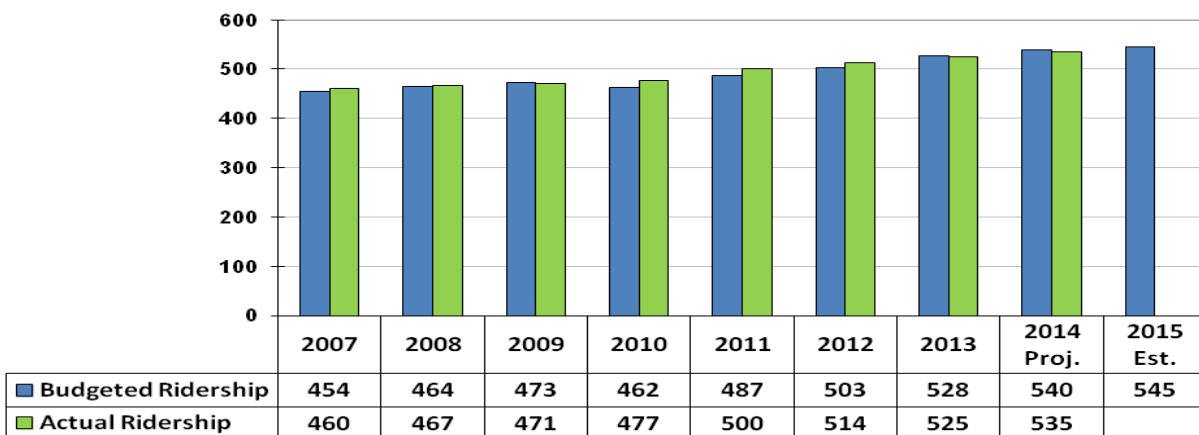
TTC Conventional Service:

- Provide transit service to 545 million riders, representing a 10 million, or 1.9% increase over the 2014 actual ridership.
- Provide rail, streetcar and bus service spanning 238.5 million kilometers and 9 million hours of service.

Wheel-Trans Service:

- Provide 24 hours of service as per the Accessibility for Ontarians with Disabilities Act (AODA).
- Carry 180,000 more passengers, increasing from 3.066 million in 2014 to 3.246 million in 2015, including 1,031,400 bus trips, 65,000 community bus trips, 1,143,900 trips by accessible taxi and 1,005,400 sedan taxi trips.
- Improve customer service telephone performance by reducing wait times and call abandonment rates to industry standards.

TTC Conventional Ridership 2007 – 2015 (in millions)



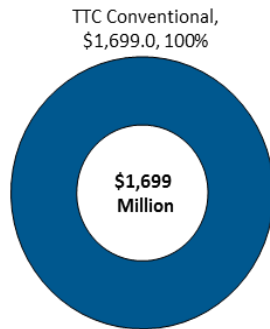
TTC Conventional Services

2015 Operating Budget Expenses & Funding

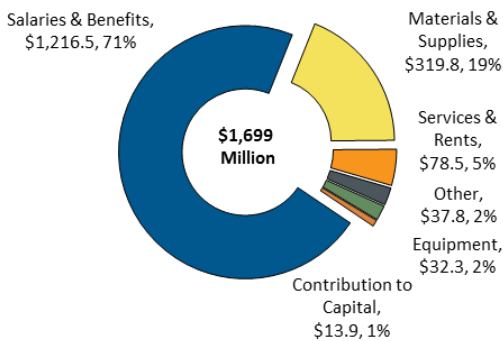
Our Key Challenges & Priority Actions

Where the money goes:

2015 Budget by Service
\$1,699.0 Million

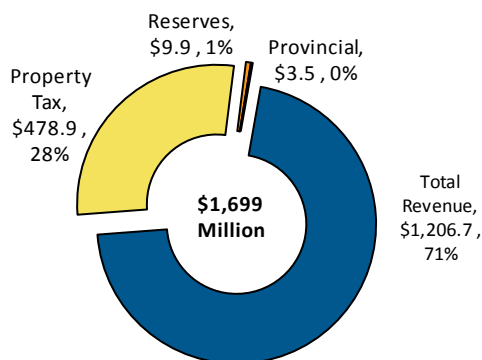


2015 Budget by Expenditure Category



Where the money comes from:

2015 Budget by Funding Source



- **Maintaining service levels and accommodating growing ridership demand.**
 - ✓ Budgeting for an anticipated 545 million riders in 2015.
 - ✓ Increase of Tax Levy funding by \$38.8 million in 2015.
- **Support increasing service costs** with farebox revenues and City tax levy funding.
- **Address ongoing TTC priority actions** – funding is recommended to:
 - ✓ Transform and modernize the TTC.
 - ✓ Improve the TTC transit experience through various customer service initiatives.
 - ✓ Secure funding from the Province towards TTC’s operational needs.

2015 Operating Budget Highlights

The 2015 Recommended Operating Budget of \$1.699 billion gross and \$478.931 million net for TTC Conventional Service will:

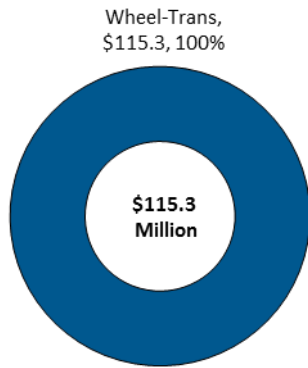
- Enhance customer service through priorities including improving subway service resiliency through reducing service delays (\$2.835 million gross), perform route and station management reviews to ensure best practices are in place (\$0.900 million gross), and add station supervisors to oversee and manage subway stations (\$0.800 million gross).
- Begin improvements to bus and streetcar service by increasing frequency of services at off-peak periods (\$3.200 million gross), operate major routes every ten minutes or better every day (\$3.667 million), add 12 routes to the Blue Night Network (\$0.800 million), operate all routes all day, every day (\$1.7 million), and adding new and enhanced express bus service (\$0.900 million).
- Eliminate the Child Fares for children ages 2-12 (\$5.411 million net).
- Increase fares by 10 cents and adjust the Metropass price to fund service priorities and pay for 50 new buses to deliver these enhanced transit services.

TTC Wheel-Trans Services

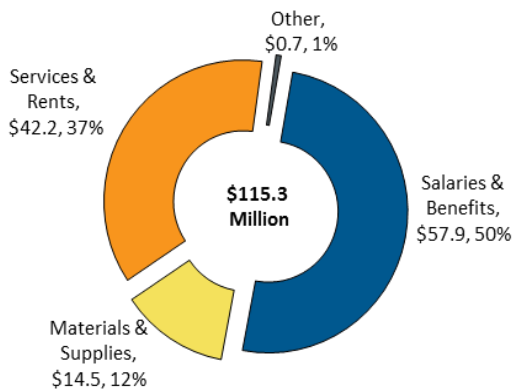
2015 Operating Budget Expenses & Funding

Where the money goes:

2015 Budget by Service
\$115.3 Million

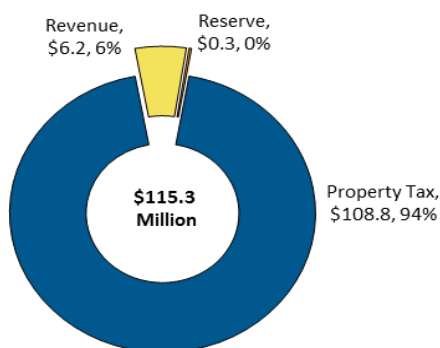


2015 Budget by Expenditure Category



Where the money comes from:

2015 Budget by Funding Source



Our Key Challenges & Priority Actions

- **Accommodate the growing demand for Wheel-Trans service** - as a result of an aging population and AODA legislation.
 - ✓ Budgeting for 3.2 million riders in 2015.
- **Support increasing service costs** with farebox revenues and City tax levy funding.
 - ✓ Increase of Tax Levy funding by \$2.0 million in 2015.
- **Address ongoing Wheel-Trans priority actions** - funding is recommended to:
 - ✓ Achieve and exceed targets of each key performance indicator.
 - ✓ Transform and modernize Wheel-Trans.
 - ✓ Improve the Wheel-Trans experience through various customer service initiatives.
 - ✓ Secure funding from the Province towards Wheel-Trans' operational needs.

2015 Operating Budget Highlights

The 2015 Recommended Operating Budget of \$115.313 million gross and \$108.799 million net for TTC Wheel-Trans Service will:

- Continue to provide 24 hours of service in accordance with AODA requirements.
- Accommodate as many trip requests within service availability and a lower unaccommodated rate of 0.9%.
- Improve customer service telephone performance by reducing wait times and call abandonment rates to industry standards.
- Update current scheduling system to allow for intermodal trip planning with TTC Conventional Service as the system becomes more accessible.

Recommendations

The City Manager and Chief Financial Officer recommend that:

1. City Council approve the 2015 Recommended Operating Budget for Toronto Transit Commission (TTC) Conventional Service of \$1.699 billion gross and \$478.931 million net, comprised of the following service:

<u>Service:</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
TTC Conventional Service	1,699,020.3	478,930.8
Total Program Budget	1,699,020.3	478,930.8

2. City Council approve the 2015 recommended staff complement for TTC Conventional Service of 13,820 positions.
3. City Council request the TTC to continue to work with the City to develop a multi-year funding framework that includes projected City funding, passenger revenue and a fare policy that considers increased ridership and the rate of inflation and accounts for cost-cutting initiatives, customer service improvements and key performance indicators for 2014.
4. City Council direct TTC staff to continue to work with City staff to establish service standards and service levels for both the TTC Conventional Service and Wheel-Trans Service for 2016.
5. City Council direct the Chief Executive Officer of the TTC and the City Manager to continue discussions on partnering with the Province for permanent sustainable funding in order to return the TTC's provincial funding for TTC operations to the 50% level of the mid-1990s.
6. City Council approve the 2015 Recommended Operating Budget for TTC Wheel-Trans Service of \$115.313 million gross and \$108.799 million net, comprised of the following service:

<u>Service:</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
Wheel-Trans	115,313.1	108,798.8
Total Program Budget	115,313.1	108,798.8

7. City Council approve the 2015 recommended staff complement for TTC Wheel-Trans Service of 562 positions.
8. City Council direct the Chief Executive Officer of the TTC and the City Manager to continue discussions on partnering with the Province for permanent sustainable funding for impacts of legislated requirements on Wheel-Trans services such as the impacts of Accessibility for Ontarians with Disabilities Act (AODA).
9. City Council request the TTC to continue to work with City staff to develop 2017 and 2018 plan estimates which will include the operating impacts from completed transit expansion projects prior to the 2016 Budget process, including operating costs associated with the Toronto-York Spadina Subway Extension and the PRESTO fare system.

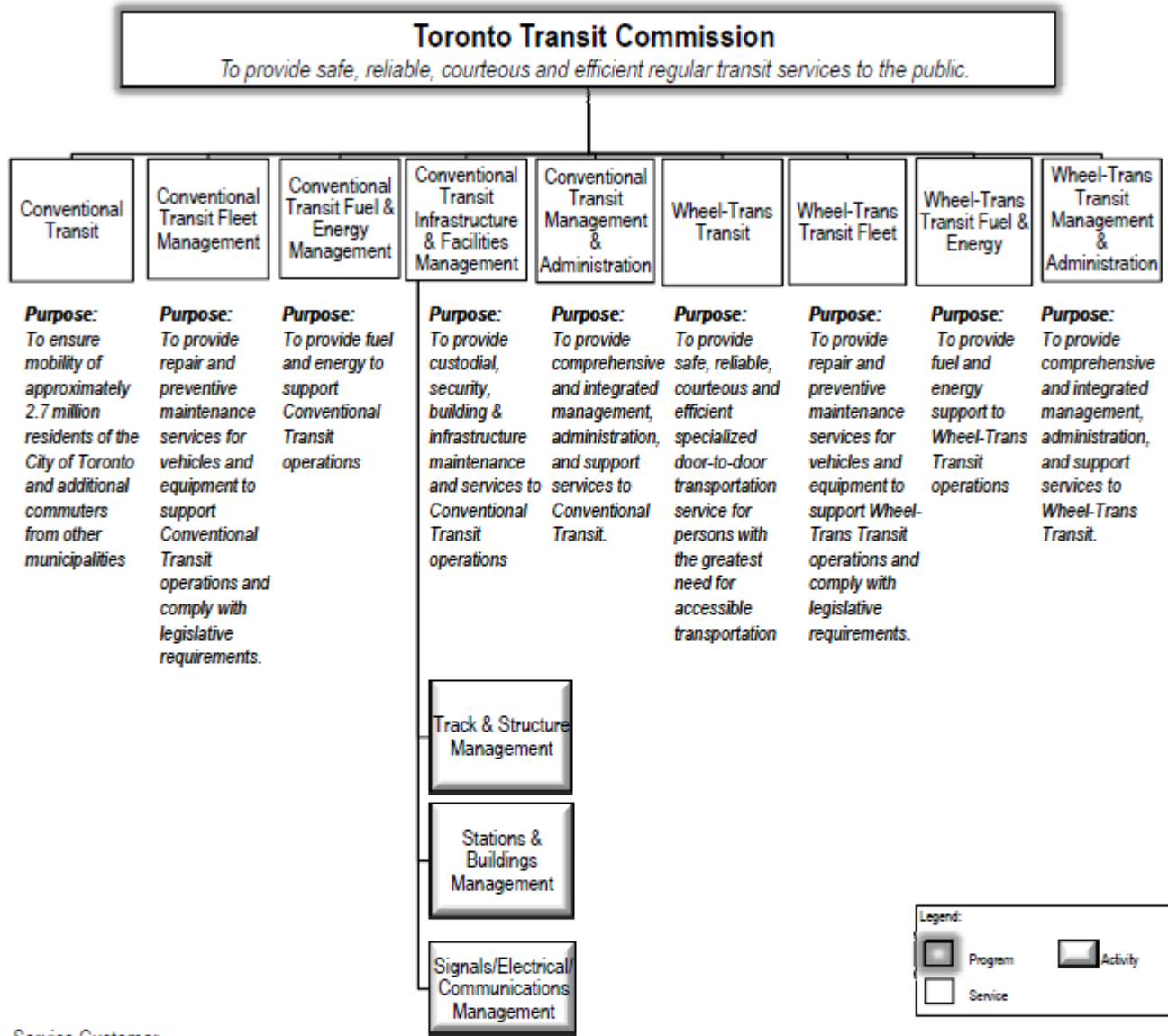


Part I:

2015 – 2017

Service Overview and
Plan

Program Map



Service Customer

- Conventional Transit**
- Transit Rider
 - Businesses
 - Employers
 - Neighbouring Municipalities
 - All individuals in the City of Toronto
- Conventional Transit Fleet Management**
- TTC Conventional Transit
 - Transit Rider

- Conventional Transit Infrastructure & Facilities Management**
- TTC Conventional Transit
 - Transit Riders
- Conventional Transit Management & Administration**
- Conventional Transit
 - Conventional Transit Fleet Management
 - Conventional Transit Fuel & Energy Management
 - Conventional Transit Infrastructure & Facilities Management
 - Transit Rider

- Wheel-Trans Transit**
- Wheel-Trans Transit Rider
 - Businesses
 - Employers
 - Neighbouring Municipalities
 - All individuals in the City of Toronto
- Wheel-Trans Transit Fleet**
- TTC Wheel-Trans Transit
- Conventional Transit Fuel & Energy Management**
- TTC Conventional Transit
 - Transit Rider

- Wheel-Trans Transit Fuel & Energy**
- Wheel-Trans Transit
- Wheel-Trans Management & Administration**
- Wheel-Trans Transit
 - Wheel Transit Fleet Management
 - Wheel Transit Fuel & Energy Management

2015 Service Deliverables

Conventional

The 2015 Recommended Operating Budget of \$1.699 billion gross and \$478.931 million net for TTC Conventional Service will:

- Provide transit service to 545 million riders representing a 10 million or 1.9% increase over the 2014 actual ridership.
- Provide service spanning 238.5 million kilometers, an increase of 1.1% from 2014, and 9 million hours of service.
- Run most TTC service from 6am until 1am.

Wheel-Trans

The 2015 Recommended Operating Budget of \$115.313 million gross and \$108.799 million net for TTC Wheel-Trans Service will:

- Continue to provide 24 hours of service as per the Accessibility for Ontarians with Disabilities Act (AODA).
- Accommodate as many trip requests within service availability and a lower unaccommodated rate of 0.9%.
- Improve customer service telephone performance by reducing wait times and call abandonment rates to industry standards.
- Carry 180,000 more passengers, increasing from 3.066 million in 2014 to 3.246 million in 2015, including 1,031,400 bus trips, 65,000 community bus trips, 1,143,900 trips by accessible taxi and 1,005,400 sedan taxi trips.
- Update current scheduling system to allow for intermodal trip planning with TTC Conventional Service as the system becomes more accessible.

Table 1
2015 Recommended Operating Budget and Plan
TTC Conventional Service

(In \$000s)	2014		2015 Recommended Operating Budget			2015 Rec.d vs. 2014			Incremental Change 2016 and 2017 Plan			
	Approved Budget	Projected Actual	2015 Rec'd Base	2015 Rec'd New/Enhanced	2015 Rec'd Budget	Budget Approved Changes		2016		2017		
	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%	
TTC Conventional												
Gross Expenditures	1,606,683.6	1,582,983.6	1,660,080.0	38,940.3	1,699,020.3	92,336.7	5.7%	118,273.2	7.0%	96,200.0	5.4%	
Revenue	1,166,602.6	1,153,502.6	1,181,306.7	38,782.8	1,220,089.5	53,486.9	4.6%	47,237.2	3.9%	39,000.0	3.1%	
Net Expenditures	440,081.0	429,481.0	478,773.3	157.5	478,930.8	38,849.8	8.8%	71,036.0	14.8%	57,200.0	10.7%	
Approved Positions	11,179.0	11,134.0	11,375.0	381.0	11,756.0	577.0	5.2%					

Note: 2014 Projected Actual Expenditures are based on the 2014 9 Month Operating Variance Report

The 2015 Recommended Operating Budget for **TTC Conventional Service** is \$1.699 billion gross and \$478.931 million net. The net budget increased by \$38.850 million or 8.8% due to the following.

- Base budget pressures of \$75.438 million net are primarily attributable to the impact of the collective bargaining agreements (\$21.664 million), the opening of Leslie Barns Streetcar Maintenance Facility (\$6.470 million), the increase in power consumption (\$8.500 million), and the increase in diesel fuel prices (\$7.000 million).
- TTC and City staff have identified various reductions and savings to mitigate the base budget pressures, including hedging 86% of its anticipated fuel consumption, drawing one-time funds from the TTC Stabilization Reserve, and absorbing various base pressures.
- As part of the TTC's ongoing effort to improve customer service, new and enhanced priorities of \$36.3 million net have been identified in 2015, including the elimination of Child Fares (ages 2-12), improving subway service resiliency, performing route and station management reviews, and adding station supervisors to oversee and manage subway stations. Additional priorities to improve bus and streetcar services are also being introduced, including increasing the frequency of services at off-peak periods, operating major routes every ten minutes or better every day, all day, adding routes to the Blue Night Network, and adding new express bus service.
 - The costs for these new and enhanced services have been virtually offset (\$0.158 million net impact remaining) through a 10 cent fare increase (\$29.167 million) and a Metropass price adjustment (\$7.000 million).
- Future year incremental costs are primarily attributable to an increase in service to accommodate ridership growth, the annualized impact of the new and enhanced service priorities, inflationary increases, and the impact of the collective bargaining agreements.

Table 2
2015 Recommended Operating Budget and Plan
TTC Wheel-Trans Service

(In \$000s)	2014		2015 Recommended Operating Budget			2015 Rec.d vs. 2014			Incremental Change 2016 and 2017 Plan			
	Approved	Projected	2015 Rec'd	2015 Rec'd	2015 Rec'd	Budget Approved		2016		2017		
	Budget	Actual	Base	New/Enhanced	Budget	Changes	Changes	\$	%	\$	%	
By Service	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%	
Wheel-Trans												
Gross Expenditures	112,561.9	110,692.5	115,313.1		115,313.1	2,751.2	2.4%	6,581.30	5.7%	7,191.8	5.9%	
Revenue	5,738.8	5,775.3	6,514.3		6,514.3	775.5	13.5%	12.80	0.2%	291.5	4.3%	
Total Net Expenditures	106,823.1	104,917.2	108,798.8	-	108,798.8	1,975.7	1.8%	6,568.5	6.0%	6,900.3	5.6%	
Approved Positions	557.0	555.0	562.0		562.0	5.0	0.9%					

Note: 2014 Projected Actual Expenditures are based on the 2014 9 Month Operating Variance Report

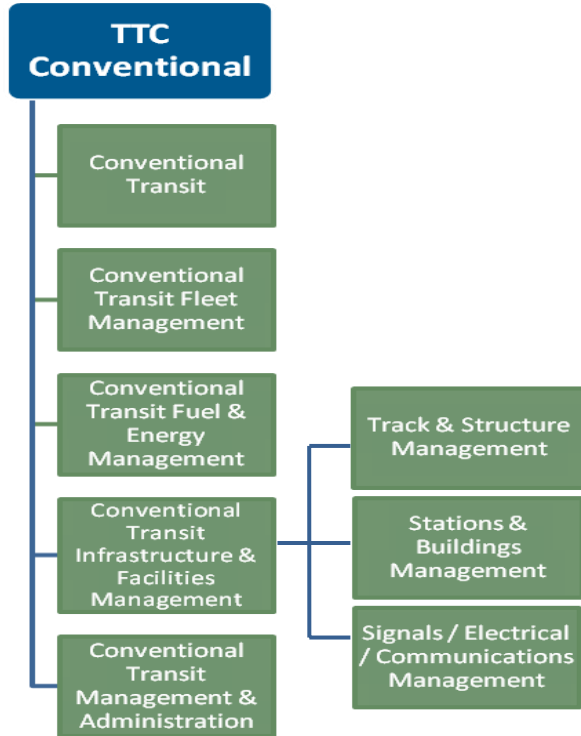
The 2015 Recommended Operating Budget for **TTC Wheel-Trans Service** is \$115.313 million gross and \$108.799 million net. The net budget increased by \$1.976 million or 1.8% due to the following.

- Base budget pressures of \$2.710 million net were offset by base expenditures savings of \$0.249 million net and base revenue adjustments of \$0.486 million bringing the 2015 Recommended Base budget to \$1.976 million net or 1.8% over the 2014 Approved Budget of \$106.823 million net.
- Key cost drivers for this service include an increase in service demand from normal growth and AODA legislation (\$5.828 million), the impact of the recently negotiated collective bargaining agreements (\$0.719 million), and the impact on the cost per trip resulting from amendments to the Accessible Taxi and Sedan Taxi contracts (\$0.567 million).
- To mitigate the base budget pressures, Wheel-Trans has offset diesel fuel primarily through hedging 87.5% of its anticipated fuel consumption, recovering one-time funding from the TTC Stabilization Reserve, and increasing passenger revenues based on growth. The impact of a 10 cent fare increase (\$0.179 million) and a Metropass price adjustment (\$0.017 million) recommended in TTC Conventional Service's new and enhanced service priorities also offsets Wheel-Trans' base pressures.
- The 2016 and 2017 Plans primarily reflect an increase in service to accommodate demand based on annual growth rates of 6% per annum (2015 trips: 3.246 million, 2016 trips: 3.436 million, 2017 trips: 3.638 million).
- Other assumptions include a commitment to maintain an operator workforce of 350, inflationary increases to non-labour costs based on economic factors, and no new AODA requirements.

Part II:

2015 Recommended
Budget by Service

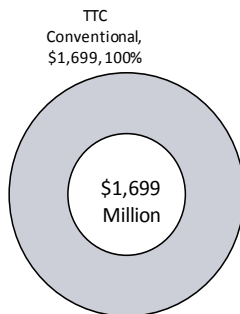
TTC Conventional



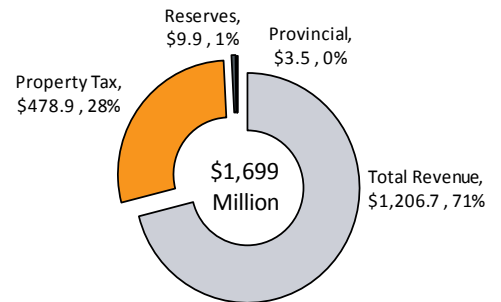
What We Do

- TTC Conventional Service provides transit bus, streetcar, subway and rapid transit to 545 million riders with service that spans 238.5 million kilometers and 9 million hours.
- Ensures mobility of approximately 2.7 million residents of the City of Toronto and additional commuters from other municipalities.
- Provides repair and preventative maintenance services for vehicles and equipment to support Conventional Transit operations and comply with legislative requirements.
- Provides fuel and energy to support Conventional Transit operations.
- Provides custodial, security, building and infrastructure maintenance and service.

2015 Service Budget by Activity (\$Millions)

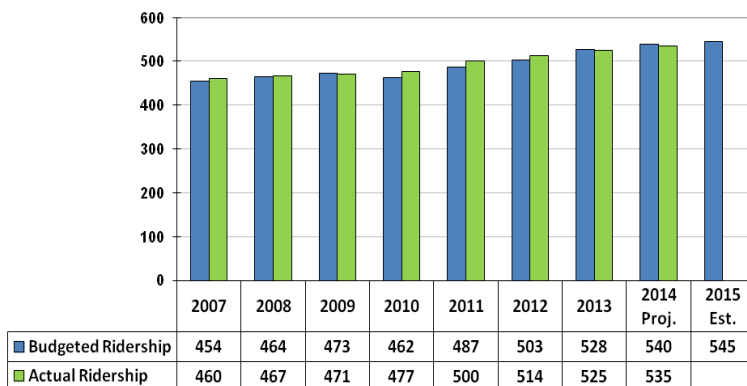


Service by Funding Source (\$Millions)



Key Service Performance Measurement

TTC Conventional Ridership 2007-2015 (in millions)



- Ridership is 5 million or 0.9% less than budgeted in 2014 due to severe cold temperatures experienced in January through March 2014, and the impact of planned system closures.
- The TTC's 2015 Operating Budget forecasts an increase of 1.9% or 10 million riders from the 2014 projected actual for a total of 545 million riders in 2015.

**2015 Service Levels
TTC Conventional Service**

Service	Activity	Type	Sub-Type	Recommended Service Level 2015	
Conventional Transit		Bus Service		TBD	
		Rail Service	Subway	TBD	
			Streetcar	TBD	
			Scarborough Rapid Transit (SRT)	TBD	
	Streetcar Charter		TBD		
Conventional Transit Fleet Management	Conventional Fleet Acquisition	Buses		TBD	
		Streetcars		TBD	
		Subway Cars		TBD	
		Light Rail		TBD	
		Railyard Equipment		TBD	
		Non-Revenue Light Duty Vehicles		TBD	
	Conventional Fleet Maintenance	Buses		TBD	
		Streetcars		TBD	
		Subway Cars		TBD	
		Light Rail		TBD	
		Railyard Equipment		TBD	
		Non-Revenue Light Duty Vehicles		TBD	
	Conventional Fleet Disposal	Buses		TBD	
		Streetcars		TBD	
		Subway Cars		TBD	
		Light Rail		TBD	
		Railyard Equipment		TBD	
		Non-Revenue Light Duty Vehicles		TBD	
		TTC Driver & Operator Safety			TBD
	Conventional Transit Fuel & Energy Management	Conventional Fuel & Energy Acquisition	Natural Gas		TBD
Bio-Diesel				TBD	
Gasoline				TBD	
Hydro				TBD	
Conventional Fuel & Energy Distribution		Natural Gas		TBD	
		Bio-Diesel		TBD	
		Gasoline		TBD	
	Hydro		TBD		
Conventional Transit Infrastructure & Facilities Management	Track & Structure Management	Tunnels		TBD	
		Bridges		TBD	
		Rail		TBD	
		Right-of way		TBD	
	Stations & Buildings Management	Custodial Care		TBD	
		Safety & Security		TBD	
		Facilities Maintenance		TBD	
	Signals/Electrical/Communications Management	Signals		TBD	
		Switches		TBD	
Conventional Transit Management & Administration		CEO		TBD	
		Corporate Communications		TBD	
		Human Resources		TBD	
		Human Rights & Internal Audit		TBD	
		Finance		TBD	
		ITS		TBD	
		Marketing & Customer Service		TBD	
		Materials & Procurement		TBD	
		Legal & Claims		TBD	
		Pension Fund Society		TBD	
		Property Development		TBD	
		Revenue Operations		TBD	
		Safety and Non-Departmental		TBD	

It is recommended that City Council direct TTC staff to continue to work with City staff to establish service standards and service levels for both the TTC Conventional Service and Wheel-Trans Service.

Table 3

2015 Recommended Service Budget

(\$000s)	2014		2015 Recommended Operating Budget						2015 Rec'd Budget vs. 2014 Budget		Incremental Change			
	Approved Budget	Base Budget	Rec'd Service Changes	2015 Rec'd Base	Rec'd Base Budget vs. 2014 Budget	% Change	Rec'd New/Enhanced	2015 Rec'd Budget			2016 Plan		2017 Plan	
	\$	\$	\$	\$	\$	%	\$	\$	\$	%	\$	%	\$	%
Conventional Services														
Gross Expenditures	1,606,683.6	1,687,850.6	(27,770.6)	1,660,080.0	53,396.4	3.3%	38,940.3	1,699,020.3	92,336.7	5.7%	118,273.2	7.0%	96,200.0	5.0%
Revenues	1,166,602.6	1,172,331.7	8,975.0	1,181,306.7	14,704.1	1.3%	38,782.8	1,220,089.5	53,486.9	4.6%	47,237.2	3.9%	39,000.0	3.0%
Net Expenditures	440,081.0	515,518.9	(36,745.6)	478,773.3	38,692.3	8.8%	157.5	478,930.8	38,849.8	8.8%	71,036.0	14.8%	57,200.0	9.4%
Approved Positions	11,179.0	11,375.0		11,375.0	196.0	1.8%	381.0	11,756.0	577.0	5.2%				

The 2015 Recommended Operating Base Budget for TTC Conventional Service of \$1.661 billion gross and \$478.773 million net is \$38.692 million or 8.8% over the 2014 Approved Net Budget.

The TTC **Conventional Service** provides transit bus, streetcar, subway, and rapid transit to 545 million riders and provides repair and preventative maintenance services for vehicles and equipment to support Conventional transit operations and complies with legislative requirements.

- The base budget pressures are primarily driven by the impact of the recently negotiated collective bargaining agreements, an increase in energy consumption, diesel fuel prices, and the anticipated opening of the Leslie Barns Streetcar Maintenance and Storage Facility in July 2015.
- Base pressures are partially offset through savings in diesel prices from hedging most of the anticipated fuel requirements at \$1.04 per litre, a one-time recovery in 2015 from the TTC Stabilization Reserve to primarily offset one-time lump-sum payments in 2015 in accordance with TTC's collective bargaining agreements, the absorption of various base changes, and the reversal of accident claim costs to reflect settled accident claims consistent with TTC's historical experience.
- The 2015 Recommended Operating Budget for Conventional Services includes a 10 cent fare increase (\$29.167 million) and a Metropass price adjustment (\$7.000 million) that will generate revenues to offset enhanced service priorities that address ridership growth and improve transit service. The enhanced service priorities include the transfer of \$13.936 million to the TTC Capital Budget to assist with the purchase of 50 buses and \$3.3 million for the associated facility required to accommodate these vehicles, \$2.835 million for subway service improvements, \$2.476 million to fund two new leases for a warehouse and an interim bus garage, and \$2.467 million net to implement a ten minute or better route network.

Approval of the 2015 Recommended Operating Budget will result in TTC Conventional Service increasing its total staff complement by 797 positions from 13,023 to 13,820, including the addition of 220 capital positions, as highlighted in Table 4:

Table 4
2015 Recommended Total Staff Complement
TTC Conventional Service

Changes	Budget 2015	Plan	
		2016	2017
2014 Approved Complement	13,023.0	13,820.0	13,820.0
In-year Adjustments			
Adjusted 2014 Staff Complement	13,023.0	13,820.0	13,820.0
Recommended Change in Staff Complement			
Operating Impacts of Completed Capital Project	47.0		
Delivery of Capital Projects	220.0		
Maintain Service Levels / Ridership Growth	83.0		
Other Base Changes	66.0		
New / Enhanced Service Priorities	381.0		
Total	13,820.0	13,820.0	13,820.0
Position Change Over Prior Year	797.0		
% Change Over Prior Year	6.12%		

TTC's total staff complement will increase by 797 positions, or 6.12%, as a result of the following changes:

- An additional 83 positions are required to maintain service levels and meet a projected ridership increase of 10 million rides from the 2014 actual ridership, bringing the total ridership to 545 million in 2015.
- A further 47 positions for the operating impacts of capital projects including Proof-of-Payment enforcement on routes serviced by the new LRVs, staffing to operate the Leslie Barns Streetcar Maintenance and Storage Facility, and the reduction of bus operators required resulting from the introduction of further articulated buses.
- An additional 220 capital positions to deliver various capital projects, including the Life Extension of Articulated LRVs, the Scarborough Subway, and various other projects handled by the Engineering, Construction and Expansion Group.
- 381 positions are required to deliver the new and enhanced transit services, including:
 - 26 positions for Subway Service Improvements;
 - 20 Station Supervisors;
 - 10 positions for Route and Station Management Reviews;
 - 2 positions to operate the leased warehouse;
 - 65 positions that will operate at the leased bus facility that will accommodate the 50 new vehicles;
 - 77 positions to Reduce Wait Times and Crowding at Off-Peak Periods;
 - 92 positions to implement a Ten Minute or Better Route Network;
 - 24 positions to introduce the Express Route Network – New Express Services;
 - 44 positions to Operate All Routes All Day, Every Day; and

- 21 positions to Expand Overnight Bus and Streetcar Service.

In June 2014, the TTC submitted a 2015 Operating Budget for Conventional Services of \$590.081 million that exceeded the 2014 Approved Operating Budget by \$159 million, or 37%. TTC and City staff re-evaluated operating requirements and funding opportunities in order to reduce the operating budget request to align with the City's affordability and financing strategy.

The 2015 Recommended Operating Budget for TTC Conventional Services reflects base expenditure pressures of \$75.438 million net, primarily attributable to the impact of the recently negotiated collective bargaining agreement, and increased energy costs as detailed in Table 5:

Table 5
Key Cost Drivers
TTC Conventional Service

(In \$000s)	Rec'd 2015 Base Budget
Gross Expenditure Changes	
Prior Year Impacts	
2014 Service Adjustments - Ridership Increase (528 to 540 million)	3,545.3
Impact from Collective Bargaining Agreements	2,600.0
Annualization of 2014 Staff Additions	765.8
Cost of Living Adjustment and Progression Pay	
Impact from Collective Bargaining Agreements	19,064.2
Operating Impacts of Capital	
Operating Savings Arising from the Introduction of Articulated Buses	(1,636.8)
Leslie Barns Operation (Anticipated for July 2015)	6,470.1
Light Rail Vehicles (Including Proof-of-Payment Inspectors)	3,939.4
New Toronto Rocket Trains	1,251.2
Economic Factors	
Diesel Fuel @ \$1.25/litre	7,000.0
Inflation @ 2%	4,796.7
Traction and AC Power @ 11%	8,499.8
Utilities (Natural Gas and Water)	552.0
Increase in Employee Benefits	2,923.6
Other Base Changes	
2015 Service Adjustments - Ridership Increase (540 to 545 million)	(1,268.1)
Accident Claims	4,000.0
Bus Reliability	3,488.3
Streetcar Reliability	3,157.5
Streetcar Carstops	1,427.0
Subway Service Resiliency	1,026.4
Transfer of Hybrid Bus Parts to the Capital Budget	(5,099.9)
Depreciation	1,680.9
Updates to Comply with Legislative Requirements	1,128.7

Table 5 Continued
Key Cost Drivers
TTC Conventional Service

(In \$000s)	Rec'd 2015 Base Budget
Gross Expenditure Changes	
Other Base Changes	
Changes to Training Programs	944.8
Inventory Obsolescence	920.0
ITS Technical Resources	838.2
Traction Power - Increased Consumption	767.7
Parking Lot Expenses	639.6
Financial Expenses (Foreign Exchange, Credit Card Fees, Metropass Savings Plan Postage)	541.0
Environmental Compliance Approvals and Audits	500.0
Vehicle Licenses	320.4
Davisville Yard Study	280.0
Other Workforce Changes	2,491.1
Other Base Changes	3,312.1
Total Gross Expenditure Changes	80,867.0
Revenue Changes	
Ridership Volume Changes	6,000.0
Lower Average Fare (Impact of Increased Rides on Metropass)	(1,000.0)
Rent Revenue	161.2
Commuter Parking Lots	(136.9)
Increase of Outside City Services and Charters	240.8
Other Revenue Changes	164.0
Total Revenue Changes	5,429.1
Net Expenditure Changes	75,437.9

Key cost drivers for TTC Conventional Service are discussed below:

- The impact of the collective bargaining agreements for 2015 results in increased salary and benefit costs of \$21.664 million. The four 4-year recently negotiated CBAs (effective April 1, 2014) included general wage increases ranging from 0-2.25%, and lump-sum payments of \$7.326 million in 2015, with an annualized impact in 2015 of \$21.7 million.
- The operating impact for the opening of the Leslie Barns Streetcar Maintenance and Storage Facility, that will open July 1, 2015, is \$6.470 million.
- Diesel fuel requirements of \$7.0 million, based on 89 million litres at the City of Toronto's budget guideline for diesel price of \$1.25 per litre; net of \$3 million identified permanent, sustainable savings directed in the 2014 Approved Operating Budget.
- \$8.5 million for Traction and AC Power based on economic factors of 14%, which reflect higher hydro rates.
- 2015 service adjustments reflect a reduction of \$1.268 million in costs as a result of the temporary removal of buses from service to facilitate a key change in bus maintenance practices – moving from a reactive "fix upon failure" method to a proactive reliability-centered approach. This change

requires an increase in the size of the pool of buses made available for maintenance so that they can undergo servicing and repair work on a more scheduled basis and, upon returning to service, will operate more reliably in the future and improve overall service.

- Reduction of \$5.1 million as a result of the transfer of the cost of Hybrid Bus Parts to the Capital Budget, whereby the bus parts will be treated as components of the capital assets and depreciated over their useful life.

In order to offset TTC Conventional base budget pressures of \$75.438 million, the 2015 recommended service changes consist of base expenditures reductions of \$27.771 million net and base revenue changes of \$8.975 million as detailed in Table 6:

Table 6
2015 Total Recommended Service Change Summary
TTC Conventional Service

Description (\$000s)	Recommended Service			Incremental Change			
	2015			2016 Plan		2017 Plan	
	Gross	Net	# Pos.	Net	Pos.	Net	Pos.
Base Changes:							
Base Expenditure Changes							
Diesel Price Savings	(17,020.8)	(17,020.8)					
Reversal of Accident Claims	(4,000.0)	(4,000.0)					
Absorption of Other Base Changes	(6,449.8)	(6,749.8)					
Base Expenditure Change	(27,470.6)	(27,770.6)					
Base Revenue Changes							
One-Time Draw from TTC Stabilization Reserve		(8,975.0)		8,975.0			
Base Revenue Change		(8,975.0)		8,975.0			
Total Changes	(27,470.6)	(36,745.6)		8,975.0			

Base Expenditure Changes (Savings of \$27.471 million gross & \$27.771 million net)

Diesel Price Savings

- The TTC's preliminary 2015 Base Budget that was received in June 2014 reflected a diesel fuel pressure of \$7 million; net of \$3 million permanent sustainable savings identified as directed in the 2014 Council Approved Operating Budget. The diesel fuel requirement comprised of 89 million litres at the City of Toronto's budget guideline for diesel price of \$1.25 per litre.
- TTC will achieve \$17.021 million in savings in diesel fuel costs by:
 - Hedging 77.9 million litres or 87.5% of TTC's estimated diesel volume required at an average budget price of \$1.04 per litre.
 - Monitoring 2015 future diesel prices and having identified 12.5% of the 2015 estimated diesel volume required, at anticipated lower diesel prices available on the spot market.
 - Switching to a less expensive type of diesel fuel, from Type 1 to Type 2, effective February 2015.

Reversal of Accident Claims

- TTC will reverse the accident claim increase of \$4.0 million in 2015 to reflect settled accident claims consistent with TTC's historical experience, in part due to the amendment to Section 267.5 and 268 of the Insurance Act whereby accident benefits are no longer payable if a public transit vehicle does not collide with another automobile or object in the incident, otherwise known as the “no crash, no cash” scheme.

Absorption of Other Base Changes

- TTC will absorb various base changes, including inflationary increases (\$1.6 million), increases in hydro rates (\$1.8 million), depreciation (\$1.2 million) and employee benefit inflationary increases (\$1.0 million).

Base Revenue Changes (Savings of \$0 million gross & \$8.975 million net)

One-Time Draw from TTC Stabilization Reserve

- TTC will withdraw \$8.975 million from the TTC Stabilization Reserve to mostly fund one-time base budget salary costs of \$7.326 million attributable to one-time lump-sum payments to be made in accordance with the recently negotiated collective bargaining agreements that expire March 31, 2018.

Table 7
2015 Total Recommended New & Enhanced Service Priorities Summary
TTC Conventional Service

Description (\$000s)	2015 Rec'd Service Changes				Incremental Change			
	\$	\$	\$	Position	2016 Plan		2017 Plan	
	Gross	Revenue	Net	#	Net	Pos.	Net	Pos.
Enhanced Services Priorities								
Pan Am / Parapan Am Games	4,426.8	4,426.8						
Subway Service Improvements to Reduce Delays	2,834.7		2,834.7	26.0				
Station Supervisors	800.0		800.0	20.0	1,505.0			
Route and Station Management Reviews	900.0		900.0	10.0	1,118.0			
Warehouse and Interim Bus Garage Leases	2,476.0		2,476.0	2.0	14,441.0		13,300.0	
Reduce Wait Times and Crowding at Off-Peak Periods	3,200.0	1,200.0	2,000.0	77.0	4,300.0			
Ten Minute or Better Route Network	3,666.8	1,200.0	2,466.8	92.0	5,200.0			
Express Route Network - New Express Services	900.0	300.0	600.0	24.0	1,100.0			
Purchase of 50 Buses								
Bus Facility Lease and Operation	2,000.0		2,000.0	65.0	10,000.0			
One-Time Cost to Retrofit Bus Facility	1,300.0		1,300.0		(1,300.0)			
Contribution to Capital Budget for Purchase of 50 Buses	13,936.0		13,936.0		(8,700.0)		(5,236.0)	
Operate All Routes All Day, Every Day	1,700.0	700.0	1,000.0	44.0	2,500.0			
Expanded Overnight Bus and Streetcar Service	800.0	200.0	600.0	21.0	1,200.0			
Improve Service Reliability							2,100.0	
Sub-Total	38,940.3	8,026.8	30,913.5	381.0	31,364.0		10,164.0	
New Service Priorities								
Elimination of Child Fare (Ages 2-12)		(5,411.0)	5,411.0		1,699.0			
Sub-Total		(5,411.0)	5,411.0		1,699.0			
Total Enhanced Service Priorities	38,940.3	2,615.8	36,324.5	381.0	33,063.0	TBD	10,164.0	TBD
Fare Adjustments								
10 Cent Fare Increase		29,167.0	(29,167.0)		(5,833.0)			
Metropass Price Adjustment		7,000.0	(7,000.0)		(1,000.0)			
Total Fare Adjustments		36,167.0	(36,167.0)		(6,833.0)			
Total New (Service Priorities and Fare Adjustments)	38,940.3	38,782.8	157.5	381.0	26,230.0	TBD	10,164.0	TBD

Recommended Enhanced Service Priorities (\$38.940 million gross & \$36.325 million net)

The TTC Conventional Service's 2015 Recommended Operating Budget includes \$38.940 million gross and \$36.325 million net in new and enhanced transit service priorities that improve TTC operations and transit services to better serve its riders. New and enhanced service priorities require an additional 381 positions.

These enhanced services are recommended along with a 10 cent fare increase and Metropass price adjustment to offset the transit priorities, effective March 1, 2015.

Pan Am / Parapan Am Games

- The 2015 Recommended Operating Budget includes additional funding of \$4.427 million gross and \$0 net to fund the cost of providing an increased level of public transit to the City of Toronto during the 2015 Pan Am / Parapan Am Games.
- This enhanced service priority will provide funding for three initiatives that are required to carry out service in July and August 2015:
 - Operating costs of \$4.071 million to deliver additional service to the Pan Am / Parapan Am Games, over and above the normal level of summer service.

- Operating costs of \$0.265 million to provide enhanced support to accommodate service levels and maintenance of subway stations.
- Operating costs of \$0.091 million to oversee and co-ordinate all TTC activities related to the delivery of service to the Games.
- The total operating cost for the service priority is \$4.427 million gross and \$0 net. The initiative will be implemented within 2015 and will be fully offset by \$3.504 million of funds from the Province towards the delivery of services, and a one-time withdrawal of \$0.923 million from the City's Tax Rate Stabilization Reserve.
- The Province has also agreed to fund any foregone revenue loss, whether attributed to fraud or otherwise, to the TTC's budgeted 2015 ridership levels for the period during the Pan Am / Parapan Am Games.

Subway Service Improvements to Reduce Delays

- In the last several years, there has been no appreciable improvement in reducing incidents or duration of subway system delays. On the other hand, subway ridership continues to grow, putting a strain on an already crowded system. While improvements are being made to increase system capacity, there needs to be a greater focus on maintenance and delay mitigation techniques to take advantage of those enhancements when they are fully delivered. Currently, there are insufficient resources in certain critical subway maintenance/delay response functions to provide around the clock coverage or during service operation periods. There is also a need to have proper preventative maintenance programs developed and supported as new equipment is installed.
- TTC requires an increase of 26 positions, effective April 2015, to improve staging of service buildup/removal, enhance and consistently perform maintenance programs, and have adequate coverage to respond to delay incidents in a timely manner; commencing the goal of reducing subway delays by 50% within five years.
- It is recommended that \$2.835 million be provided for improvements in subway service resiliency through reducing service delays.

Station Supervisors

- In 2013, TTC launched the introduction of Group Station Managers by adding six supervisors to oversee and manage each subway station. This program creates single-point accountability and a mandate to transform the management of TTC subway stations and bus interchanges.
- Implementation of the new station management model will continue in 2015. The 2015 Recommended Operating Budget includes funding for 20 additional positions effective September 2015 (all of which are Station Supervisors) to support the continued implementation of this program. With increasing ridership, these positions will ensure that customer throughput within the existing, increasingly crowded stations will be more carefully managed.
 - These positions enhance management visibility and manage safety at subway stations by promptly addressing customer concerns.
- It is recommended that funds of \$0.800 million in 2015 will be provided to enable TTC to enhance its customer service improvements at all subway stations.

- The anticipated 2016 impact is \$1.505 million net.

Route and Station Management Reviews

- As part of the TTC's ongoing effort to improve service by managing timing and availability of routes, funding for this service priority covers the cost of a review of route and station management.
- To enhance customer service, TTC plans to review route and station management to ensure best practices are in place that reflects industry standards, and key performance indicators are developed. The initiative will be implemented in two stages, effective April 2015 and September 2015.
- The 2015 Recommended Operating Budget includes additional funding of \$0.900 million and an increase of 10 positions.
- The anticipated 2016 annualized impact of this initiative is \$1.118 million net.

Warehouse and Interim Bus Garage Leases

- The 2015 Recommended Operating Budget includes additional funding of \$2.476 million to fund a new warehouse and an interim bus garage.
- A new warehouse is required to store parts for new vehicle types, as well as capital project material. Due to over capacity at existing bus garages, and to bridge the gap until the McNicoll Bus Garage Facility is operable, an interim bus garage is required to restore efficient operations. These leases are anticipated to begin September 2015 and December 2015, respectively.
- TTC requires an increase of 2 positions to operate the leased warehouse.
- The anticipated 2016 impact is \$14.441 million net, and the 2017 impact is \$13.300 million net.

On August 19, 2014 the Board endorsed a report that identified 9 bus and streetcar service initiatives that could be implemented in the short-to-medium term that would improve transit service in Toronto. These would have an impact on the 2015 Operating Budget of \$19.4 million gross.

TTC and City staff re-evaluated operating requirements and funding opportunities in order to reduce the operating plan request to align with the City's affordability. Below are the prioritized customer service initiatives from the report that are included in the 2015 Recommended Operating Budget.

Reduce Wait Times and Crowding at Off-Peak Periods

- As part of the TTC's ongoing effort to improve transit service, this service initiative will reduce the crowding standard at off-peak times, such that, on average, all passengers would get a seat for their trip, resulting in an increase in the frequency of service and reduce crowding on approximately 67 bus and streetcar routes.
- This service recommended priority would benefit approximately 55 million customer-trips each year that are now made on these services, and would attract an estimated 1.8 million new customer-trips each year.
- This initiative would also have a positive effect on Wheel-Trans, as some of their current and potential customers could be attracted to conventional bus and streetcar services. Such a result

would support Accessibility for Ontarians with Disabilities Act (AODA) objectives of more-spontaneous travel options for customers with disabilities.

- The total 2015 cost for this service initiative is \$3.2 million gross and \$2.0 million net and would require the addition of 77 positions. The initiative will be implemented effective September 2015, resulting in a 2016 annualized impact of \$4.3 million net.

Ten Minute or Better Route Network

- This service priority will implement a city-wide network of major bus and streetcar routes operating every ten minutes or better, all day, every day from 6am (9am on Sundays) to 1am on key routes. This would provide frequent, reliable service and would allow for spontaneous trip making, without the need to consult a schedule.
- The Ten Minute or Better Route Network would require service improvements, mostly at off-peak times, to approximately 40 bus and streetcar routes. This service initiative would benefit approximately 48 million customer-trips each year that are now made on these services, and would increase ridership by approximately 1.8 million customer-trips each year.
- The total cost of this service priority is \$3.667 million gross and \$2.467 million net in 2015 and would require the addition of 92 positions. The initiative will be implemented effective September 2015, resulting in an anticipated 2016 annualized impact of \$5.2 million net.

Express Route Network – New Express Services

- As part of the TTC's ongoing effort to improve customer service, new express service could be introduced at off-peak times.
- These new express bus services would benefit approximately 13 million customer-trips each year and increase ridership by approximately 0.5 million customer-trips each year.
- The total 2015 impact of this service priority is \$0.9 million gross and \$0.6 million net and will require the addition of 24 positions. The initiative will be implemented effective September 2015, with a 2016 annualized impact of \$1.1 million net.

Purchase of 50 Buses

- As part of the TTC's ongoing effort to improve transit service, this service priority will:
 - Contribute \$13.936 million in 2015 and \$5.236 million in 2016 to the TTC Capital Budget to fund a portion of the \$27.5 million required to purchase 50 buses. The new buses will be utilized to implement 4 new express bus routes, and reduce overcrowding on the most crowded routes at peak periods. Delivery of the vehicles is expected to commence in November 2015.
 - Provide \$2.0 million in 2015 with an incremental annualized impact of \$10.0 million in 2016 to lease and operate a garage for the 50 vehicles.
 - ✓ There are currently no storage facilities available to accommodate these 50 buses.
 - ✓ The lease to accommodate the 50 buses is anticipated to commence September 2015.

- ✓ TTC requires an increase of 65 positions for this initiative.
- The leased bus garage requires one-time leasehold improvements of \$1.3 million.
- The total 2015 impact of the combined service initiative is \$17.236 million gross and net.
- In 2016, the impact will remain net \$0 as \$8.7 million in funding that is contributed to capital in 2015, will be utilized to fund the annualized pressures of the bus facility lease and operating costs. The 2017 impact will be (\$5.236) million net as this relates to the one-time funding contributed to the Capital Budget in 2016.

Operate All Routes All Day, Every Day

- It is recommended that TTC begin operating all routes all day, every day across the City. Off-peak service on many bus routes were cut-back or eliminated in 2011 as a result of Council approved budget reductions. These services will be restored so that all TTC bus and streetcar routes operate all day, every day, from approximately 6am (9am on Sundays) to 1am to make it more convenient and viable for all residents to rely on transit.
- All day, every day service will introduce new transit service during approximately 148 periods of operation on 41 bus routes, serving one million customer-trips each year.
- The 2015 impact of this service priority is \$1.7 million gross and \$1.0 million net and would require the addition of 44 positions. The initiative will be implemented September 2015, resulting in a 2016 annualized impact of \$2.5 million net.

Expanded Overnight Bus and Streetcar Service

- As part of the TTC's ongoing effort to improve customer service, additional routes will be added to the overnight bus and streetcar services to increase the overnight service area coverage and reduce the time customers spend walking to access overnight transit services.
- The Blue Night Network is the TTC's overnight bus and streetcar service that operates between approximately 2am and 5am, after the regular daytime and evening bus, streetcar, and subway services have ended. The Blue Night routes provide overnight transit service, every 30 minutes or better. New overnight service could be introduced on 12 bus and streetcar routes.
- Up to 4 million customer-trips each year are now made on the Blue Night Network. It is projected that the expanded network would attract approximately 300,000 new customer-trips each year.
- The 2015 impact of this service priority is \$0.8 million gross and \$0.6 million net and will require the addition of 21 positions. The initiative will be implemented effective September 2015 with a 2016 annualized impact of \$1.2 million net.

Improve Service Reliability

- It is recommended that additional running time, operating, and supervisory resources on bus and streetcar routes where performance has deteriorated be implemented.
- The initiative will be implemented in 2017 resulting in an anticipated 2017 annualized impact of \$2.1 million net.

Recommended New Service Priority (\$0 million gross & \$5.411 million net)*Elimination of Child Fare*

- In light of transit expansion developments that will improve availability, it is timely for the City of Toronto to prepare a complementary transit plan focused on affordability so that when new transit services become available, they will be affordable for and accessible to lower income riders.
- The elimination of the TTC Child Fare for children ages 2 through 12 supports these objectives. With expanding and enhanced public transit services, the pressures of increased fares become a necessary financing strategy to balance the Operating Budget. However, it is recognized that these costs of transit can create barriers, particularly for lower income families. All families will now have the ability to have their children (ages 2-12) ride public transit for free.
- The 2015 Recommended Operating Budget reflects the elimination of the Child Fare for children ages 2 through 12, effective March 1, 2015, which will decrease passenger revenue by \$5.411 million in 2015.
- The anticipated 2016 incremental impact is \$1.699 million net.

Recommended Fare Adjustments (\$0 million gross & (\$36.167) million net)*10 Cent Fare Increase*

- On December 14, 2011, the Board approved-in-principle a standard 10 cent fare increase on the adult token (and a pro-rata increase on all other fare media) in each of 2013, 2014, and 2015 as part of a multi-year financing strategy to help sustain transit service levels and address budgetary pressures.
- TTC will introduce a standard 10 cent fare increase on the adult token (and a pro-rata increase on all other applicable fare media), effective March 1, 2015, which will generate \$29.167 million in additional revenue in 2015 and \$5.833 million in 2016. The fare increase matches the approved-in-principle 10 cent fare increase to balance future year operating budgets.
- It is recommended that the TTC continue to work with the City to develop a multi-year funding framework that includes projected City funding, passenger revenue and a fare policy that considers increased ridership and the rate of inflation and accounts for cost-cutting initiatives, customer service improvements and key performance indicators.

Metropass Price Adjustment

- TTC will adjust the Metropass prices, effective March 1, 2015, that will generate revenues of \$7.0 million. This revenue change is discussed in greater detail in Part III (Issues for Discussion – Ridership and Revenue).

Approval of the 2015 Recommended Base Budget will result in a 2016 incremental net cost of \$71.036 million and a 2017 incremental net cost of \$57.200 million to maintain the 2015 level of service as discussed in the following section.

Table 8
2016 and 2017 Plan
TTC Conventional Service

Description (\$000s)	2016 - Incremental Increase					2017 - Incremental Increase				
	Gross Expense	Revenue	Net Expense	% Change	# Positions	Gross Expense	Revenue	Net Expense	% Change	# Positions
Anticipated Impacts:										
Service Increase	13,600.0		13,600.0			13,100.0		13,100.0		
Bus and Streetcar Service Opportunities	21,500.0	7,200.0	14,300.0			2,100.0		2,100.0		
Customer Service Enhancements	17,100.0		17,100.0			13,300.0		13,300.0		
Collective Bargaining Agreements	17,800.0		17,800.0			22,900.0		22,900.0		
Collective Bargaining Agreements (one-time lump-sum payments)	(7,300.0)		(7,300.0)							
2015 Pan Am / Parapan Am Games (one-time expenditures and funding)	(4,426.8)	(4,426.8)								
Other Employee Costs	16,000.0		16,000.0			17,000.0		17,000.0		
Vehicle Parts	13,000.0		13,000.0			9,000.0		9,000.0		
Energy (Diesel, Hydro, Utilities)	8,000.0		8,000.0			8,000.0		8,000.0		
Inflation / Accident Claims	8,000.0		8,000.0			8,000.0		8,000.0		
Annualization of Prior Year Impacts	5,000.0		5,000.0			2,000.0		2,000.0		
Various Multi-Year Initiatives	5,000.0		5,000.0			2,000.0		2,000.0		
Other	5,000.0		5,000.0			4,000.0	1,000.0	3,000.0		
10 Cent Fare Increase		5,833.0	(5,833.0)							
Metropass Price Adjustment		1,000.0	(1,000.0)							
Fare Increase / Adjustment		30,000.0	(30,000.0)				30,000.0	(30,000.0)		
Elimination of Child Fares (2-12)		(1,699.0)	1,699.0							
Passenger Revenues		16,266.0	(16,266.0)				8,000.0	(8,000.0)		
Advertising Revenue		2,000.0	(2,000.0)							
One-Time Draw from TTC Stabilization Reserve		(8,936.0)	8,936.0							
Bus Facility Lease and Operations for 50 Buses	8,700.0		8,700.0							
Contribution to Capital for 50 Buses	(8,700.0)		(8,700.0)			(5,200.0)		(5,200.0)		
Total Incremental Impact	118,273.2	47,237.2	71,036.0		TBD	96,200.0	39,000.0	57,200.0		TBD

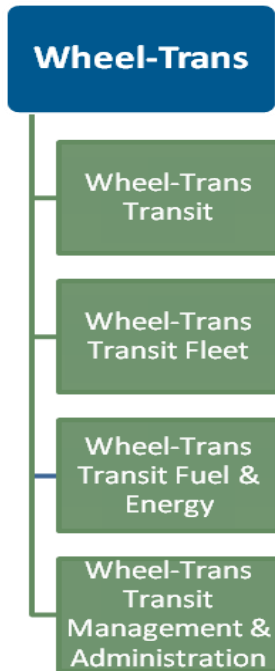
Future year incremental costs are primarily attributable to the following:

Anticipated Impacts

- An increase of \$13.6 million in 2016 and \$13.1 million in 2017 for service adjustments to maintain current service standards to meet the ridership forecast of 556 million in 2016 and 560 million in 2017.
- Annual impacts from the collective bargaining agreements effective April 1, 2014 (\$10.5 million in 2016 and \$22.9 million in 2017) reflect general wage increases ranging from 0-2.25%.
- Inflationary provisions for goods and services and accident claim settlements (\$8.0 million in 2016 and \$8.0 million in 2017), forecasted increase in energy costs (\$8.0 million in 2016 and \$8.0 million in 2017), and 5% on other employee costs (\$16.0 million in 2016 and \$17.0 million in 2017). All other costs are estimated to increase in line with current experience or based on actual or anticipated contractual commitments.
- Provisions of \$13.0 million in 2016 and \$9.0 million in 2017 for higher costs for parts associated with new fleet (articulated buses, hybrid buses, LRVs, and Toronto Rocket trains).
- The 2016 Plan also reflects \$31.4 million and \$10.2 million in 2017 for the impact of the recommended new and enhanced service priorities that address customer service enhancements and bus and streetcar service opportunities.
- Incremental revenue of \$60.0 million (combined 2016 and 2017) reflect an anticipated fare increase/adjustment to mitigate future operating pressures. TTC will continue to review potential fare changes based on the rate of inflation and adjustments necessary to mitigate lower average fares and increasing costs.

- Not included in the forecasted costs at this time are impacts for the Toronto-York Spadina Subway Extension, and the PRESTO implementation.

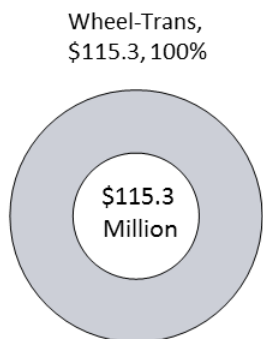
TTC Wheel-Trans



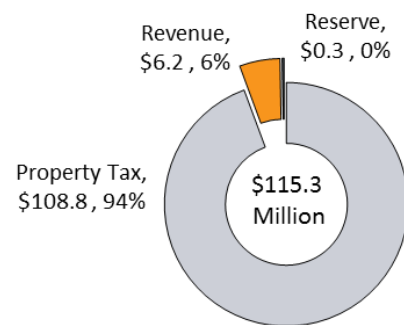
What We Do

- TTC Wheel-Trans Service provides door-to-door accessible transit service to 3.2 million riders with physical disabilities using accessible buses, contracted accessible and sedan taxis.
- Provides repair and preventative maintenance services for vehicles and equipment to support Wheel-Trans transit operations and comply with legislative requirements.
- Provides fuel and energy to support Wheel-Trans transit operations.

2015 Service Budget by Activity (\$000s)

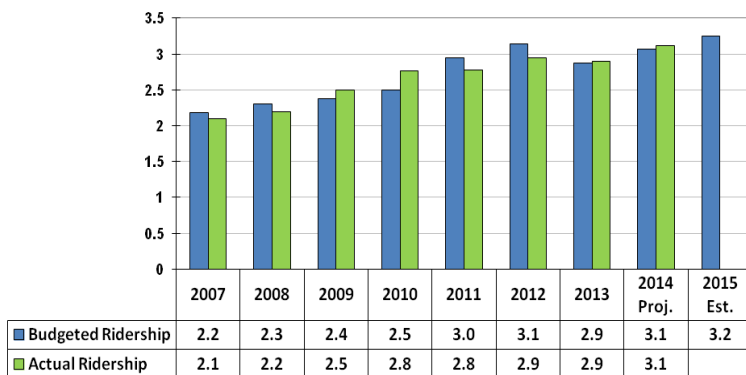


Service by Funding Source (\$000s)



Key Service Performance Measurement

TTC Wheel-Trans Ridership 2007-2015 (in millions)



- Wheel-Trans ridership has increased by 54% since 2007 with 2.103 million riders to 3.246 million anticipated riders in 2015.
- The 2015 Operating Budget for Wheel-Trans forecasts an increase of 3.8% or 0.119 million riders from the 2014 actual, for a total of 3.246 million riders in 2015.

**2015 Service Levels
TTC Wheel-Trans Service**

Service	Type	Sub-Type	Recommended Service Levels 2015
Wheel-Trans Transit	Dedicated	Internal (Bus)	TBD
		Contracted (Taxi)	TBD
	Non Dedicated	Taxi	TBD
Wheel-Trans Transit Fleet Management	Bus		TBD
Wheel-Trans Transit Fuel & Energy Management	Natural Gas		TBD
	Hydro		TBD
	Diesel		TBD
Wheel-Trans Transit Management & Administration	Customer Service		TBD
	Lakeshore Garage Facility Management		TBD
	Non-departmental Inter-Corporate Support		TBD
	Senior Manager's Office		TBD
	Taxi Administration		TBD
	Reservations		TBD

Adjustments to Wheel-Trans Service Level Types

In 2014, there was a restructuring of Wheel-Trans Transit Management & Administration services to align management resources to improve customer service, improve daily management of operators, and implement a dedicated management team to manage the contracted taxi service. As a result, the following service types were adjusted:

- General Superintendent's Office was renamed to Senior Manager's Office;
- Accessible Services was adjusted to have dedicated positions to administer taxi contracts. In doing so, the type was renamed to Taxi Administration; and
- A Reservation group was isolated from other Transit Management & Administration types to establish a dedicated group whose primary focus is to improve telephone reservations customer service.

It is recommended that City Council direct TTC staff to continue to work with City staff to establish service standards and service levels for both the TTC Conventional Service and Wheel-Trans Service.

Table 9
2015 Recommended Service Budget

(\$000s)	2014	2015 Recommended Operating Budget						2015 Rec'd Budget vs. 2014 Budget		Incremental Change				
	Approved Budget	Base Budget	Rec'd Service Changes	2015 Rec'd Base	Rec'd Base Budget vs. 2014 Budget	% Change	Rec'd New/Enhanced	2015 Rec'd Budget			2016 Plan		2017 Plan	
	\$	\$	\$	\$	\$	%	\$	\$	\$	%	\$	%	\$	%
Wheel-Trans Service														
Gross Expenditures	112,561.9	115,561.9	(248.8)	115,313.1	2,751.2	2.4%		115,313.1	2,751.2	2.4%	6,581.3	5.7%	7,191.8	5.6%
Revenues	5,738.8	6,028.8	485.5	6,514.3	775.5	13.5%		6,514.3	775.5	13.5%	12.8	0.2%	291.5	4.3%
Net Expenditures	106,823.1	109,533.1	(734.3)	108,798.8	1,975.7	1.8%		108,798.8	1,975.7	1.8%	6,568.5	6.0%	6,900.3	5.6%
Approved Positions	557.0	562.0		562.0	5.0	0.9%		562.0	5.0	0.9%	TBD		TBD	

The 2015 Recommended Operating Base Budget for TTC Wheel-Trans Service of \$115.313 million gross and \$108.798 million net is \$1.976 million or 1.8% over the 2014 Approved Net Budget.

The **Wheel-Trans Service** provides door-to-door accessible transit service to 3.2 million riders with physical disabilities using accessible buses, contracted accessible and sedan taxis. The service also provides repair and preventative maintenance services for vehicles and equipment to support Wheel-Trans transit operations, and complies with legislative requirements.

- The base budget pressures are primarily driven by service adjustments to accommodate ridership growth, and impacts of the recently negotiated collective bargaining agreements, and Accessible Taxi and Sedan Taxi contracts.
- Base pressures are partially offset by a one-time recovery in 2015 from the TTC Stabilization Reserve, and savings in diesel prices by hedging 87.5% of anticipated diesel fuel requirements.
- Wheel-Trans' 2015 fare revenue will increase by \$0.186 million as the fare adjustments recommended for TTC Conventional Service will be applied to Wheel-Trans as well. Accordingly, the 2015 Recommended Operating Budget for Wheel-Trans will reflect a 10 cent fare increase, a Metropass price adjustment, and the elimination of Child Fares, effective March 1, 2015. The application of these adjustments has reduced Wheel-Trans' base pressures by \$0.186 million.

Approval of the 2015 Recommended Operating Budget will result in TTC Wheel-Trans Service increasing its total staff complement by 5 positions from 557 to 562, as highlighted in Table 10:

Table 10
2015 Recommended Total Staff Complement
TTC Wheel-Trans Service

Changes	2015 Budget	Plan	
		2016	2017
2014 Approved Complement	557.0	562.0	562.0
In-year Adjustments			
Adjusted 2014 Staff Complement	557.0	562.0	562.0
Recommended Change in Staff Complement			
Base Changes	5.0		
Total	562.0	562.0	562.0
Position Change over Prior Year	5.0		
% Change Over Prior Year	0.9%		

The 2015 recommended staff changes include the addition of 5 positions to maintain service levels and accommodate the service impact of AODA legislation.

- This includes the reduction of 4 Operators as Wheel-Trans continues to outsource a portion of its services to Accessible and Sedan Taxi contracted service providers; and
- The addition of 1 Garage Foreperson, 6 Reservationists, and 2 Community Service Representatives.

The 2015 Recommended Operating Budget for Wheel-Trans Services includes base expenditure pressures of \$2.710 million net, primarily attributable to increases to maintain additional service levels as detailed in Table 11:

Table 11
Key Cost Drivers
TTC Wheel-Trans Service

(In \$000s)	Rec'd 2015 Base Budget
Gross Expenditure Changes	
Prior Year Impacts	
Annualization of 2014 Staff Additions	14.4
Cost of Living Adjustment and Progression Pay	
Impact from Collective Bargaining Agreements (Including Benefits from Jan-Mar)	719.1
Economic Factors	
Diesel Fuel (hedge rates and \$1.25/litre for balance)	(38.3)
Inflation at 2%	274.2
Taxi Contracts - Increase in Cost per Trip	567.1
Savings from New Accessible Taxi Contract	(3,404.8)
Other Employee Costs	205.3
Other Base Changes	
2015 Service Adjustments - Ridership Increase (3.1 to 3.3)	5,827.6
Reduction in Overtime Costs	(1,192.6)
Other Base Changes	28.0
Total Gross Expenditure Changes	3,000.0
Revenue Changes	
Ridership Volume Changes	336.9
Lower Average Fare (Impact of Increased Rides on Metropass)	(46.9)
Total Revenue Changes	290.0
Net Expenditure Changes	2,710.0

Key cost drivers for Wheel-Trans Service are as follows:

- \$0.719 million for the impact of the collective bargaining agreements (CBA). The four recently negotiated CBAs included general wage increases from 0-2% effective April 1, 2014, with an annualized impact in 2015 of \$0.719 million.

- \$0.567 million fund the cost per passenger trip from the recently negotiated Accessible Taxi and Sedan Taxi contracts.
- The recently negotiated Accessible Taxi (AT) contract results in savings of \$3.405 million from the elimination of fixed monthly management fees and bonus payments included in the previous AT contract negotiated in 2008.
- \$5.828 million for 2015 Service Adjustments to provide additional service (including additional workforce and associated employee benefits) required to satisfy AODA requirements. An additional 180,000 trips will be carried on both the Wheel-Trans operated buses and contracted taxis.
- Reduction of \$1.193 million in overtime costs as service increases are now to be allocated to taxi contractors.

In order to offset TTC Wheel-Trans' base budget pressures of \$2.710 million, the 2015 recommended service changes consist of base expenditures changes of \$0.249 million and base revenue changes of \$0.486 million as detailed below:

Table 12
2015 Total Recommended Service Change Summary
TTC Wheel-Trans Service

Description (\$000s)	2015 Recommended Service Changes		Incremental Change			
	Wheel-Trans		2016 Plan		2017 Plan	
	Gross	Net	Net	Pos.	Net	Pos.
Base Changes:						
Base Expenditure Changes						
Diesel Price Savings	(248.8)	(248.8)				
Base Expenditure Change	(248.8)	(248.8)				
Base Revenue Changes						
One-Time Draw from TTC Stabilization Reserve		(300.0)	300.0			
10 Cent Fare Increase		(178.8)	(35.8)			
Metropass Price Adjustment		(16.8)	(3.4)			
Elimination of Child Fares (Ages 2-12)		10.1	2.0			
Base Revenue Change		(485.5)	262.8			
Total Changes	(248.8)	(734.3)	262.8			

Base Expenditure Changes (Savings of \$0.249 million gross & \$0.249 million net)

Diesel Price Savings

- Wheel-Trans' preliminary 2015 Base Budget that was received in June 2014 reflected a diesel fuel reduction of \$0.038 million comprised of:
 - 4.2 million litres of required diesel fuel at the City of Toronto's budget guideline for diesel price of \$1.25 per litre; and

- A reduction in the amount of fuel to be consumed as more Wheel-Trans services are anticipated to be carried out by contracted taxi services.
- TTC continued to monitor 2015 future prices and have reduced 12.5% of the diesel requirements to a rate of \$1.15 per litre to better reflect market prices, and hedged 87.5% of the remaining 2015 diesel requirements to yield an overall average budgeted price of \$1.08 per litre. The strategy to hedge 87.5% of the diesel volume and/or anticipated lower diesel costs on the spot market will reduce the anticipated pressure for Wheel-Trans by \$0.249 million in 2015.

Base Revenue Changes (Savings of \$0 million gross & \$0.486 million net)

One-Time Draw from TTC Stabilization Reserve

- TTC will withdraw \$0.300 million from the TTC Stabilization Reserve to fund one-time salary costs for one-time lump-sum payments to be made in accordance with recently negotiated CBAs that expire March 31, 2018 (\$0.300 million).

10 Cent Fare Increase

- A standard 10 cent fare increase on the adult token (and a pro-rata increase on all other applicable fare media) has been recommended effective March 1, for the TTC Conventional Service, which will generate additional passenger revenue and offset the costs of 2015 recommended enhanced service priorities.
- Additional revenues of \$0.179 million reflects the impact of applying the 10 cent fare increase recommended in TTC Conventional Service to Wheel-Trans Service.
- The 2016 net impact from this adjustment is (\$0.036) million.

Metropass Price Adjustment

- It has also been recommended that the Metropass prices be adjusted by 1 trip increment, effective March 1, 2015, to generate additional passenger revenue and offset the 2015 recommended enhanced service priorities to TTC Conventional Service.
- Additional revenues of \$0.017 million reflects the impact of applying the Metropass price adjustment recommended in TTC Conventional Service to Wheel-Trans Service.
- The 2016 net impact from this adjustment is (\$0.003) million.

Elimination of Child Fares (ages 2-12)

- TTC will eliminate the Child Fare for children between the ages of 2 and 12, effective March 1, 2015 as a 2015 recommended new service priority in Conventional Service which increases the Wheel-Trans budget by \$0.010 million. The 2016 net impact from this adjustment is \$0.002 million.

Table 13
2016 and 2017 Plan
TTC Wheel-Trans Service

Description (\$000s)	2016 - Incremental Increase					2017 - Incremental Increase				
	Gross Expense	Revenue	Net Expense	% Change	# Positions	Gross Expense	Revenue	Net Expense	% Change	# Positions
Anticipated Impacts:										
Impact from Collective Bargaining Agreement	866.0		866.0	0.8%		1,128.0		1,128.0	1.0%	
Service Increase	3,771.3	353.6	3,417.7	3.1%		3,915.4	371.1	3,544.3	3.1%	
Other Employee Costs	716.6		716.6	0.7%		840.0		840.0	0.7%	
Energy (Diesel, Hydro, Utilities)	56.7		56.7	0.1%		61.3		61.3	0.1%	
Inflation and Accident Claims	567.2		567.2	0.5%		546.3		546.3	0.5%	
Vehicle Maintenance	200.0		200.0	0.2%		200.0		200.0	0.2%	
Material Volume	23.4		23.4	0.0%		84.0		84.0	0.1%	
Other Net Changes	380.1		380.1	0.3%		416.8		416.8	0.4%	
Change in Average Fare		(78.0)	78.0	0.1%			(79.6)	79.6	0.1%	
10 Cent Fare Increase		35.8	(35.8)	(0.0%)						
Metropass Price Adjustment		3.4	(3.4)	(0.0%)						
Elimination of Child Fare (2-12)		(2.0)	2.0	0.0%						
One-Time Draw from TTC Stabilization Reserve (2015)		(300.0)	300.0	0.3%						
Total Incremental Impact	6,581.3	12.8	6,568.5	6.0%	TBD	7,191.8	291.5	6,900.3	6.0%	TBD

Future year incremental costs are preliminary and Wheel-Trans staff continue to refine the 2016 and 2017 impacts. Future year incremental costs to maintain the 2015 level of service are primarily attributable to the following:

Anticipated Impacts

- Provisions of \$1.994 million (combined 2016 and 2017) to reflect the impact of the four year CBAs that went into effect March 1, 2014. In 2016, the \$0.300 million one-time withdrawal from the TTC Stabilization Reserve Fund is reversed as it is no longer required.
- Service to accommodate demand based on annual growth rates of 6% per annum (2015 trips: 3.246 million; 2016 trips: 3.436 million; 2017 trips: 3.638 million).
- Inflationary provisions of \$1.114 million (combined 2016 and 2017) for goods and services and accident claim settlements, and increases of \$1.675 million for energy costs and other employee costs. All other costs are estimated to increase in line with current experience or based on actual or anticipated contractual commitments.
- Provisions of \$0.4 million (combined 2016 and 2017) for higher maintenance costs associated with Wheel-Trans buses.
- 2016 reflects the incremental revenue impact from the 10 cent fare increase (\$35.8 million), the Metropass price adjustment (\$0.003 million) and the elimination of the Child Fare (\$0.002 million) with an implementation date of March 1, 2015.
- Provisions for potential reductions in the average fare of \$0.158 million reflect current trends in the mix of fare media used by riders.



Part III:

Issues for Discussion

Issues for Discussion

Issues Impacting the 2015 Budget

TTC Conventional Service

City Funding Increase

- The 2015 Operating Budget directions require that all 2015 Program and Agency Operating Budgets be equivalent to the 2014 Approved Net Operating Budget, resulting in a 0% increase over the 2014 Net Budget.
- Despite increasing costs due to continuous ridership growth, TTC has reduced or maintained City funding levels in 2011, 2012 and 2013 through various cost saving and revenue measures.
- TTC can no longer continue to maintain existing service standards and improve customer service with existing funding levels as funding per rider erodes due to increasing operating costs and ridership. In 2015, TTC and Wheel-Trans will be receiving increased funding in order to accommodate growing ridership and to improve customer service.
 - TTC will receive \$478.931 million in funding to support the 2015 TTC Conventional service delivery and \$108.799 million for the Wheel-Trans service, reflecting increases of \$38.850 million and \$1.976 million respectively, over the 2014 budgeted levels for TTC and Wheel-Trans, respectively.

Ridership and Revenue

- Actual TTC ridership in 2014 is 534.8 million by year-end, representing a 10 million rider increase over the 2013 actual ridership, and a 5 million rider decrease from the 2014 budgeted ridership of 540 million riders. Although the economic environment remains uncertain and TTC will be implementing a 10 cent fare increase and Metropass price adjustment, ridership is expected to continue to grow in 2015 to 545 million riders.
- TTC is confident in its ridership projections, as in 2010 and 2012, ridership grew despite an economic recession and a 25 and 10 cent fare increase, respectively. Also, in 2013 and 2014, fares were increased by 5 cents and ridership grew by 11 million and 10 million respectively from the previous years' actual ridership.
 - The TTC's 2015 Recommended Operating Budget forecasts an increase of 10 million riders from the 2014 actual and a 5 million rider increase from the 2014 budget for a total of 545 million riders in 2015.
- The TTC's implementation of various enhanced service priorities (\$36.325 million net) cannot be afforded without additional revenues. Two fare adjustments are recommended, effective March 1, 2015, generating \$36.167 million in additional revenue; namely:
 - A 10 cent fare increase will increase revenues by \$29.167 million in 2015.
 - An adjustment to the Adult Metropass price will generate an additional \$7.0 million in revenues in 2015.
 - ✓ The increase in the price per ride taken has been well below the rate of inflation because the actual rides taken on average per pass has increased 7%, from about 70 rides to 75 since 2010.

- ✓ To compensate, the price per average ride taken will be increased by the forecast rate of inflation, which will result in an increase in the Metropass price multiple of 1 (from 49.5 equivalent tokens to 50.5).
- ✓ It should be noted that when the Metropass was originally established, the pass price multiple was 52 trips. It was set to capture high volume users. With the improved value of the pass (transferability, Federal tax credit, increased rides taken per pass), it is now attractive to the average commuter with an effective (after tax) pass price multiple of about 43 trips. Since Adult Metropass riders make up 53% of TTC ridership, it is not economically sustainable to carry an ever-increasing number of trips without the associated revenue to cover the cost of providing those trips.
- In addition to the Metropass adjustment and the 10 cent fare increase, the TTC's 2015 Recommended Operating Budget also reflects other revenue changes, including:
 - Parking lot revenues to decrease by \$0.137 million due to lot closures.
 - Rent Revenue, Outside City Services, Advertising and other revenue to increase by \$0.866 million due to higher subway concession rent, advertising and higher contracted services provided to York Region.

Stable Provincial Funding

- Funding received from the Provincial government is currently provided on an ad-hoc basis. For 2007 and 2008, \$100 million was received from the Provincial government for TTC and Wheel-Trans operations. This funding did not recur in 2009. The City replaced it in 2009 with \$92 million in funding from closed capital accounts. However, the City's 2009 Approved Operating Budget did include \$238 million in one-time Provincial funding to offset capital debt service costs for transit projects which the City funds in its operating budget to repay the interest and principal costs of debt issued to fund TTC capital project costs.
- Since 2009, there has been no specific Provincial funding received for the TTC's service operations. Again, there are no Provincial funding provisions for the TTC's 2015 service operations other than \$3.504 million designated specifically to deliver enhanced transit service levels in Toronto during the 2015 Pan Am / Parapan Am Games.
- While the Province has made a significant contribution to the funding of TTC operations in the past, the ad-hoc nature of this funding creates uncertainty, making planning and budgeting for future year transit operations difficult.
- It is recommended that City Council direct the Chief Executive Officer of the Toronto Transit Commission and the City Manager to continue discussions on partnering with the Province for permanent sustainable funding in order to return the TTC's provincial funding for operations to the 50% level of the mid-1990s.

TTC Wheel-Trans Service

Increased Trip Demand

- During 2014, customer demand increased at higher than anticipated levels and this increase is expected to continue in the forecast years. Specifically, customer trips are expected to increase from 3.1 million in 2014 to 3.2 million due to a forecasted increase of 6%. This increase in demand growth reflects an expanding registrant base, an aging population, the increased availability of programs such as day programs, workshops and sports programs for persons with limited mobility, the ongoing impact of health care restructuring that causes increased demand for outpatient trips, and increased special event programming.
- As in 2015, projections reflect that trips will increase in 2016 and 2017. This trend will continue in the future and the rate of growth is expected to accelerate as the “baby boom” cohort ages. As Wheel-Trans continues to experience increasing numbers of ambulatory customers on its service, more choices will be made in the method of service delivery, namely, integration of trips with conventional TTC service as the TTC continues to make progress towards its goal of making all of its services and facilities accessible, and providing more service on contracted taxis.
- Wheel-Trans will continue to meet increased demand for service by fully integrating its new scheduling system with AVL/GPS technology installed on its bus fleet. This will provide the benefits of ascertaining the vehicle location, navigation, capabilities of address and street look-up, together with the ability to have real-time scheduling, improved operator communications plus metrics to evaluate on-time performance and fleet information. Buses will be replaced as the current fleet of 201 Wheel-Trans buses surpass their design life in 2016/17 and will be fully utilized for service.

Future Year Issues

TTC Conventional Service

Operating Impacts of Capital Projects

- As the TTC replaces older fleet, adds vehicles and expands or builds facilities, there is an associated operating cost as well as some savings that TTC will experience as a result. The transit system growth has impacted and will continue to impact the operating costs with no corresponding funds in place.
- Each year TTC will experience increased costs due to capital projects and each year the pressure will continue to grow. For example, in 2015, TTC has operating budget pressures as well as some efficiencies due to:
 - Vehicle Maintenance: The cost of maintaining the TTC’s revenue vehicle fleet is expected to rise by \$1.251 million above the 2014 budgeted level of \$272.93 million as the warranty coverage for more hybrid buses expires, requirements are added for the new LRVs, and increased seat replacement work is planned to improve the customers’ experience.
 - Hydro: Ever-increasing hydro rates are a concern to the TTC as it is a very large consumer of this power source.
 - Leslie Barns Streetcar Maintenance and Storage Facility: Staffing and set-up activities for the

new LRVs will commence July 2015 and require incremental funding of \$6.471 million in 2015.

- Introduction of LRV streetcars and Proof of Payment (POP): With the introduction of new LRVs on individual streetcar routes, the entire route will be converted to Proof of Payment. Funding for additional fare enforcement personnel (60) has been included in the 2015 Operating Budget workforce to conduct sufficient fare checks to minimize potential revenue losses. The total resource requirement to cover the overall network is estimated to be 100 inspectors, of which 20 were introduced in 2014. Efficiencies will be achieved to offset the 2015 pressure of \$3.939 million, as the new larger streetcars will reduce operating costs as less operators are required for service.
- Introduction of Articulated Buses: Efficiencies achieved through the introduction of articulated buses will reduce incremental operating costs by \$1.637 million in 2015 based on a reduced number of operators required for service.
- Additional funding will be necessary for the TTC on an annual basis as the City cannot afford the rate of funding growth required for TTC services. For this reason, a multi-year fare strategy must be in place so that fares are continuously increased to help offset the increasing pressures. This is separate and distinct from the funding pressures arising from transit expansion.

Transit Expansion Operating Costs

- There are three major transit expansion projects currently underway in Toronto: the Toronto-York Spadina Subway Extension (TYSSE), the Light Rail Transit (LRT) lines and the Scarborough Subway. Once these projects are completed, TTC will be operating additional subway service covering 8.6 kilometres to six new stations, three new light rail transit lines and additional subway service covering 7.6 kilometres to three new stations.
- The in-service date for the TYSSE project was initially targeted for the fall of 2016, however the project is facing serious schedule challenges. Work on the major facility contracts is advancing, with three stations, York University, Steeles West (Pioneer Village), and Hwy 407 not maintaining schedule. Efforts to have these station contractors improve their schedule performance are intense and have been ongoing for some time.
 - A peer review was conducted by APTA in late 2014 largely to assess schedule and budget challenges. The TTC is expected to prepare a report to the Commission at the end of January 2015 which will make recommendations to mitigate schedule challenges.
 - In addition, a consulting firm was retained to conduct a thorough in depth analysis of the project and is expected to present its findings at the end of January 2015.
- The LRT lines are estimated to be completed by 2020 and the Scarborough Subway is planned to be completed by 2024. These new lines will require significant funding increases to operate these service expansions as they come on stream over the next 10 years.
- There is currently no funding strategy in place to address these anticipated operating costs that will be significant.

- It is recommended City Council request the TTC to continue to work with the City staff to develop 2017 and 2018 plan estimates which will include the operating impacts from completed transit expansion projects prior to the 2016 Budget process, including operating costs associated with the Toronto-York Spadina Subway Extension and the PRESTO fare system.

Efficiency Study Implementation Progress

- At its meeting of April 12, 2011, City Council approved the report from the City Manager titled 'Service Review Program, 2012 Budget Process and Multi-Year Financial Planning Process,' dated March 8, 2011. The report indicated that, in addition to other reviews, a service efficiency review be undertaken for TTC and Wheel-Trans.
- Through the Service Efficiency Study, which was completed in late 2011, the City and TTC are examining ways to improve the business model used by the TTC and Wheel-Trans that can help maximize the savings that can be realized from its operation on a sustainable basis.
- Numerous strategies have been employed to improve operating efficiency in recent years with a view to containing the impact of normal cost increases on the operating budget. The following is an update of cost saving initiatives implemented over the course of the past year which have already or will otherwise reduce or avoid significant costs on an annual basis, including such items as:
 - *Contracting Out:* In conjunction with a series of Service Efficiency Reviews commissioned by the City, over the past few years, the TTC has been reviewing its operations in an effort to find savings and efficiencies. The TTC has contracted out garbage collection and the cleaning of subway public washrooms. The latter avoided the need to hire 39 more positions and incur an additional \$1.5 million in expenses each year. In addition, annual savings of \$2.2 million and a reduction of 144 unionized positions have been realized through the contracting out of bus servicing and cleaning activities in 7 TTC garages.
 - *Procurement of Articulated Buses:* The TTC continues to receive its new fleet of 153 articulated buses that will reduce annual operating costs by approximately \$5.4 million once all of these vehicles are introduced into service. These vehicles began servicing customers in 2014.
 - *Shared Services with City:* The TTC continues to participate in a long list of joint purchases with the City including: telephone and data telecommunications (including cellular and blackberry) services (approximate annual savings of \$1 million), IT technical assistance contracts, purchasing card, rock salt, administrative services regarding employee and pensioner benefits, lower cost off-site records retrieval and storage services and archive services, and electricity. Both the TTC and the City are able to take advantage of lower prices/rates for these goods and services as a result of volume discounts. In addition, TTC also shares pricing schedules for various IT licenses with the City and/or Province.

Issues Referred to the 2015 Operating Budget Process

Service Standards and Service Levels

- At its meeting of January 15, 2013, City Council directed that the City work with all City agencies to establish service standards and service levels in time for the 2014 Budget process.

- TTC is in the process of developing service standards and service levels with City staff and therefore this information is not yet available for the 2015 Budget Process.
- It is recommended that City Council direct TTC continue to work with City staff to establish service standards and service levels for both the TTC Conventional Service and Wheel-Trans Service.



Appendices:

Appendix 1

2014 Service Performance

2014 Key Service Accomplishments

In 2014, TTC Conventional accomplished the following:

- ✓ All-time record ridership of 534.8 million;
- ✓ Negotiated affordable 4 year collective bargaining agreements with the TTC's 4 unions;
- ✓ Revamped TTC's employee recognition programs to align employee recognition to customer service excellence;
- ✓ Customer Service Enhancements completed include:
 - Continued monitoring and quarterly reporting on Customer Charter initiatives.
 - Continued roll out of debit and credit card acceptance
 - Continued staffing the group station management model
 - Improved Wayfinding and collector booth signage was implemented throughout the subway system
 - New uniforms issued to TTC operating staff
 - Continued WIFI rollout in subway stations
 - Completed PA system upgrades in over 20 subway stations
- ✓ Continued expansion of Toronto Rocket fleet;
- ✓ First new LRV vehicle entered revenue service;
- ✓ Continued to receive articulated buses for revenue service;
- ✓ Opened new second platform at Union Station; and
- ✓ PRESTO smartcard project moving forward.

In 2014, Wheel-Trans accomplished the following:

- ✓ Projecting ridership of 3.111 million;
- ✓ Negotiated a 4 year agreement with TTC's bargaining units that included a change to the Wheel-Trans model geared to a base number of 350 operators to avoid significant anticipated service cost increases;
- ✓ Negotiated new 5 year Taxi Contracted service agreements through a competitive bid process;
- ✓ Improved customer service by reducing wait times and call abandonment rates by adding additional resources;

- ✓ Improved daily management of operators;
- ✓ Implemented a dedicated management team to manage contracted taxi service;
- ✓ Utilized AVL system to improve on-time performance; and
- ✓ Enhanced internet trip-booking feature.

2014 Financial Performance

2014 Budget Variance Analysis

TTC Conventional Service

(\$000s)	2012	2013	2014	2014	2014 Approved Budget vs.	
	Actuals	Actuals	Approved Budget	Projected Actuals*	Projected Actual Variance	
	\$	\$	\$	\$	\$	%
Gross Expenditures	1,457,056.6	1,485,078.7	1,606,683.6	1,582,983.6	(23,700.0)	(1.5%)
Revenues	1,087,061.0	1,120,082.6	1,166,602.6	1,153,502.6	(13,100.0)	(1.1%)
Net Expenditures	369,995.6	364,996.1	440,081.0	429,481.0	(10,600.0)	(2.4%)
Approved Positions	10,692.0	10,759.0	11,179.0	11,134.0	(45.0)	(0.4%)

* Based on the 9 month Operating Budget Variance Report

2014 Experience

- As of October 4th, 2014, the TTC projected net expenditures will be \$10.6 million under budget at year-end. TTC has projected a ridership level of 535 million riders, compared to the budgeted ridership of 540 million riders.
- Passenger revenue was projected to be \$14.3 million lower than budgeted due to lower ridership due to severe cold temperatures experienced in January, February and March and the impact of planned system closures particularly for the Automatic Train Control Resignalling work on Line 1 (Yonge-University-Spadina) and the Union Station project. In addition, higher than anticipated monthly Metropass sales continue to cause a slight decline in the average fare.
- Diesel fuel expenditures are projected to be lower than budget by \$7.2 million based on lower market prices and utility expenditures that will be lower than budget by \$3.8 million due to lower consumption rate and lower natural gas rates.
- 2014 accident claim expenditures are projected to be \$3 million less than budget as payments to date continue to trend below budget.
- Lower utilization of certain healthcare benefits account for a projected favourable variance of \$10 million for other employee costs.

Impact of 2014 Operating Variance on the 2015 Recommended Budget

- The 2015 Recommended Operating Budget includes reductions based on the TTC's 2014 experience.
- For 2015, diesel fuel costs have been reduced by \$17.021 million based on switching diesel fuel from Type 1 to Type 2 (effective February 1, 2015), hedging 86% of the TTC's diesel fuel at \$1.04

per litre, and monitoring spot market prices for the remaining 14% of diesel fuel requirements. Hedging is based upon anticipated lower market prices as 2014 diesel fuel expenditures will be lower than budgeted based on lower market prices.

- Accident claim expenditures have been reduced by \$4.0 million in 2015 based on TTC’s 2014 experience with settlements and, in part, the impact of the "no crash, no cash" scheme.
- TTC has experienced lower benefit expenses in 2014 and these savings are projected to continue in 2015.
- TTC has experienced a lower average fare in 2014 and this revenue trend is projected to continue in 2015.
- Various other expenditures, including Employee Benefits, have been reduced by \$6.5 million based on TTC’s 2014 experience.

**2014 Budget Variance Analysis
TTC Wheel-Trans Service**

(\$000s)	2012	2013	2014	2014	2014 Approved Budget vs.	
	Actuals	Actuals	Approved Budget	Projected Actuals*	Projected Actual	Variance
	\$	\$	\$	\$	\$	%
Gross Expenditures	100,633.5	100,744.8	112,561.9	110,692.5	(1,869.4)	(1.7%)
Revenues	5,567.1	5,654.7	5,738.8	5,775.3	36.5	0.6%
Net Expenditures	95,066.4	95,090.1	106,823.1	104,917.2	(1,905.9)	(1.8%)
Approved Positions	511.0	531.0	557.0	555.0	(2.0)	(0.4%)

* Based on the 9 month Operating Budget Variance Report

2014 Experience

- As of October 4th, Wheel-Trans projected net expenditures to be \$1.9 million under budget at year-end.
- The projected year-end underspending reflects \$1.4 million less diesel fuel spending than expected as fewer than anticipated bus trips have been provided and diesel fuel prices have been lower than budgeted. An additional \$0.5 million in underspending of various expenditures, including workforce gapping and accident claim payments, have been lower than anticipated in 2014. Partially offsetting these reductions are increased vehicle maintenance requirements due to higher than anticipated bus engine failures and axle repairs.

Impact of 2014 Operating Variance on the 2015 Recommended Budget

- The 2015 Recommended Operating Budget includes reductions based on Wheel-Trans’ 2014 experience.
- For 2015, Wheel-Trans diesel fuel costs have been reduced by \$0.249 million based on hedging 87.5% of Wheel-Trans diesel fuel resulting in an overall average budgeted price of \$1.08 per litre.
- Wheel-Trans has experienced lower benefit expenses in 2014 and these savings are projected to continue in 2015.

Appendix 2

2015 Recommended Operating Budget by Expenditure Category

Program Summary by Expenditure Category

TTC Conventional Service

Category of Expense (\$000's)	2012	2013	2014	2014	2015	2015 Change from		Plan	
	Actual	Actual	Budget	Projected	Rec'd	2014 Approved		2016	2017
	\$	\$	\$	Actual*	Budget	\$	%	\$	\$
Salaries and Benefits	1,079,730.1	1,094,737.7	1,156,163.0	1,147,994.0	1,216,546.4	60,383.4	5.2%	1,284,159.1	1,348,359.1
Materials and Supplies	258,856.6	270,426.1	311,451.4	300,920.4	319,884.8	8,433.4	2.7%	376,045.3	409,681.3
Equipment	26,420.7	28,129.0	31,906.7	29,906.7	32,345.4	438.7	1.4%	32,345.4	32,345.4
Services & Rents	45,713.3	49,980.2	69,401.4	69,401.4	78,515.3	9,113.9	13.1%	78,515.3	78,515.3
Contributions to Capital					13,936.0	13,936.0			5,236.0
Other Expenditures	42,861.9	38,256.7	34,194.3	31,194.3	34,216.0	21.7	0.1%	37,416.0	41,016.0
Interdivisional Charges	3,474.0	3,549.0	3,566.8	3,566.8	3,576.4	9.6	0.3%	3,576.4	3,576.4
Total Gross Expenditures	1,457,056.6	1,485,078.7	1,606,683.6	1,582,983.6	1,699,020.3	92,336.7	5.7%	1,817,293.5	1,913,493.5
Provincial Subsidies					3,504.3	3,504.3			
User Fees & Donations	1,087,061.0	1,120,082.6	1,166,602.6	1,153,502.6	1,206,687.7	40,085.1	3.4%	1,267,326.7	1,306,326.7
Contribution from Reserve Funds					9,897.5	9,897.5			
Total Revenues	1,087,061.0	1,120,082.6	1,166,602.6	1,153,502.6	1,220,089.5	53,486.9	4.6%	1,267,326.7	1,306,326.7
Total Net Expenditures	369,995.6	364,996.1	440,081.0	429,481.0	478,930.8	38,849.8	8.8%	549,966.8	607,166.8
Approved Positions	10,692.0	10,759.0	11,179.0	11,134.0	11,756.0	577.0	5.2%	TBD	TBD

2015 Recommended Operating Budget by Expenditure Category

Program Summary by Expenditure Category

Wheel-Trans

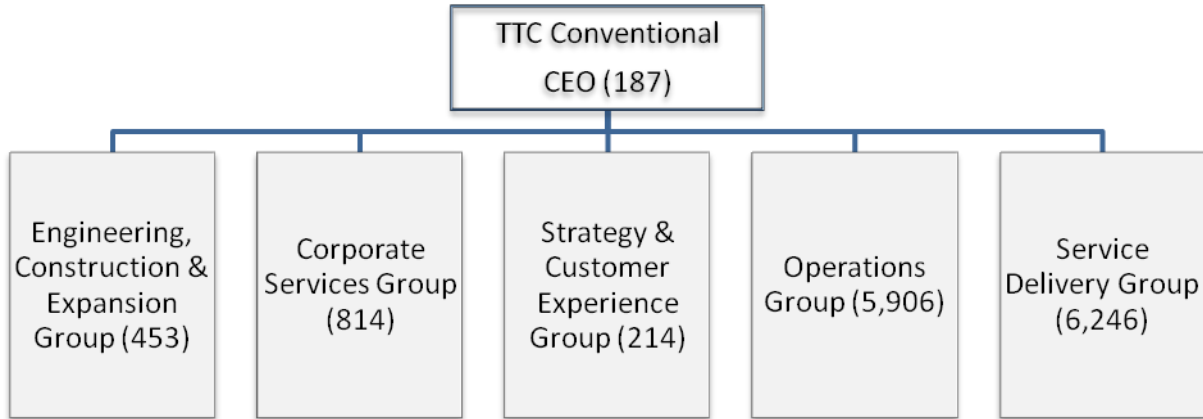
Category of Expense (\$000's)	2012	2013	2014	2014	2015	2015 Change from		Plan	
	Actual	Actual	Budget	Projected	Rec'd	2014 Approved		2016	2017
	\$	\$	\$	Actual*	Budget	\$	%	\$	\$
Salaries and Benefits	52,173.5	52,626.6	57,887.0	56,119.0	57,920.3	33.3	0.1%	59,997.9	62,326.9
Materials and Supplies	12,979.2	12,199.9	14,793.2	13,860.2	14,507.1	(286.1)	(1.9%)	14,954.8	15,460.5
Services & Rents	33,912.3	35,526.7	39,189.4	40,108.3	42,200.9	3,011.5	7.7%	46,179.3	50,439.9
Other Expenditures	1,568.5	391.6	692.3	605.0	684.8	(7.5)	(1.1%)	762.4	858.9
Total Gross Expenditures	100,633.5	100,744.8	112,561.9	110,692.5	115,313.1	2,751.2	2.4%	121,894.4	129,086.2
User Fees & Donations	5,567.1	5,654.7	5,738.8	5,775.3	6,214.3	475.5	8.3%	6,527.1	6,818.6
Contribution from Reserve Funds					300.0	300.0			
Total Revenues	5,567.1	5,654.7	5,738.8	5,775.3	6,514.3	775.5	13.5%	6,527.1	6,818.6
Total Net Expenditures	95,066.4	95,090.1	106,823.1	104,917.2	108,798.8	1,975.7	1.8%	115,367.3	122,267.6
Approved Positions	511.0	531.0	557.0	555.0	562.0	5.0	0.9%	TBD	TBD

* Note: Based on the 9 month Operating Budget Variance Report

Appendix 3

2015 Organization Chart

TTC Conventional Service



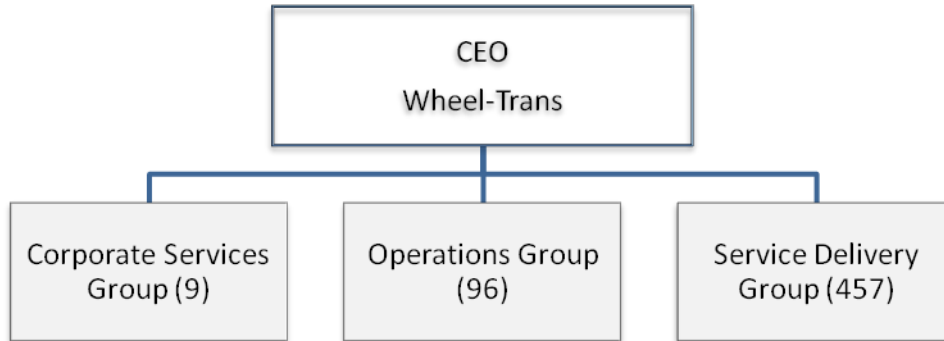
2015 Recommended Complement

Category	Management & Supervisory	Clerical	Union	Total
Permanent	2,835	318	10,564	13,717
Temporary	15	9	79	103
Total	2,850	327	10,643	13,820

Appendix 3 - Continued

2015 Organization Chart

TTC Wheel-Trans Service



2015 Recommended Complement

Category	Management & Supervisory	Exempt Professional & Clerical	Union	Total
Permanent	42.0	1.0	519.0	562.0
Temporary				
Total	42.0	1.0	519.0	562.0

Appendix 5

Summary of 2015 Recommended New / Enhanced Service Priorities

2015 Operating Budget - Staff Recommended New and Enhanced Services
Summary by Service
(\$000s)

Form ID		Agencies - Cluster Program: Toronto Transit Commission - Conventional	Adjustments				2016 Plan Net Change	2017 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		

6018	Route and Station Management Reviews
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72	0	Description:
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In 2014, pilots were initiated to review two specific bus and streetcar routes with a view to determining appropriate running times and vehicle requirements. The results of the pilots saw a marked improvement in customer service in terms of reduced bunching and gapping and reduced short-turns. It is now recommended to extend these reviews to all Bus and Streetcar routes by adding dedicated supervisory staff to effect these reviews. In addition, a consulting contract is recommended to bring state-of-the-industry expertise to specific operating initiatives such as automated payment systems, related fare enforcement and funds control practices, as well as standard operating procedures and best practices in the areas of station management, route management, vehicle maintenance and customer/pedestrian/traffic safety.

Service Level Impact:

The addition of 10 supervisory positions (5 in Bus and 5 in Streetcar) will provide the necessary resources to successfully perform the operational reviews. In addition, a consulting contract with industry experts will provide insights into industry best practices that will augment TTC's current understanding of the issues. It is recommended to add the 10 positions and effect a consulting contract in 2015, effective April 2015 and September 2015, for a combined cost of \$0.900 million in 2015.

Service: Toronto Transit Commission - Conventional Service

Total Staff Recommended:	900.0	0.0	900.0	10.0	1,118.0	0.0
Staff Recommended New/Enhanced Services:	900.0	0.0	900.0	10.0	1,118.0	0.0

Category:

- | | |
|---|-------------------|
| 71 - Operating Impact of New Capital Projects | 74 - New Services |
| 72 - Enhanced Services-Service Expansion | 75 - New Revenues |

Summary by Service

(\$000s)

Form ID	Agencies - Cluster Program: Toronto Transit Commission - Conventional	Adjustments				2016 Plan Net Change	2017 Plan Net Change
		Gross Expenditure	Revenue	Net	Approved Positions		

6019 Subway Service Improvements to Reduce Delays

72 0 Description:

A new customer charter commitment has been made commencing in April 2015 to reduce subway delay minutes by 50% within 5 years. While various capital programs are well under way to achieve increase capacity in the subway system (for example the TR Trains and YUS Re-Signalling/ATC), there needs to be an increased operational investment to understand/mitigate subway delays and ensure that maintenance programs are being efficiently and effectively performed and managed throughout all period of service operation to fully realize the benefit of increased system capacity. In 2015, 26 Technical and Trade positions will be added in various areas such as Subway Carhouses (24/7 operation of Davisville Carhouse to improve service resilience), Communications (24/7 coverage of critical Fibre Backbone System) and Subway Infrastructure (weekend and night coverage of signal and power systems; maintenance of new equipment; increased inspections, maintenance and repairs of tunnels and stations).

Service Level Impact:

In the last several years, there has been no appreciable improvement in reducing incidents or duration of subway system delays. On the other hand, subway ridership continues to grow which puts a strain on an already crowded system which means that delay incidents have a big impact on customers and the economy. While improvements are being made to increase system capacity there needs to be a greater focus on maintenance and delay mitigation techniques to take advantage of those enhancements when they are fully delivered. Currently there are insufficient resources in certain critical subway maintenance/delay response functions to provide coverage either 24/7 or during service operation periods. Also, as new equipment is installed there is a need to have proper preventative maintenance programs developed and supported. TTC requires an increase of 26 positions in 2015 to, improve staging of service buildup/removal; enhance and consistently perform maintenance programs; and have adequate coverage to quickly respond to delay incidents in order to commence the goal of reducing subway delays by 50% within five years' time.

Service: Toronto Transit Commission - Conventional Service

Total Staff Recommended:	2,834.7	0.0	2,834.7	26.0	0.0	0.0
Staff Recommended New/Enhanced Services:	2,834.7	0.0	2,834.7	26.0	0.0	0.0

Category:

71 - Operating Impact of New Capital Projects 74 - New Services
72 - Enhanced Services-Service Expansion 75 - New Revenues



2015 Operating Budget - Staff Recommended New and Enhanced Services
Summary by Service
 (\$000s)

Form ID	Agencies - Cluster Program: Toronto Transit Commission - Conventional	Adjustments				2016 Plan Net Change	2017 Plan Net Change
		Gross Expenditure	Revenue	Net	Approved Positions		

6024 **Station Supervisors**

72 | 0 **Description:**

In 2013, TTC launched the introduction of Group Station Managers by adding 6 staff to manage Subway stations in 6 individual zones. This program creates single-point accountability and a mandate to transform the management of TTC Subway stations and bus/streetcar interchanges. Stations supervisory staff was added in 2014 to support this program. Implementation of the model will continue in 2015 and the budget includes a net increase of 20 additional station supervisors to support this important initiative.

Service Level Impact:

TTC requires an increase of 20 positions in 2015 to expand the new Group Station Management program. These positions will support off-peak requirements which are currently under-supported as well as provide backfill for training and vacation relief. It is recommended that the TTC improve customer service at all subway stations continuing in 2015 by increasing the staffing of the Group Station Management program at a cost of \$0.800 million in 2015, effective September 2015.

Service: Toronto Transit Commission - Conventional Service

Total Staff Recommended:	800.0	0.0	800.0	20.0	1,505.0	0.0
Staff Recommended New/Enhanced Services:	800.0	0.0	800.0	20.0	1,505.0	0.0

Category:

- 71 - Operating Impact of New Capital Projects
- 72 - Enhanced Services-Service Expansion
- 74 - New Services
- 75 - New Revenues

2015 Operating Budget - Staff Recommended New and Enhanced Services
Summary by Service
(\$000s)

Form ID	Agencies - Cluster	Adjustments				2016 Plan Net Change	2017 Plan Net Change
		Gross Expenditure	Revenue	Net	Approved Positions		
Category	Program: Toronto Transit Commission - Conventional						
Priority							

6025 **Pan Am / Parapan Am Games**

72 | 0 **Description:**

Additional service (over and above normal summer service levels) will be implemented to carry spectators and volunteers to competition venues in Toronto.

Service Level Impact:

Specifically, additional service will entail more service on approximately 12 bus and streetcar routes; and an earlier start to service on Sundays throughout the Games so that service begins at 6 am (rather than the normal 9 am start) because competitions begin at or before the normal 9 am start time. In addition, the following activities necessary to support effective service delivery will be required: (i) Pan Am co-ordination whereby a full-time senior staff member (for a temporary period) will oversee all TTC activities and convert planning work to operational plans that can be successfully delivered. (ii) Wayfinding and signage requirements to help passengers in their journeys to and from events. (iii) Increased station cleaning due to higher than usual passenger traffic.

Service: Toronto Transit Commission - Conventional Service

Total Staff Recommended:	4,426.8	4,426.8	0.0	0.0	0.0	0.0
Staff Recommended New/Enhanced Services:	4,426.8	4,426.8	0.0	0.0	0.0	0.0

2015 Operating Budget - Staff Recommended New and Enhanced Services
Summary by Service
(\$000s)

Form ID	Agencies - Cluster Program: Toronto Transit Commission - Conventional	Adjustments				2016 Plan Net Change	2017 Plan Net Change	
		Gross Expenditure	Revenue	Net	Approved Positions			
6026	Reduce Wait Times and Crowding at Off-Peak Periods							
72	0	Description:						
<p>In off-peak hours (that is, all times except those in the traditional “rush hours”), waiting times and crowding levels would be reduced on busy bus and streetcar routes by adding more buses and streetcars. This would be achieved by improving the TTC’s vehicle off-peak crowding standard - the business metric which governs when and where more service should be added - such that, on average, all passengers would get a seat for their trip.</p> <p>Service Level Impact:</p> <p>Improving the off-peak crowding standard would reduce wait times and crowding on approximately 67 bus and streetcar routes.</p> <p>Service: Toronto Transit Commission - Conventional Service</p>								
Total Staff Recommended:		3,200.0	1,200.0	2,000.0	77.0	4,300.0	0.0	
Staff Recommended New/Enhanced Services:		3,200.0	1,200.0	2,000.0	77.0	4,300.0	0.0	

Category:

71 - Operating Impact of New Capital Projects 74 - New Services
72 - Enhanced Services-Service Expansion 75 - New Revenues

2015 Operating Budget - Staff Recommended New and Enhanced Services
Summary by Service
(\$000s)

Form ID	Agencies - Cluster Program: Toronto Transit Commission - Conventional	Adjustments				2016 Plan Net Change	2017 Plan Net Change
		Gross Expenditure	Revenue	Net	Approved Positions		

6027	Ten Minute or Better Route Network
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72	0	Description:
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A Ten-Minute-or-Better Route Network would provide service at least every ten minutes, all day, every day, from approximately 6am (9am on Sundays) to 1am on key routes across the City.

Service Level Impact:

The Ten-Minute-or-Better Route Network would expand from currently 8 to approximately 40 bus and streetcar routes.

Service: Toronto Transit Commission - Conventional Service

Total Staff Recommended:	3,666.8	1,200.0	2,466.8	92.0	5,200.0	0.0
Staff Recommended New/Enhanced Services:	3,666.8	1,200.0	2,466.8	92.0	5,200.0	0.0

Category:

71 - Operating Impact of New Capital Projects 74 - New Services
72 - Enhanced Services-Service Expansion 75 - New Revenues

2015 Operating Budget - Staff Recommended New and Enhanced Services
Summary by Service
(\$000s)

Form ID	Agencies - Cluster Program: Toronto Transit Commission - Conventional	Adjustments				2016 Plan Net Change	2017 Plan Net Change
		Gross Expenditure	Revenue	Net	Approved Positions		

6028	Express Route Network - New Express Services
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72	0	Description:
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Existing TTC express bus routes would be expanded with additional service in off-peak periods such as the midday, evenings, and weekends (e.g. 53 Steeles East Express is currently a rush-hour service, but would be expanded to also operate in the midday and early evenings), effective September 2015.

Service Level Impact:

Expanding the hours of operation on existing TTC express routes would enhance service on six express bus routes. These new express bus services would benefit approximately 13 million customer trips each year, and increase ridership by approximately 0.5 million customer trips each year.

Service: Toronto Transit Commission - Conventional Service

Total Staff Recommended:	900.0	300.0	600.0	24.0	1,100.0	0.0
Staff Recommended New/Enhanced Services:	900.0	300.0	600.0	24.0	1,100.0	0.0

Category:

71 - Operating Impact of New Capital Projects	74 - New Services
72 - Enhanced Services-Service Expansion	75 - New Revenues

2015 Operating Budget - Staff Recommended New and Enhanced Services
Summary by Service
(\$000s)

Form ID	Agencies - Cluster	Adjustments				2016 Plan Net Change	2017 Plan Net Change
		Gross Expenditure	Revenue	Net	Approved Positions		
Category Priority	Program: Toronto Transit Commission - Conventional						
6029	Operate All Routes All Day, Every Day						
72 0	Description:						
	Operate all routes all day, every day from approximately 6am (9am on Sundays) to 1am so that transit is consistently available to everyone throughout Toronto (excluding specific routes or times where ridership would be unusually low).						
	Service Level Impact:						
	The initiative to operate All Routes All Day, Every Day would implement service on 30 to 40 routes at various times, such as evenings or weekends.						
	Service: Toronto Transit Commission - Conventional Service						
	Total Staff Recommended:	1,700.0	700.0	1,000.0	44.0	2,500.0	0.0
	Staff Recommended New/Enhanced Services:	1,700.0	700.0	1,000.0	44.0	2,500.0	0.0

Category:

71 - Operating Impact of New Capital Projects 74 - New Services
72 - Enhanced Services-Service Expansion 75 - New Revenues

2015 Operating Budget - Staff Recommended New and Enhanced Services
Summary by Service
(\$000s)

Form ID	Agencies - Cluster Program: Toronto Transit Commission - Conventional	Adjustments				2016 Plan Net Change	2017 Plan Net Change
		Gross Expenditure	Revenue	Net	Approved Positions		

6053	Warehouse and Interim Bus Garage Leases
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72	0	Description:
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TTC requires approximately 200,000 sq ft of additional warehouse space and additional outside storage space in the south east corridor of the City. In addition, TTC is seeking to augment its Bus Garage Storage/Maintenance capacity by leasing an interim facility that will meet its requirements until there are sufficient permanent facilities to accommodate bus capacity requirements.

Service Level Impact:

Warehouse: TTC has established a dock-to-stock performance expectation of 1.5 days from the time the material arrives on TTC's dock to the time the material is recorded and stocked in the warehouse and available for distribution, as required. TTC's monthly performance in the last several months reflects a dock-to-stock of almost 6 days which is considered unacceptable to TTC's standards. This is due to the Duncan receiving area not being able to handle the increased volume of material arriving. TTC is sending trucks to an alternate location to allow time to process what is on the floor and then bringing it back. This is severely impacting TTC's dock-to-stock time and forces the TTC to carry even more stock because they cannot process material fast enough. With increased warehouse space, TTC will be able to improve dock to stock performance and enhance efficiency of warehouse operations. Interim Bus Garage: The TTC currently has 7 Garage Storage/Maintenance facilities that operate throughout the City of Toronto. The total designed capacity of these locations is 1,630 buses. There are five larger facilities that can accommodate between 230 to 250 buses while the two smaller locations (Queensway and Birchmount) can only accommodate between 160 and 220 buses, respectively. Since the last Bus Garage (Mt. Dennis) was opened in 2008, ridership has grown an average of 2% annually and it's expected that this trend will continue into the future. In 2015, the number of buses being maintained and serviced at bus garages is 1,769 or 139 buses above capacity. Current projections indicate that the over-capacity situation will grow to 456 buses by the year 2019. If TTC is to meet a growing ridership base and implement the service initiatives identified in the August 19, 2014 report endorsed by the Board titled "Opportunities to Improve Transit Service in Toronto", an interim Bus Storage/Maintenance facility that can accommodate 250 buses must be secured until there are sufficient permanent facilities to accommodate bus capacity requirements.

Service: Toronto Transit Commission - Conventional Service

Total Staff Recommended:	2,476.0	0.0	2,476.0	2.0	14,441.0	13,300.0
Staff Recommended New/Enhanced Services:	2,476.0	0.0	2,476.0	2.0	14,441.0	13,300.0

Category:

71 - Operating Impact of New Capital Projects	74 - New Services
72 - Enhanced Services-Service Expansion	75 - New Revenues

2015 Operating Budget - Staff Recommended New and Enhanced Services
Summary by Service
(\$000s)

Form ID	Agencies - Cluster	Adjustments				2016 Plan Net Change	2017 Plan Net Change
		Gross Expenditure	Revenue	Net	Approved Positions		
Category	Program: Toronto Transit Commission - Conventional						
Priority							
6064	Expanded Overnight Bus and Streetcar Service						
72	0	Description:					
The initiative to Expand the Overnight Network would introduce new, and improve existing "Blue Night" overnight bus and streetcar routes.							
Service Level Impact:							
The Expanded "Blue Night" Overnight Network would increase from currently 22 to approximately 34 bus and streetcar routes.							
Service: Toronto Transit Commission - Conventional Service							
Total Staff Recommended:		800.0	200.0	600.0	21.0	1,200.0	0.0
Staff Recommended New/Enhanced Services:		800.0	200.0	600.0	21.0	1,200.0	0.0

Summary by Service

(\$000s)

Form ID	Agencies - Cluster Program: Toronto Transit Commission - Conventional	Adjustments				2016 Plan Net Change	2017 Plan Net Change
Category	Priority	Gross Expenditure	Revenue	Net	Approved Positions		

6177	50 New Buses
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72	0	Description:
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As part of the TTC's ongoing effort to improve transit service, this service priority will: (1) Contribute \$13.936 million in 2015 and \$5.236 million in 2016 to the TTC Capital Budget to fund a portion of the \$27.5 million required to purchase 50 buses. The new buses will be utilized to implement 4 new express bus routes, and reduce overcrowding on the most crowded routes at peak periods. Delivery of the vehicles is expected to commence in November 2015. (2) Provide \$2.0 million in 2015 with an incremental annualized impact of \$10.0 million in 2016 to lease and operate a garage for the 50 vehicles. (3) The leased bus garage requires one-time leasehold improvements of \$1.3 million.

Service Level Impact:

This proposal will facilitate the introduction of new peak period express service on 4 routes as well as reduce wait times and crowding on 19 other routes in peak periods. In August of 2014, the TTC Board endorsed eleven short-to-medium term, low-cost service improvement initiatives which would advance the TTC's mission to "provide a reliable, efficient and integrated bus, streetcar and subway network". At the time of the report, there appeared to be no opportunity to procure additional buses in 2015. Through continued discussions with various Bus Vendors, an opportunity arose to procure up to 50 buses with delivery commencing in late 2015. The Board report also identified Bus Garage capacity constraints. TTC has located a potential location available for lease to accommodate the additional 50 Buses. If funding is approved, TTC will proceed with negotiating for a leased bus storage/maintenance facility and accelerate the procurement of 50 buses (including maintenance spares) from 2019 to 2015/2016 and introduce service improvements to Express Buses Service Monday to Friday during peak periods.

Service: Toronto Transit Commission - Conventional Service

Total Staff Recommended:	17,236.0	0.0	17,236.0	65.0	0.0	(5,236.0)
Staff Recommended New/Enhanced Services:	17,236.0	0.0	17,236.0	65.0	0.0	(5,236.0)

2015 Operating Budget - Staff Recommended New and Enhanced Services
Summary by Service
(\$000s)

Form ID	Agencies - Cluster	Adjustments				2016 Plan Net Change	2017 Plan Net Change
		Gross Expenditure	Revenue	Net	Approved Positions		

6178	10 Cent Fare Increase
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72	0	Description:
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TTC will introduce a standard 10 cent fare increase on the adult token (and a pro-rata increase on all other applicable fare media), effective March 1, 2015, which will generate \$29.167 million in additional revenue in 2015 and \$5.833 million in 2016. The fare increase matches the approved-in-principle 10 cent fare increase, approved by the Board on December 14, 2011, to balance future year operating budgets. A 10 cent fare increase is required to help fund planned investments in service in the order of \$95 million (gross) which have been incorporated into the TTC's 2015 Recommended Operating Budget.

Service Level Impact:

A 10 cent fare increase will be applied to the single Adult fare and a proportionate increase in all other fares excluding children. Cash fares will remain unchanged.

Service: Toronto Transit Commission - Conventional Service

Total Staff Recommended:	0.0	29,167.0	(29,167.0)	0.0	(5,833.0)	0.0
Staff Recommended New/Enhanced Services:	0.0	29,167.0	(29,167.0)	0.0	(5,833.0)	0.0

Category:

- 71 - Operating Impact of New Capital Projects
- 72 - Enhanced Services-Service Expansion
- 74 - New Services
- 75 - New Revenues

2015 Operating Budget - Staff Recommended New and Enhanced Services
Summary by Service
(\$000s)

Form ID	Agencies - Cluster Program: Toronto Transit Commission - Conventional	Adjustments				2016 Plan Net Change	2017 Plan Net Change
		Gross Expenditure	Revenue	Net	Approved Positions		

6179	Metropass Price Adjustment
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72	0	Description:
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A one-trip increase in the price of the Adult Metropass is required to help fund planned investments in service in the order of \$95 million (gross) which have been incorporated into the TTC's 2015 Operating Budget, effective March, 1, 2015.

Service Level Impact:

The price of an Adult Metropass will be based on 50.5 trips, one trip more than the 2014 price which was based on 49.5 trips. This pricing adjustment reflects the ongoing trend of increased trips being made by Metropass users. This one-trip increase in the price of the Adult Metropass is required to help fund planned investments in service in the order of \$95 million (gross) which have been incorporated into the TTC's 2015 Operating Budget.

Service: Toronto Transit Commission - Conventional Service

Total Staff Recommended:	0.0	7,000.0	(7,000.0)	0.0	(1,000.0)	0.0
Staff Recommended New/Enhanced Services:	0.0	7,000.0	(7,000.0)	0.0	(1,000.0)	0.0

Category:

71 - Operating Impact of New Capital Projects	74 - New Services
72 - Enhanced Services-Service Expansion	75 - New Revenues

2015 Operating Budget - Staff Recommended New and Enhanced Services
Summary by Service
(\$000s)

Form ID	Agencies - Cluster Program: Toronto Transit Commission - Conventional	Adjustments				2016 Plan Net Change	2017 Plan Net Change
		Gross Expenditure	Revenue	Net	Approved Positions		

6180	Elimination of Child Fare (Ages 2-12)
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72	0	Description:
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In light of transit expansion developments that will improve availability, it is timely for the City of Toronto to prepare a complementary transit plan focused on affordability so that when new transit services become available, they will be affordable for and accessible to lower income riders. The elimination of the TTC Child Fare for children ages 2 through 12 supports these objectives. With expanding and enhanced public transit services, the pressures of increased fares become a necessary financing strategy to balance the Operating Budget. However, it is recognized that these costs of transit can create barriers, particularly for lower income families. All families will now have the ability to have their children (ages 2-12) ride public transit for free.

Service Level Impact:

Effective March 1, 2015, the fare for children up to the age of 12 years will be eliminated.

Service: Toronto Transit Commission - Conventional Service

Total Staff Recommended:	0.0	(5,411.0)	5,411.0	0.0	1,699.0	0.0
Staff Recommended New/Enhanced Services:	0.0	(5,411.0)	5,411.0	0.0	1,699.0	0.0

Category:

71 - Operating Impact of New Capital Projects	74 - New Services
72 - Enhanced Services-Service Expansion	75 - New Revenues

2015 Operating Budget - Staff Recommended New and Enhanced Services
Summary by Service
(\$000s)

Form ID	Agencies - Cluster	Adjustments				2016 Plan Net Change	2017 Plan Net Change
		Gross Expenditure	Revenue	Net	Approved Positions		
Category	Program: Toronto Transit Commission - Conventional						
Priority							

6191 **Service Reliability Improvements**

72 | 0 **Description:**

Improvements in the punctuality and reliability of transit services are necessary to provide customers with a predictable and consistent travel experience. Beyond increased route supervision resources already incorporated into the 2015 Recommended Operating Budget, which will address vehicle “bunching” and lessen the short-turning of vehicles, further steps are necessary to improve overall route performance.

Service Level Impact:

To improve route performance, the TTC needs to add more running time (as well as vehicles when funding and availability is secured) for its bus and streetcar routes where performance has deteriorated due to congestion and other operating challenges.

Service: Toronto Transit Commission - Conventional Service

Total Staff Recommended:	0.0	0.0	0.0	0.0	0.0	2,100.0
Staff Recommended New/Enhanced Services:	0.0	0.0	0.0	0.0	0.0	2,100.0

Category:

71 - Operating Impact of New Capital Projects 74 - New Services
72 - Enhanced Services-Service Expansion 75 - New Revenues



2015 Operating Budget - Staff Recommended New and Enhanced Services
Summary by Service
 (\$000s)

Form ID		Agencies - Cluster Program: Toronto Transit Commission - Conventional	Adjustments				2016 Plan Net Change	2017 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		
Summary:								
		Staff Recommended New/Enhanced Services:	38,940.3	38,782.8	157.5	381.0	26,230.0	10,164.0

Appendix 6

Inflows/Outflows to/from Reserves & Reserve Funds

Table 14

Program Specific Reserve / Reserve Funds

Reserve / Reserve Fund Name (\$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2014* \$	Rec'd Withdrawals (-) / Contributions (+)		
			2015 \$	2016 \$	2017 \$
Projected Beginning Balance		24,666.4	24,666.4	15,391.4	15,391.4
TTC Stabilization Reserve	XQ1056				
<i>Proposed Withdrawals (-)</i>					
- One-time Withdrawal - TTC Conventional Service			(8,975.0)		
- One-time Withdrawal - Wheel-Trans Service			(300.0)		
Total Reserve / Reserve Fund Draws / Contributions		24,666.4	15,391.4	15,391.4	15,391.4
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		24,666.4	15,391.4	15,391.4	15,391.4

* Note: Based on the 9 month Operating Budget Variance Report

Table 15

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (\$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2014* \$	Rec'd Withdrawals (-) / Contributions (+)		
			2015 \$	2016 \$	2017 \$
Projected Beginning Balance			31,595.3	30,672.8	30,672.8
Tax Rate Stabilization Reserve	XQ0703	31,595.3			
<i>Proposed Withdrawals (-)</i>					
- Pan Am / Parapan Am Games Recovery			(922.5)		
Total Reserve / Reserve Fund Draws / Contributions		31,595.3	30,672.8	30,672.8	30,672.8
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		31,595.3	30,672.8	30,672.8	30,672.8

* Note: Based on the 9 month Operating Budget Variance Report