

Toronto **2016**
BUDGET

Toronto Transit Commission

2016 Preliminary Operating Budget and
2016 - 2025 Preliminary Capital Budget & Plan

Budget Committee



 TORONTO

Agenda

- Agency Overview:
 - Services and Resources
- Operating Overview
 - Service Performance
 - Key Issues & Priority Actions
 - 2016 Preliminary Operating Budget & Plan
- Capital Overview
 - Capital Performance
 - Key Issues & Priority Actions
 - 2016 – 2025 Preliminary Capital Budget & Plan



TTC Operating Budget Overview



Capital Assets To Deliver City Services

- Asset Value – Insurable replacement value approaching \$15 billion

2016 – 2025 Capital Budget

Base Program (\$9.3 Billion)

Infrastructure

- Yonge Subway – 60 years old
- Bloor-Danforth subway – almost 50 years old
- SRT - at end of useful life

Key Elements

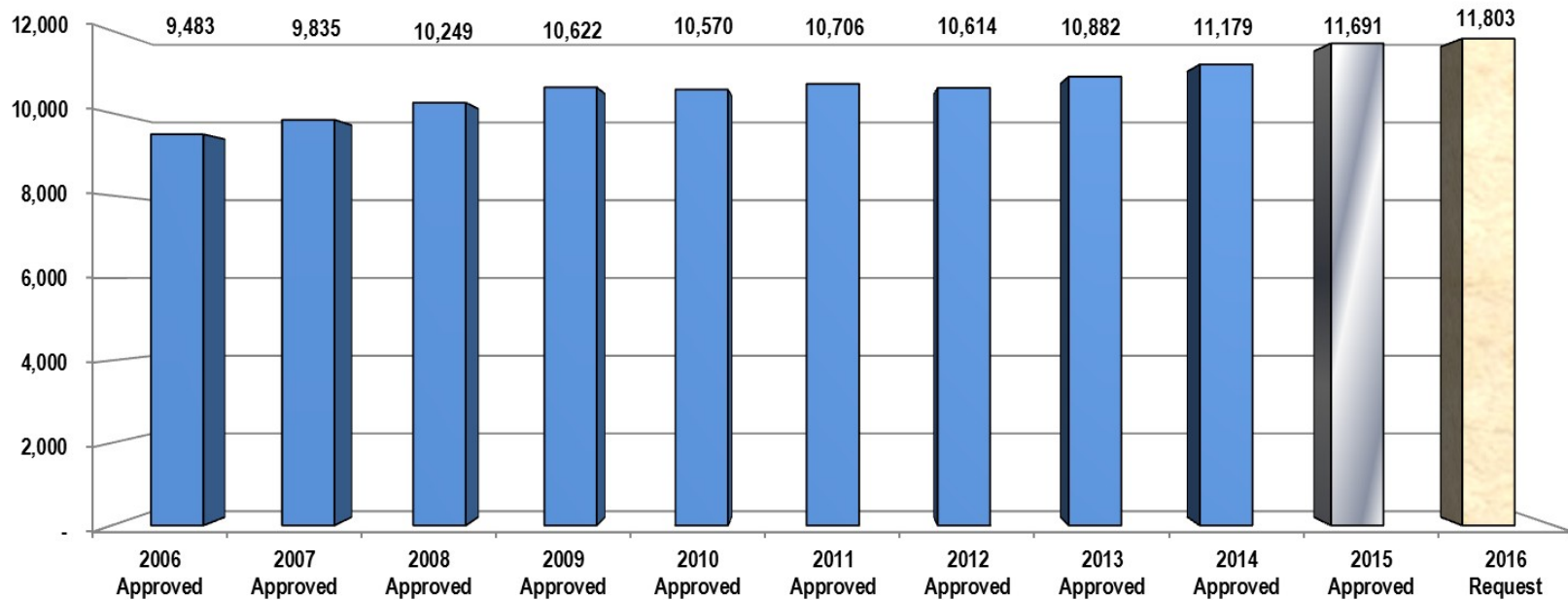
- Facilities – Leslie Barns, McNicoll Bus Garage, TR/T1 Yard
- Automatic Train Control – YUS/BD Lines
- PRESTO
- Accessibility

TYSSE (\$2.8 Billion)

Scarborough Subway Extension (\$3.6 Billion)

- Excludes Transit projects to be funded from other budgets (i.e. SmartTrack, Relief Line, Yonge-North Subway, Waterfront Initiatives)

Staff Trend (Excludes Capital Positions)



Key Points:

- ✓ During this period, ridership has increased by 26% while operating budget workforce has increased by 24%
- ✓ Excludes New & Enhanced

Vacancy Analysis

	2013			2014			2015 Year-End Projections			
	# of Vacancies	Vacancies % of Total Approved Positions	Approved Position Equivalent	# of Vacancies	Vacancies % of Total Approved Positions	Approved Position Equivalent	# of Vacancies as at Oct 3	# of Vacancies Projections to Dec 31	Vacancies % of Total Approved Positions	Approved Position Equivalent
Operating	123	1.1%	10,882	0	0.0%	11,179	50	0	0.0%	11,691
Capital	170	10.1%	1,688	304	16.5%	1,844	437	38	1.9%	2,021
Total	293	2.3%	12,570	304	2.3%	13,023	487	38	0.3%	13,712

Note: The 2015 year-end operating workforce is projected to temporarily exceed the budget by 87 positions primarily due to the ramping up of the Operator complement in advance of anticipated attrition early in the new year. Because an extended period of time is required to pre-screen, hire, train and, qualify new Operators, without the ramping up, there would be the risk that service could not be delivered as scheduled, or that it would be operated on an overtime basis. Both possible scenarios are undesirable from both a customer service and a cost effectiveness perspective.



Service Performance



Key Service Accomplishments in 2015

- ✓ Projecting 535 million rides (excluding Pan Am and Parapan Am Games free rides)
- ✓ Excellent Pan Am and Parapan Am Games service provided with the help of more than 1,600 staff volunteers who acted as station ambassadors
- ✓ Continued rollout of higher capacity, fully accessible, air conditioned and PRESTO-equipped low floor streetcars
- ✓ Implementation of PRESTO is well underway
- ✓ Carried 30 billionth rider
- ✓ TTC customer satisfaction is increasing with overall satisfaction rated at 81% and 95% of customers perceiving average or better value for money

Key Service Accomplishments in 2015

- ✓ Implementation of the planned \$95 million in 2015 service improvements as follows:
 - ✓ Elimination of fares for children aged 12 and under
 - ✓ Restoration of all-day, every day bus service
 - ✓ 10-minute or better bus and streetcar service on key routes
 - ✓ Expansion of Blue Night Network
 - ✓ Reduction of wait times and crowding at off-peak periods
 - ✓ All-door boarding and Proof of Payment on streetcar routes
 - ✓ Two additional peak subway trains on each of Lines 1 and 2

- ✓ 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
 - ✓ Continued WIFI rollout in subway stations

- ✓ Continued expansion of Toronto Rocket fleet

Operating Budget Variance as of Sep. 30, 2015

City Program/Agency	Nine-Month Results					Year-End Projection				
	Gross Expenditures	Revenue	Net Variance		Alert	Gross Expenditure	Revenue	Net Variance		Alert
	\$	\$	\$	trend		\$	\$	\$	trend	
Toronto Transit Commission - Conventional	(8.9)	(16.3)	7.4	▲	Ⓒ	(21.7)	(17.6)	4.1	▲	Ⓓ
Year-to-Date Net Variance	85% to 105%	0% to 85%	>105%		Year-End	<=100%	>100%			
	Ⓒ	Ⓔ	Ⓓ			Ⓒ	Ⓓ			

Key Points:

- ✓ \$4.1M year-end subsidy surplus is projected before incorporating any potential settlement for the passenger revenue and expense impacts of the Pan Am and Parapan Am Games primarily due to decreases in:
 - ✓ Non-labour expenses (\$5.3M)
 - ✓ Leasing expenses (\$5.1M)
 - ✓ Hydro & Utilities (\$4.5M)
 - ✓ Other Employee Benefits (\$3.5M)
 - ✓ Diesel (\$2M)
 - ✓ Accident Claims (\$1.5M)
- ✓ Offset by lower passenger revenues (\$17.6M)

Key Services Issues & Priority Actions for 2016

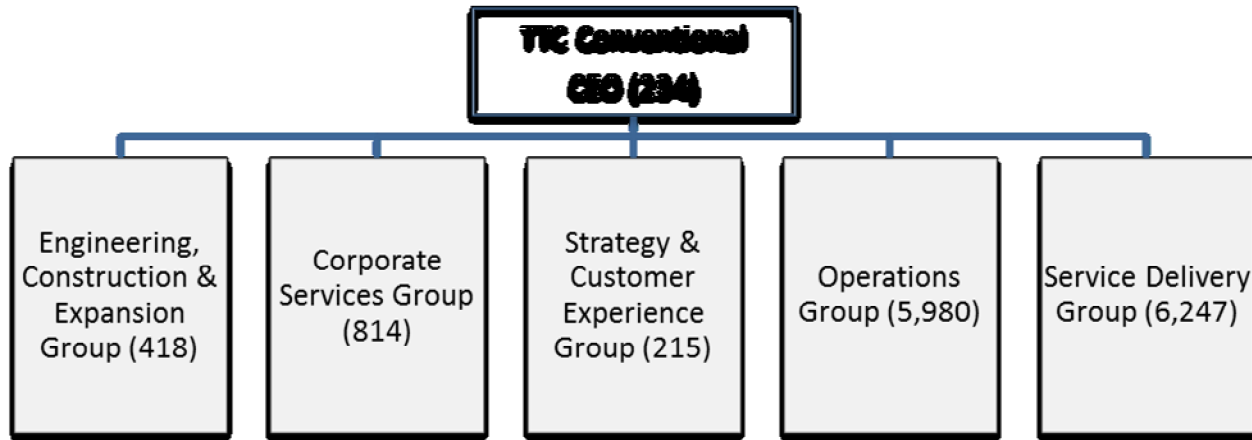
- ✓ City of Toronto funds 100% of operating subsidy (less \$91.6 million sourced from Provincial Gas Tax)
- ✓ Sufficient, predictable and sustainable long-term funding is required
- ✓ Maintaining service levels and accommodating ridership demand under deteriorating traffic conditions
- ✓ PRESTO roll-out and related commissions
- ✓ Continued enhancement of customer service experience
- ✓ Keeping Toronto moving as we transform public transit and modernize the TTC



2016 Preliminary TTC Operating Budget & Plan



2016 Organizational Chart for TTC

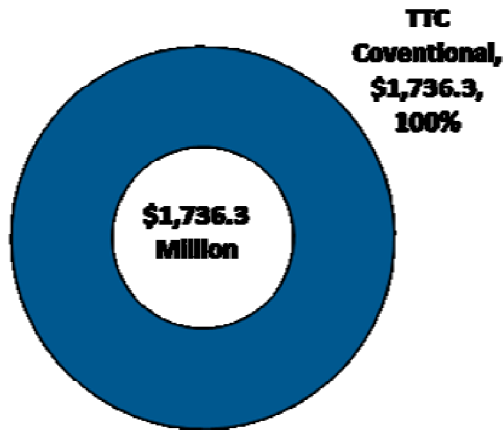


Category	Management & Supervisory	Clerical	Union	Total*
Permanent	2,852	313	10,626	13,791
Temporary	16	5	96	117
Total	2,868	318	10,722	13,908

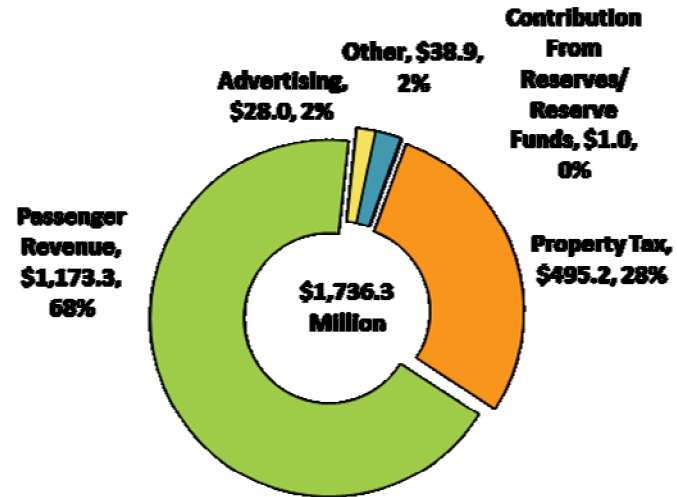
* Excludes New & Enhanced

2016 Preliminary Operating Budget - Gross Expenditures by Program & Funding Source

Where the
Money Goes
\$1,736.3 Million



Where the Money
Comes From
\$1,736.3 Million



2016 Preliminary Operating Budget Summary

(In \$000s)	2015		2016 Operating Budget			2016 vs. 2015 Budget		Incremental Change 2017 and 2018 Plan			
	Approved Budget	Projected Actual	2016 Base	2016 New/ Enhanced	2016 Budget	Approved Changes		2017		2018	
By Service	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
TTC- Conventional											
Gross Expenditures	1,693,820.3	1,672,131.3	1,736,305.1		1,736,305.1	42,484.8	2.5%	159,700.0	9.2%	70,100.0	3.7%
Revenue	1,220,089.5	1,202,508.5	1,241,129.7		1,241,129.7	21,040.2	1.7%	9,798.8	0.8%	17,400.0	1.4%
Net Expenditures	473,730.8	469,622.8	495,175.4	-	495,175.4	21,444.6	4.5%	149,901.2	30.3%	52,700.0	8.2%
Approved Positions	11,691.0	11,778.0	11,803.0	-	11,803.0	112.0	1.0%				

Key Points:

- ✓ Expenses \$42.5M higher due to annualization of 2015 initiatives (\$36.7M), impact of CBA agreements & higher benefit expenses (\$24.3M) and service to accommodate ridership growth (\$8.9M) offset by \$27.8M in expenditure reductions
- ✓ Revenues \$21M higher primarily due to impact of January 3, 2016 fare increase (\$18.3M)

2016 Preliminary Operating Budget Summary

2016 Budget*	(\$ millions)
Key Cost Drivers	74
Key Revenue Changes	(7)
Base Changes to Achieve 1% Budget Reduction	(28)
Fare Increase	(18)
	21

* Excluding TTC Board approved New and Enhanced Services shown on page 20

Key Cost Drivers

(In \$000s)	Operating Budget	
	TTC- Conventional	
	\$	Positions
Gross Expenditure Changes		
Prior Year Impacts		
Annualization of 2015 Service Opportunities	30,287.9	21.0
Leasing Requirements	2,499.9	
2015 Other Workforce Net Additions	3,933.3	
Operating Impacts of Capital		
Presto Commission Fees	4,400.0	
Presto Attendants	858.9	11.0
New LRV's	(674.1)	(13.0)
Toronto Rocket Subway Cars	715.3	
Economic Factors		
Collective Bargaining Agreements	17,643.9	
Other Employee Costs (Benefits)	6,685.8	
Material Price Increase	3,393.7	
Utilities	3,585.9	
Salary & Benefit Changes		
Reversal of 2015 one-time Lump Sum (CBA)	(7,326.0)	
Other Base Changes		
Contribution to Capital	(13,936.0)	
Depreciation	1,103.1	
Utilities & Traction Power Consumption	897.3	
Service Increase to Accommodate 552M Riders	8,941.1	123.0
Change in Construction Service	3,793.7	
IT Maintenance Contracts	858.7	
YRT Contract Ends	(455.5)	(6.0)
Leslie Barns		4.0
Consultants	2,062.5	
Calendar Impact (Leap Year)	1,001.2	
Brake Relines (MTO regulations)	767.0	
Stop Pole Replacements	627.5	2.0
BAI (Cost recoverable)		5.0
2016 Net Workforce Additions	1,891.1	2.0
Bus Servicing Line	749.4	
Other	351.5	
Total Gross Expenditure Changes*	74,657.1	149.0

*Excludes Pan-Am

Key Revenue Changes

Base Revenue Changes Before Fare Increase (Increase) / Decrease		
Passenger Revenues	(14,644.0)	
Reversal of One-Time Contribution from TTC Stabilization Reserve	7,973.8	
Advertising Revenue	(1,837.0)	
Other Revenue	1,340.2	
Total Revenue Changes	(7,167.0)	

Service Changes To Achieve Target -1% Budget Reduction

Description (\$000s)	2016 Service Changes		Total Service Changes			Incremental Change			
	TTC- Conventional		\$	\$	#	2017 Plan		2018 Plan	
	Gross	Net	Gross	Net	Pos.	Net	Pos.	Net	Pos.
Base Changes:									
<i>Diesel Fuel (Hedged 86%)</i>	(13,983.4)	(13,983.4)	(13,983.4)	(13,983.4)					
<i>Street Car Reliability (ALRV not CLRV rebuild)</i>	(3,762.1)	(3,762.1)	(3,762.1)	(3,762.1)	(37.0)				
<i>Departmental Non-Labour Reduction</i>	(10,000.0)	(10,000.0)	(10,000.0)	(10,000.0)					
Sub-Total	(27,745.5)	(27,745.5)	(27,745.5)	(27,745.5)	(37.0)				
Revenue Adjustments									
<i>25 cent cashfare and 10 cents token increase</i>		(18,300.0)		(18,300.0)					
Sub-Total		(18,300.0)		(18,300.0)					
Total Changes	(27,745.5)	(46,045.5)	(27,745.5)	(46,045.5)	(37.0)				

New/ Enhanced Services Referred to Budget Process

New/ Enhanced Service Description (\$000s)	2016 Impact				Net Incremental Change			
	Gross	Revenue	Net	Positions	2017 Plan		2018 Plan	
					Net	Positions	Net	Positions
<i>Not Included</i>								
TTC Board Approved & Referred to the Budget Process								
Operational Initiatives								
Bus Reliability Centred Maintenance	7,694.0		7,694.0		8,200.0			
3 Day Bus Recertification (Safety)	1,839.6		1,839.6	11.0				
Track Safety Initiative	1,783.5		1,783.5	20.0				
POP Fare Inspection - Deferral from 2015	1,651.3		1,651.3	20.0				
Service Enhancements								
Bus Service Reliability	2,600.0	600.0	2,000.0	47.0	3,200.0			
Streetcar Service Reliability	2,100.0	900.0	1,200.0	30.0	1,400.0			
Earlier Sunday Transit Service	1,700.0	1,100.0	600.0	17.0	800.0			
New and Enhanced Express Bus Service	1,700.0	100.0	1,600.0	34.0	2,900.0			
Total New/ Enhanced Services (Not Included)	21,068.4	2,700.0	18,368.4	179.0	16,500.0	0.0	0.0	

User Fee Change Highlights

Fee Description	2015 Fee	2016 Fe	% Increase	Incremental Revenue (\$000s)
Below Inflationary Increases				
Adult Cash (last increased in 2010)	3.00	3.25	8.3%	5,500
				5,500
Above Inflationary Increases				
Token	2.80	2.90	3.6%	11,600
Day/Family Pass	11.50	12.00	4.3%	600
Adult Weekly Pass	40.75	42.25	3.7%	600
Downtown Express	40.00	41.50	3.8%	3
				12,803
Total Incremental Revenue				18,303

2017 & 2018 Plan

Description (\$000s)	2017 - Incremental Increase					2018 - Incremental Increase				
	Gross Expense	Revenue	Net Expense	% Change	# Positions	Gross Expense	Revenue	Net Expense	% Change	# Positions
Known Impacts:										
Salaries & Benefits for Collective Agreement	25,000.0		25,000.0			7,000.0		7,000.0		
Sub-Total	25,000.0		25,000.0			7,000.0		7,000.0		
Anticipated Impacts:										
PRESTO Fees *	51,000.0		51,000.0			6,000.0		6,000.0		
250 Bus Interim Garage	25,000.0		25,000.0							
Energy	16,000.0		16,000.0			14,000.0		14,000.0		
Service - Maintain existing, annualization & Growth	12,000.0		12,000.0			10,000.0		10,000.0		
Toronto-York Spadina Subway Extension	11,000.0		11,000.0			20,000.0		20,000.0		
Employee Benefits	11,000.0		11,000.0			11,000.0		11,000.0		
Workforce Changes	10,000.0		10,000.0			5,000.0		5,000.0		
Accident Claims & Insurance	4,000.0		4,000.0			4,000.0		4,000.0		
Maintenance material						5,000.0		5,000.0		
Material Price Inflation	4,000.0		4,000.0			5,000.0		5,000.0		
One-person train operation	(13,000.0)		(13,000.0)			(18,000.0)		(18,000.0)		
Revenue Change - Increase in Passenger Trips		10,800.0	(10,800.0)				17,400.0	(17,400.0)		
Contribution From Reserves/Reserve Funds		(1,001.2)	1,001.2							
Other	3,000.0		3,000.0			1,000.0		1,000.0		
Sub-Total	134,000.0	9,798.8	124,201.2			63,000.0	17,400.0	45,600.0		
Total Incremental Impact	159,000.0	9,798.8	149,201.2	30.2%		70,000.0	17,400.0	52,600.0	8.2%	

* Full year impact and timing of expenditure offsets are under review (e.g. collectors, fare processing, fare media, etc.)

New/ Enhanced Services

New/ Enhanced Services: Bus Reliability Centered Maintenance

BUS RELIABILITY CENTERED MAINTENANCE: +\$7.7M

- ✓ Under existing reactive maintenance program, fix upon failure
- ✓ Existing: 80% corrective maintenance / 20% preventative maintenance
- ✓ Under RCM → Maintenance activities based on life cycle analysis
- ✓ Planned replacement of components before failure
- ✓ Target: 20% corrective maintenance / 80% preventative maintenance
- ✓ Improved vehicle reliability through fewer in-service failures
- ✓ Lower maintenance costs over time

New/ Enhanced Services: 3 Day Bus Recertification (Safety)

TRAINING REQUIREMENTS: +\$1.8M

- ✓ Allow TTC to fully implement the Safe Service Action Plan
 - ✓ Includes bus operator recertification every 3 years instead of 5 years
- ✓ Deliver a much more structured and systematic approach to managing safety
- ✓ Increased dual mode training to allow for cost-effective operation of bus replacement service during major streetcar projects
- ✓ Provide new online training modules to support employee developments, succession planning and other technical courses and seminars

New/ Enhanced Services: Track Safety Initiative

TRACK SAFETY INITIATIVE: +\$1.8M

- ✓ To improve the safety of TTC workers during work at subway track level through addition of 20 dedicated watchpersons
- ✓ Sole responsibility of these positions: providing dedicated attention of the approach and management of train traffic

New/ Enhanced Services: POP Fare Inspection

PROOF-OF-PAYMENT FARE INSPECTORS: +\$1.6M

- ✓ 20 additional positions identified in 2015 Budget were deferred to 2016
- ✓ Required to support all-door boarding on streetcar routes that will result in reduced time for customers to board the vehicle
- ✓ Will mitigate against potential fare evasion and associated revenue losses that could arise through the utilization of all-door boarding in the absence of an enhanced POP system

New/ Enhanced Services: Bus Service Reliability

Operating Cost

2016: \$2.6 million
Annual: \$6.6 million



28 million
annual customers

- ✓ Continue initiative piloted on 29 DUFFERIN, 111 EAST MALL, 123 SHORNCIFFE:
 - ✓ running time adjustments, improved route-management practices

New/ Enhanced Services: Streetcar Service Reliability

Operating Cost

2016: \$2.1 million

Annual: \$4.5 million



37 million
annual customers

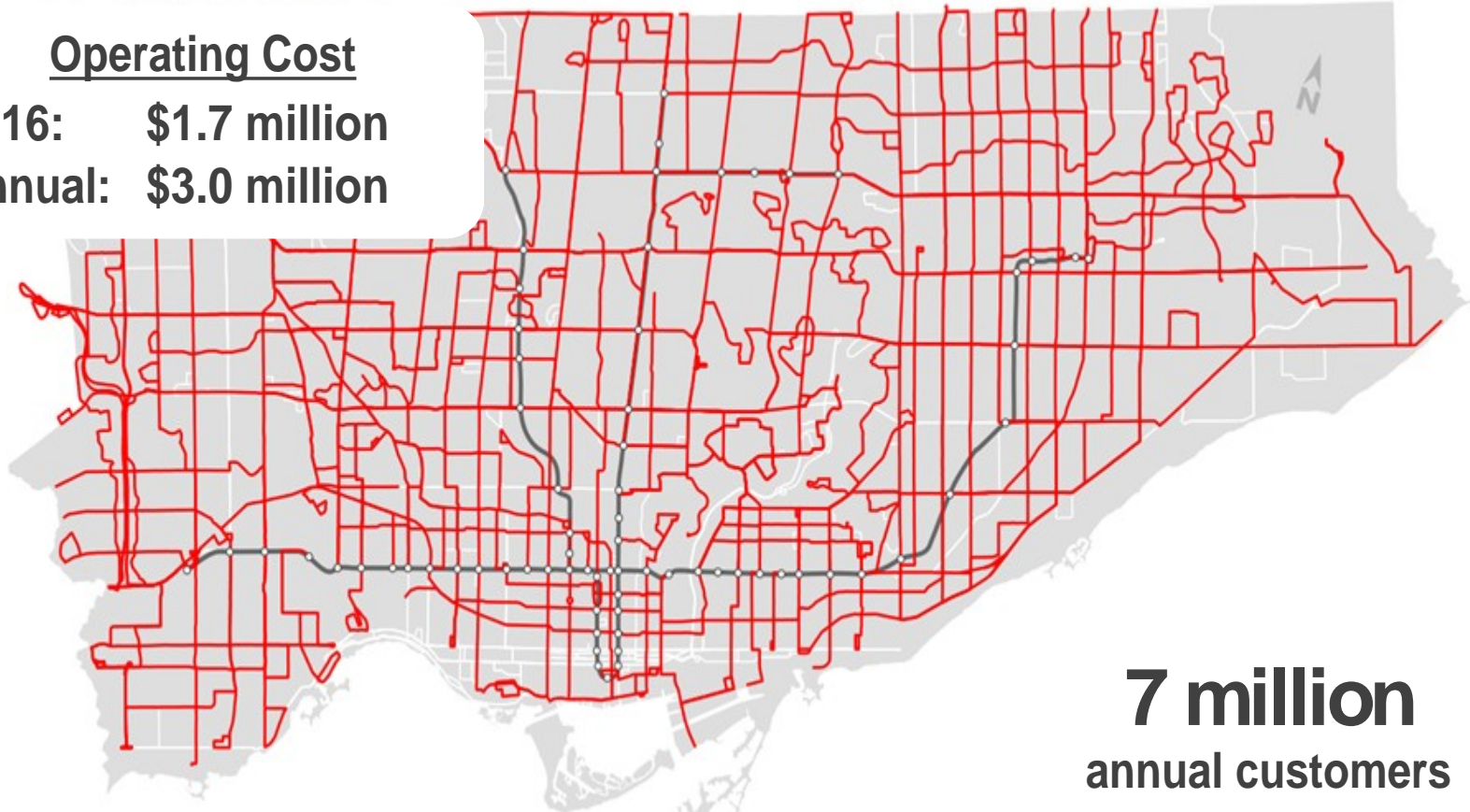
- ✓ Continue initiative piloted on 512 ST CLAIR, 504 KING:
 - ✓ running time adjustments, improved operating practices

New/ Enhanced Services: Earlier Sunday Transit Service

Operating Cost

2016: \$1.7 million

Annual: \$3.0 million



7 million
annual customers

- ✓ Earlier Sunday morning subway, and connecting bus, and streetcar service
 - ✓ subway service to start at 8:00 a.m.

New/ Enhanced Services: New and Enhanced Express Bus Service

Operating Cost

2016: \$1.7 million

Annual: \$4.9 million



10 million
annual customers

- ✓ Complete implementation of first four new express routes:
 - ✓ off-peak service: weekdays, weekends

Items Referred by TTC Board to City Budget Committee

Subway Service Reliability

Operating Cost

2016: \$1.0 million
Annual: \$2.1 million



376 million
annual customers

- ✓ Continue subway service reliability initiative:
 - ✓ running time, other adjustments: improve reliability, fewer delays

Line 1: Three-Minute-or-Better Service

Operating Cost

2016: \$4.6 million
Annual: \$12.7 million



- ✓ Reduce subway wait times -- more-frequent subway service:
 - ✓ every 3 minutes or better until 10:00 p.m.

New Streetcar Service on Cherry Street



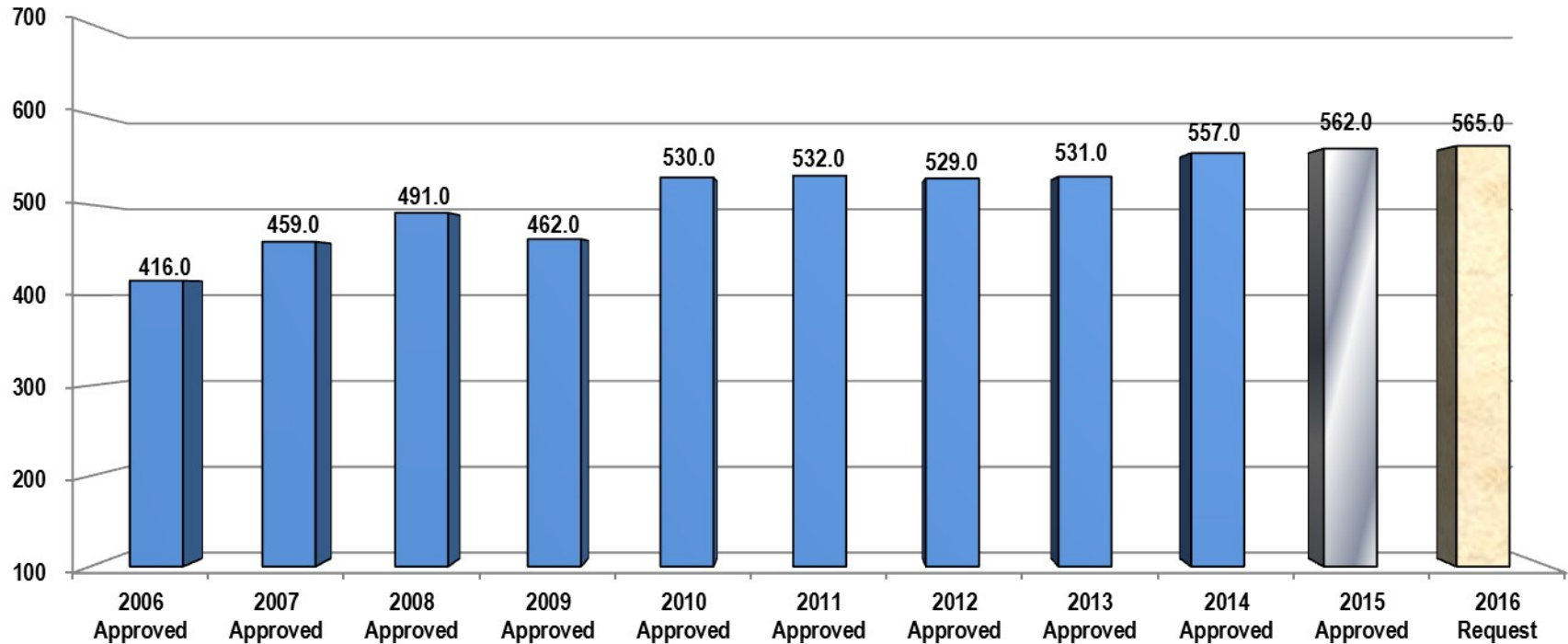
- ✓ Dedicated resources to implement new streetcar service on Cherry Street



Wheel-Trans Operating Budget Overview



Staff Trend (Excludes Capital Positions)



Key Points:

- ✓ Over this period, 85% more riders were carried while service levels increased by 81% and workforce grew by only 32%, representing a substantial improvement in labour productivity

Vacancy Analysis

Citizen Services Centred "X"	2013			2014			2015 Year-End Projections			
	# of Vacancies	Vacancies % of Total Approved Pos.	Approved Pos. Equivalent	# of Vacancies	Vacancies % of Total Approved Pos.	Approved Pos. Equivalent	# of Vacancies as at Sep 30	# of Vacancies Projections to Dec 31	Vacancies % of Total Approved Pos.	Approved Pos. Equivalent
Operating	5.0	0.9%	531.0	8.0	1.4%	557.0	25.0	1.0	0.2%	562.0
Capital										
Total	5.0	0.9%	531.0	8.0	1.4%	557.0	25.0	1.0	0.2%	562.0



Service Performance



Key Service Accomplishments in 2015

- ✓ Projecting all-time record of 3.504 million rides (up by 12% from 3.127 million rides in 2014)
- ✓ Continued internet trip-booking enhancements
- ✓ Continued scheduling enhancements integrated with Automatic Vehicle Location technology
- ✓ Improved customer service through reduced call abandonment rates
- ✓ Updated current scheduling system to allow for intermodal trip planning with TTC conventional service
- ✓ Ridership growth accommodated with contracted taxi services

Operating Budget Variance as of Sep. 30, 2015

Toronto Transit Commission - Wheel-Trans
Year-to-Date Variance and Year-End Variance Projection Summary
(In \$ Millions)

City Program/Agency	Nine-Month Results					Year-End Projection				
	Gross Expenditures	Revenue	Net Variance		Alert	Gross Expenditures	Revenue	Net Variance		Alert
	\$	\$	\$	trend		\$	\$	\$	trend	
Toronto Transit Commission - Wheel Trans	(0.6)	0.1	(0.7)	▼	Ⓞ	1.1	0.3	0.8	▲	Ⓜ
Year-to-Date Net Variance	85% to 105%	0% to 85%	>105%			Year-End	<=100%	>100%		
	Ⓞ	Ⓨ	Ⓜ			Ⓞ	Ⓜ			

Key Services Issues & Priority Actions for 2016

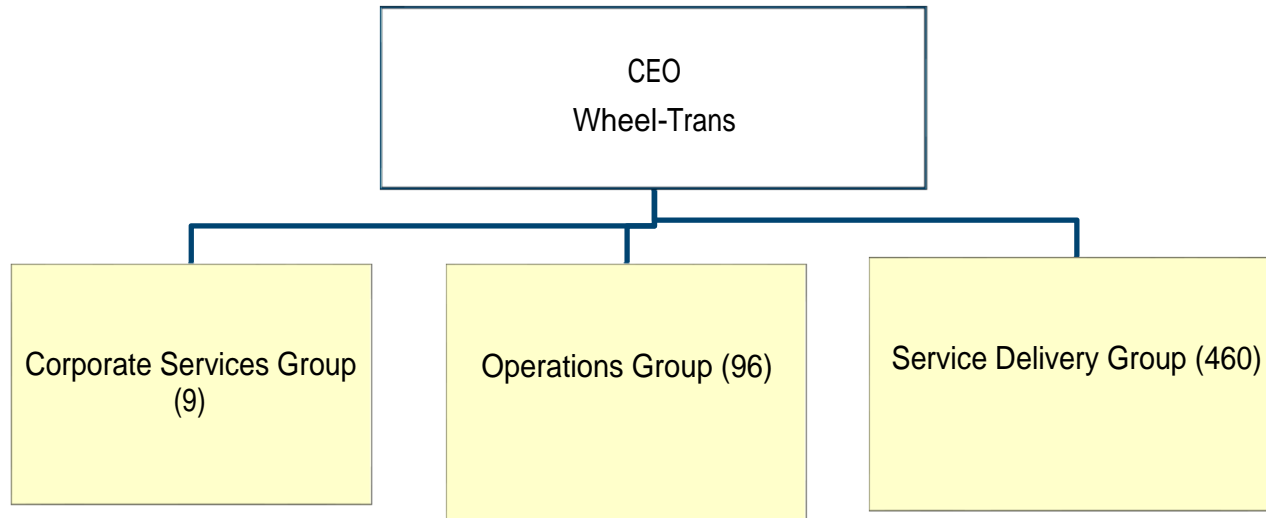
- ✓ City of Toronto funds 100% of operating subsidy
- ✓ Sufficient, predictable and sustainable long-term funding is required
- ✓ Increasing service demand is driven by demographics, anticipated AODA eligibility changes, and higher availability of day programs, workshops and sports programs
- ✓ Maintaining service levels under existing traffic conditions
- ✓ Impact of Uber on taxi industry and Wheel-Trans - TBD
- ✓ Accommodating a projected 14% increase in trip demand to 3.7 million



**2016 Preliminary
Wheel-Trans Operating Budget & Plan**



2016 Organizational Chart for Wheel-Trans

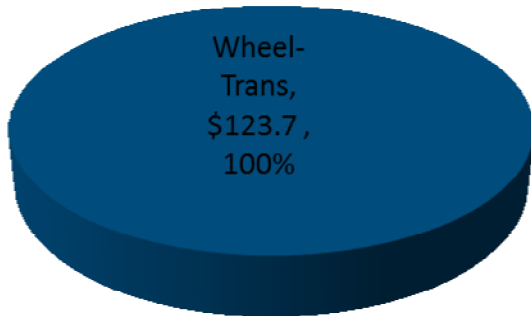


2016 Recommended Full and Part Time Staff

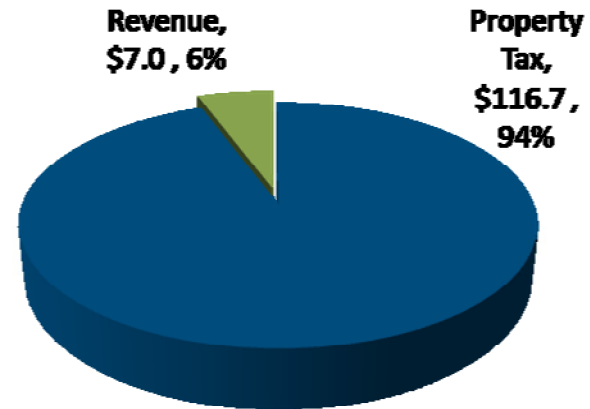
Category	Management & Supervisory	Exempt Professional & Clerical	Union	Total
Permanent Position	42.0	1.0	522.0	565.0
Temporary Position				-
Total	42.0	1.0	522.0	565.0

2016 Preliminary Operating Budget - Gross Expenditures by Program & Funding Source

Where the
Money Goes
\$123.7 Million



Where the Money
Comes From
\$123.7 Million



2016 Preliminary Operating Budget Summary

(In \$000s)	2015	2016 Preliminary Operating Budget			2016 Prelim. vs. 2015 Budget Approved Changes		Incremental Change 2017 and 2018 Plan			
	Approved Budget	2016 Base	2016 New/Enhanced	2016 Budget	\$	%	2017		2018	
By Service	\$	\$	\$	\$	\$	%	\$	%	\$	%
Wheel-Trans										
Gross Expenditures	115,313.1	123,665.9		123,665.9	8,352.8	7.2%	8,296.8	6.7%	7,081.6	5.4%
Revenue	6,514.3	6,953.5		6,953.5	439.2	6.7%	372.5	5.4%	379.9	5.2%
Net Expenditures	108,798.8	116,712.4	-	116,712.4	7,913.6	7.3%	7,924.3	6.8%	6,701.7	5.4%
Approved Positions	562.0	565.0	-	565.0	3.0	0.5%				

Key Points:

- ✓ 2015 Expenses are \$8.4M higher primarily due to projected 444K (14%) trip demand increase

Key Cost Drivers

(In \$000s)	2016 Base Budget	
	Total	
	\$	Position
Gross Expenditure Changes		
Prior Year Impacts		
Annualization of 2015 Workforce Additions	186.4	
Change in Average Fare	197.2	
Annualization - 2015 10-cent Fare Increase	(31.6)	
Annualization - 2015 Metropass Trip Adjustment	(3.4)	
Annualization - 2015 Elimination of Child Fares	2.8	
Operating Impacts of Capital		
Presto Commissions	25.0	
Economic Factors		
Other Employee Costs - Economic Factors	(175.9)	
Inflation	221.7	
COLA and Progression Pay		
Annualization of the Collective Bargaining Agreement Salary & Benefits	566.2	3.0
Other Base Changes		
Service Change re: Increase in Demand (14%)	8,770.7	
AODA Mandated Eligibility	851.8	
Accident Claims	212.9	
Other Net Base Budget Changes	39.6	
Total Gross Expenditure Changes	10,863.4	3.0
Revenue Changes (Increase) / Decrease		
Revenue Change - Increase in Passenger Trips	(849.7)	
2015 Stabilization Reserve Contribution - Reversal	300.0	
2016 Fare Increase Impact	(54.5)	
Total Revenue Changes	(604.2)	
Net Expenditure Changes	10,259.2	3.0

Service Changes To Achieve Target -1% Budget Reduction

Description (\$000s)	Total 2016 Service Changes			Incremental Change			
	\$	\$	#	2017 Plan		2018 Plan	
	Gross	Net	Pos.	Net	Pos.	Net	Pos.
Base Changes:							
Base Expenditure Changes							
XXX							
XXX							
XXX							
Base Expenditure Changes							
Base Revenue Changes							
Base Revenue Changes							
Sub-Total							
Service Efficiencies							
Taxi Contracts (Cost/Passenger Trip)	(919.5)	(919.5)					
Diesel Hedging	(771.9)	(771.9)					
Change in Modal Split	(654.2)	(654.2)					
Sub-Total	(2,345.6)	(2,345.6)					
Revenue Adjustments							
Sub-Total							
Service Changes							
Sub-Total							
Total Preliminary Service Changes	(2,345.6)	(2,345.6)					

User Fee Change Highlights

Fee Description	2015 Fee	2016 Fee	% Increase	Incremental Revenue (\$000's)
Below Inflationary Increases				
Adult Cash (last increased in 2010)	\$ 3.00	\$ 3.25	8.3%	13.2
Subtotal				13.2
Above Inflationary Increases				
Token	\$ 2.80	\$ 2.90	3.6%	41.3
Subtotal				41.3
Other Increases				
Subtotal				-
New Fees				
Subtotal				-
Total Incremental Revenue				54.5

2017 & 2018 Plan

Description (\$000s)	2017 - Incremental Increase					2018 - Incremental Increase				
	Gross Expense	Revenue	Net Expense	% Change	# Positions	Gross Expense	Revenue	Net Expense	% Change	# Positions
Known Impacts:										
COLA and Progression Pay										
Annualization of the CBA	1,033.2		1,033.2	0.9%		276.0		276.0	0.2%	
Annualization Impact of 2015 Approvals										
FYE of Workforce Additions	55.9		55.9			21.9		21.9		
Operating Impact of Completed Capital										
Presto Commissions	273.1		273.1	0.2%		80.2		80.2	0.1%	
Economic Factors										
Employee Benefits	561.8		561.8	0.5%		585.8		585.8	0.5%	
Diesel Fuel	467.4		467.4	0.4%		382.4		382.4	0.3%	
Taxi Contracts (Cost/Passenger Trip)	282.1		282.1	0.2%		302.3		302.3	0.2%	
Inflation	218.1		218.1	0.2%		199.1		199.1	0.2%	
Revenue										
Revenue Change - Increase in Trips		475.5	(475.5)	(0.4%)			467.3	(467.3)	(0.4%)	
Change in Average Fare		(97.6)	97.6	0.1%			(89.8)	89.8	0.1%	
Impact of 2016 Fare Increase		(5.4)	5.4				2.4	(2.4)		
Other (specify)										
Service Change re: Increase in Demand	5,264.2		5,264.2	4.5%		5,043.5		5,043.5	4.0%	
Accident Claims	80.0		80.0	0.1%		88.0		88.0	0.1%	
Other Net Base Budget Change	61.0		61.0	0.1%		102.4		102.4	0.1%	
Sub-Total	8,296.8	372.5	7,924.3	6.8%		7,081.6	379.9	6,701.7	5.4%	
Anticipated Impacts:										
Other (specify)										
xxxxxxx										
xxxxxxx										
xxxxxxx										
Sub-Total										
Total Incremental Impact	8,296.8	372.5	7,924.3	6.8%		7,081.6	379.9	6,701.7	5.4%	



Capital Overview



Summary of Major Projects Completed in 2015

- Capital infrastructure replacement and rehabilitation work progressed
- PRESTO installed in 26 subway stations and on all legacy streetcars
- 14 LRVs accepted into revenue service with PRESTO Smart Card technology on board
- 69 Toronto Rocket trains in revenue service
- 105 Low Floor Diesel Buses received (Incl. 50 buses for Customer Service Initiatives)
- Leslie Barns – Commenced revenue operation on November 22, 2015
- Continued progress on YUS ATC Resignalling project
- Union Station – completion of platform and new north fareline and collectors booth at concourse level in advance of 2015 Pan Am and Parapan Am Games
- Easier Access – 34 stations are now accessible. Work on-going at Woodbine, St. Clair West, Ossington, Coxwell and Dupont Stations, including bus loop closures at Woodbine and Coxwell for the construction of elevators
- Continued progress on the Toronto Rocket/T1 Rail Yard Accommodation project
- All TR trains are ATO equipped and progressing through the ATC integrated dynamic tests at the specially built test track of the Wilson Yard

Summary of Major Projects Completed in 2015

- SAP installation progressing (2 HR modules implemented)
- RFP for CAD/AVL System issued
- Ongoing track replacement
- Bike repair stands installed at 10 subway stations

- Toronto-York-Spadina Subway Extension construction progressing

Capital Budget Variance as of Sep. 30, 2015

		2015 Approved Cash Flow	2015 Expenditure			Trending	Alert (Benchmark 70% spending rate)
Agencies			YTD Spending	Year-End Projection	% at Year End		
TTC	Q3	1,220.9	452.9	1,033.3	84.6%	▼	Ⓞ

Ⓞ >70%

Ⓢ between 50% and 70%

Ⓡ < 50% or > 100%

Key Points:

- TTC spent \$453 million or 37.1% of its 2015 Base Capital Budget of \$1.221 billion (including \$145.8 million additional carry forward) for the eight months period ended August 29, 2015 with a projection to year end estimated at \$1.033 billion or 84.6% of the approved budget

Key Capital Issues & Priority Actions for 2016

- Additional funding is required to maintain infrastructure in a state-of-good repair and to fund vehicle acquisitions to accommodate and promote ridership growth
- Major accommodations for these vehicles
 - Existing facilities renewal and new accommodations
- YUS & Bloor-Danforth signal system
- AODA Compliance by 2025
- Existing funding programs are coming to an end
- \$2.7 B funding shortfall in the base program for 2016-2025
- Sufficient, sustainable and predictable funding is required



2016 – 2025 Preliminary Capital Budget & Plan



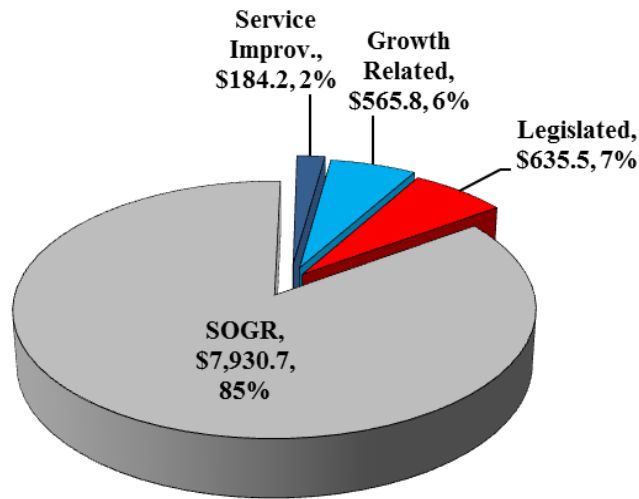
Summary of Major Projects in the 2016 – 2025 Preliminary Capital Plan

TTC BOARD APPROVED 2016-2025 BASE CAPITAL BUDGET

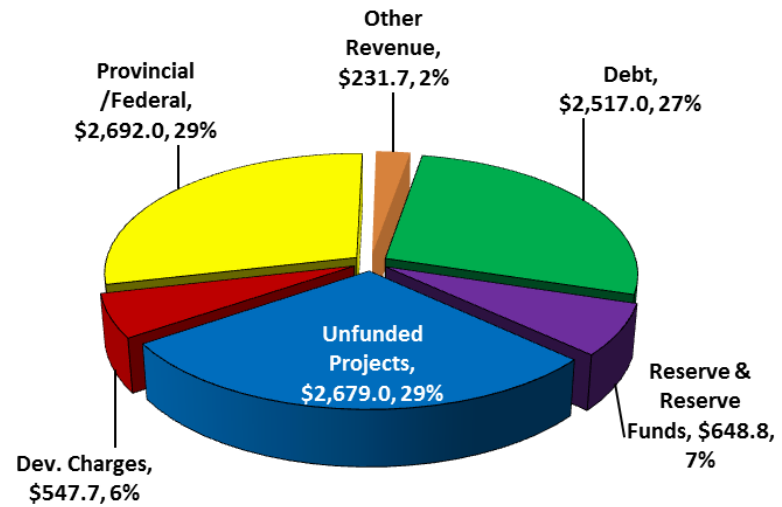
<u>Vehicles:</u>	(\$Millions)		
Purchase of Buses	1,063	}	\$3,927 42%
Purchase of Subway Cars	952		
Purchase of LRVs	1,019		
Vehicle Overhaul Programs (Bus, Subway, Streetcar)	779		
Purchase of NRV/NRV Overhaul	114		
<u>Infrastructure Projects:</u>			
Track Programs	732	}	\$5,389 58%
Electrical Systems	379		
Signal Systems (Incl. YUS (\$302) and BD (\$300))	691		
Finishes	164		
Equipment	269		
Yards & Roads	186		
Bridges & Tunnels	503		
Building & Structures:			
- Fire Ventilation Upgrade	296		
- Easier Access Phase III	429		
- TR/T1 Rail Yard Accommodation	403		
- McNicoll Bus Garage	175		
- Leslie Barns	63		
- LRV Carhouse Facility	51		
- Subway Facility Renewal	57		
- Wilson Garage Ventilation Upgrade	50		
- Wilson Backup Centre	30		
- Duncan Shop Ventilation Upgrade	37		
- Backflow Preventers	27		
- Other Building & Structure Projects	<u>209</u>		
Environmental Projects	92		
Information Technology	379		
Other Projects	167		
Total - Base Program Request	<u><u>\$9,316</u></u>		

2016 – 2025 Preliminary Capital Budget and Plan Spending & Funding Sources

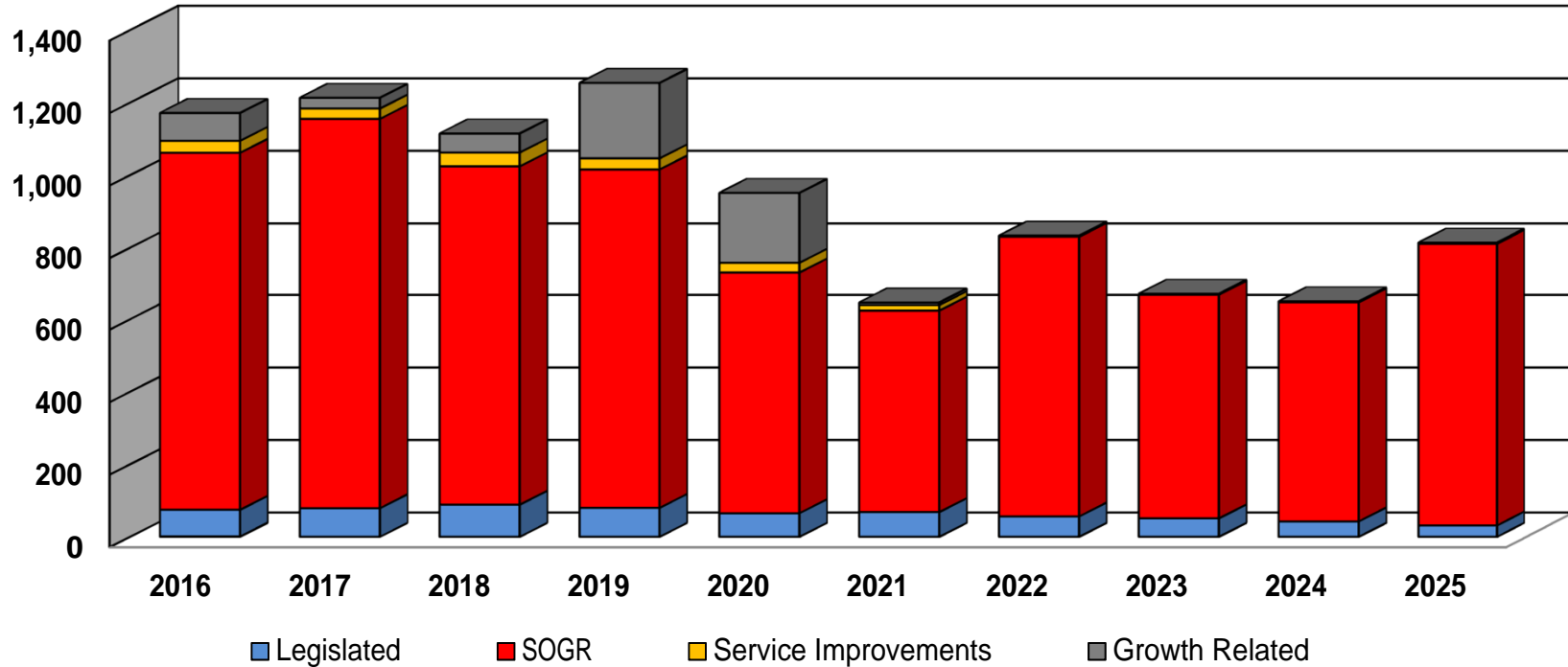
Where the Money Goes
\$9,316 Million



Where the Money Comes From
\$9,316 Million



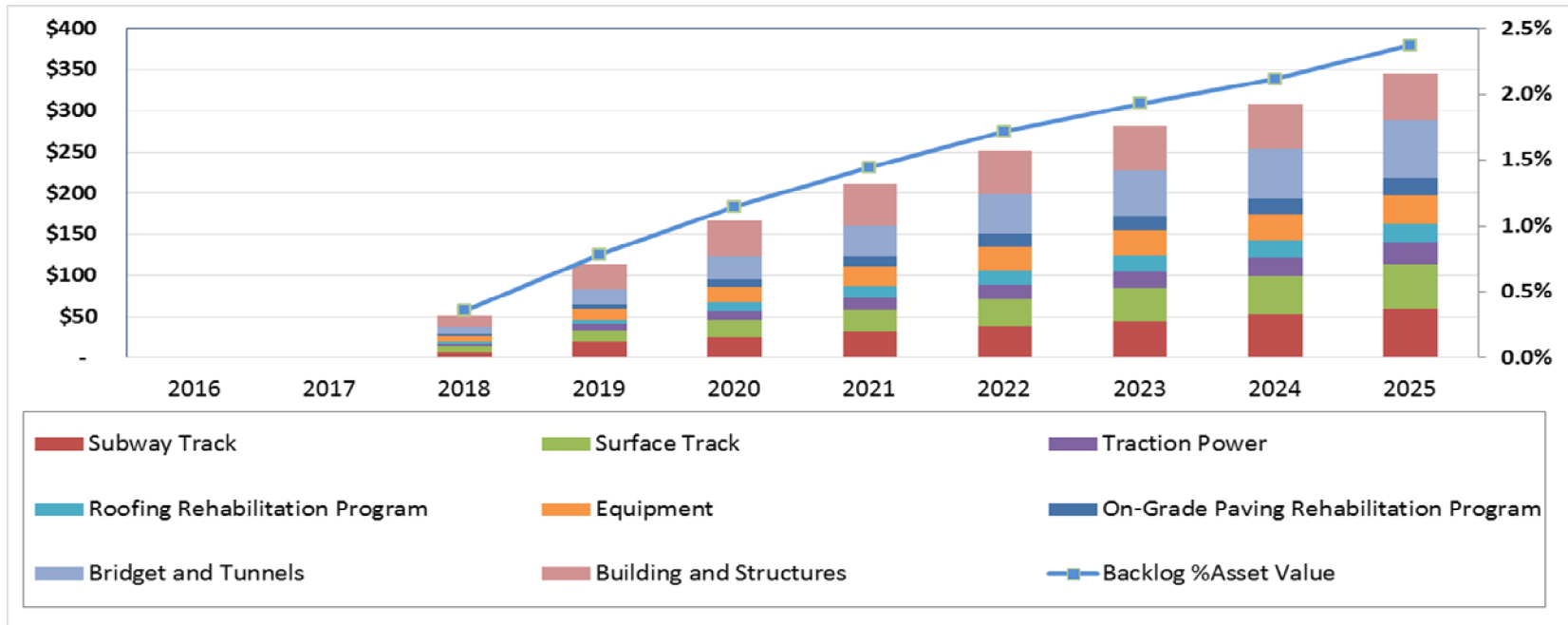
2016 – 2025 Preliminary Capital Budget and Plan by Project Category



\$ Million	2016 - 2025 Preliminary Capital Budget and Plan by Category										Total
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Legislated	73.6	78.9	88.7	79.9	65.1	68.3	56.2	50.9	42.6	31.3	635.5
SOGR	987.2	1076.4	935.7	935.9	666.4	555.6	773.9	616.5	603.9	779.2	7,930.7
Service Improvements	32.9	28.5	38.1	30.7	26.9	15.3	3.0	2.8	2.8	3.3	184.2
Growth Related	76.6	29.5	52.2	208.0	192.6	6.9	0.0	0.0	0.0	0.0	565.8
Total	1,170.4	1,213.2	1,114.7	1,254.4	951.0	646.0	833.1	670.3	649.3	813.8	9,316.2

State of Good Repair Backlog

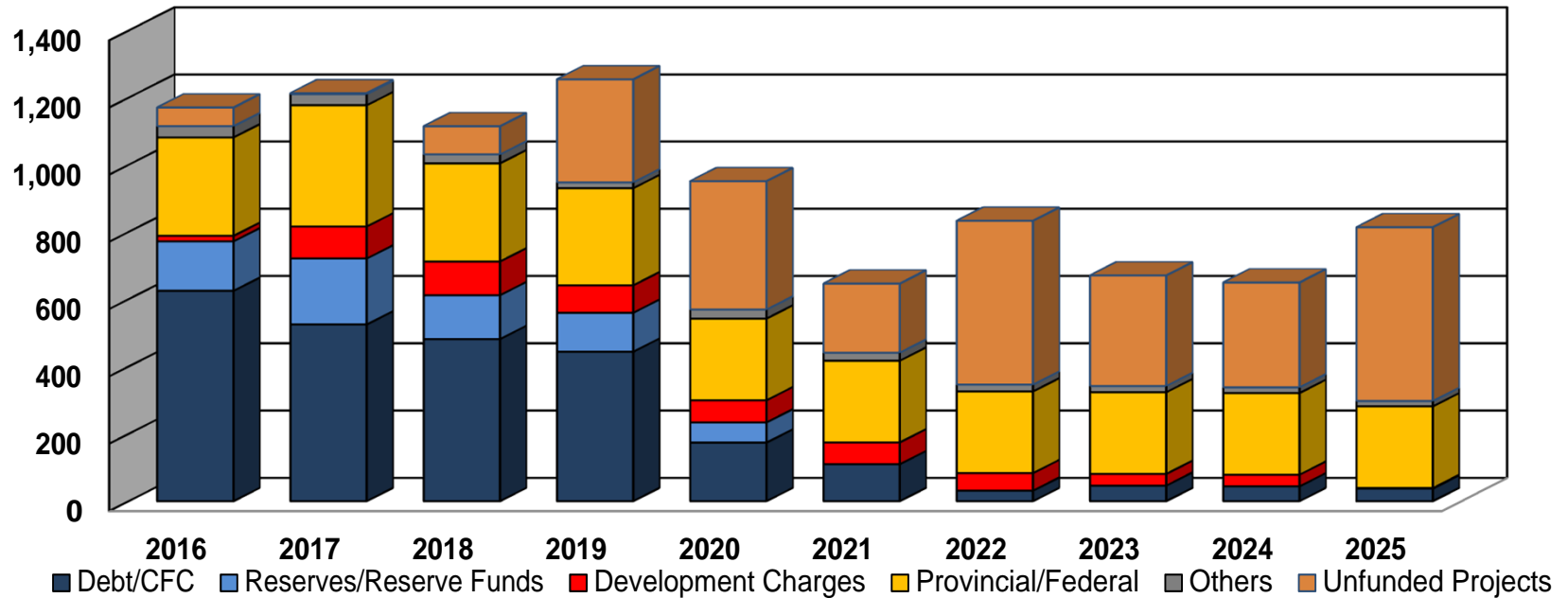
Accumulated Backlog as a % of Asset Value



% Asset Value Trend Analysis:

- By the end of 2025, the SOGR back log is projected to be \$346M (i.e. unfunded), representing 2.4% of the asset replacement value approaching \$15B.

2016 – 2025 Preliminary Capital Budget and Plan by Funding Source



\$ Million	2016 - 2025 Preliminary Capital Budget and Plan by Funding Source										Total
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Debt/CFC	624.7	524.8	481.4	443.9	174.0	109.8	31.1	46.2	43.9	37.2	2,517.0
Reserves/Reserve Funds	147.1	195.9	130.3	115.7	59.9	0.0	0.0	0.0	0.0	0.0	648.9
Development Charges	16.5	95.5	100.2	81.6	65.8	64.8	52.3	34.8	34.7	1.8	547.7
Provincial/Federal	293.3	361.2	292.4	289.2	242.6	242.6	242.6	242.6	242.6	242.6	2,692.0
Other	33.4	33.1	26.4	17.2	26.7	23.7	20.0	18.4	16.7	15.9	231.7
Unfunded Projects	55.4	2.7	84.0	306.8	382.0	205.2	487.1	328.2	311.3	516.3	2,678.9

Debt Target

(\$ Million)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Gross Expenditures	1,170	1,213	1,115	1,254	951	646	833	670	649	814	9,316
Debt Target	498	530	502	380	139	16	0	0	0	252	2,317
Debt Required	480	528	565	751	556	315	518	374	355	554	4,996
Over/(Under) Debt Target	(18)	(2)	63	370	417	299	518	374	355	302	2,679

Key Drivers:

- The Board Approved Capital Budget of \$9.316 billion requires debt funding of \$4.996 billion;
- This exceeds the City established debt target of \$2.317 billion;
- Therefore, it results in a shortfall of \$2.679 billion;
- A list of projects that cannot proceed until funding sources are secured has been identified;
- The ongoing funding deficit is a significant concern.

10 - Year Capital Budget Comparison			
Base Program			
(\$Billions)			
	2014 - 2023	2015 - 2024	2016 - 2025
	Approved	Approved	Request
Budget/ Request	9.036	9.268	9.316
Funding Available	<u>6.493</u>	<u>6.901</u>	<u>6.637</u>
Shortfall	<u>2.543</u>	<u>2.367</u>	<u>2.679</u>

Incremental Operating Impact of Capital

Net Expenditures (\$000s)	2016 Budget		2017 Plan		2018 Plan		2019 Plan		2020 Plan		2021 - 2025 Plan		2016 - 2025 Total	
	\$	Position	\$	Position	\$	Position	\$	Position	\$	Position	\$	Position	\$	Position
Previously Approved Projects														
Fare System (PRESTO)*	574.9	4.0	(1,075.5)	(11.0)	6.1		(204.7)	(2.0)					(699.2)	(9.0)
Communications	0.5		361.6	2.6	2.2		2.2		2.3		12.3		381.1	2.6
Train Door Monitoring			(13,115.0)	(131.0)	(18,510.0)	(163.0)	(632.0)		(647.0)		(3,424.0)		(36,328.0)	(294.0)
Signal Systems	138.0	0.6	165.0	0.8	67.0	0.1	66.0	0.8	70.0	0.2	157.0	0.4	663.0	2.9
Equipment	1.0		1.0		1.0		1.0		1.0		6.0		11.0	
Fire Ventilation Upgrade	16.0	0.1					8.0	0.1			16.0	0.1	40.0	0.3
Purchase of Buses	(162.0)	(1.4)											(162.0)	(1.4)
Fare Handling Equipment					4,000.0								4,000.0	
Information Technology System	3,229.0	(50.0)	2,515.0	6.8	5,025.0	7.5	4,063.0	0.0	1,584.0	5.5	1,693.0	0.0	18,109.0	(30.2)
Easier Access Phase III			52.0		73.0		62.0		73.0		431.0		691.0	
Leslie Barns	6,517.0	113.0	545.0										7,062.0	113.0
McNicol Bus Garage									9,765.0	68.8			9,765.0	68.8
Other Service Planning	115.0	(2.0)	(57.0)	(1.8)	(75.0)	(2.0)	35.0	0.0	35.0	0.0	175.0	0.0	228.0	(5.8)
Purchase of Rail Non-Rev Veh							420.0		800.0				1,220.0	
TYSSE **	1,330.8	12.0	11,043.0	75.9	16,583.0	116.1			165.0		540.9	2.0	29,662.7	206.0
Total	11,760.2	76.3	435.1	(57.7)	7,172.3	(41.3)	3,820.5	(1.1)	11,848.3	74.5	(392.8)	2.5	34,643.6	53.2

Note: No provisions for the opening the following rail extensions have been included in these figures (e.g. Eglinton Crosstown, Finch West LRT, SmartTrack, etc.)

- * Full year impact and timing of expenditure offsets under review
- ** Ridership and revenue impacts under review

Unfunded Capital Projects

2016-2025 UNFUNDED PROJECTS			
	(\$Million)		
	2015-2024	2016-2025	Change
PROJECT			
372 Replacement Subway Cars	(616)	(915)	(299)
201 Replacement Wheel-Trans Buses	(100)	(100)	0
Purchase of 99 40' LF Buses Customer Service Initiative	(89)	(75)	14
Purchase of 675 40' LF Buses		(439)	(439)
60 New LRVs for Growth	(366)	(361)	5
Fire Ventilation Upgrade	(132)	(182)	(50)
Train Door Monitoring System - T1 & TR	(51)	-	51
Easier Access III	(165)	-	165
Bus Overhaul	(256)	(261)	(5)
Bloor-Danforth ATC Resignalling	(2)		2
Information Technology	(1)		1
Other SOGR Infrastructure Projects	(588)	(346)	242
			-
Total	(2,367)	(2,679)	(312)

Request of \$9.3B versus funding available of \$6.5B = \$2.8B shortfall

Projects for Future Consideration Not Included in the Base Program

	(\$Millions)
TTC Recommended Projects:	<u>EFC</u>
Station Modernization Program	111
New Davisville Facility Detail Design and Construction	400
Yonge Bloor Capacity Improvements	1,084
Platform Edge Doors - Line 2	614
Platform Edge Doors - Line 1	554
Fire Ventilation Upgrade	1,493
Other Projects	307
Rail Yard Property Acquisition	TBD
TTC Recommended Projects	<u>4,563</u>
Waterfront Initiatives Projects:	
East Bayfront Streetcar and Station Expansion	434
Purchase of 6 Additional LRT Cars - East Bayfront Streetcar Line	36
Bremner Streetcar Expansion	261
Purchase of 4 Additional LRT Cars -Bremner Blvd Streetcar Line	24
Port Lands Streetcar Expansion	200
Purchase 5 Additional LRT Cars - West Donlands Streetcar Line	30
Waterfront Initiative Projects	<u>985</u>
Total - Recommended Projects for Future Consideration	<u><u>5,548</u></u>

