City Budget
2013

Toronto Transit Commission
Operating Budget Analyst Notes

The City of Toronto's budget is presented by program and service, in Analyst Note format. The City's Operating Budget pay's the day-to-day operating costs for the City.

2013 Operating Budget

2013 OPERATING BUDGET ANALYST NOTES BRIEFING NOTES

BUDGET COMMITTEE, NOVEMBER 29, 2012

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PART I: RECOMMENDATIONS

2013 Recommended Operating Budget
Toronto Transit Commission – Conventional Service
(In $000s)

(In $000s)	2012		2013 Recommended Operating Budget			Change - 2013 Recommended Operating Budget v. 2012 Appvd. Budget		FY Incremental Outlook	
	Approved Budget	Projected Actual	2013 Rec. Base	2013 Rec. New/Enhanced	2013 Rec. Budget			2014	2015
	$	$	$	$	$	$	%	$	$
GROSS EXP.	1,481,230.1	1,468,572.5	1,534,512.2	6,436.2	1,540,948.4	59,718.3	4.0%	84,010.0	72,000.0
REVENUE	1,070,279.1	1,084,786.5	1,129,997.4	0.0	1,129,997.4	59,718.3	5.6%	53,730.0	49,900.0
NET EXP.	410,951.0	383,786.0	404,514.8	6,436.2	410,951.0	0.0	0.0%	30,280.0	22,100.0
Approved Positions	10,614.0	10,614.0	10,870.0	12.0	10,882.0	268.0	2.5%	NA	NA

2013 Recommended Operating Budget
Toronto Transit Commission – Wheel-Trans
(In $000s)

(In $000s)	2012		2013 Recommended Operating Budget			Change - 2013 Recommended Operating Budget v. 2012 Appvd. Budget		FY Incremental Outlook	
	Approved Budget	Projected Actual	2013 Rec. Base	2013 Rec. New/Enhanced	2013 Rec. Budget			2014	2015
	$	$	$	$	$	$	%	$	$
GROSS EXP.	102,147.7	101,331.8	102,369.3	0.0	102,369.3	221.6	0.2%	12,538.3	6,221.5
REVENUE	5,324.6	5,636.7	5,546.2	0.0	5,546.2	221.6	4.2%	403.1	462.0
NET EXP.	96,823.1	95,695.1	96,823.1	0.0	96,823.1	0.0	0.0%	12,135.2	5,759.5
Approved Positions	529.0	529.0	531.0	0.0	531.0	2.0	0.4%	NA	NA

Recommendations

The City Manager and Acting Chief Financial Officer recommend that:

1. City Council approve the 2013 Recommended Operating Budget for Toronto Transit Commission Conventional Service of $1.541 billion gross and $410.951 million net, comprised of the following services:

Service:	Gross ($000s)	Net ($000s)
Conventional Service	1,540,948	410,951
Total Program Budget	1,540,948	410,951

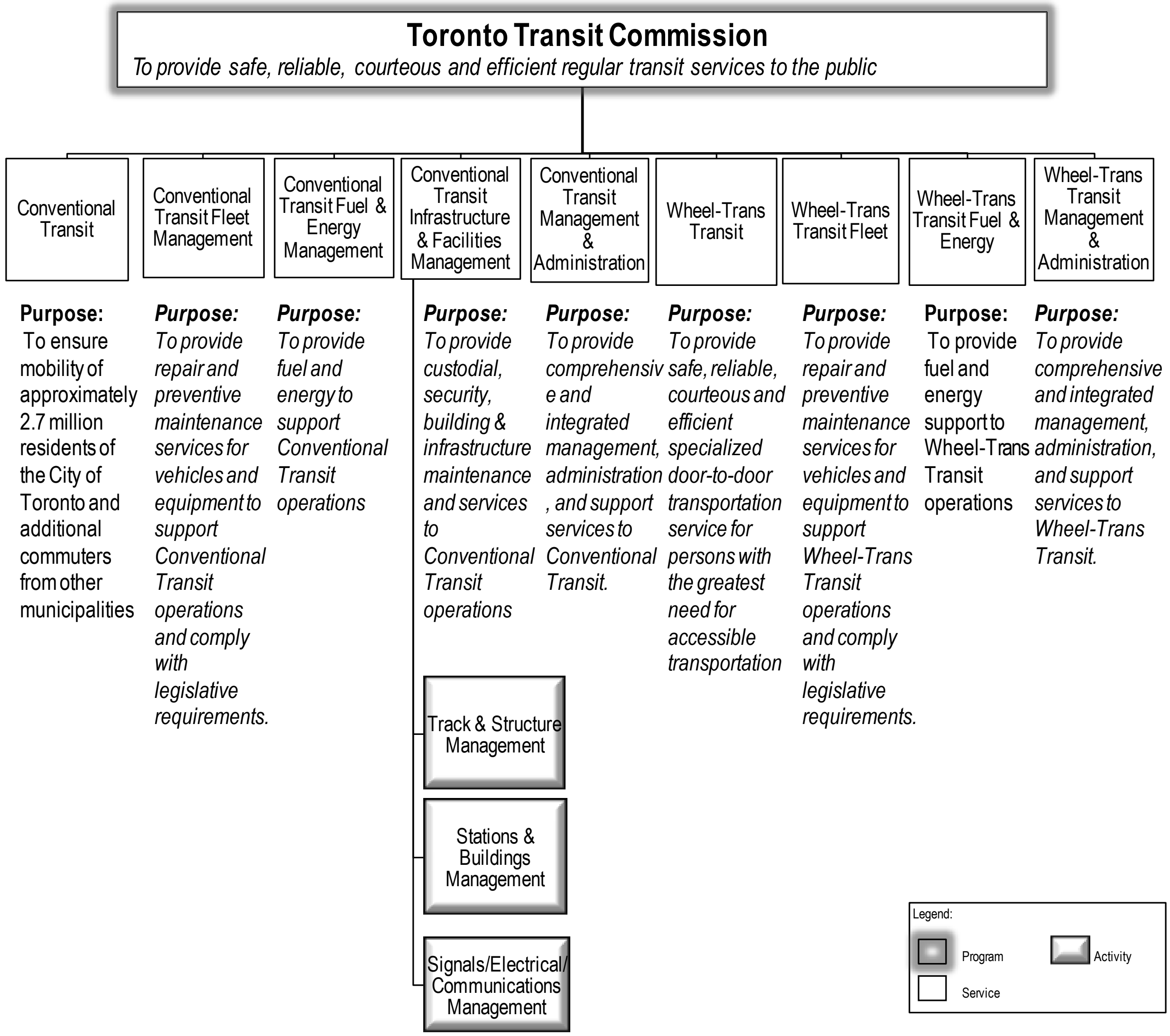
2. TTC 2013 proposed services, as outlined on pages 5 - 6, and associated staff complement of 10,882 positions be approved.
3. The Chief Executive Officer of the Toronto Transit Commission and the City Manager continue discussions on partnering with the Province for permanent sustainable funding in order to return the TTC's provincial funding for TTC operations to the 50% level of the mid-1990s.
4. City Council request the Toronto Transit Commission to continue to work with the City to develop a multi-year funding framework that includes commitments in subsidy, non-earned revenue and a fare policy that considers increased ridership and the rate of inflation and accounts for cost-cutting commitments, customer service commitments and key performance indicators.
5. TTC review ongoing capital position requirements for inclusion in total complement and submit as part of the 2014 budget process.
6. TTC report back during the 2014 budget process regarding any operating savings achieved as a result of a reduction in cash handling requirements as the use of credit/debit cards become more prevalent.
7. City Council approve the 2013 Recommended Operating Budget for Toronto Transit Commission Wheel-Trans Service of $102.369 million gross and $96.823 million net, comprised of the following services:

Service:	Gross ($000s)	Net ($000s)
Wheel-Trans Service	102,369	96,823
Total Program Budget	102,369	96,823

8. Wheel-Trans 2013 proposed services, as outlined on pages 5 - 6, and associated staff complement of 531 positions be approved.

PART II: 2013 SERVICE OVERVIEW AND PLAN

Program Map and Service Profiles



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-TransTransit

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

2013 Recommended Service Levels

The 2013 proposed TTC Conventional services and activities are summarized in the table below:

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

The 2013 proposed Wheel-Trans services and activities are summarized in the table below:

Service	Activity	Type	Sub-Type
Wheel-Trans Transit		Dedicated	Internal (Bus)
			Contracted (Taxi)
		Non Dedicated	Taxi
Wheel-Trans Transit Fleet Management		Bus	
Wheel-Trans Transit Fuel & Energy Management		Natural Gas	
		Hydro	
		Diesel	
Wheel-Trans Transit Management & Administration		General Superintendants Office	
		Accessible Services	
		Customer Service	
		Lakeshore Garage Facility Management	
		Non-departmental Inter-Corporate Support	

2013 Service Deliverables

TTC Conventional Service

The 2013 Recommended Operating Budget of $1.541 billion gross provides funding to:

- Provide transit service to 528 million riders representing a 14 million or 2.7% increase over the 2012 projected ridership.
- Provide service spanning 232.5 million kilometers, an increase of 2.0% from 2012 and 8.7 million hours of service, an increase of 3.1% from 2012.
- Run most TTC service from 6 am until 1 am from Monday to Friday.
- Maintain the Next Vehicle Arrival System text messaging service for all surface vehicles.

Wheel-Trans

The 2013 Recommended Operating Budget of $102.369 million gross provides funding to:

- Manage a fleet of 201 new accessible buses in 2013.
- Carry 267,200 fewer passengers, decreasing from 3.144 million in 2012 to 2.877 million in 2013, including 1,202,200 bus trips, 80,000 community bus trips, 1,175,100 trips by accessible taxi and 419,300 sedan taxi trips.
- Manage a registrant base that will grow to 51,200.
- Maintain an unaccommodated rate of 2%.

PART III: RECOMMENDED BASE BUDGET

2013 Recommended Base Budget
TTC Conventional Service
(In $000s)

	2012 Approved Budget	2013 Rec'd Base	Change 2013 Recommended Base vs. 2012 Appvd. Budget		FY Incremental Outlook	
					2014	2015
(In $000s)	$	$	$	%	$	$
GROSS EXP.	1,481,230.1	1,534,512.2	53,282.1	3.6%	84,010.0	72,000.0
REVENUE	1,070,279.1	1,129,997.4	59,718.3	5.6%	53,730.0	49,900.0
NET EXP.	410,951.0	404,514.8	(6,436.2)	(1.6%)	30,280.0	22,100.0
Approved Positions	10,614.0	10,870.0	256.0	2.4%	NA	NA

2013 Recommended Base Budget

The 2013 Recommended Base Budget of $1.535 billion gross and $404.515 million net is $6.436 million or 1.6% below the 2012 Approved Budget of $410.951 million net.

- The 2013 Recommended Base Budget, prior to recommended service change savings of $61.282 million, includes a net pressure of $54.846 million or 13.3% above the 2012 Approved Budget.
- The net increase of $54.846 million in the 2013 Recommended Base Budget is reduced by recommended service change savings and revenue adjustments of $61.282 million results in a decrease of 14.9% below the 2012 Approved Budget.
- The result of the incremental changes noted above is a 2013 Recommended Base Budget for the TTC that is $6.436 million net or 1.6% below the budget target of a 0% increase from the 2012 Approved Budget.
- Approval of the 2013 Recommended Base Budget will result in an increase of 256.0 positions to the TTC's approved staff complement resulting in a change from 10,614 positions to 10,870 positions, as highlighted in the table below:

2013 Recommended Staff Complement
TTC Conventional Service
Base Budget Summary

Changes	TTC Staff Complement
2012 Approved Complement	10,561.0
- 2012 In-year Adjustments	53.0
2012 Approved Staff Complement	**10,614.0**
2013 Recommended Staff Complement Changes	
- 2013 Temporary Complement - Capital Project Delivery	
- 2013 Operating Impacts of Completed Capital Projects	
- 2013 Service Change Adjustments	256.0
Total 2013 Recommended Complement	**10,870.0**

- Approval of the 2013 Recommended Base Budget will result in an increase of 256 positions arising from an increase in service to accommodate a projected ridership of 528 million riders in 2013, increased maintenance requirements for new and existing vehicles and an increased preventative maintenance program. The total TTC Operating Budget staff complement will increase from 10,614 to 10,870 positions.
- TTC's total staff complement, including capital positions, will increase from 12,456 to 12,563 positions, which includes a net reduction of 149 capital positions following the completion of various capital projects.
- It is recommended that TTC review ongoing capital position requirements for inclusion in total complement and submit as part of the 2014 budget process.

2013 Recommended Base Budget
Wheel-Trans
(In $000s)

(In $000s)	2012 Approved Budget	2013 Rec'd Base	Change 2013 Recommended Base vs. 2012 Appvd. Budget		FY Incremental Outlook	
					2014	2015
	$	$	$	%	$	$
GROSS EXP.	102,147.7	102,369.3	221.6	0.2%	12,538.3	6,221.5
REVENUE	5,324.6	5,546.2	221.6	4.2%	403.1	462.0
NET EXP.	96,823.1	96,823.1	0.0	0.0%	12,135.2	5,759.5
Approved Positions	529.0	531.0	2.0	0.4%	NA	NA

2013 Recommended Base Budget

The 2013 Recommended Base Budget of $102.369 million gross and $96.823 million net is equal to the 2012 Approved Budget of $96.823 million net.

- The 2013 Recommended Base Budget, prior to recommended service change savings of $6.719 million, includes a net pressure of $6.719 million bringing the Base Budget to a 6.9% increase above the 2012 Approved Budget.
- The net increase in the 2013 Recommended Base Budget is reduced by recommended service change savings and revenue adjustments of $6.719 million reflecting a decrease of 6.9% below the 2012 Approved Budget.
- The result of the incremental changes noted above is a 2013 Recommended Base Budget for Wheel-Trans that achieves the budget target of a 0% increase from the 2012 Approved Budget.
- Approval of the 2013 Recommended Base Budget will result in an increase of 2 positions to the Wheel-Trans' approved staff complement resulting in a change from 529 positions to 531 positions, as highlighted in the table below:

2013 Recommended Staff Complement
Wheel-Trans
Base Budget Summary

Changes	Staff Complement
2012 Approved Complement	529.0
- 2012 In-year Adjustments	
2012 Approved Staff Complement	**529.0**
2013 Recommended Staff Complement Changes	
- 2013 Temporary Complement - Capital Project Delivery	
- 2013 Operating Impacts of Completed Capital Projects	
- 2013 Service Change Adjustments	2.0
Total 2013 Recommended Complement	**531.0**

- Approval of the 2013 Recommended Base Budget will result in an increase of 2 positions. One Operator position is needed as a result of the Collective Bargaining Agreement's (CBA) acceleration of additional vacation entitlements and one Quality Assurance Test Analyst is needed for increased support of Wheel-Trans' computer systems. The total Wheel-Trans Operating Budget staff complement will increase from 529 to 531 positions.

2013 Recommended Service Change Summary
TTC Conventional Service
(In $000s)

Description	2013 Recommended Service Changes				Net Incremental Impact			
					2014		2015	
	Position Changes	Gross Expense	Net Expense	% Change over 2012 Budget	Net Expenditure	Position Change	Net Expenditure	Position Change
Base Changes:								
Base Expenditure Changes								
Natural Gas Price Savings		(2,048.4)	(2,048.4)	(0.5%)				
Employee Benefits Savings		(7,945.8)	(7,945.8)	(1.9%)				
Labour Rates Savings		(2,000.0)	(2,000.0)	(0.5%)				
Base Expenditure Changes		(11,994.2)	(11,994.2)	(2.9%)				
Sub-Total Base Budget Changes		(11,994.2)	(11,994.2)	(2.9%)				
Service Efficiencies								
Diesel Price Savings (Hedging)		(20,481.4)	(20,481.4)	(5.0%)				
Traction Power Volume Savings		(1,929.1)	(1,929.1)	(0.5%)				
Bus Servicing Contracting Out		(1,000.0)	(1,000.0)	(0.2%)				
Reduction in Accident Claim Settlements		(6,000.0)	(6,000.0)	(1.5%)				
Increased Workforce Gapping		(1,877.6)	(1,877.6)	(0.5%)				
Sub-Total Service Efficiencies		(31,288.1)	(31,288.1)	(7.6%)				
Revenue Adjustments:								
5 Cent Fare Increase			(18,000.0)	(4.4%)				
Sub-Total Revenue Adjustments			(18,000.0)	(4.4%)				
Total Service Changes		**(43,282.3)**	**(61,282.3)**	**(14.9%)**				

2013 Recommended Service Changes

The 2013 recommended service changes consist of base expenditure changes of $11.994 million, service efficiency savings of $31.288 million and revenue increases of $18.000 million, totaling a $61.282 million net and resulting in a 14.9% decrease from the 2012 Approved Budget. When combined with incremental base budget pressures of $54.846 million or 13.3%, the 2013 Recommended Base Budget for the TTC is $6.436 million or 1.6% below the 2012 Approved Budget of $410.951 million net.

Base Expenditure Changes: (savings of $11.994 million gross and net)

Natural Gas Price Savings

- Lower natural gas rates forecast for 2013 are expected to result in a savings of $2.0 million.

Employee Benefits Savings

- In addition to the reduction in administration fees and insurance premiums as a result of a new contract for employee benefits that was implemented in 2012, TTC will save $7.9 million in benefits expenses. TTC reported an original 2013 budget pressure of $16 million based on a 6% increase in benefit costs. Based on actual experience, certain benefit estimates have been refined to $8.1 million reflecting only a 3.0% increase.

Labour Rates Savings

- A recent TTC analysis of current Operator average wage rates indicates that the combination of higher Operator attrition in 2012 and increased new Operator hires in 2012 and 2013 is expected to result in an overall lower average Operator wage rate for 2013 than previously forecast. This will result in a savings of $2.0 million.

Service Efficiencies: (savings of $31.288 million gross and net)

Diesel Price Savings (Hedging)

- The TTC's preliminary 2013 Budget was based on the City of Toronto's budget guideline of a $1.35 per litre diesel price, representing a 17% price increase over the 2012 average budgeted price of $1.15 per litre and resulted in a budget pressure of $17 million.
- After monitoring 2013 futures prices over the past several months, it is evident that these prices have fallen below the originally projected level and it is proposed that the 2013 budget requirement be reduced accordingly. The budget guideline has subsequently been changed to $1.25 per litre, which remains higher than TTC's actual projection of $1.11 per litre and is the basis for this reduction.
- TTC has hedged half of the 2013 diesel requirements (approximately 43.5 million litres) at $1.08/litre. The strategy to hedge half of the diesel volume and anticipated lower diesel costs on the spot market will reduce the anticipated pressure for TTC by $20.5 million in 2013.

Traction Power Volume Savings

- TTC plans to consume less energy in 2013 as hydro usage will be reduced due to variances from planned service resulting in a savings of $1.929 million.

Bus Servicing Contracting Out

- The TTC currently operates seven transit bus garages with a fleet of approximately 1,800 buses and one para-transit garage with a fleet of approximately 200 buses. Each day, buses that are used in operations require servicing (fuelling, fluids topped up, defect identification, etc.) and cleaning (exterior and interior).
- Through this initiative, TTC will contract out bus servicing and cleaning activities at two garages starting January 13, 2013 and generate a savings of $1 million in 2013. The current process of servicing and cleaning the buses using in-house workforce has not met the expectations of TTC customers regarding bus cleanliness. In order to raise the level of cleanliness in the bus fleet, additional in-house workforce would have to be added which would increase costs. Through contracting these services to outsourced suppliers, TTC will improve bus servicing and cleaning while reducing costs.

Accident Claim Settlements

- TTC was instrumental and successful in lobbying for changes to the Provincial no-fault ("no crash, no cash") legislation for public transit systems. The changes prevent accident benefit claims by passengers who are injured in a public transit vehicle accident unless that vehicle has collided with another vehicle or object. As well, in order for a claim to be valid, there must be proof of negligence on the part of the TTC. As a result, it is expected that cash payouts in 2013 will decrease, resulting in a savings of $6.0 million.

Increased Workforce Gapping

- Based on recent workforce vacancy levels, additional savings of $1.878 million beyond those already incorporated into the preliminary budget are recommended.

Revenue Adjustments: (Net Revenue of $18.000 million)

5 Cent Fare Increase

- On December 14, 2011, the Commission 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 required to balance the Operating Budget.
- At its meeting of November 21, 2012 the Commission approved a standard 5 cent fare increase on the adult token (and a pro-rata increase on all other fare media) effective January 1, 2013 that will generate $18.0 million in additional revenue in 2013. This average weighted fare increase of 1.7% is lower than the current forecasted level of inflation of 2.1% for 2013 for the City of Toronto.
- The 2013 fare increase is also below the approved-in-principle 10 cent fare increase which could potentially compromise TTC's ability to balance future year operating budgets.
- It is recommended that the Toronto Transit Commission continue to work with the City to develop a multi-year funding framework that includes commitments in subsidy, non-earned revenue and a fare policy that considers increased ridership and the rate of inflation and accounts for cost-cutting commitments, customer service commitments and key performance indicators.

2013 Recommended Service Change Summary
Wheel-Trans
(In $000s)

Description	2013 Recommended Service Changes				Net Incremental Impact			
					2014		2015	
	Position Changes	Gross Expense	Net Expense	% Change over 2012 Budget	Net Expenditure	Position Change	Net Expenditure	Position Change
Base Changes:								
Base Expenditure Changes								
Employee Benefits Savings		(540.0)	(540.0)	(0.6%)				
Base Expenditure Changes		(540.0)	(540.0)	(0.6%)				
Sub-Total Base Budget Changes		(540.0)	(540.0)	(0.6%)				
Service Efficiencies								
Diesel Price Savings (Hedging)		(1,513.4)	(1,513.4)	(1.6%)				
Increased Workforce Gapping		(58.6)	(58.6)	(0.1%)				
Sub-Total Service Efficiencies		(1,572.0)	(1,572.0)	(1.6%)				
Revenue Adjustments:								
5 Cent Fare Increase			(107.9)	(0.1%)				
Sub-Total Revenue Adjustments			(107.9)	(0.1%)				
Service Changes								
Elimination of Ambulatory Dialysis Trips		(4,951.6)	(4,499.0)	(4.6%)				
Sub-Total Service Changes		(4,951.6)	(4,499.0)	(4.6%)				
Total Service Changes		**(7,063.6)**	**(6,718.9)**	**(6.9%)**				

2013 Recommended Service Changes

The 2013 recommended service changes for Wheel-Trans consist of base expenditure changes of $0.540 million, service efficiency savings of $1.572 million, revenue increases of $0.108 million and service change reductions of $4.499 million net, totaling a $6.719 million net or 6.9% decrease from the 2012 Approved Operating Budget. When combined with incremental base budget pressures of $6.719 million or 6.9%, the 2013 Recommended Base Budget for Wheel-Trans is equal to the 2012 Approved Budget of $96.823 million net.

Base Expenditure Changes: (savings of $0.540 million gross and net)

Employee Benefits Savings

- In addition to the reduction in administration fees and insurance premiums as a result of a new contract for employee benefits that was implemented in 2011, Wheel-Trans will save $0.540 million in benefits expenses. Wheel-Trans reported an original 2013 budget pressure of $0.9 million based on a 6% increase in benefit costs. Based on actual experience, certain benefit estimates have been refined to $0.360 million reflecting only a 2.4% increase.

Service Efficiencies: (savings of $1.572 million gross and net)

Diesel Price Savings (Hedging)

- Wheel-Trans' preliminary 2013 Budget was based on the City of Toronto's budget guideline of a $1.35 per litre diesel price, representing a 17% price increase over the current average budgeted price of $1.15 per litre and resulted in a budget pressure of $1.4 million.
- After monitoring 2013 futures prices over the past several months, it is evident that these prices have fallen below the originally projected level and it is proposed that the 2013 budget requirement be reduced accordingly. The budget guideline has subsequently been

changed to $1.25 per litre, which remains higher than TTC's actual projection of $1.11 per litre and is the basis for this reduction.

- TTC has hedged half of the 2013 diesel requirements (approximately 43.5 million litres) at $1.08/litre. The strategy to hedge half of the diesel volume and anticipated lower diesel costs on the spot market will reduce the anticipated pressure for Wheel-Trans by $1.513 million in 2013.

Increased Workforce Gapping

- Based on recent workforce vacancy levels, additional savings of $0.059 million beyond those already incorporated into the preliminary budget are recommended.

Revenue Adjustments: (Net Revenue of $0.108 million)

5 Cent Fare Increase

- Approval of a standard 5 cent fare increase on the adult token (and a pro-rata increase on all other fare media) effective January 1, 2013 will generate $0.108 million in additional revenue in 2013 for Wheel-Trans.

Service Changes: ($4.952 million gross, savings of $4.499 million net)

Elimination of Ambulatory Dialysis Trips

- Currently, Wheel-Trans provides service to approximately 700 ambulatory dialysis customers (who do not require accessible transportation) that take an average of six trips per week or 220,000 trips per year at a cost of $5 million.
- Exemption from the Wheel-Trans eligibility criteria afforded to ambulatory dialysis patients (who do not require accessible transportation) will be discontinued, effective January 1, 2013, in order to preserve service for riders who meet the eligibility criteria.
- This recommendation is supported by the Advisory Committee on Accessible Transportation (ACAT) and Wheel-Trans staff will work with the Local Health Integration Network (LHIN) to direct customers to available providers.
- This initiative will result in a net savings of $4.499 million in 2013.

2014 and 2015 Outlook
TTC Conventional
(In $000s)

Description	2014 - Incremental Increase					2015 - Incremental Increase					Total Net % Change from 2013
	Gross Expense	Revenue	Net Expense	% Net Change from 2013	# Positions	Gross Expense	Revenue	Net Expense	% Net Change from 2014	# Positions	
Known Impacts											
Full year effect of 2013 CBA increase in 2014	6,000.0		6,000.0	1.5%				0.0			1.5%
Sub-Total Known Impacts	6,000.0	0.0	6,000.0	1.5%	0.0	0.0	0.0	0.0		0.0	1.5%
Anticipated Impacts											
Ridership Increase		18,730.0	(18,730.0)	(4.6%)			14,900.0	(14,900.0)	(3.4%)		(8.2%)
10 Cent Fare Increase		35,000.0	(35,000.0)	(8.5%)			35,000.0	(35,000.0)	(7.9%)		(17.0%)
Additional Service to meet ridership increase demand	13,010.0		13,010.0	3.2%		9,000.0		9,000.0	2.0%		5.4%
Energy - Diesel, hydro, utilities	16,000.0		16,000.0	3.9%		18,000.0		18,000.0	4.1%		8.3%
Vehicle Parts (Articulated Buses, LRV, Toronto Rocket)	10,000.0		10,000.0	2.4%		5,000.0		5,000.0	1.1%		3.7%
Hybrid bus battery replacements	8,000.0		8,000.0	1.9%		4,000.0		4,000.0	0.9%		2.9%
New LRV Carhouse	2,000.0		2,000.0	0.5%		8,000.0		8,000.0	1.8%		2.4%
Other Employee Costs (benefits)	18,000.0		18,000.0	4.4%		19,000.0		19,000.0	4.3%		9.0%
Inflation & Accident Claim Expenses	8,000.0		8,000.0	1.9%		8,000.0		8,000.0	1.8%		3.9%
Depreciation	2,000.0		2,000.0	0.5%		1,000.0		1,000.0	0.2%		0.7%
Debit / Credit Card Expansion	1,000.0		1,000.0	0.2%				0.0	0.0%		0.2%
Sub-Total - Anticipated Additional Impacts	78,010.0	53,730.0	24,280.0	5.9%	0.0	72,000.0	49,900.0	22,100.0	5.0%	0.0	11.3%
Total Incremental Impacts	84,010.0	53,730.0	30,280.0	7.4%	0.0	72,000.0	49,900.0	22,100.0	5.0%	0.0	12.7%

Approval of the 2013 Recommended Base Budget for TTC will result in a 2014 incremental increase of $84.010 million gross and $30.280 million net and a 2015 incremental increase of $72.000 million gross and $22.100 million net to maintain 2013 service levels, while accomodating anticipated ridership increases.

Future year incremental costs are primarily attributable to the following:

Known Impacts

- Full year effect of 2013 Collective Bargaining Agreement (CBA); increase in 2014 of $6 million.
- Provisions have not been made for the yet-to-be determined future CBA, which will be effective April 1, 2014.

Anticipated Impacts

- An increase in passenger revenue of $18.730 million in 2014 and $14.900 million in 2015, and service adjustments to maintain current service standards to meet the ridership forecast of 543 million in 2014 and 555 million in 2015. The net increased costs of $13.010 million in 2014 and $9 million in 2015 for additional service include an offset for the implementation of articulated buses as they begin service.
- Inflationary provisions for goods and services and accident claim settlements ($8 million in 2014 and 2015), 10% increase on energy costs ($16 million in 2014 and $18 million 2015) and 6% on other employee costs ($18 million in 2014 and $19 million in 2015). All other costs are estimated to increase in line with current experience or based on actual or anticipated contractual commitments.
- Provisions of $10 million in 2014 and $5 million in 2015 for higher costs for parts associated with new fleet (articulated buses, LRVs and Toronto Rocket trains).

- Provisions of $8 million in 2014 and $4 million in 2015 for hybrid bus battery replacements (at $0.051 million per bus) have been incorporated.
- Ashbridges Bay LRV carhouse facility opens in late 2014 with an estimated $10 million in annual operating costs.
- A 10 cent fare increase is assumed for 2014 and 2015 based on the Commission's approval-in-principle. $35 million in revenue is estimated as a result of a 10 cent fare increase however the estimated increase in ridership revenue has not been adjusted for any potential loss in ridership due to a fare increase.

2014 and 2015 Outlook
Wheel-Trans
(In $000s)

	2014 - Incremental Increase					2015 - Incremental Increase					
Description	Gross Expense	Revenue	Net Expense	% Net Change from 2013	# Positions	Gross Expense	Revenue	Net Expense	% Net Change from 2014	# Positions	Total Net % Change from 2013
Known Impacts											
Full year effect of 2013 CBA increase in 2014	193.4		193.4	0.2%				0.0			0.2%
Sub-Total Known Impacts	193.4	0.0	193.4	0.2%	0.0	0.0	0.0	0.0		0.0	0.2%
Anticipated Impacts											
Service Increase (AODA)	10,019.2	683.6	9,335.6	9.6%		3,948.2	291.1	3,657.1	3.4%		13.4%
Other Employee Costs	875.9		875.9	0.9%		921.3		921.3	0.8%		1.9%
Energy - Diesel, hydro, utilities	521.5		521.5	0.5%		573.2		573.2	0.5%		1.1%
Vehicle Parts ('ABP', Friendly, ELF)	500.0		500.0	0.5%		500.0		500.0	0.5%		1.0%
Inflation & Accident Claim Expenses	428.3		428.3	0.4%		278.8		278.8	0.3%		0.7%
10 Cent Fare Increase		200.0	(200.0)	(0.2%)			200.0	(200.0)	(0.2%)		(0.4%)
Revenue Loss (Mandatory Escorts & AODA)		(480.5)	480.5	0.5%			(29.1)	29.1	0.0%		0.5%
Sub-Total - Anticipated Additional Impacts	12,344.9	403.1	11,941.8	12.3%	0.0	6,221.5	462.0	5,759.5	5.3%	0.0	18.3%
Total Incremental Impacts	12,538.3	403.1	12,135.2	12.5%	0.0	6,221.5	462.0	5,759.5	5.3%	0.0	18.5%

Approval of the 2013 Recommended Base Budget for Wheel-Trans will result in a 2014 incremental increase of $12.135 million net and a 2015 incremental increase of $5.760 million net to maintain 2013 service levels.

Future year incremental costs are primarily attributable to the following:

- The 10-year demand forecast was based upon several factors such as population growth, changes to age groups, impact of integration with conventional service, impact of Accessibility for Ontarians with Disabilities Act (AODA) regulations and trip patterns.
- Removing ambulatory dialysis customers not meeting the Wheel-Trans eligibility criteria, saves approximately 184,000 trips in 2013. This will slightly reduce the rate of registrant growth from the normal level of 11% to 9% in 2013; however, will grow to 14% in 2014 with the changes that result from the AODA transportation regulations.
- AODA requires all trips to be accommodated in 2014 within three (3) hours of the requested trip booking time, the day before service is operated. This change is expected to increase the demand by 216,400 trips. This increase in trip demand is a result of the unaccommodated rate being reduced to zero, for trips requested the day before service, and customers increasing the number of trips knowing they must be accommodated. It is also assumed that customers calling after the cut-off time would not be accepted and based on current experience, approximately 0.5% of trips will not be accommodated.

- The annual increase in demand over 2014 and 2015 based on population growth, changes to age groups and trip patterns is projected to add 770,600 more trips, which are offset by 178,600 trips moving to conventional transit as the system becomes more accessible and additional customers receive travel training.
- All of these changes will result in an 8.2% decrease in demand for service in 2013 from 3,105,900 trips to 2,852,400 trips, an increase of 14.1% in 2014 to 3,255,400 trips, followed by another increase in 2015 of 5.8% to 3,444,400 trips.
- During the latter part of 2012, full integration of the scheduling system and vehicle tracking system will occur, improving vehicle productivity. It is expected that productivity gains will be offset by increasing traffic congestion with overall productivity predicted to remain flat over the forecast period.
- The accommodation of customers with large mobility devices, plus taking advantage of the capacity of the vehicle combined with the more productive Zone service, will see an increase in trips carried on buses over 2014 and 2015, as the number of customers with large mobility devices is expected to grow at current rates.
- Inflationary provisions of $0.707 million (combined 2014 and 2015) for goods and services and accident claim settlements, 10% increase on energy costs and 6% on 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 $1 million (combined 2014 and 2015) for higher costs for parts associated with the Friendly and ELF bus fleet.
- A 10 cent fare increase is assumed for 2014 and 2015. $0.200 million in revenue is estimated as a result of a 10 cent fare increase.

PART IV: RECOMMENDED NEW/ENHANCED SERVICE PRIORITY ACTIONS

2013 Recommended New/Enhanced Service Priority Actions
TTC Conventional Service
(In $000s)

Description	2013 Recommended			Net Incremental Impact			
				2014		2015	
	Gross Expense	Net Expenditures	New Positions	Net Expenditures	# Positions	Net Expenditures	# Positions
Enhanced Service Priorities							
Subway Public Washroom Cleaning	1,730.0	1,730.0					
Debit/Credit Card Expansion	3,919.7	3,919.7	5.0	1,000.0			
Sub-Total - Enhanced Service Priorities	**5,649.7**	**5,649.7**	**5.0**	**1,000.0**	**-**	**-**	**-**
New Service Priority Actions							
Chief of Staff	227.4	227.4	1.0				
Customer Development Department	559.1	559.1	6.0				
Sub-Total New Service Priorities	**786.5**	**786.5**	**7.0**	**-**	**-**	**-**	**-**
Total New / Enhanced Service Priorities	**6,436.2**	**6,436.2**	**12.0**	**1,000.0**	**-**	**-**	**-**

2013 Recommended New / Enhanced Service Priority Actions

2013 recommended new/enhanced service priority actions include increased costs of $6.436 million which have been accommodated in 2013 through savings that fully offset the increase costs resulting in a 0% increase from the 2012 Approved Budget.

Enhanced Service Priorities

Subway Public Washroom Cleaning

- Washrooms are currently part of the overall subway station cleaning schedules of Building Service Persons and Janitors. The public washrooms are cleaned five (5) times per day and are not meeting the expectations of the TTC's customers with respect to cleanliness.
- TTC conducted a pilot study to determine the optimal cleaning time interval that would meet the expectations of the TTC's customers. The study concluded that an interval of 90 minutes for weekdays (13 times per day), and 300 minutes for weekends (4 times per day) met customer expectations for cleanliness. This level of service will be maintained through contracting out this work as the associated workforce increase of 37 unionized and 2 staff positions would be required if the work is maintained in-house using Local 113 employees.
- It is recommended that the TTC improve 20 public washrooms located in 10 subway stations starting January 1, 2013 by increasing cleaning services at a cost of $1.730 million in 2013.

Debit/Credit Card Expansion

- The TTC currently accepts payment cards for the purchase of a Metropass at 12 collector booths at 8 stations. Through the expansion of debit/credit card acceptance, all ninety-five (95) collector booths will be able to accept payment cards.
- The TTC collects significant amounts of cash in its system and this change will remove between one-quarter and one-third of that cash from the system, which will improve staff and customer safety. This initiative will also facilitate the principle goal of fare purchase by moving customers, as much as possible, to a self serve model.

- TTC will expand debit/credit card acceptance for Metropasses at collector booths over the course of 2012 and 2013. Debit/credit card expansion will require five (5) new positions for the reconciliation of payment card purchases.
- It is recommended that the TTC expand debit/credit card acceptance for Metropasses at collector booths throughout the transit system at a cost of $3.920 million.
- It is also recommended that TTC report back during the 2014 budget process regarding any operating savings achieved as a result of a reduction in cash handling requirements as the use of credit/debit cards become more prevalent.

New Service Priorities

Chief of Staff

- TTC will hire a Chief of Staff effective January 1, 2013 to take a lead role in the transformation of the TTC's reputation among stakeholders, media and peers. The position will also undertake program coordination for major schemes for the TTC.

Customer Development Department

- TTC requires an increase of 6 positions effective January 1, 2013 to establish a new Customer Development Department. The positions include 1 Head of Customer Development, 3 Senior Planners, 1 Customer Development Analyst and 1 Fare Policy Analyst.
- The Customer Development Department of the Strategy and Customer Experience group will be a small department entirely focused on identifying, developing and delivering new and innovative ways of delivering improvements for TTC customers. They will focus on improving the value of money of the TTC proposition and ensure that the quality of the time customers spend with TTC meets the highest standards of transit operators around the world.
- It is therefore recommended that the new/enhanced service priority actions at a cost of $6.436 million with the addition of 12 positions be approved.

PART V: ISSUES FOR DISCUSSION

2013 and Future Year Issues

2013 Issues

TTC Conventional

Ridership and Revenue

- Actual TTC ridership in 2012 is projected to be 514 million by year-end, representing a 14 million rider increase over the 2011 actual ridership, and an 11 million rider increase from the 2012 budgeted ridership of 503 million riders. Although the economic environment remains uncertain and TTC will be implementing a 5 cent fare increase, ridership is expected to continue to grow in 2013 to 528 million riders.
- TTC is confident in their ridership projections, as in 2010 and 2012, ridership grew despite an economic recession and a 25 and 10 cent fare increase, respectively. The TTC's 2013 Recommended Operating Budget forecasts an increase of 14 million riders from the 2012 projected actual and a 25 million rider increase from the 2012 budget for a total of 528 million riders in 2013.
- The TTC's 2013 Recommended Operating Budget includes an increase in gross expenditures of $19.720 million and an increase in revenue of $41.400 million for a net $21.680 million to accommodate and reflect the increase in ridership.
- The TTC's 2013 Recommended Operating Budget also reflects a revenue increase from 2012 due to the following factors:
  - Farebox revenues are expected to increase by $18 million resulting from a 5 cent fare increase.
  - Advertising revenue will increase by $0.785 million due to contractual guarantees stipulated in the advertising contract.
  - Rent revenue will increase by $1.333 million due to the renewal of lease agreements at higher rates.
  - Commuter parking revenue will decrease by $0.956 million due to parking lot closures (Eglinton West – East and West lots) due to the construction of the Eglinton LRT line as well as lower anticipated parking demand based on 2012 year to date experience.
  - Other revenue will decrease by $0.843 million as a result of lower contracted services provided to other transit authorities and reduced interest revenue.

Collective Bargaining Settlement Funding

- The current collective bargaining agreement (CBA) between TTC and its unions was arbitrated on June 4, 2012. The agreement covers the 3 year period from April 1, 2011 to March 31, 2014 and includes a 2% wage increase in each year.
- Provisions from the City for the 2011 and 2012 CBA impact are now included in TTC's 2012 Approved Operating Budget. TTC has funded the incremental budget pressure for 2013 of $23.730 million, which is funded in the TTC's 2013 Recommended Operating Budget. The

impact of future CBA settlements, beyond March 31, 2014, is subject to future negotiations/arbitration and is unknown at this time.

Contracting Out Opportunities

- The TTC is currently reviewing many services within its organization for possible alternative delivery opportunities. These services include station services, building services, print and signage shops, bus servicing lines, non-revenue vehicle maintenance and miscellaneous trades (sheet metal, blacksmith, welding, upholstery and woodworking).
- TTC unions have been notified of this initiative and work is underway to assess these opportunities, including preparation for the competitive tendering of this work.
- To date, TTC has contracted out bus servicing and cleaning activities at two garages that will save $1 million in 2013. There is potential for additional savings in the future if these services were to be contracted out while increasing service levels at the same time at all eight garages.

Stable Provincial Funding

- Funding received from the Provincial government is currently provided on an ad-hoc basis. For 2007 and 2008, $100 million in annual funding was received from the Provincial government for the TTC and Wheel-Trans. This funding did not recur in 2009. The City replaced it in 2009 with $92 million in funding from closed capital accounts. The City's 2009 Approved Operating Budget also included $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.
- There was no specific Provincial operating budget funding program for the TTC's 2010, 2011 or 2012 Approved Operating Budgets and there is no Provincial funding program for the TTC's 2013 Recommended Operating Budget.
- 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 the Chief Executive Officer of the Toronto Transit Commission and the City Manager 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.

Wheel-Trans

Increased Trip Demand

- The Commission approved the elimination of ambulatory dialysis trips for those passengers that are not eligible for accessible transportation. The impact of this change in Wheel-Trans service will reduce trips by 184,000 in 2013 together with a further reduction in trips, resulting from integration with conventional service. A total of 2.877 million trips are projected to be carried. This represents a decrease in total demand from 2012 of 267,200 passengers.

- Although total trips are decreasing from 2012, projections reflect that trips will increase in 2014 and 2015. This trend will continue in the future and the rate of growth is expected to accelerate as the "baby boom" cohort ages. The current trend is unsustainable for Wheel-Trans; therefore the program is faced with the need to change its method of service delivery and to seek efficiencies in the way it runs its operation.
- At the same time, Wheel-Trans is committed to maintaining its service standards for those who require accessible transportation. The target for the unaccommodated rate (the number of passengers who requested a ride but were not able to be accommodated due to capacity constraints) was 2% in 2012 and the 2013 Recommended Operating Budget maintains the 2% target, which will translate into 55,932 passengers being unaccommodated during 2013 based on a demand of 2.852 million trips (not including non-registered Community Bus trips).
- Wheel-Trans will 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. The newly expanded fleet of 201 Wheel-Trans buses will be fully utilized in service.

Service Ratio

- Wheel-Trans is currently operating at the optimal levels with roughly sixty percent (60%) of the delivery of service contracted to accessible taxis or sedan taxis. The other forty percent (40%) of service is delivered by Wheel-Trans buses.
- Wheel-Trans service is provided to eligible members of the public using two methods: the Commission's own Wheel-Trans buses; and taxis that are under contract with the Commission. There are two different types of taxi Service: accessible cabs capable of carrying certain scooters and wheelchairs, and conventional sedans. The Commission's vehicles are operated by the Union's members and the taxis are operated by third-party contractors.
- Approximately ten percent (10%) of the passengers that use the Wheel-Trans service can only be transported in the Commission's vehicles. This is because these passengers use large assistive devices that cannot currently be placed into an accessible taxi due to the size constraints of the vehicle. Consequently, when these passengers require transportation, the Commission will dispatch a Commission vehicle out of necessity. These passengers travel at various hours of the day and seven days per week. Due to the random nature of customer travel times, direction of travel and the numerous locations to which these customers travel, Wheel-Trans requires a large fleet of vehicles and operators to provide transportation.
- The remaining ninety percent (90%) of Wheel-Trans passengers can be transported by either the Commission's own vehicles, or by taxi. However, in order to make efficient use of the Commission vehicles that are used to transport the ten percent (10%) of passengers who can only be transported in the Commission's vehicles, the Commission will use the available capacity of these same vehicles to transport other passengers, provided that doing so does not unduly interfere with the transportation of those who require a Commission

vehicle. Experience has shown that an additional twenty-five percent (25%) of passengers can be transported efficiently, alongside those who must use the Commission's vehicles as a matter of accessibility. A larger percentage of additional passengers cannot reasonably be transported in this manner without interfering with the trip patterns of customers whose only option is a Commission vehicle.

- The Commission also operates several of its vehicles within specific zones in the City of Toronto, which typically handle a high volume of customer requests for short-distance trips which can easily be grouped together and make efficient use of the vehicle capacity. The vehicles in these specific zones handle another five percent (5%) of Wheel-Trans passengers in a cost effective manner, since trips within these specific zones are comparatively short and multiple passengers can generally be accommodated without sacrificing trip efficiency due to overcrowding or unduly extending trip lengths.
- The remaining sixty percent (60%) of Wheel-Trans passengers can be transported most efficiently through the use of taxis. If a greater percentage is required to utilize the Commission's vehicles, increased costs will result because trips cannot be grouped in an efficient manner; therefore the capacity of the Commission vehicle is not fully utilized. The costs per customer trip on a Commission vehicle and on contracted services are dependent on the number of customers using the vehicle during each hour. The lower the number of customers using the vehicle the higher the operating cost.

Transportation for Ambulatory Dialysis Patients

- Wheel-Trans provides service to persons with physical functional mobility limitations. The sole exception allows ambulatory dialysis patients to use the service for travel to and from dialysis treatment. This exemption was approved by the Commission in the mid-1990's following requests from the community. At the time, Wheel-Trans received a 50% subsidy from the Province of Ontario.
- In September 2011, it was recommended that Wheel-Trans eliminate ambulatory dialysis trips beginning January 1, 2012 as the Commission explored the possibility of shifting ambulatory dialysis patients to alternative service providers. Subsequently, in December 2011, the Commission approved that service for ambulatory dialysis patients continue until the end of June 2012 so that the TTC could work with the Ministry of Health and Long Term Care (MOHLTC), the Toronto area Local Health Integration Network (LHIN), and the Kidney Foundation to find a funding solution so that rides could continue to be provided to ambulatory dialysis patients.
- In January of 2012, Council restored service for ambulatory dialysis trips for all of 2012. This was a temporary measure to allow the MOHLTC and the LHIN to address the transportation needs of dialysis patients that do not meet the Wheel-Trans eligibility criteria.
- To date, a working group has developed eligibility criteria that would identify patients that require transportation. A final report was sent to the CEO of the Toronto Central LHIN on August 3, 2012 with 14 recommendations focused on developing a transportation model for patients. A means of providing alternate rides was recommended with proposed funding also set out. This facilitates Wheel-Trans no longer providing this service as the 2013 Wheel-Trans budget is recommended without these costs.

- In order to achieve as smooth a transition as possible, Wheel-Trans began to notify approximately 700 customers registered solely based on dialysis in late September 2012 that their service will discontinue effective January 1, 2013. Customers will be given the opportunity to have their eligibility reviewed prior to the discontinuation of service. In addition, Wheel-Trans staff will work with the LHIN to direct customers to available providers.
- The exemption afforded to ambulatory dialysis patients not meeting the Wheel-Trans eligibility criteria will be discontinued in order to preserve service for eligible customers. Wheel-Trans staff will continue to support the Toronto Central LHIN working group in the development of their transportation model.

Future Year Issues

TTC Conventional

Transit Expansion Operating Costs

- There are two major transit expansion projects currently underway in Toronto, the Toronto-York Spadina Subway Extension (TYSSE) and the Light Rail Transit (LRT) lines. Once both projects are completed, TTC will be operating additional subway service covering 8.6 kilometres to six new stations as well as four new light rail transit lines.
- The TYSSE project is planned to be completed in the fall of 2016 and the LRT lines are estimated to be completed by 2020. These new lines will have a significant impact on the TTC operating costs over the next 10 years.
- There is currently no funding strategy in place to address these forecasted operating costs that will be significant.

Wheel-Trans

Accessibility for Ontarians with Disabilities Act (AODA) Requirements for 2014

- Wheel-Trans will continue to see an increase in demand each year resulting in increased budget pressures. Additionally, Wheel-Trans will be subject to new AODA (Accessibility for Ontarians with Disabilities Act) requirements effective 2014, which will exert more strain on the budget and service delivery.
- As a result of this legislation, service will be extended to a 24-hour operation, accommodating all trips requested within 3 hours of notice which will decrease the unaccommodated rate to 0.5% from 2%, and increase the cost of service.

Core Service Review and Efficiency Study Implementation Progress

Core Service Review Approvals

- At its meeting of September 26 and 27, 2011 City Council approved the report 'Core Service Review – Final Report to Executive Committee' from the City Manager. The City Manager was directed to review efficiency related opportunities for various program areas to determine whether and in what manner implementation is appropriate through the 2012, 2013 and 2014 Operating Budgets.
- The following reviews were recommended for TTC Conventional:

- Consider rolling back some of the service improvements implemented under the Ridership Growth Strategy, including changes to the crowding standard. Also consider reducing/eliminating the Blue Night Network or making it a premium service by raising fares.
- Review service levels of support activities to conventional transit.
- Consider use of more external suppliers for aspects of facility and vehicle maintenance.

- In 2011, while Council received the recommendation "Consider rolling back some of the service improvements implemented under the Ridership Growth Strategy, including changes to the crowding standard. Also consider reducing/eliminating the Blue Night Network or making it a premium service by raising fares," the TTC Commission approved the service change involving the reversal of Ridership Growth Strategy peak/off-peak loading standard improvements, which saved $9 million and reduced 123 positions and was incorporated into TTC's 2012 Operating Budget. The TTC Commission has not recommended the elimination of the Blue Night Network or the increasing of fares for this service.
- Other Core Service Review recommendations, as noted above, are currently being considered by the TTC. The contracting out process has not been finalized, however, TTC has contracted out bus servicing and cleaning activities at two garages and will save $1 million in 2013. There is potential for additional savings in the future if and when these services are contracted out at all eight garages.
- The following reviews were recommended for Wheel-Trans:
  - With conventional transit becoming significantly more accessible, the role and service levels should be continuously reviewed. Consider potentially developing individual plans for riders to use conventional services for their needs, relying less on Wheel-Trans.
- For 2013, Wheel-Trans staff will continue to encourage customers to take advantage of conventional fixed-route accessible transit service by making it convenient and advantageous for customers to book their trips to accessible subway stations.

Service Efficiency Study

- 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 is 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. Following is a list of cost saving initiatives implemented over the course of the past year which have already or will otherwise reduce or avoid costs in the order of $50 million per annum:
  - *Downsizing*: Last fall a comprehensive review of workforce requirements across all budgets resulted in the elimination of over 300 positions. This resulted in labour and

expense reductions in the order of $16 million on an annual basis for the TTC Operating Budget.

- *Management Structure*: A comprehensive review of the organizational structure conducted earlier this year resulted in the elimination of 3 executive positions for an annual savings of $0.9 million and the amalgamation of the former Engineering & Construction and Expansion areas which will yield a further annual savings in the order of $3.1 million together with cost avoidance of $1.6 million.

- *Contracting Out*: In conjunction with a series of Service Efficiency Reviews commissioned by the City, over the past 12 months, the TTC has been reviewing its operations in an effort to find savings and efficiencies. The TTC has already contracted out garbage collection. In addition, the TTC is in the process of contracting out subway public washroom cleaning, which will avoid the need to hire 39 more positions and incur an additional $1.5 million in expenses each year, and bus servicing and cleaning activities, which will reduce 159 positions and save about $4.3 million annually if and when all 8 garages are fully implemented and approximately $1 million in 2013.

- *Intercity Bus Terminal*: In July of this year, the TTC turned over the operation of the intercity coach terminal owned by its subsidiary company, Toronto Coach Terminal Inc. (TCTI), to a partnership comprised of the two major bus companies that use it - Greyhound and Coach Canada. Under a lease agreement, the partnership is responsible for operating and maintaining the terminal and paying the TTC $1.2 million per year. TTC undertook this initiative in order to stem the potential for declining TCTI revenues because, under the previous arrangement, TCTI received a percentage of the value of the tickets it sold for the bus companies and those sales were being eroded by internet sales.

- *Accident Claims*: During the first decade following 2000, the TTC and other public transit authorities were faced with large and steadily increasing costs related to no-fault benefit accident claims. The TTC took the initiative to lobby the government for change, including attending meetings with government representatives and delivery of extensive submissions. The TTC also enlisted the support of OPTA (Ontario Public Transit Association) and CUTA (Canadian Urban Transit Association).

  In response to these efforts, the Government of Ontario passed Bill 173 on May 12, 2011. The legislation, colloquially referred to as "no crash, no cash," restricted no-fault benefit claims involving occupants on public transit vehicles to cases where there was a collision with another vehicle or an object. This legislation is anticipated to have a significant impact in reducing claims payments for the TTC and other public transit authorities. In recent years the cost of accident claims had increased substantially, however, as a result of the legislation, the 2012 Approved Operating Budget was flat-lined and for 2013 a $6 million reduction has been incorporated into the 2013 Recommended Operating Budget.

- *Shared Services with City*: The TTC continues to participate in a long list of joint purchases with the City including: telephone and data telecommunications services (approximate annual savings of $0.7 million), cellular and blackberry services, IT technical assistance contracts, purchasing card, rock salt, administrative services regarding employee and pensioner benefits, 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.

- *Diesel Fuel Hedging with the City*: The TTC has also partnered with the City in purchasing financial hedges for fuel contracts to protect against price volatility for this crucial commodity. To date, the TTC has secured hedges for about one-half of its 2013 diesel requirements at prices which are below the currently available futures prices for the balance of the year and next. Aside from affording price certainty, this strategy has saved a considerable amount of money on the TTC's second largest cost, after payroll and benefits – including a reduction of $20.5 million from the preliminary 2013 budget projection.
- *Attendance Management Program/Health & Wellness*: Analysis of current absence rates and trends and the Commission's legal duty to accommodate has identified the requirement to increase pro-active case management of both short-term illnesses and long-term absences and to provide more opportunities for alternate work for employees with medical restrictions.
- *Administrative Fees and Life Insurance Premiums*: As a result of a joint tender with the City of Toronto and Toronto Police Services, it is estimated that the TTC will achieve projected savings of $14 million over the next five years due to lower administration fees and insurance premiums.
- *Procurement of Articulated Buses*: Plans are proceeding to acquire a fleet of 153 articulated buses that will reduce annual operating costs by approximately $9 million once these vehicles are in service in 2015.

Core Service Review – KPMG Opportunities Related to Service Efficiencies (Appendix E)

- At its meeting of September 26, 2011 Council approved the report entitled, EX10.1 Core Service Review – Final Report to Executive Committee, and requested the City Manager to review the remaining efficiency related opportunities as set out in Appendix E– KPMG Opportunities Related to Service Efficiencies, to determine whether and in what manner implementation is appropriate through the 2012, 2013 and 2014 Operating Budget. Listed below are those opportunities for TTC and Wheel-Trans.
  - For TTC Conventional Services, Council referred the following opportunities:
    - Consider use of contractors for delivery of some TTC services.
    - Consider use of more external suppliers for aspects of facility and vehicle maintenance.
    - Consider opportunities to integrate administration and back office services with City shared services group.
- As discussed above, TTC is reviewing opportunities for contracting out various operations and has reflected the contracting out of bus servicing and cleaning activities at two garages in the 2013 budget. With regard to the shared services recommendation, the City will be reviewing opportunities to integrate administrative and back office services with City Shared Services Group, where appropriate.

- For Wheel-Trans Services, Council referred the following opportunities:
  - Involve more private sector operators in the delivery of Wheel-Trans service and seek the proper contractor/city employee ratio.
  - Review eligibility criteria for Wheel-Trans participants to make it stricter, thereby lowering total demand.

- The new Collective Bargaining Agreement with the Amalgamated Transit Union (ATU) Local 113, arbitrated on June 4, 2012, includes the following provision for Wheel-Trans service, "The letters of intent…to the collective agreement regarding the ratio of TTC vehicles to taxicabs that are used to provide Wheel-Trans service must be adjusted, such that not less than 38% of Wheels Trans service is provided by Wheel-Trans buses, with the remainder performed by contracted taxicabs." This allows for up to 62% of service to be contracted out which is greater than the percentage of service contracted out in 2012.
- For 2013, the TTC Commission has recommended a change to its Wheel-Trans service that will reduce demand, namely, the proposed elimination of ambulatory dialysis trips. Also, Wheel-Trans staff will continue to encourage customers to take advantage of conventional fixed-route accessible transit service by making it convenient and advantageous for customers to book their trips to accessible subway stations.

Appendix 1
2012 Performance

2012 Key Accomplishments

In 2012, TTC achieved the following results:

- ✓ Moved a record ridership of 514 million passengers
- ✓ Service levels provided to the public were at an all time high
- ✓ Continued roll-out of e-alerts, internet trip planner and new vehicle arrivals notification
- ✓ Subway public washroom refurbishments
- ✓ End-of-line subway car cleaning
- ✓ Expanded customer service centre hours of operation
- ✓ Expanded debit/credit card acceptance
- ✓ Developed customer charter for launch in 2013
- ✓ Implemented new corporate structure
- ✓ Developed 25 key performance indicators
- ✓ Operated 60 new 40' diesel buses; 24 new Toronto Rocket trains; 91 new Wheel-Trans buses; and 3 new LRV prototypes

In 2012, Wheel-Trans achieved the following results:

- ✓ Accommodated an additional 187,200 passengers
- ✓ Increased contracted taxi service ratio
- ✓ Developed plans to assist in the accommodation of ambulatory dialysis customers
- ✓ Continued to implement technological innovations

2012 Budget Variance Analysis

2012 Budget Variance Review
TTC Conventional
(In $000s)

(In $000s)	2010 Actuals	2011 Actuals	2012 Approved Budget	2012 Projected Actuals*	2012 Approved Budget vs Projected Actual Variance	
	$	$	$	$	$	%
Gross Expenditures	1,357,261.0	1,435,462.0	1,481,230.1	1,468,572.5	(12,657.6)	(0.9)
Revenues	987,500.0	1,026,192.0	1,070,279.1	1,084,786.5	14,507.4	1.4
Net Expenditures	369,761.0	409,270.0	410,951.0	383,786.0	(27,165.0)	(6.6)
Approved Positions	10,710.0	10,599.0	10,614.0	10,614.0	-	-

2012 Experience

- As of September 30th the TTC has projected that net expenditures will be $27.165 million or 6.6% under budget at year-end. This favourable year-end variance reflects a projected TTC ridership level of 514 million riders, compared to the budgeted ridership of 503 million riders.
- As a result, passenger revenue is projected to be $15.4 million higher than budgeted revenues.
- Diesel fuel expenditures will be lower than budget by $5 million based on lower market prices.
- May 2011 changes to Provincial no-fault insurance legislation for public transit systems, which were spearheaded by the TTC, have helped to reduce accident claims settlements costs and as a result 2012 accident claim expenditures will be $4 million less than budget.
- Lower utilization of certain healthcare benefits accounts for a projected favourable variance of $4 million for other employee costs.

Impact of 2012 Variance on the 2013 Recommended Operating Budget

- The 2013 Recommended Operating Budget includes reductions based on the TTC's 2012 experience.
- In 2013, TTC expects diesel fuel costs to be reduced by $20.5 million based on hedging and anticipated lower market prices as 2012 diesel fuel expenditures will be lower than budget based on lower market prices.
- Accident claim expenditures will be $6 million lower in 2013 based on TTC's 2012 experience reflecting a $4 million positive variance.
- TTC is experiencing lower benefits expenses in 2012 and these savings are projected to continue in 2013.

2012 Budget Variance Review
Wheel-Trans
(In $000s)

(In $000s)	2010 Actuals	2011 Actuals	2012 Approved Budget	2012 Projected Actuals*	2012 Approved Budget vs Projected Actual Variance	
	$	$	$	$	$	%
Gross Expenditures	88,666.7	93,950.2	102,147.7	101,331.8	(815.9)	(0.8)
Revenues	5,099.2	5,112.5	5,324.6	5,636.7	312.1	5.9
Net Expenditures	83,567.5	88,837.7	96,823.1	95,695.1	(1,128.0)	(1.2)
Approved Positions	530.0	532.0	529.0	529.0	-	-

* Based on the 3rd Quarter Operating Budget Variance Report.

2012 Experience

- It is currently projected that the Wheel-Trans' net expenditures will be $1.128 million or 1.2% under budget at year-end.
- The projected year-end surplus reflects the combination of slightly higher revenues and savings from lower diesel prices. Also, Wheel-Trans is experiencing lower costs for service due to lower demand for trips and shorter average trip lengths on the contracted taxi service which is partially offset by higher maintenance costs for both the ELF and Friendly bus fleets.

Impact of 2012 Variance on the 2013 Recommended Operating Budget

- The 2013 Recommended Operating Budget includes reductions based on the Wheel-Trans' 2012 experience.
- In 2013, Wheel-Trans expects diesel fuel costs to be reduced by $1.5 million based on hedging and anticipated lower market prices as 2012 diesel fuel expenditures will be lower than budget based on lower market prices.
- Wheel-Trans is experiencing lower benefits expenses in 2012 and these savings are projected to continue in 2013.

Appendix 2

2013 Recommended Operating Budget by Expenditure Category and Key Cost Driver

Program Summary by Expenditure Category TTC Conventional (In $000s)

Category of Expense	2010 Actual	2011 Actual	2012 Budget	2012 Projected Actual	2013 Recommended Budget	2013 Change from 2012 Approved Budget		2014 Outlook	2015 Outlook
	$	$	$	$	$	$	%	$	$
Salaries and Benefits	1,036,953.0	1,073,487.0	1,082,665.2	1,081,027.1	1,127,908.2	45,243.0	4.2%	1,155,248.8	1,178,988.9
Materials and Supplies	228,450.0	256,027.0	282,066.3	273,917.3	289,808.9	7,742.6	2.7%	338,937.4	381,169.2
Equipment	10,752.0	19,293.0	27,137.1	27,507.0	30,638.2	3,501.1	12.9%	32,637.3	32,851.0
Services & Rents	42,800.0	45,014.0	49,739.9	50,499.5	58,337.7	8,597.8	17.3%	59,256.6	60,223.2
Contributions to Capital						0.0	n/a		
Contributions to Reserve/Res Funds						0.0	n/a		
Other Expenditures	35,321.0	38,264.0	36,142.6	32,142.6	30,766.4	(5,376.2)	(14.9%)	35,410.5	40,277.7
Interdivisional Charges	2,985.0	3,377.0	3,479.0	3,479.0	3,489.0	10.0	0.3%	3,467.7	3,448.4
TOTAL GROSS EXPENDITURES	1,357,261.0	1,435,462.0	1,481,230.1	1,468,572.5	1,540,948.4	59,718.3	4.0%	1,624,958.3	1,696,958.4
Interdivisional Recoveries						0.0	n/a		
Provincial Subsidies						0.0	n/a		
Federal Subsidies						0.0	n/a		
Other Subsidies						0.0	n/a		
User Fees & Donations	987,500.0	1,026,192.0	1,070,279.1	1,084,786.5	1,129,997.4	59,718.3	5.6%	1,183,727.4	1,233,627.4
Transfers from Capital Fund						0.0	n/a		
Contribution from Reserve Funds						0.0	n/a		
Contribution from Reserve						0.0	n/a		
Sundry Revenues						0.0	n/a		
TOTAL REVENUE	987,500.0	1,026,192.0	1,070,279.1	1,084,786.5	1,129,997.4	59,718.3	5.6%	1,183,727.4	1,233,627.4
TOTAL NET EXPENDITURES	369,761.0	409,270.0	410,951.0	383,786.0	410,951.0	0.0	0.0%	441,230.9	463,331.0
APPROVED POSITIONS	10,710.0	10,599.0	10,614.0	10,614.0	10,882.0	268.0		NA	NA

2013 Key Cost Drivers

Salaries and benefits comprise the largest expenditure category and account for 73.2% of the total expenditures, followed by materials and supplies at 18.8%, services and rents at 3.8%, and equipment and other expenditures at 2.0% each.

Salaries and Benefits

- TTC's actual annual salary and benefits costs have increased by 3.5% in 2011; they are projected to increase by 0.7% in 2012 and are budgeted to increase by $45.243 million or 4.2% in 2013. The increase for salaries and benefits includes the following key cost drivers:
  - **Increased Service for Ridership Growth:** Salary and benefit costs have historically increased along with increases in service to accommodate ridership growth. $14.4 million is included in 2013 to fund the service increase to accommodate the projected growth in ridership of 14 million riders from the 2012 projected ridership of 514 million.

- **Collective Bargaining Agreement:** Salary and benefit costs are increasing in 2013 by $23.730 million due to the arbitrated award, which included a 2% increase in each year of the three year agreement.
- **Other Employee Costs:** The number of TTC operating budget positions will increase by 268, including base budget and new/enhanced items, and the associated cost of wage rate progression and benefits will increase by $8.054 million in 2013.

Materials and Supplies

- Inflationary increases and fluctuations in diesel fuel costs are continuing to result in significant increases in material and supplies expenses. These costs, which represent 18.8% of TTC's gross expenditures, increased by 12.1% in 2011, costs are projected to increase by 7.0% in 2012 and are budgeted to increase by 2.7% or $7.743 million in 2013 due to:
  - **Fuel and Energy Costs**: There is a $3.5 million decrease in diesel fuel costs in the 2013 budget on the basis of lower expected diesel prices in 2013.
  - **Vehicle and Facility Maintenance**: $5.9 million is recommended to fund increased vehicle maintenance costs due to buses coming off warranty that require turbocharger replacements, camera system maintenance and are experiencing higher than expected engine and transmission failures. Also, there are increased costs to replace and upgrade escalator components, do preventative maintenance on signal systems and inspect and maintain track infrastructure.
  - **Increased Service for Ridership Growth**: $5.3 million increase for associated materials and supplies to accommodate increased service.

Revenue

- Actual revenues increased by 3.9% in 2011, 5.7% in 2012 and are budgeted to increase by 5.6% or $59.718 million in 2013. The increase in 2013 arises from the following key drivers:
  - **Fare Revenue**: The expenditure pressures have been partially offset by fare revenues of $59.400 million. TTC estimates that, in 2013, $41.400 million in increased revenues will be generated due to ridership growth and the current fare structure and mix. Fare revenue will also increase by $18 million due to the 5 cent fare increase.
  - **Advertising Revenue**: TTC's existing advertising contract guarantees incremental revenues each year and $0.785 million of additional revenue will be realized in 2013.

Program Summary by Expenditure Category
Wheel-Trans
(In $000s)

Category of Expense	2010 Actual	2011 Actual	2012 Budget	2012 Projected Actual	2013 Recommended Budget	2013 Change from 2012 Approved Budget		2014 Outlook	2015 Outlook
	$	$	$	$	$	$	%	$	$
Salaries and Benefits	45,232.5	50,835.5	52,889.5	52,257.0	54,483.9	1,594.4	3.0%	56,076.2	57,045.3
Materials and Supplies	9,199.4	11,148.1	10,811.0	12,571.6	13,792.3	2,981.3	27.6%	14,904.0	16,119.8
Equipment						0.0	n/a		
Services & Rents	33,708.3	31,424.1	37,865.2	35,926.3	33,516.4	(4,348.8)	(11.5%)	43,305.0	47,293.7
Contributions to Capital						0.0	n/a		
Contributions to Reserve/Res Funds						0.0	n/a		
Other Expenditures	526.5	542.5	582.0	576.9	576.7	(5.3)	(0.9%)	622.4	670.3
Interdivisional Charges						0.0	n/a		
TOTAL GROSS EXPENDITURES	88,666.7	93,950.2	102,147.7	101,331.8	102,369.3	221.6	0.2%	114,907.6	121,129.1
Interdivisional Recoveries						0.0	n/a		
Provincial Subsidies						0.0	n/a		
Federal Subsidies						0.0	n/a		
Other Subsidies						0.0	n/a		
User Fees & Donations	5,099.2	5,112.5	5,324.6	5,636.7	5,546.2	221.6	4.2%	5,949.3	6,411.3
Transfers from Capital Fund						0.0	n/a		
Contribution from Reserve Funds						0.0	n/a		
Contribution from Reserve						0.0	n/a		
Sundry Revenues						0.0	n/a		
TOTAL REVENUE	5,099.2	5,112.5	5,324.6	5,636.7	5,546.2	221.6	4.2%	5,949.3	6,411.3
TOTAL NET EXPENDITURES	83,567.5	88,837.7	96,823.1	95,695.1	96,823.1	0.0	0.0%	108,958.3	114,717.8
APPROVED POSITIONS	530.0	532.0	529.0	529.0	531.0	2.0		NA	NA

2013 Key Cost Drivers

Salaries and benefits comprise the largest expenditure category and account for 53.2% of the total expenditures, followed by services and rents at 32.7% and then materials and supplies at 13.5%.

- The expenditures recommended for Wheel-Trans' 2012 Recommended Operating Base Budget is comprised of 2013 service changes, wage increases, economic factors, as well as other base changes. The recommended funding covers the following:
  - Increases for the arbitrated award adding $0.998 million to salaries and benefits.
  - Increased maintenance costs due to the new Friendly buses coming off warranty adding $2.247 million to the base budget.
  - Increased costs of $0.742 million for maintenance and enhancements to the information and technological systems such as the automated vehicle locator.
  - Increased fuel costs for increased mileage in service adding $0.485 million.
  - Reduction of $4.952 million to non-labour costs due to the elimination of ambulatory dialysis trips.

Appendix 3

Summary of 2013 Recommended Service Changes

2013 Operating Budget - Recommended Service Change
Summary of Administrative Review

TYPE	PRIORITY	AGENCIES Toronto Transit Commission - Conventional	Recommended Adjustments: Change in Gross Expenditure ($000s)	Change in Revenue ($000s)	Net Change ($000s)	Change in Approved Positions	2014 Net Incremental Outlook ($000s)	2015 Net Incremental Outlook ($000s)
		2013 Recommended Base Budget Before Service Change:	**1,565,800.3**	**1,111,997.4**	**453,802.9**	**10,870.0**	**0.0**	**0.0**
Z1 (TT-Z002)	1	**Diesel Price Savings**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Service / Activity: TTC Conventional / N/A

Description:
The preliminary budget submitted by the TTC to City staff was based on the City of Toronto's budget guideline of a $1.35 per litre price, representing a 17% price increase over the current average budgeted price. After monitoring 2013 futures prices over the past several months, it is evident that these prices have fallen below the originally projected level and it is proposed that the 2013 budget requirement be reduced accordingly. The budget guideline has subsequently been changed to $1.25 per litre, which remains higher than TTC's actual projection of $1.11 per litre and is the basis for this reduction.TTC has hedged half of the 2013 diesel requirements (approximately 43.5 million litres) at $1.08/litre. The strategy to hedge half of the diesel volume and anticipated lower diesel costs on the spot market will reduce the anticipated pressure for TTC by $20.5 million in 2013.

Service Level Change:
This will not result in a change in service levels.

	Change in Gross Expenditure	Change in Revenue	Net Change	Change in Approved Positions	2014 Net Incremental Outlook	2015 Net Incremental Outlook
ADMIN: Recommended	(20,481.4)	0.0	(20,481.4)	0.0	0.0	0.0

TYPE	PRIORITY		Change in Gross Expenditure	Change in Revenue	Net Change	Change in Approved Positions	2014 Net Incremental Outlook	2015 Net Incremental Outlook
Z1 (TT-Z003)	1	**Bus Servicing Contracting Out**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Service / Activity: TTC Conventional / N/A

Description:
The TTC currently operates seven transit bus garages with a fleet of approximately 1,800 buses and one para-transit garage with a fleet of approximately 200 buses. Each day, buses that are used for service require servicing (fuelling, fluids topped up, defect identification, etc.) and cleaning (exterior and interior). The current process of servicing and cleaning the buses using in-house workforce has not met the expectations of TTC customers regarding bus cleanliness. In order to raise the level of cleanliness in the bus fleet, additional inhouse workforce would have to be added which would increase costs. Through contracting these services to outsourced suppliers, TTC will improve bus servicing and cleaning, and reduce costs. TTC will contract out bus servicing and cleaning activities at two garages and save $1 million.

Service Level Change:
The latest audit results on cleanliness of the bus fleet indicated a fleet average cleanliness prior to the buses going into service below acceptable standards. The contract contains detailed clauses in it related to quality of work (e.g. what is a clean bus and what is a properly serviced bus). These new standards are an increase from the current level.

	Change in Gross Expenditure	Change in Revenue	Net Change	Change in Approved Positions	2014 Net Incremental Outlook	2015 Net Incremental Outlook
ADMIN: Recommended	(1,000.0)	0.0	(1,000.0)	0.0	0.0	0.0

Category Legend - Type
Z1 - Efficiency Change
Z2 - Revenue Change
Z3 - Service Change

2013 Operating Budget - Recommended Service Change
Summary of Administrative Review

AGENCIES
Toronto Transit Commission - Conventional

TYPE	PRIORITY		Recommended Adjustments: Change in Gross Expenditure ($000s)	Change in Revenue ($000s)	Net Change ($000s)	Change in Approved Positions	2014 Net Incremental Outlook ($000s)	2015 Net Incremental Outlook ($000s)
Z1 (TT-Z004)	1	**Reduction in Accident Claim Settlements**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
		ADMIN: Recommended	(6,000.0)	0.0	(6,000.0)	0.0	0.0	0.0
Z1 (TT-Z006)	1	**Traction Power Volume Savings**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
		ADMIN: Recommended	(1,929.1)	0.0	(1,929.1)	0.0	0.0	0.0
Z1 (TT-Z008)	1	**Increased Workforce Gapping**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
		ADMIN: Recommended	(1,877.6)	0.0	(1,877.6)	0.0	0.0	0.0

Z1 | 1 (TT-Z004) — Reduction in Accident Claim Settlements

Service / Activity: TTC Conventional / N/A

Description:
TTC was instrumental and successful in lobbying for changes to the Provincial no-fault ("no crash, no cash") legislation for public transit systems. The changes prevent accident benefit claims by passengers who are injured in a public transit vehicle accident unless that vehicle has collided with another vehicle or object. As well, in order for a claim to be valid, there must be proof of negligence on the part of the TTC. As a result, it is expected that cash payouts in 2013 will decrease, resulting in a savings of $6.0 million.

Service Level Change:
This will not result in a change in service levels.

ADMIN: Recommended

Z1 | 1 (TT-Z006) — Traction Power Volume Savings

Service / Activity: TTC Conventional / N/A

Description:
TTC plans to consume less energy in 2013 as hydro usage will be reduced due to variances from planned service resulting in a savings of $1.929 million.

Service Level Change:
This will not result in a change in service levels.

ADMIN: Recommended

Z1 | 1 (TT-Z008) — Increased Workforce Gapping

Service / Activity: TTC Conventional / N/A

Description:
Based on recent workforce vacancy levels, additional savings of $1.878 million beyond those already incorporated into the preliminary budget are recommended.

Service Level Change:
This will not result in a change in service levels.

ADMIN: Recommended

Category Legend - Type
Z1 - Efficiency Change
Z2 - Revenue Change
Z3 - Service Change

2013 Operating Budget - Recommended Service Change
Summary of Administrative Review

TYPE	PRIORITY	AGENCIES Toronto Transit Commission - Conventional	Recommended Adjustments: Change in Gross Expenditure ($000s)	Change in Revenue ($000s)	Net Change ($000s)	Change in Approved Positions	2014 Net Incremental Outlook ($000s)	2015 Net Incremental Outlook ($000s)
Z2 (TT-Z001)	1	**5 Cent Fare Increase**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
		Service / Activity: TTC Conventional / N/A **Description:** At its meeting of November 21, 2012 the Commission approved a standard 5 cent fare increase on the adult token (and a pro-rata increase on all other fare media) effective January 1, 2013 that will generate $18 million in additional revenue in 2013. **Service Level Change:** This will not result in a change in service levels.						
		ADMIN: Recommended	0.0	18,000.0	(18,000.0)	0.0	0.0	0.0
		Total Recommended Service Level Reductions:	**(31,288.1)**	**18,000.0**	**(49,288.1)**	**0.0**	**0.0**	**0.0**
		Total Recommended Base Budget:	**1,534,512.2**	**1,129,997.4**	**404,514.8**	**10,870.0**	**0.0**	**0.0**

Category Legend - Type

Z1 - Efficiency Change
Z2 - Revenue Change
Z3 - Service Change

2013 Operating Budget - Recommended Service Change
Summary of Administrative Review

TYPE	PRIORITY	AGENCIES Toronto Transit Commission - Wheel-Trans	Recommended Adjustments: Change in Gross Expenditure ($000s)	Change in Revenue ($000s)	Net Change ($000s)	Change in Approved Positions	2014 Net Incremental Outlook ($000s)	2015 Net Incremental Outlook ($000s)
		2013 Recommended Base Budget Before Service Change:	**108,892.9**	**5,890.9**	**103,002.0**	**531.0**	**0.0**	**0.0**
Z1 (TW-Z003)	2	**Diesel Price Savings**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Service / Activity: Wheel-Trans / N/A

Description:
The budget originally submitted to City staff was based on the City of Toronto’s budget guideline of a $1.35 per litre price, representing a 17% price increase over the current average budgeted price. After monitoring 2013 futures prices over the past several months, it is evident that these prices have fallen below the originally projected level and it is proposed that the 2013 budget requirement be reduced accordingly. The budget guideline has subsequently been changed to $1.25 per litre, which remains higher than TTC's actual projection of $1.11 per litre and is the basis for this reduction.TTC has hedged half of the 2013 diesel requirements (approximately 43.5 million litres) at $1.08/litre. The strategy to hedge half of the diesel volume and anticipated lower diesel costs on the spot market will reduce the anticipated pressure for Wheel-Trans by $1.5 million in 2013.

Service Level Change:
This will not result in a change in service levels.

	Gross	Revenue	Net	Positions	2014	2015
ADMIN: Recommended	(1,513.4)	0.0	(1,513.4)	0.0	0.0	0.0

TYPE	PRIORITY		Gross	Revenue	Net	Positions	2014	2015
Z1 (TW-Z005)	5	**Increased Workforce Gapping**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Service / Activity: Wheel-Trans / N/A

Description:
Based on recent workforce vacancy levels, additional savings of $0.059 million beyond those already incorporated into the preliminary budget are recommended.

Service Level Change:
This will not result in a change in service levels.

	Gross	Revenue	Net	Positions	2014	2015
ADMIN: Recommended	(58.6)	0.0	(58.6)	0.0	0.0	0.0

Category Legend - Type
Z1 - Efficiency Change
Z2 - Revenue Change
Z3 - Service Change

2013 Operating Budget - Recommended Service Change
Summary of Administrative Review

AGENCIES
Toronto Transit Commission - Wheel-Trans

TYPE	PRIORITY		Recommended Adjustments: Change in Gross Expenditure ($000s)	Recommended Adjustments: Change in Revenue ($000s)	Recommended Adjustments: Net Change ($000s)	Recommended Adjustments: Change in Approved Positions	2014 Net Incremental Outlook ($000s)	2015 Net Incremental Outlook ($000s)
Z2	3	**5 Cent Fare Increase**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
(TW-Z002)		ADMIN: Recommended	0.0	107.9	(107.9)	0.0	0.0	0.0
Z3	1	**Elimination of Ambulatory Dialysis Trips**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
(TW-Z001)		ADMIN: Recommended	(4,951.6)	(452.6)	(4,499.0)	0.0	0.0	0.0
		Total Recommended Service Level Reductions:	**(6,523.6)**	**(344.7)**	**(6,178.9)**	**0.0**	**0.0**	**0.0**
		Total Recommended Base Budget:	**102,369.3**	**5,546.2**	**96,823.1**	**531.0**	**0.0**	**0.0**

Z2 | 3 — 5 Cent Fare Increase (TW-Z002)

Service / Activity: Wheel-Trans / N/A

Description:
At its meeting of November 21st, 2012 the Commission approved a standard 5 cent fare increase on the adult token (and a pro-rata increase on all other fare media) effective January 1, 2013 that will generate $0.108 million in additional revenue in 2013.

Service Level Change:
This will not result in a change in service levels.

ADMIN: Recommended

Z3 | 1 — Elimination of Ambulatory Dialysis Trips (TW-Z001)

Service / Activity: Wheel-Trans / N/A

Description:
Currently, Wheel-Trans provides service to approximately 700 ambulatory dialysis customers (who do not require accessible transportation) that take an average of six trips per week or 220,000 trips per year at a cost of $5 million.

Service Level Change:
Exemption from the Wheel-Trans eligibility criteria afforded to ambulatory dialysis patients (who do not require accessible transportation) will be discontinued, effective January 1, 2013, in order to preserve service for riders who meet the eligibility criteria. This recommendation is supported by the Advisory Committee on Accessible Transportation (ACAT). Wheel-Tans staff will work with the Local Health Integration Network (LHIN) to direct customers to available providers.

ADMIN: Recommended

Category Legend - Type

Z1 - Efficiency Change
Z2 - Revenue Change
Z3 - Service Change

Appendix 4

Summary of 2013 Recommended New /Enhanced Service Priority Actions

2013 Operating Budget - Recommended New and Enhanced Services
Summary of Administrative Review

TYPE	PRIORITY	AGENCIES Toronto Transit Commission - Conventional	Recommended Adjustments: Change in Gross Expenditure ($000s)	Change in Revenue ($000s)	Net Change ($000s)	Change in Approved Positions	2014 Net Incremental Outlook ($000s)	2015 Net Incremental Outlook ($000s)
N2	1	**Subway Public Washroom Cleaning**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
(TT-N001)		**Service / Activity:** TTC Conventional / N/A						
		Description: TTC will improve public washrooms in subway stations by increasing cleaning services. Washrooms are currently part of the overall subway station cleaning schedules of Building Servicepersons and Janitors. The public washrooms were cleaned five (5) times per day and were not meeting the expectations of the TTC's customers with respect to cleanliness.						
		Service Level Change: TTC conducted a pilot study to determine the optimal cleaning time interval that would meet the expectations of the TTC's customers. The study concluded that an interval of 90 minutes for weekdays (13 times per day), and 300 minutes for weekends (4 times per day) met the cleanliness and customer expectations. This level of service will be maintained through contracting out this work as the associated workforce increase of 37 unionized and 2 staff positions would be required if the work is maintained in-house using Local 113 employees.						
		ADMIN: Recommended	1,730.0	0.0	1,730.0	0.0	0.0	0.0
N4	1	**Chief of Staff**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
(TT-N002)		**Service / Activity:** TTC Conventional / N/A						
		Description: TTC will hire a Chief of Staff to take a lead role in the transformation of the TTC's reputation among stakeholders, media, and peers. The position will also undertake program coordination for major schemes for the TTC.						
		Service Level Change:						
		ADMIN: Recommended	227.4	0.0	227.4	1.0	0.0	0.0

Category Legend - Type

N1 - Enhanced Services - Operating Impact of 2013 Capital
N2 - Enhanced Services - Service Expansion
N3 - New Service - Operating Impact of 2013 Capital
N4 - New Services
N5 - New Revenues
N6 - New User Fee Revenue

2013 Operating Budget - Recommended New and Enhanced Services
Summary of Administrative Review

TYPE	PRIORITY	AGENCIES Toronto Transit Commission - Conventional	Recommended Adjustments: Change in Gross Expenditure ($000s)	Change in Revenue ($000s)	Net Change ($000s)	Change in Approved Positions	2014 Net Incremental Outlook ($000s)	2015 Net Incremental Outlook ($000s)
N2	1	**Debit/Credit Card Expansion**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
(TT-N003)		**Service / Activity:** TTC Conventional / N/A						
		Description: TTC will expand debit/credit card acceptance for Metropasses at collector booths over the course of 2012 and 2013. The TTC currently accepts payment cards for the purchase of a Metropass at 12 collector booths at 8 stations. **Service Level Change:** Through the expansion of debit/credit card acceptance, all ninety-five (95) collector booths will be able to accept payment cards. Debit/credit card expansion will require five (5) new positions for the reconciliation of payment card purchases.						
		ADMIN: Recommended	3,919.7	0.0	3,919.7	5.0	1,000.0	0.0
N4	1	**Customer Development Department**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
(TT-N004)		**Service / Activity:** TTC Conventional / N/A						
		Description: TTC requires an increase of 6 positions to establish a new Customer Development Department. The positions include 1 Head of Customer Development, 3 Senior Planners, 1 Customer Development Analyst and 1 Fare Policy Analyst. **Service Level Change:** The Customer Development Department of the Strategy and Customer Experience group will be a small department entirely focused on identifying, developing and delivering new and innovative ways of delivering improvements for TTC customers. They will focus on improving the value of money of the TTC proposition and ensure that the quality of the time customers spend with TTC meets the highest standards of transit operators around the world.						
		ADMIN: Recommended	559.1	0.0	559.1	6.0	0.0	0.0
		Total Recommended New/Enhanced:	**6,436.2**	**0.0**	**6,436.2**	**12.0**	**1,000.0**	**0.0**

Category Legend - Type

N1 - Enhanced Services - Operating Impact of 2013 Capital
N2 - Enhanced Services - Service Expansion
N3 - New Service - Operating Impact of 2013 Capital
N4 - New Services
N5 - New Revenues
N6 - New User Fee Revenue

Appendix 5

Inflows / Outflows to / from Reserves & Reserve Funds (In $000s)

Program Specific Reserve/Reserve Funds

Reserve / Reserve Fund Name (In $000s)	Reserve / Reserve Fund Number	Description	Projected Balance as of December 31, 2012	2013	2014	2015
			$	$	$	$
TTC Stabilization Reserve	XQ1056	Projected Beginning Balance	24,666.4	24,666.4	24,666.4	24,666.4
		Proposed				
		Withdrawals (-)				
		Contributions (+)				
Balance at Year-End			**24,666.4**	**24,666.4**	**24,666.4**	**24,666.4**