

Toronto Transit Commission



2014 Recommended Operating Budget & 2014 – 2023 Capital Budget and Plan

Budget Committee Presentation – December 12, 2013



Agenda

- Operating Overview
 - 2013 Service Performance
 - 2014 Staff Recommended Operating Budget
- Capital Overview
 - 2013 Capital Performance
 - 2014 – 2023 Staff Recommended Capital Budget & Plan
- Key Issues for 2014 and Beyond



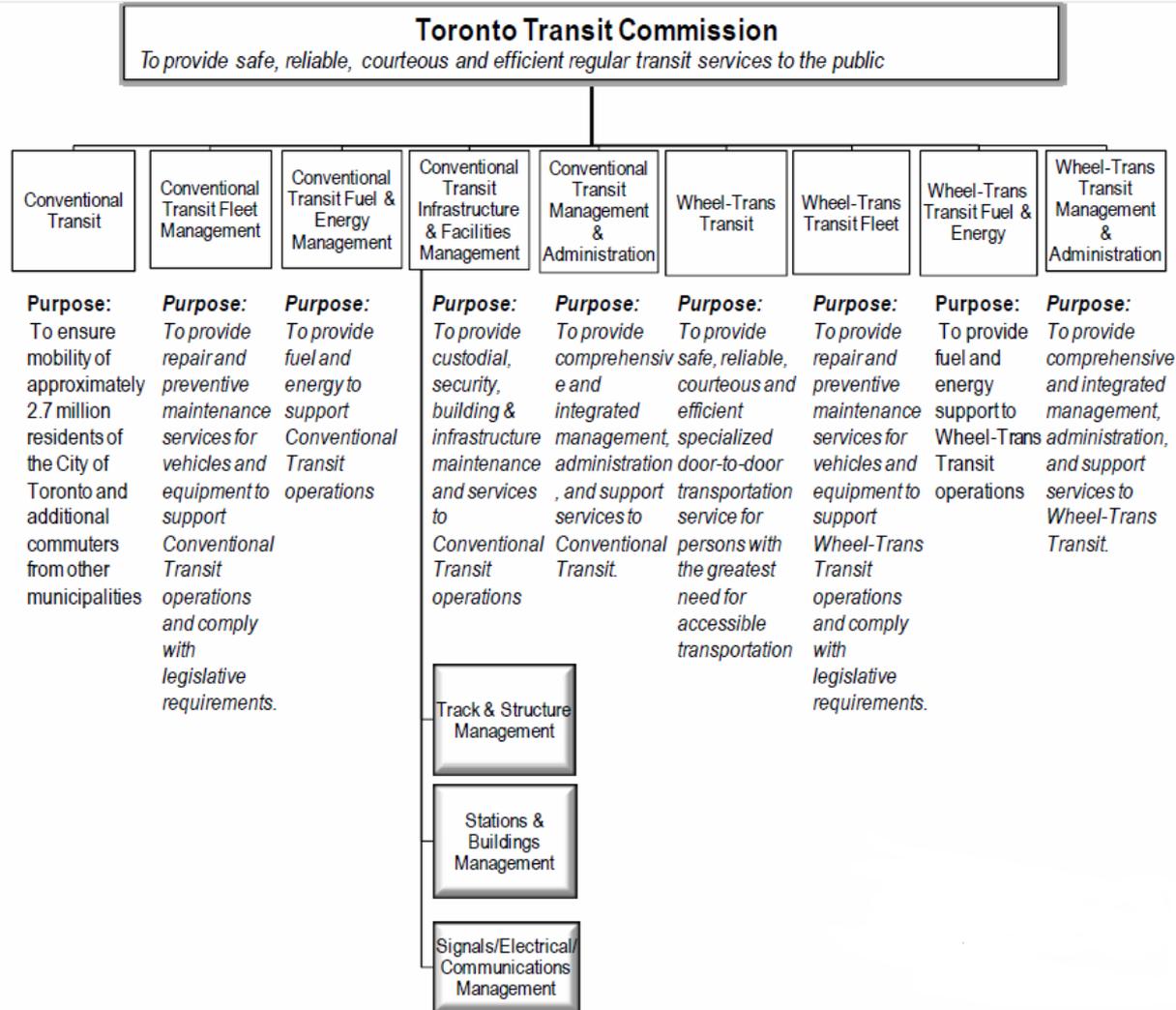
Operating Overview



TTC Operating Budget Overview

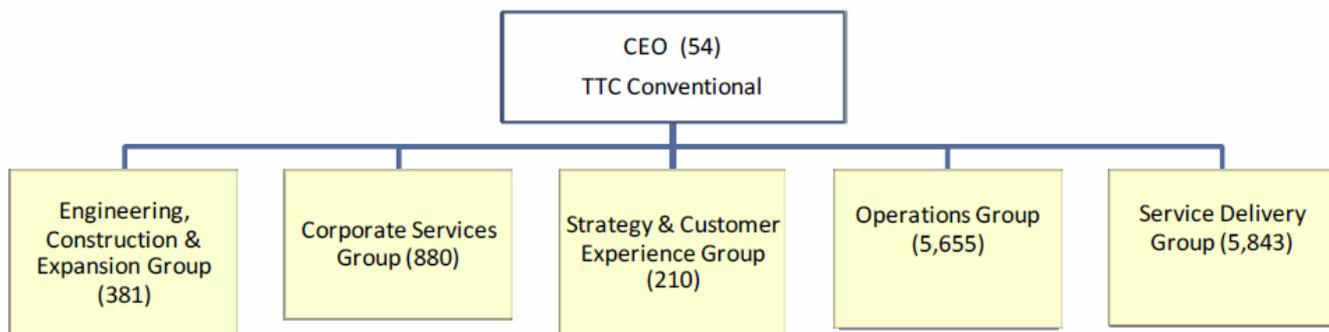


2014 Program Map



2014 Organization Chart (Excludes Wheel-Trans)

2014 Organization Chart TTC Conventional



2014 Recommended Full and Part Time Staff

| Category | Management & Supervisory | Clerical | Union | Total |
|--------------|--------------------------|--------------|-----------------|-----------------|
| Full-Time | 2,566.0 | 329.0 | 10,128.0 | 13,023.0 |
| Part-Time | | | | - |
| Total | 2,566.0 | 329.0 | 10,128.0 | 13,023.0 |

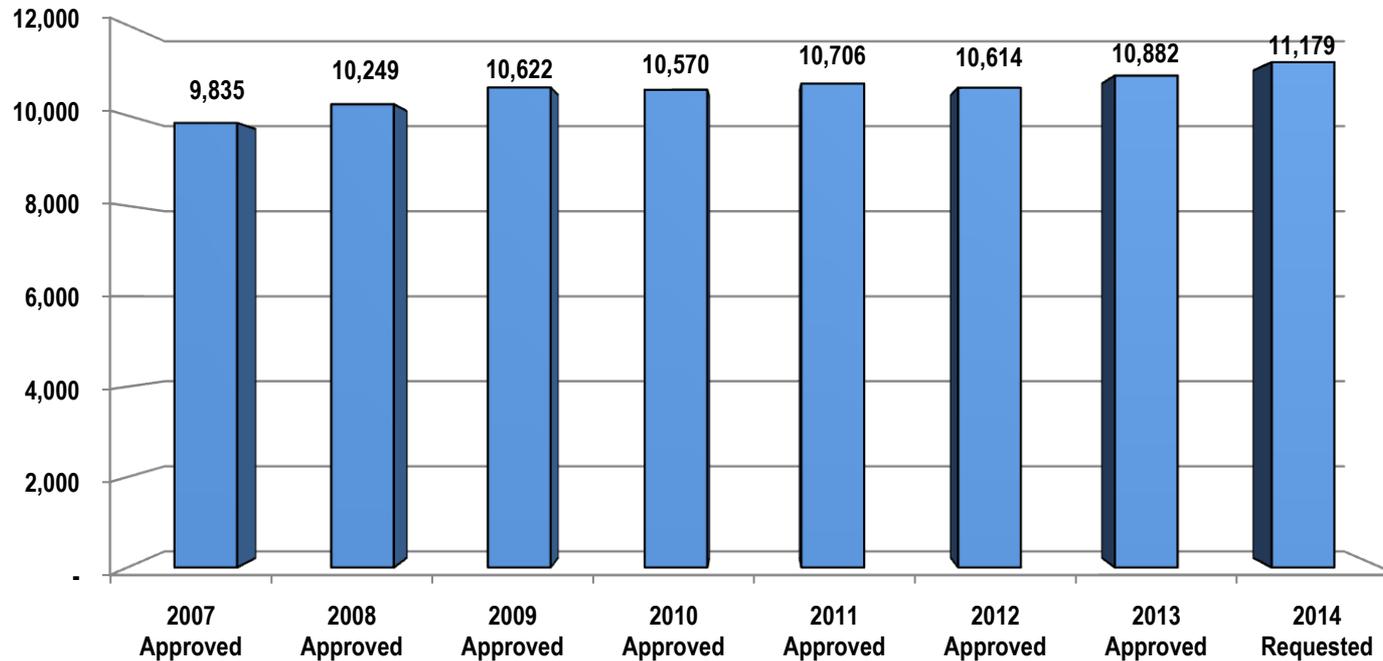


2014 Service Levels

- Record high ridership of 540 million
- 7th consecutive year of record ridership



Staffing Trend (Excludes Capital & WT Positions)



Note: Over this period, ridership increased by 18.9% while headcount increased by only 13.7%.



Net Operating Budget and Staff Changes

- 5 Year Overview

| (\$000's) | Approved Budget | | | | | Rec'd Base |
|-------------------------------------|-----------------|--------------|--------------|--------------|-------------|-------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Approved Net Budget (Subsidy) | 394,055.0 | 429,805.0 | 429,111.0 | 410,951.0 | 410,951.0 | 428,081.0 |
| Net Change | | 35,750.0 | (694.0) | (18,160.0) | - | 17,130.0 |
| % Change from Prior Year | | 9.1% | -0.2% | -4.2% | 0.0% | 4.2% |
| Approved Complement | 10,622 | 10,570 | 10,706 | 10,614 | 10,882 | 11,179 |
| Net Change | | (52) | 136 | (92) | 268 | 297 |
| % Change in Staff Complement | | -0.5% | 1.3% | -0.9% | 2.5% | 2.7% |

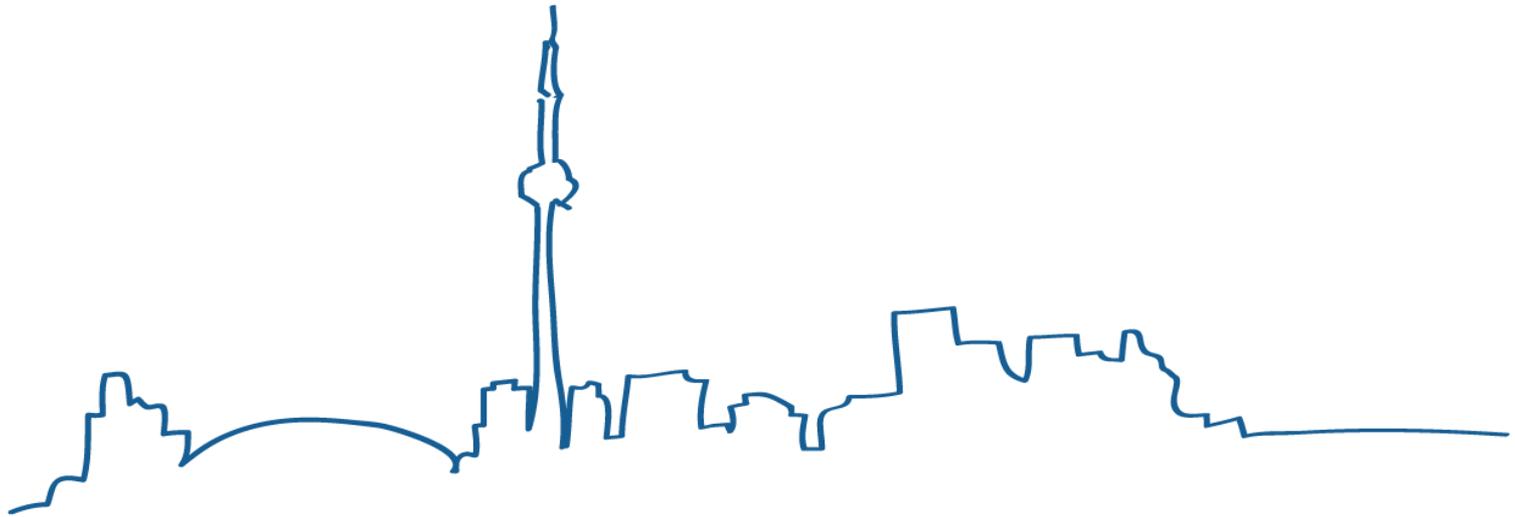
| | | | | | | |
|-----------------------------|------------|------------|------------|------------|------------|------------|
| RIDERSHIP (MILLIONS) | 473 | 462 | 487 | 503 | 528 | 540 |
|-----------------------------|------------|------------|------------|------------|------------|------------|

Key Changes:

- 2010: CBA and service increase
- 2012: Staff reductions and reversal of some Ridership Growth Strategy service improvements re: loading standards
- 2013 & 2014: Increase in complement to accommodate ridership growth from 503 million rides in 2012 to 540 million in 2014 (7.4% increase)



2013 Service Performance



2013 Key Accomplishments

- Major Achievements

- ✓ Projecting all-time record ridership of 526 million
- ✓ Carried 29th billion rider in late September
- ✓ Customer Service Enhancements completed include:
 - Launch of new Customer Charter.
 - Continued roll out of debit and credit card acceptance
 - Pilot newly designed bus stop poles and shelter maps
 - Implemented group station management model and station maintenance blitz
 - Enhanced frequency of public washroom cleaning
- ✓ Continued expansion of Toronto Rocket fleet
- ✓ Acceptance testing of new accessible streetcars and articulated buses
- ✓ PRESTO smartcard project moving forward



2013 Key Accomplishments (cont'd)

- ✓ Contracting out of bus servicing line to all TTC garages
- ✓ Issued Five-Year Corporate Plan – outlining objectives and a delivery strategy in 7 key areas
- ✓ New Service Delivery Group created to provide better focus on “ front of house” (i.e. things customers see) activities – station management, transit enforcement, bus and streetcar operators, and janitors



Recent Awards

- ✓ Urban Design Award from City of Toronto for work at Victoria Park Station
- ✓ Corporate Leadership Award from Canadian Urban Transit Association
- ✓ Arnold Devlin Community Service Award from the Ontario Association for Suicide Prevention
- ✓ Toronto Police Partnership Award for work on Project Rocket



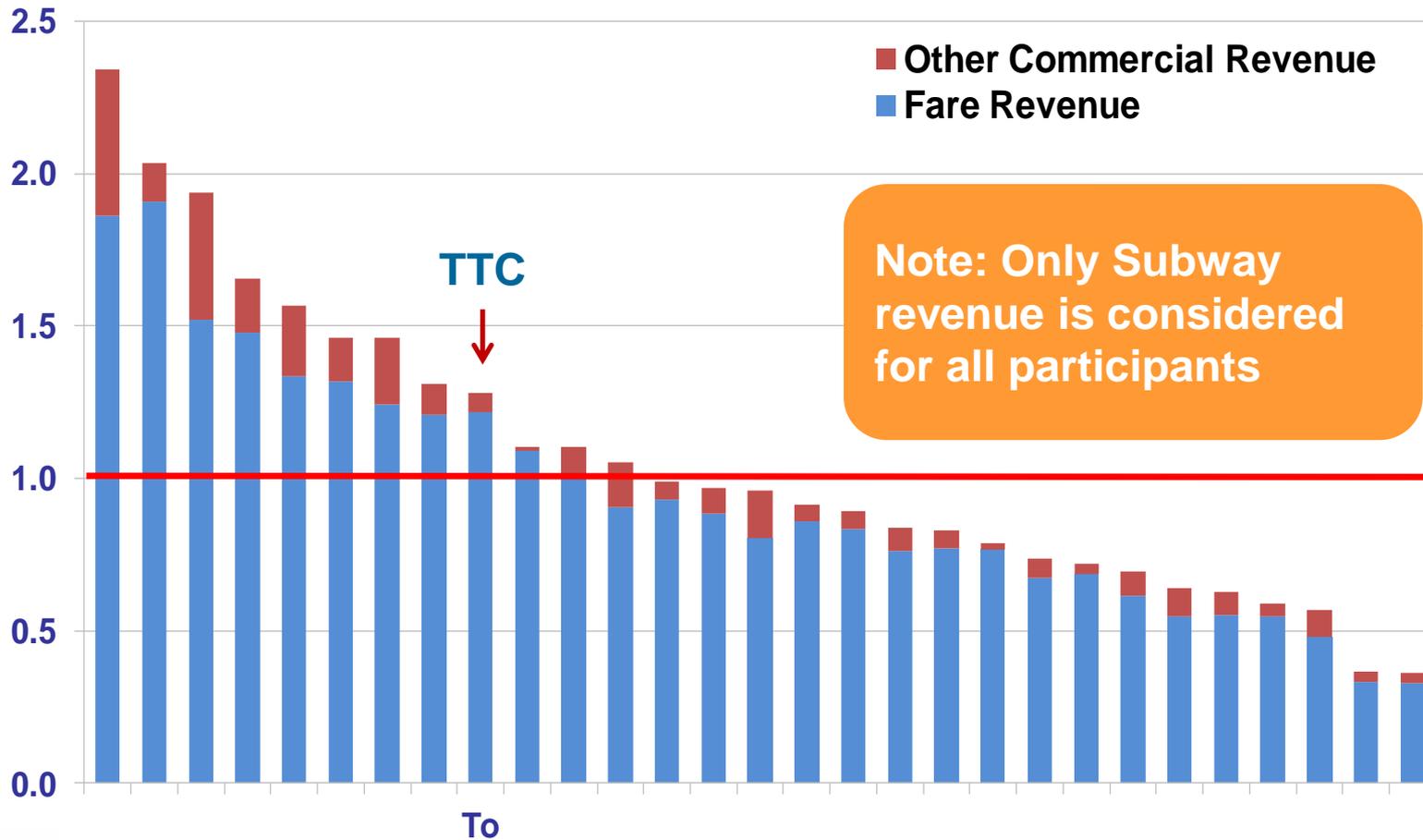
Key Service Performance

HUGE PRODUCTIVITY IMPROVEMENT - 2014 VS 1992

| | | | CHANGE | |
|---------------------------------------|--------------|---------------|--------------|-----------|
| | 1992 | 2014 | # | % |
| TTC OPERATING BUDGET WORKFORCE | 9,442 | 11,179 | 1,737 | 18 |
| SERVICE KILOMETRES (Millions) | 187 | 236 | 49 | 26 |
| REVENUE HOURS (Millions) | 7 | 9 | 2 | 29 |
| PASSENGERS (Millions) | 410 | 540 | 130 | 32 |
| POPULATION (Millions) | 2.3 | 2.8 | 0.5 | 22 |

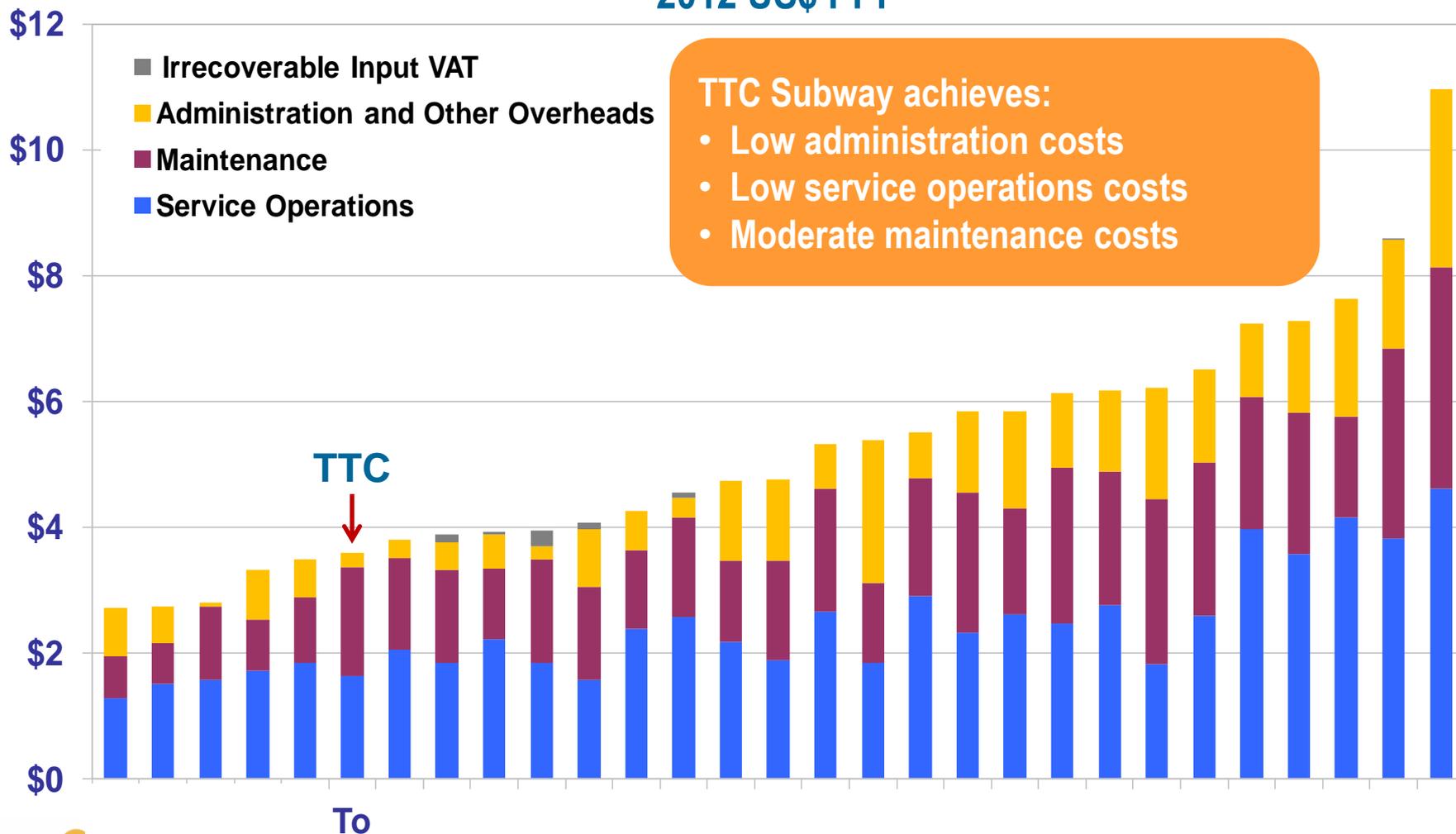
TTC is one of only 2 subways outside of Asia and South America that covers its own operating costs

Total Subway Commercial Revenue Over Operating Cost (2012)



TTC subway operating costs are low by international standards

Operating Cost per Revenue Car Kilometre (2012) 2012 US\$ PPP



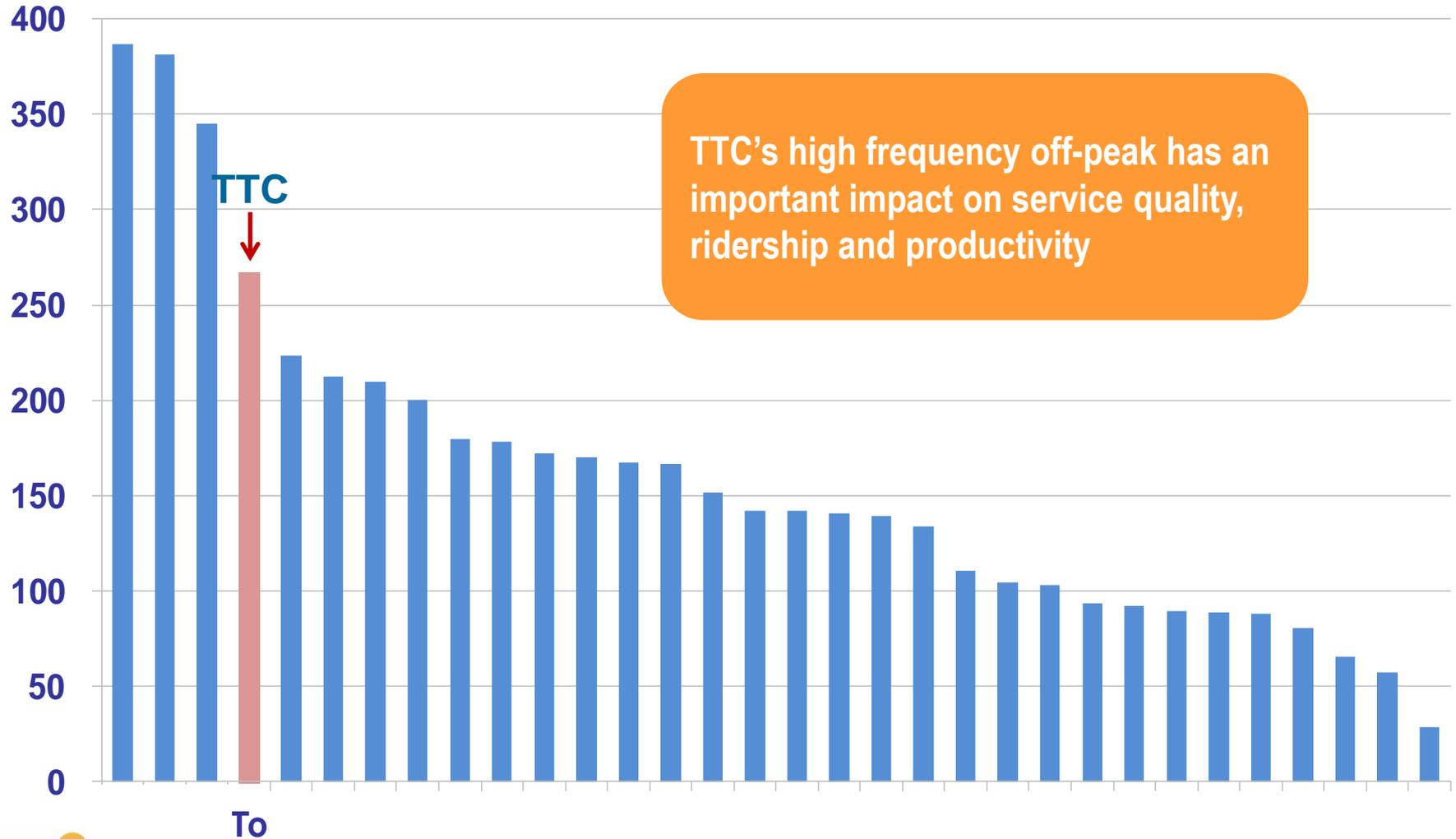
TTC subway labour productivity is exceptionally high

Car Kilometres per Total Own Staff and Contractor Staff Hours (2012)



TTC operates a very high level of subway service capacity and frequency throughout the day

Nova Standard Capacity Kilometres per Route Kilometre (2012)



TTC's high frequency off-peak has an important impact on service quality, ridership and productivity

Subsidy/Rider Comparisons

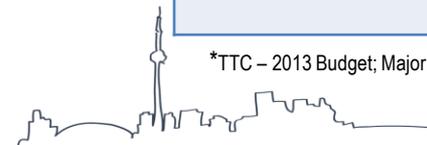
| TRANSIT SYSTEM* | OPERATING SUBSIDY (\$M) | REVENUE/COST RATIO | REVENUE TRIPS (M) | SUBSIDY/ RIDER |
|---------------------|-------------------------|--------------------|-------------------|----------------|
| TTC | 411 | 73% | 528 | \$0.78 |
| Major U.S. | | | | |
| Boston | 506 | 38% | 262 | \$1.93 |
| Chicago | 683 | 44% | 407 | \$1.68 |
| Los Angeles | 882 | 29% | 349 | \$2.53 |
| New York | 2,365 | 60% | 2,301 | \$1.03 |
| Philadelphia | 527 | 36% | 271 | \$1.95 |

*TTC – 2013 Budget; Major U.S. - 2011

Subsidy/Rider Comparisons (cont'd)

| TRANSIT SYSTEM* | OPERATING SUBSIDY (\$M) | REVENUE/COST RATIO | REVENUE TRIPS (M) | SUBSIDY/ RIDER |
|-----------------------|-------------------------|--------------------|-------------------|----------------|
| TTC | 411 | 73% | 528 | \$0.78 |
| Major Canadian | | | | |
| Calgary | 150 | 53% | 102 | \$1.47 |
| Edmonton | 151 | 43% | 83 | \$1.83 |
| Montreal | 478 | 54% | 413 | \$1.16 |
| Ottawa | 163 | 51% | 101 | \$1.62 |
| Vancouver | 380 | 54% | 235 | \$1.62 |

*TTC – 2013 Budget; Major Canadian - 2012



Subsidy/Rider Comparisons (cont'd)

| TRANSIT SYSTEM* | OPERATING SUBSIDY (\$M) | REVENUE/COST RATIO | REVENUE TRIPS (M) | SUBSIDY/ RIDER |
|-----------------------|-------------------------|--------------------|-------------------|----------------|
| TTC | 411 | 73% | 528 | \$0.78 |
| Local Canadian | | | | |
| Brampton | 52 | 45% | 18 | \$2.82 |
| Durham Region | 36 | 37% | 10 | \$3.46 |
| Hamilton | 38 | 48% | 22 | \$1.76 |
| Mississauga | 77 | 49% | 35 | \$2.21 |
| York Region | 100 | 33% | 22 | \$4.49 |

*TTC – 2013 Budget; Local Canadian - 2012

Subsidy

- **Frozen at \$411M for 2012 and 2013**
 - However, with growing ridership that “freeze” amounts to a cut on a per rider basis

| | Total Operating Subsidy (\$ Millions) | Budgeted Ridership | Budgeted Subsidy/Rider |
|-------|---------------------------------------|--------------------|------------------------|
| 2010 | 430 | 462 | 93¢ |
| 2011 | 429 | 487 | 88¢ |
| 2012 | 411 | 503 | 82¢ |
| 2013 | 411 | 528 | 78¢ |
| 2014* | 428 | 540 | 79¢ |

* Recommended



2013 Budget Variance - as at October 5, 2013

| (In \$000's) | 2011 Actuals | 2012 Actuals | 2013 Approved Budget | 2013 Oct.5 YTD Actuals | 2013 Projected Actuals | 2013 Approved Budget vs. Projected Actuals | |
|--------------------|----------------|----------------|----------------------|------------------------|------------------------|--|------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | % |
| Gross Expenditure | 1,435,462 | 1,457,058 | 1,540,948 | 1,145,390 | 1,533,348 | (7,600) | -0.1% |
| Revenues | 1,026,192 | 1,087,061 | 1,129,997 | 851,236 | 1,122,397 | (7,600) | -0.1% |
| Net | 409,270 | 369,997 | 410,951 | 294,154 | 410,951 | 0 | -0% |
| Approved Positions | 10,599 | 10,692 | 10,882 | 11,062 | 10,882 | - | 0.0% |

Key Points:

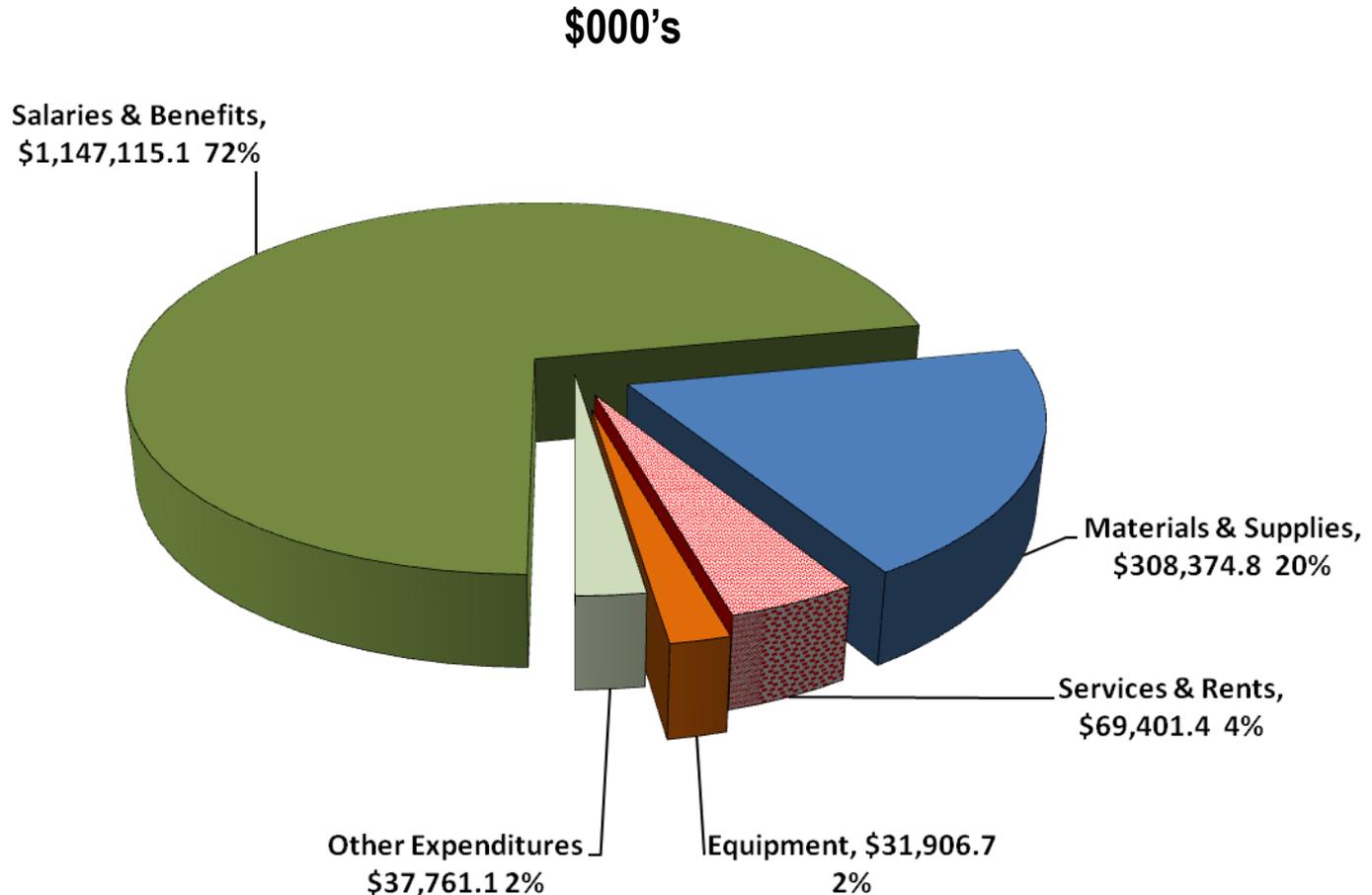
- 2013 Gross Expenses projected to be underspent by \$7.6M largely due to:
 - lower diesel fuel prices
 - lower healthcare and dental costs
- 2013 Revenues projected to be under budget by \$7.6M largely due to a lower than budgeted average fare.

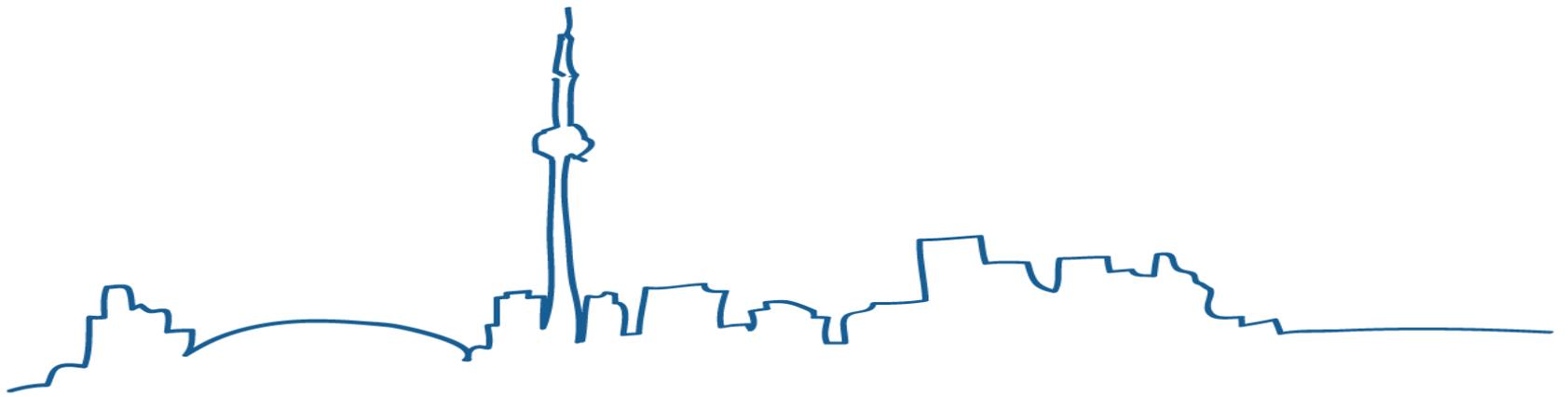


2014 Staff Recommended TTC Operating Budget



Where the Proposed \$1.595B Gross Expenditure Goes





Staff Rec'd 2014 Net Operating Budget - by Category & Funding Source

| Category of Expense (In \$000s) | 2011 | 2012 | 2013 | 2013 | 2014 | 2014 Change from | | 2015 | 2016 |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|-------------|--------------------|--------------------|
| | Actual | Actual | Budget | Projected | Rec'd | 2013 Approved | | Plan | Plan |
| | \$ | \$ | \$ | \$ | \$ | \$ | % | \$ | \$ |
| Salaries and Benefits | 1,073,487.0 | 1,079,730.1 | 1,127,908.2 | 1,119,208.2 | 1,147,115.1 | 19,206.9 | 1.7% | 1,196,615.1 | 1,242,315.1 |
| Materials and Supplies | 256,027.0 | 256,008.9 | 289,808.9 | 281,908.9 | 308,374.8 | 18,565.9 | 6.4% | 350,415.8 | 379,215.8 |
| Equipment | 19,293.0 | 26,420.7 | 30,638.2 | 30,638.2 | 31,906.7 | 1,268.5 | 4.1% | 32,806.7 | 32,806.7 |
| Services & Rents | 45,014.0 | 45,713.3 | 58,337.7 | 58,337.7 | 69,401.4 | 11,063.7 | 19.0% | 69,401.4 | 69,401.4 |
| Other Expenditures | 38,264.0 | 45,709.6 | 30,766.4 | 39,766.4 | 34,194.3 | 3,427.9 | 11.1% | 42,294.3 | 46,194.3 |
| Interdivisional Charges | 3,377.0 | 3,474.0 | 3,489.0 | 3,489.0 | 3,566.8 | 77.8 | 2.2% | 3,566.8 | 3,566.8 |
| Total Gross Expenditures | 1,435,462.0 | 1,457,056.6 | 1,540,948.4 | 1,533,348.4 | 1,594,559.1 | 53,610.7 | 3.5% | 1,695,100.1 | 1,773,500.1 |
| User Fees | 1,026,192.0 | 1,087,061.0 | 1,129,997.4 | 1,122,397.4 | 1,166,478.1 | 36,480.7 | 3.2% | 1,182,778.1 | 1,201,278.1 |
| Total Revenues | 1,026,192.0 | 1,087,061.0 | 1,129,997.4 | 1,122,397.4 | 1,166,478.1 | 36,480.7 | 3.2% | 1,182,778.1 | 1,201,278.1 |
| Total Net Expenditures | 409,270.0 | 369,995.6 | 410,951.0 | 410,951.0 | 428,081.0 | 17,130.0 | 4.2% | 512,322.0 | 572,222.0 |
| Approved Positions | 10,599.0 | 10,692.0 | 10,882.0 | 10,882.0 | 11,179.0 | 297.0 | 2.7% | TBD | TBD |



2014 Operating Budget – Key Cost Drivers

| (In \$000s) | 2014 Rec'd Base Budget |
|---|---------------------------|
| Gross Expenditure Changes | |
| Prior Year Impacts | |
| Full year effect of 2013 Service Changes & CBA Increase | 10,506.2 |
| Operating Impacts of Capital | |
| Introduction of LRVs and Articulated Buses | (2,235.9) |
| New Vehicles and Vehicles Maintenance | 9,426.0 |
| Leslie Barns | 2,122.3 |
| POP Inspections | 615.5 |
| Introduction of new vehicles - other | (119.0) |
| Economic Factors | |
| Diesel Fuel | 8,196.8 |
| Inflation | 3,064.1 |
| Traction and AC Power | 3,049.2 |
| Increase in Employee Benefits | 2,044.0 |
| Utilities | 244.9 |
| Base Changes | |
| Service increase to accommodate ridership of 540M | 11,010.2 |
| Traction Power - Change in Consumption | 4,016.2 |
| Accident Claims | 4,000.0 |
| Contracting Out | (1,190.1) |
| Other Base Changes | 884.4 |
| Total Changes | 55,634.8 |
| Revenue Changes | |
| Increase in Ridership | 24,000.0 |
| Decrease in Average Fare | (17,000.0) |
| Decrease in Other Revenue | (1,519.3) |
| Total Changes | 5,480.7 |
| Net Expenditures | 50,154.1 |



2014 Recommended Service Changes - to Achieve Target

| Description (\$000s) | 2014 Recommended Service Changes | | | |
|----------------------------------|----------------------------------|--------------------|-------------|---------------------------|
| | Position Change | Gross Expenditures | Net Expense | % Change over 2014 Budget |
| | # | \$ | \$ | % |
| Base Changes: | | | | |
| Base Expenditure Changes | | | | |
| Diesel Price Savings | | (5,000.0) | (5,000.0) | N/A |
| Base Expenditure Change | - | (5,000.0) | (5,000.0) | N/A |
| Base Revenue Changes | | | | |
| 5 Cent Fare Increase | | | (23,000.0) | N/A |
| Base Revenue Change | - | - | (23,000.0) | N/A |
| Sub-Total | - | (5,000.0) | (28,000.0) | N/A |
| Service Efficiencies | | | | |
| Absorption of inflation increase | | (3,064.1) | (3,064.1) | N/A |
| Unspecified budget reduction | | (6,000.0) | (6,000.0) | N/A |
| Sub-Total | - | (9,064.1) | (9,064.1) | N/A |
| Total Changes | - | (14,064.1) | (37,064.1) | N/A |

Recommended New / Enhanced

| Description | (\$000s) | 2014 Requested | | |
|--|----------|--------------------|------------------|---------------|
| | | Gross Expenditures | Net Expenditures | New Positions |
| Enhanced Services Priorities | | | | |
| Facilities Maintenance - Asset Reliability | | 5,141.7 | 5,141.7 | 24.0 |
| Signal/Track/Substation Reliability | | 1,307.2 | 1,307.2 | 10.0 |
| Sub-Total Enhanced Services | | 6,448.9 | 6,448.9 | 34.0 |
| New Service Priorities | | | | |
| Group Station Management | | 4,591.1 | 4,591.1 | 45.0 |
| Point of Sale Solution for Collectors | | 1,000.0 | 1,000.0 | |
| Sub-Total New Services | | 5,591.1 | 5,591.1 | 45.0 |
| Revenue Adjustment | | | | |
| Metropass Price Change | | | (8,000.0) | |
| Total Revenue Adjustments | | 0.0 | (8,000.0) | |
| Total Enhanced/New Services | | 12,040.0 | 4,040.0 | 79.0 |



User Fee Changes - Highlights

| Fee Description | 2013 Fee | Recommended 2014 Fee | % Increase | Incremental Revenue (\$000's) |
|---|----------|----------------------|------------|-------------------------------|
| 5 cent fare increase on Adult single fare and pro-rata increase on all other fares (excluding cash) | - | - | 1.7% | 23,000 |
| Adult Metropass price adjustment | - | - | 2.1% | 8,000 |
| Total Incremental Revenue | | | | 31,000 |

Note: CPI forecast for 2014 is 2%.



2015 and 2016 Plans

| Description (\$000s) | 2015 - Incremental Increase | | | 2016 - Incremental Increase | | |
|--|-----------------------------|-----------------|-----------------|-----------------------------|-----------------|-----------------|
| | Gross Expense | Revenue | Net Expense | Gross Expense | Revenue | Net Expense |
| Ridership | | 551M | | | 564M | |
| Anticipated Impacts: | | | | | | |
| Service | 21,000.0 | | 21,000.0 | 21,000.0 | | 21,000.0 |
| Other Employee Costs | 17,000.0 | | 17,000.0 | 18,000.0 | | 18,000.0 |
| Energy: diesel,hydro,utilities price increase | 13,000.0 | | 13,000.0 | 4,000.0 | | 4,000.0 |
| Inflation / Accident Claims | 13,000.0 | | 13,000.0 | 8,000.0 | | 8,000.0 |
| Vehicle Parts | 15,000.0 | | 15,000.0 | 10,000.0 | | 10,000.0 |
| Leslie Barns | 11,000.0 | | 11,000.0 | - | | - |
| TYSSE | 1,000.0 | | 1,000.0 | 10,000.0 | | 10,000.0 |
| Security & Fare Enforcement | 4,000.0 | | 4,000.0 | 4,000.0 | | 4,000.0 |
| Signal, Track and Substation reliability | 2,000.0 | | 2,000.0 | - | | - |
| Other Expenses | 3,541.0 | | 3,541.0 | 3,400.0 | | 3,400.0 |
| Passenger Revenues | | 17,000.0 | (17,000.0) | | 16,000.0 | (16,000.0) |
| Other Revenues | | (700.0) | 700.0 | | 2,500.0 | (2,500.0) |
| Total Incremental Impact | 100,541.0 | 16,300.0 | 84,241.0 | 78,400.0 | 18,500.0 | 59,900.0 |

(a)

(a) net of impact of operating articulated buses and new LRVs.

Exclusions:

Impact of April 1, 2014 CBA

Impact of any post-January 1, 2014 fare increase(s)

Impact of Pan Am Games assumed to be covered by third party

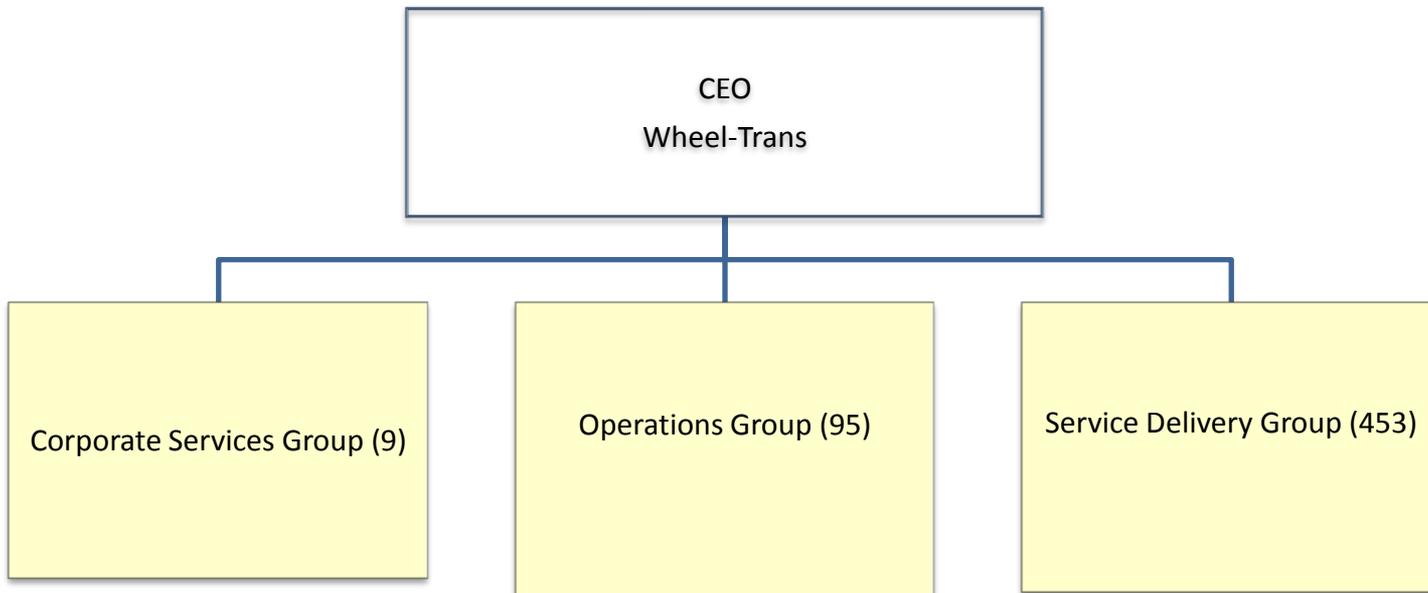
Impact of Presto is indeterminable



Wheel-Trans Operating Budget Overview



2014 Organization Chart (Wheel-Trans only)



| 2014 Recommended Full and Part Time Staff | | | | | |
|---|--------------------------|------------|--------------|--|--------------|
| Category | Management & Supervisory | Clerical | Union | | Total |
| Full-Time | 41.0 | 1.0 | 515.0 | | 557.0 |
| Part-Time | | | | | - |
| Total | 41.0 | 1.0 | 515.0 | | 557.0 |

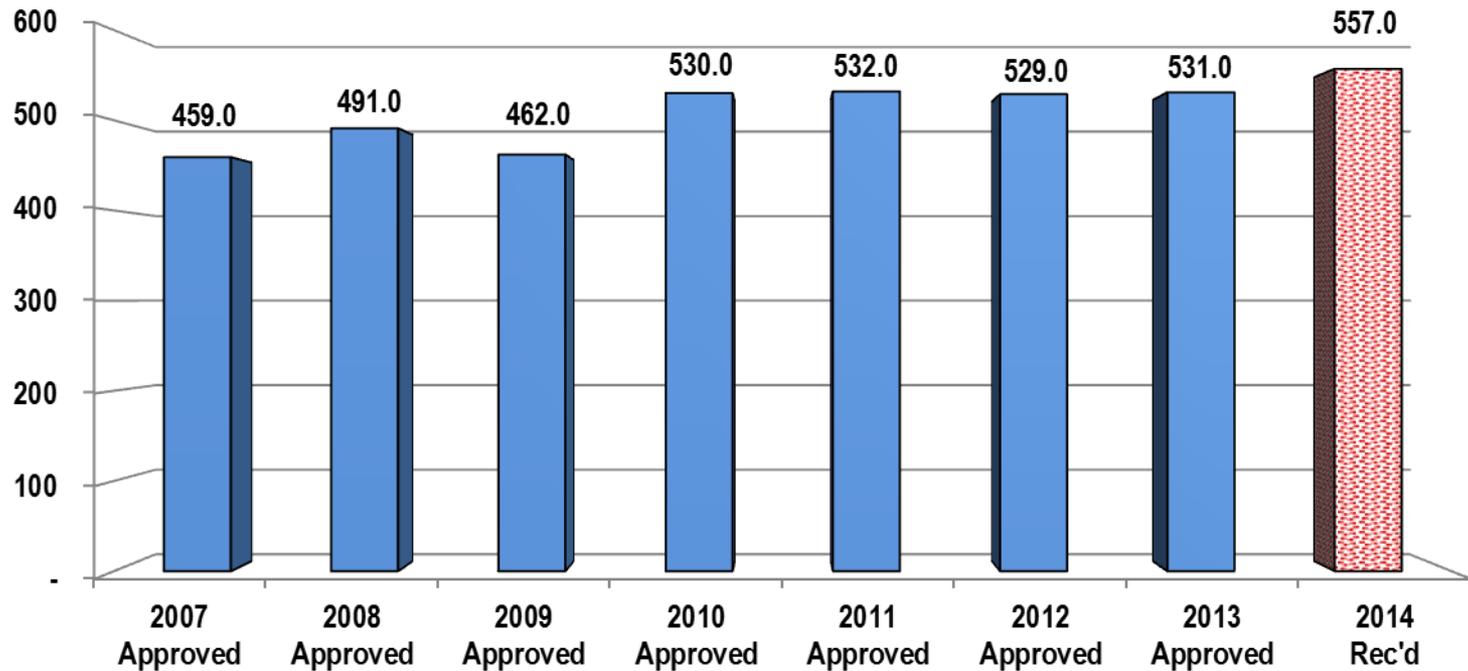


2014 Service Levels

- Ridership of 3.07million



Staffing Trend (WT Positions)



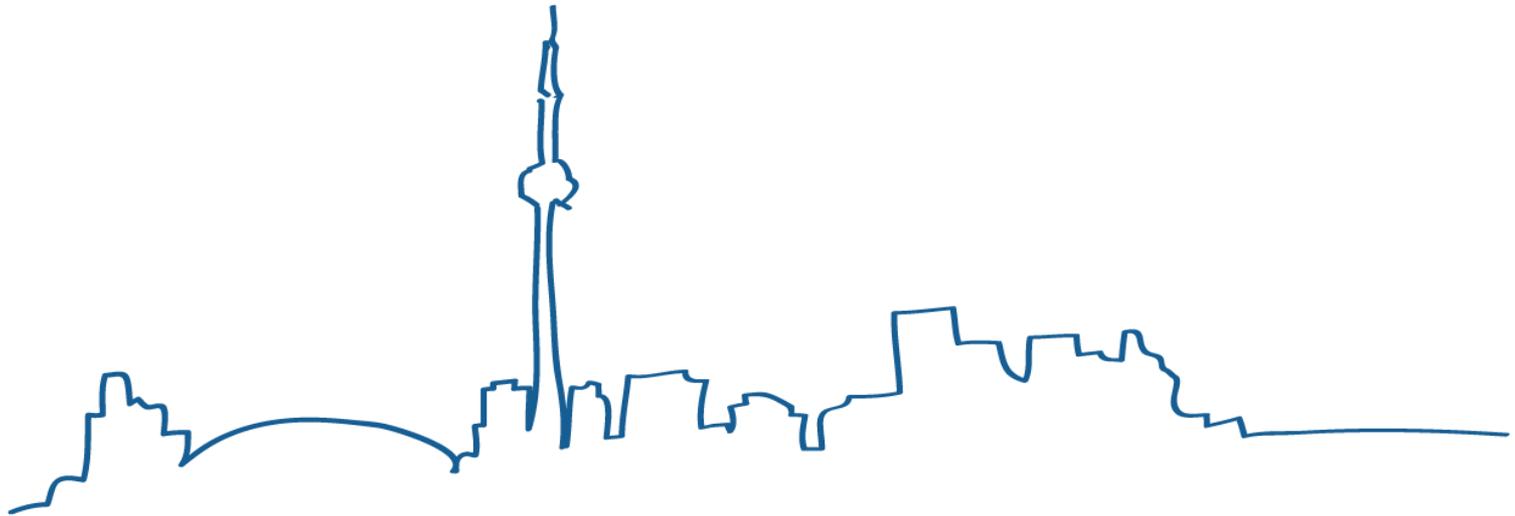
Net Operating Budget and Staff Changes

- 5 Year Overview

| (\$000's) | Approved Budget | | | | | Rec'd Base |
|-------------------------------------|-----------------|--------------|--------------|---------------|--------------|--------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Approved Net Budget (Subsidy) | 76,341 | 82,676 | 91,012 | 96,823 | 96,823 | 106,423 |
| Net Change | 5,228 | 6,335 | 8,336 | 5,811 | 0 | 9,600 |
| % Change from Prior Year | 7.4% | 8.3% | 10.1% | 6.4% | 0.0% | 9.9% |
| Approved Complement | 462 | 530 | 532 | 529 | 531 | 557 |
| Net Change | (29) | 68 | 2 | (3) | 2 | 26 |
| % Change in Staff Complement | (5.9%) | 14.7% | 0.4% | (0.6%) | 0.4% | 4.9% |
| Ridership (000s) | 2,375 | 2,493 | 2,951 | 3,144 | 2,877 | 3,066 |



2013 Service Performance



2013 Key Accomplishments

- Major Achievements
 - ✓ Projecting ridership of 2.9 million
 - ✓ Implemented 24-hour service
 - ✓ Utilized AVL system to improve on-time performance
 - ✓ Enhanced internet trip-booking feature
 - ✓ Launch of new Customer Charter
 - ✓ Issued Five-Year Corporate Plan – outlining objectives and a delivery strategy in 7 key areas



Key Service Performance

| | Change from 2006 to 2014 |
|----------------------------|--------------------------|
| Ridership | + 54% |
| Service Level (hours) | + 58% |
| Operating Budget Workforce | + 30% |

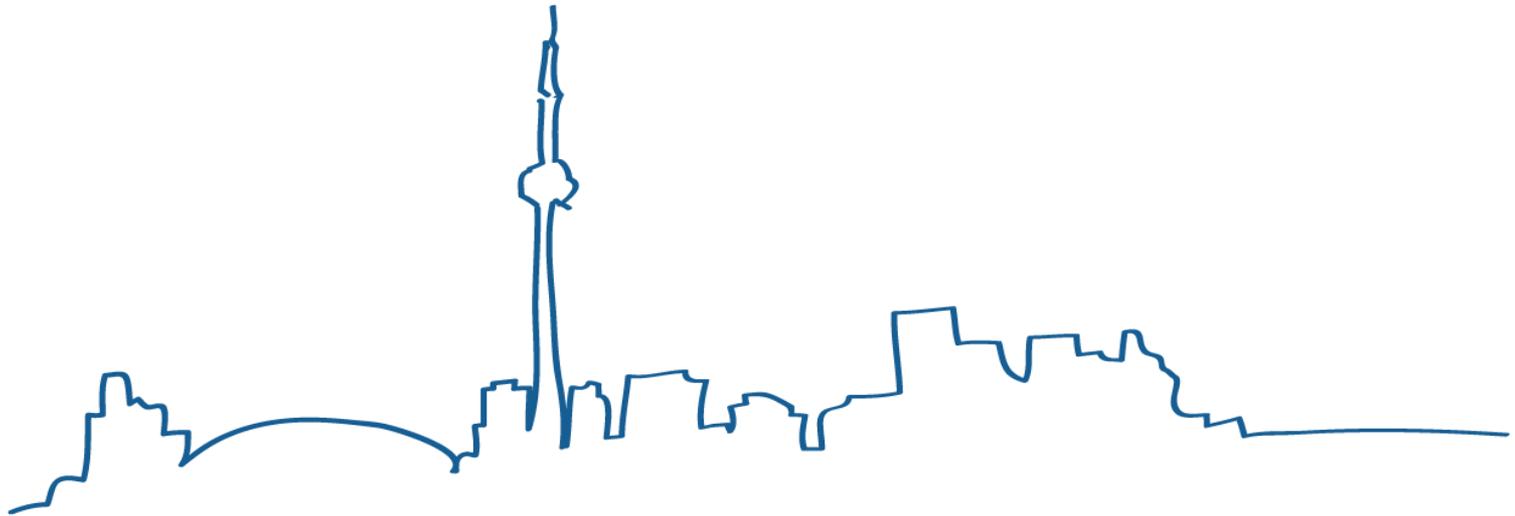


2013 Budget Variance - as at October 5, 2013

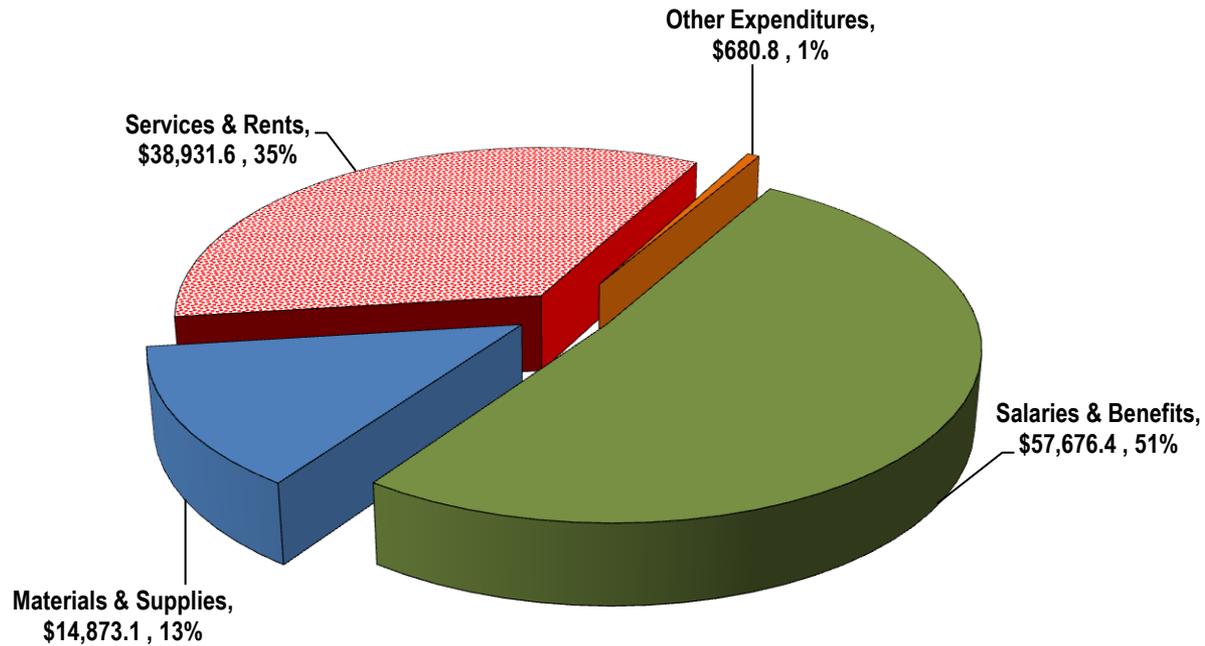
| (In \$000s) | 2011 Actuals | 2012 Actuals | 2013 Approved Budget | 2013 Oct 5 YTD Actuals | 2013 Projected YE Actuals | 2013 Approved Budget vs Projected Actuals | |
|--------------------|-----------------|-----------------|----------------------------|---------------------------|---------------------------------|--|-------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | % |
| Gross Expenditure | 93,950 | 100,633 | 102,369 | 76,992 | 102,708 | 339.0 | 0.3% |
| Revenues | 5,112 | 5,567 | 5,546 | 4,293 | 5,697 | 151.0 | 2.7% |
| Net | 88,838.0 | 95,066.0 | 96,823.0 | 72,699.0 | 97,011.0 | 188.0 | 0.2% |
| Approved Positions | 532.0 | 529.0 | 531.0 | 536.0 | 531.0 | - | 0.0% |



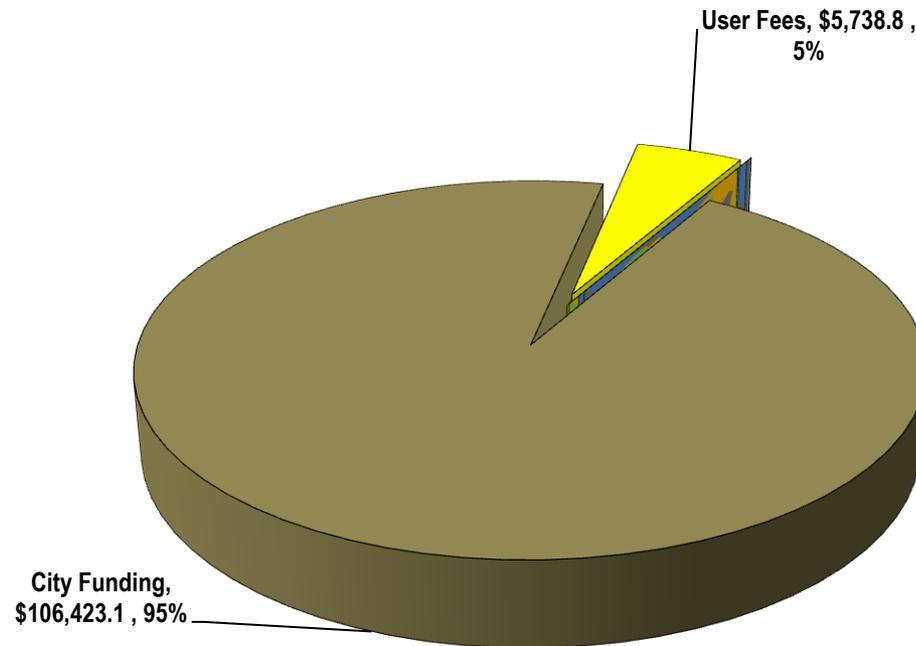
2014 Staff Recommended Wheel-Trans Operating Budget



Where the Proposed \$112.2M Gross Expenditure Goes



Where The \$112.2M Money Comes From



Staff Rec'd 2014 Net Operating Budget - by Category & Funding Source

| Category of Expense (In \$000s) | 2011 Actual | 2012 Actual | 2013 Budget | 2013 Projected Actual | 2014 Rec'd Budget | 2014 Change from 2013 Approved Budget | | 2015 Plan | 2016 Plan |
|------------------------------------|-----------------|------------------|------------------|-----------------------------|-------------------------|---|-------------|------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | % | \$ | \$ |
| Salaries and Benefits | 50,835.5 | 52,173.5 | 54,483.9 | 53,379.8 | 57,676.4 | 3,192.5 | 5.9% | 62,582.7 | 66,840.2 |
| Materials and Supplies | 11,148.1 | 12,979.2 | 13,792.3 | 12,607.0 | 14,873.1 | 1,080.8 | 7.8% | 16,371.8 | 17,336.8 |
| Equipment | | | | | | - | | | |
| Services & Rents | 31,424.1 | 33,912.3 | 33,516.4 | 36,133.0 | 38,931.6 | 5,415.2 | 16.2% | 41,697.6 | 44,651.7 |
| Contributions to Capital | | | | | | - | | | |
| Contributions to Reserve/Res Funds | | | | | | - | | | |
| Other Expenditures | 542.5 | 1,568.5 | 576.7 | 587.8 | 680.8 | 104.1 | 18.1% | 746.4 | 815.4 |
| Interdivisional Charges | | | | | | - | | | |
| Total Gross Expenditures | 93,950.2 | 100,633.5 | 102,369.3 | 102,707.6 | 112,161.9 | 9,792.6 | 9.6% | 121,398.5 | 129,644.1 |
| Interdivisional Recoveries | | | | | | - | | | |
| Provincial Subsidies | | | | | | - | | | |
| Federal Subsidies | | | | | | - | | | |
| Other Subsidies | | | | | | - | | | |
| User Fees & Donations | 5,112.5 | 5,567.1 | 5,546.2 | 5,697.0 | 5,738.8 | 192.6 | 3.5% | 5,991.7 | 6,265.2 |
| Transfers from Capital Fund | | | | | | - | | | |
| Contribution from Reserve Funds | | | | | | - | | | |
| Contribution from Reserve | | | | | | - | | | |
| Sundry Revenues | | | | | | - | | | |
| Required Adjustments | | | | | | - | | | |
| Total Revenues | 5,112.5 | 5,567.1 | 5,546.2 | 5,697.0 | 5,738.8 | 192.6 | 3.5% | 5,991.7 | 6,265.2 |
| Total Net Expenditures | 88,837.7 | 95,066.4 | 96,823.1 | 97,010.6 | 106,423.1 | 9,600.0 | 9.9% | 115,406.8 | 123,378.9 |
| Approved Positions | 517.0 | 511.0 | 531.0 | 531.0 | 557.0 | 26.0 | 4.9% | TBD | TBD |



2014 Operating Budget – Key Cost Drivers

| (In \$000s) | 2014 Rec'd Base Budget |
|--|------------------------|
| Gross Expenditure Changes | |
| Prior Year Impacts | |
| FYE of 2013 Staff Additions | 32.1 |
| CBA Impact (Including Benefits from Jan-Mar) | 227.5 |
| Economic Factors | |
| Diesel Fuel (Futures Prices) | 406.4 |
| Inflation | 179.8 |
| Taxi Contracts | (39.7) |
| Base Changes | |
| To Maintain Service Levels (6% Demand Increase) | 7,030.7 |
| Impact of AODA (2% Unaccommodated Rate to 0.5%) | 1,330.5 |
| Impact to Transform Customer Satisfaction (Call Centre Staff Increase) | 437.9 |
| Increase in Other Employee Benefits | 186.6 |
| Other (Net) | 257.6 |
| Total Changes | 10,049.4 |
| Revenue Changes | |
| Increase in Trips | 294.4 |
| Increase in Trips (AODA Impact) | 70.1 |
| Higher Average Fare | 10.7 |
| Revenue Loss - Mandatory Escorts (AODA) | (294.0) |
| Total Changes | 81.2 |
| Net Expenditures | 9,968.2 |



2014 Recommended Service Changes

- to Achieve Target

| Description (\$000s) | 2014 Recommended Service Changes | | | | Net Incremental Impact | | | |
|---|----------------------------------|-------------------|-------------|---------------------------|------------------------|-----------|-------------|-----------|
| | Position Change | Gross Expenditure | Net Expense | % Change over 2013 Budget | 2015 | | 2016 | |
| | | | | | Net Expense | Positions | Net Expense | Positions |
| | # | \$ | \$ | % | \$ | # | \$ | # |
| Base Changes: | | | | | | | | |
| Base Expenditure Changes | | | | | | | | |
| Diesel Price Savings (additional hedging) | | (256.8) | (256.8) | N/A | | | | |
| Base Expenditure Change | - | (256.8) | (256.8) | N/A | - | - | - | - |
| Base Revenue Changes | | | | | | | | |
| 5 Cent Fare Increase | | | (111.4) | N/A | | | | |
| Base Revenue Change | - | - | (111.4) | N/A | - | - | - | - |
| Sub-Total | - | (256.8) | (368.2) | N/A | - | - | - | - |
| Service Efficiencies | | | | | | | | |
| XXX | | | | | | | | |
| XXX | | | | | | | | |
| Sub-Total | - | - | - | | - | - | - | - |
| Revenue Adjustments | | | | | | | | |
| XXX | | | | | | | | |
| XXX | | | | | | | | |
| Sub-Total | - | - | - | | - | - | - | - |
| Service Changes | | | | | | | | |
| XXX | | | | | | | | |
| XXX | | | | | | | | |
| Sub-Total | - | - | - | | - | - | - | - |
| Total Changes | - | (256.8) | (368.2) | N/A | - | - | - | - |

User Fee Changes - Highlights

| Fee Description | 2013 Fee | Recommended 2014 Fee | % Increase | Incremental Revenue (\$000's) |
|---|----------|----------------------|------------|-------------------------------|
| 5 cent fare increase on Adult single fare and pro-rata increase on all other fares (excluding cash) | - | - | 1.7% | 111.4 |
| Total Incremental Revenue | | | | 111.4 |

Note: CPI forecast for 2014 is 2%



2015 and 2016 Plans

| Description (\$000s) | 2015 - Incremental Increase | | | | | 2016 - Incremental Increase | | | | |
|-------------------------------------|-----------------------------|---------|-------------|----------|-------------|-----------------------------|---------|-------------|----------|-------------|
| | Gross Expense | Revenue | Net Expense | % Change | # Positions | Gross Expense | Revenue | Net Expense | % Change | # Positions |
| Ridership (000s) | | 3,246 | | | | | 3,436 | | | |
| Anticipated Impacts: | | | | | | | | | | |
| Service Increase | 7,134.5 | 354.0 | 6,780.5 | 6.4% | | 6,512.5 | 370.3 | 6,142.2 | 5.3% | |
| Other Employee Costs | 831.4 | | 831.4 | 0.8% | | 921.1 | | 921.1 | 0.8% | |
| Energy-Diesel,Hydro,Utilities | 618.1 | | 618.1 | 0.6% | | 20.8 | | 20.8 | 0.0% | |
| Vehicle Maintenance | 400.0 | | 400.0 | 0.4% | | 400.0 | | 400.0 | 0.3% | |
| Inflation & Accident Claim Expenses | 251.0 | | 251.0 | 0.2% | | 304.8 | | 304.8 | 0.3% | |
| WTIS Maintenance & Enhancements | - | | - | | | 100.7 | | 100.7 | 0.1% | |
| Other Net Changes | 1.6 | | 1.6 | 0.0% | | (14.3) | | (14.3) | 0.0% | |
| Change in Average Fare | | (77.7) | 77.7 | 0.1% | | | (77.8) | 77.8 | 0.1% | |
| Revenue Loss (Mandatory Escorts) | | (23.4) | 23.4 | 0.0% | | | (19.0) | 19.0 | 0.0% | |
| Total Incremental Impact | 9,236.6 | 252.9 | 8,983.7 | 8.4% | - | 8,245.6 | 273.5 | 7,972.1 | 6.9% | - |

Exclusions:

Impact of April 1, 2014 CBA

Impact of any post-January 1, 2014 fare increase(s)

Impact of Pan and Parapan Am Games to be covered by third party



Capital Overview



Capital Overview

- Asset Value – Insurable replacement value approaching \$12 billion (Excluding Tracks, Tunnels, Network upgrades and Soft costs)

2014 – 2023 Base Program (\$9.0 Billion)

Infrastructure

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

Key Elements

- Facilities
- Automatic Train Control
- PRESTO
- Accessibility



Key Objectives

- Continue to maintain and improve upon the SOGR of the existing transit system (significant commitment to replace vehicles and infrastructure);
- Implement improvements such as system accessibility and PRESTO;
- Continue to improve service and ensure system reliability;
- Address increased ridership (7th year in row at all-time record high)
- Pursue long term predictable and sustainable funding



2013 Capital Performance



Summary of Major Projects Completed in 2013

- Capital infrastructure replacement and rehabilitation work progressed
- Continued milestone payments for LRVs ; preliminary acceptance of 4th and 5th LRVs expected by December, 2013;
- Delivery of 24 additional Toronto Rocket trains expected by the end of 2013;
- Procurement of 153 Artic buses for delivery in 2013 & 2014;
- Continued milestone payments for YUS ATC Resignalling project;
- Continued progress on the Toronto Rocket/T1 Rail Yard Accommodation project;
- Leslie Barns construction ongoing (facility and track costs);
- PRESTO - continuing to work with Metrolinx – progress made for implementation of PRESTO to support LRV rollout in 2014;
- Toronto-York-Spadina Subway Extension construction progressing.



Capital Spending - Budget to Actual Comparison

| 2013 Approved | Actuals as of Sept 30, 2013 | | Projected Actuals at Year End | | Projected Unspent Balance | |
|---------------|-----------------------------|---------|-------------------------------|---------|---------------------------|-----------|
| \$ | \$ | % Spent | \$ | % Spent | \$ | % Unspent |
| 878,760 | 360,674 | 41.0 | 791,497 | 90.1 | 87,263 | 9.9 |

Key Points:

- Leslie Barns Maintenance & Storage Facility (-\$56.2 million); currently progressing slower than anticipated and staff is working on a recovery schedule with the contractor;
- Toronto Rocket/T1 Rail Yard Accommodation (-\$12.1 million); slippage due to delay in design refinement;
- Purchase of Buses (-\$14.8 million); slippage of 16 articulated buses into 2014 due to change in the delivery schedule by the manufacturer;
- Purchase of Subway Cars (+\$44.2 million); slippage of milestone payments, PST and escalation from 2012 to 2013;
- Legacy LRVs (+\$15.9 million); slippage of 2012 project milestones, PST, escalation and project changes re:PRESTO to 2013;
- PRESTO/TTC Farecard Project (-\$11.9 million); startup of the project delayed due to various factors in 2013 which reduced the resource requirements resulting in slippage into 2014;
- ATC Resignalling (-\$23.7 million); slippage of project milestones.



2014 – 2023 Staff Recommended Capital Budget and Plan



Summary of Major Projects in the 10-Year Capital Budget and Plan (Projects to be completed in 2014)

Vehicles:

| | <u>(\$Millions)</u> | |
|---|---------------------|--------------|
| Delivery of 153 Artic Diesel Buses (142 in 2014) (contract completion) | 126 | } 484 |
| Purchase of 234 +126 +60 Subway Cars (delivery of last cars,126 car order and 60 New Car Order) | 56 | |
| Purchase of 204 + 60 LRV Cars (delivery of 34 in 2014 & down payment for new 60 car order) | 187 | |
| Vehicle Overhaul Programs (Bus, WT, Subway, Streetcar) | 99 | |
| Other | 16 | |

Infrastructure Projects:

| | | |
|---|-----------|--------------|
| Finishes, Equip, Yards & Roads | 54 | } 687 |
| Bridges & Tunnels | 48 | |
| Leslie Barns & LRV CH (141), EA II&III (22), Facility Renewal (8) | 171 | |
| Fire Ventilation (29), TR Accommodation (39) | 68 | |
| Track Programs | 83 | |
| Signals Electrical Communications (59), OH & Poles (16), YUS ATC (88) | 163 | |
| Equipment (17), Farecard (10), Environ (6), IT (35) | 68 | |
| Other projects | <u>32</u> | |

TTC REQUEST LEVEL

\$1,171



Summary of Major Projects in the 10-Year Capital Budget and Plan Key (2014-2023 Capital Budget)

(\$Millions)

Vehicles:

| | | |
|--|-------|----------------|
| Purchase of Buses :400 replace/growth + 135 Service Enhancements + 900 replace/growth; 198 Wheel Trans | 1,375 | } 3,652 |
| Purchase of Subway Cars: 234 + 126 +372 + 60 new | 688 | |
| Purchase of LRVs: 204 + 60 new LRV Cars (delivered by 2021) | 1,038 | |
| Vehicle Overhaul Programs (Bus, Subway, Streetcar) | 485 | |
| Other | 66 | |

Infrastructure Projects:

| | | |
|---|------------|----------------|
| Finishes, Equip, Yards & Roads | 680 | } 5,385 |
| Bridges & Tunnels Structure Rehabilitation | 475 | |
| Leslie Barns & LRV CH (372), EA III (426), Facility Renewal (66) | 864 | |
| Fire Ventilation (276), TR Accommodation (392), McNicoll New Bus Garage (181) | 849 | |
| Track Programs | 656 | |
| Signals/Electrical/Communications (268), Traction Power (179), YUS/BD ATO (669) | 1,116 | |
| Equipment (69), Farecard (56), Environmental (60), IT (376) | 561 | |
| Other projects | <u>184</u> | |

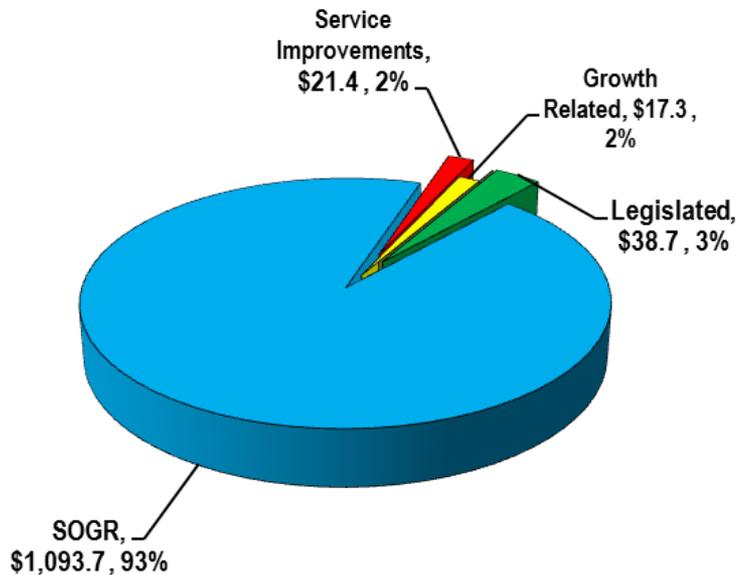
Total – Base Program

\$9,037

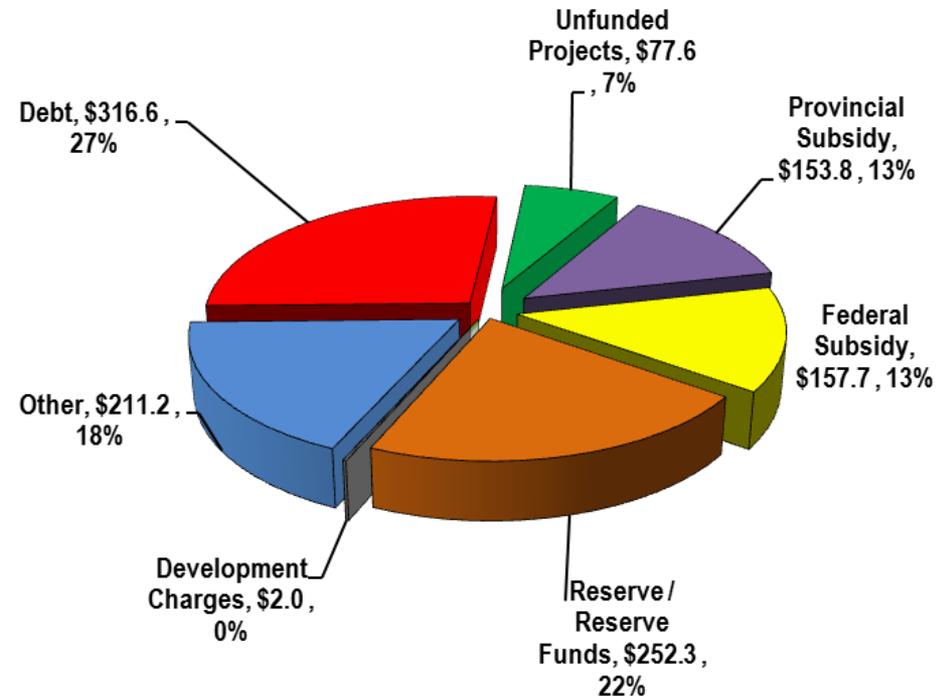


Capital Spending by Program and Funding Sources - 2014 Capital Budget

**Where the Money Goes
\$1.171 Billion**

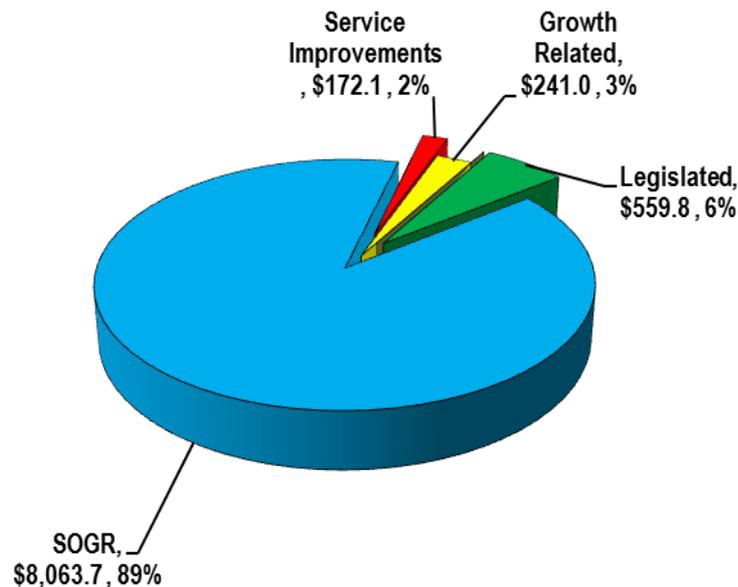


**Where the Money Comes From
\$1.171 Billion**

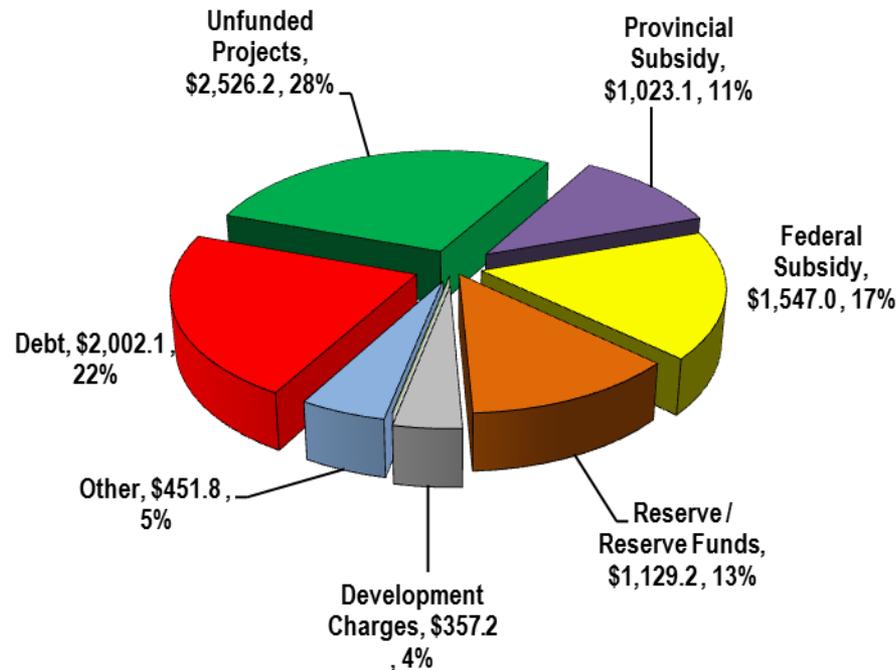


Capital Spending by Program and Funding Sources - 2014 – 2023 Capital Budget and Plan

**Where the Money Goes
\$9.037 Billion**



**Where the Money Comes From
\$9.037 Billion**

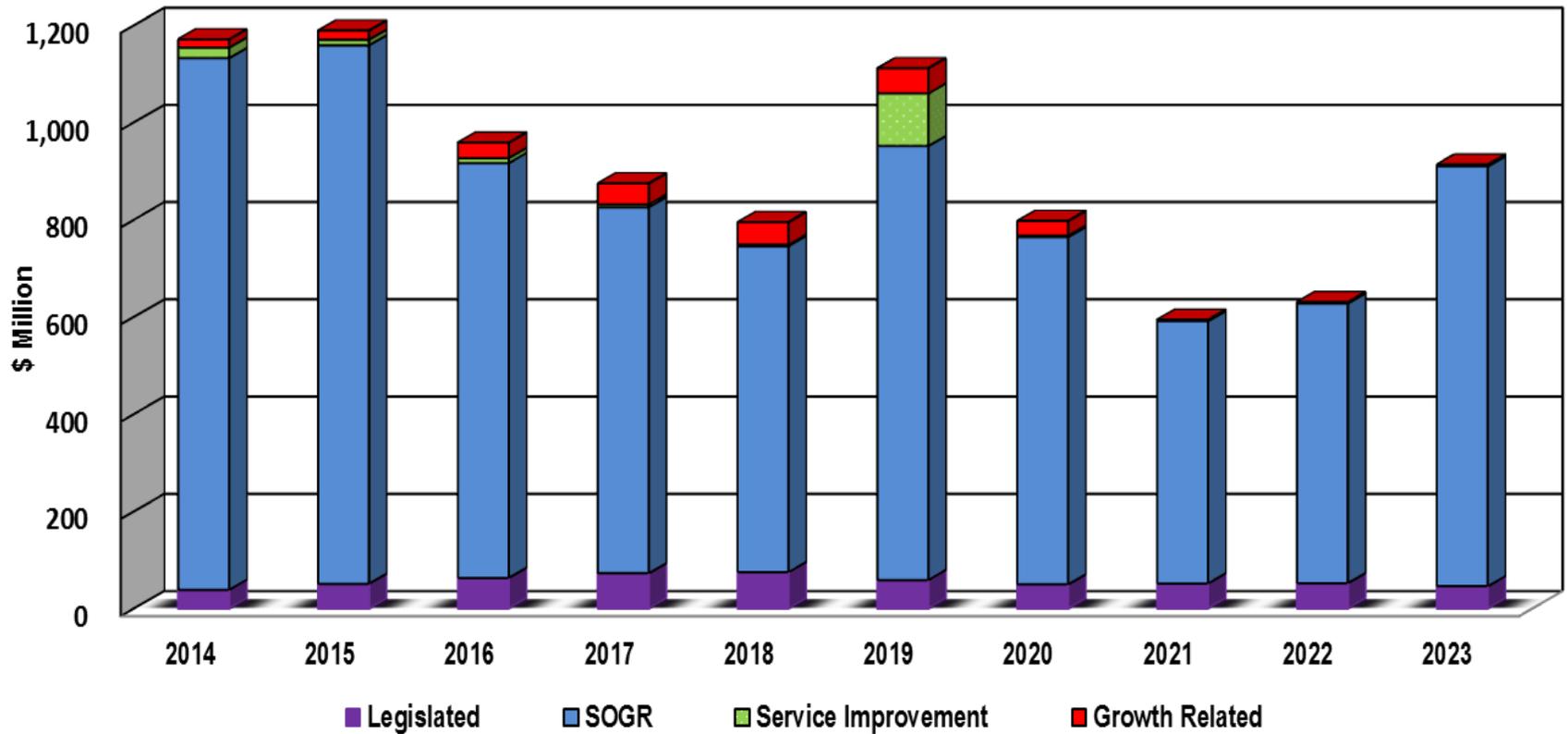


TTC 2014-2023 Unfunded Projects

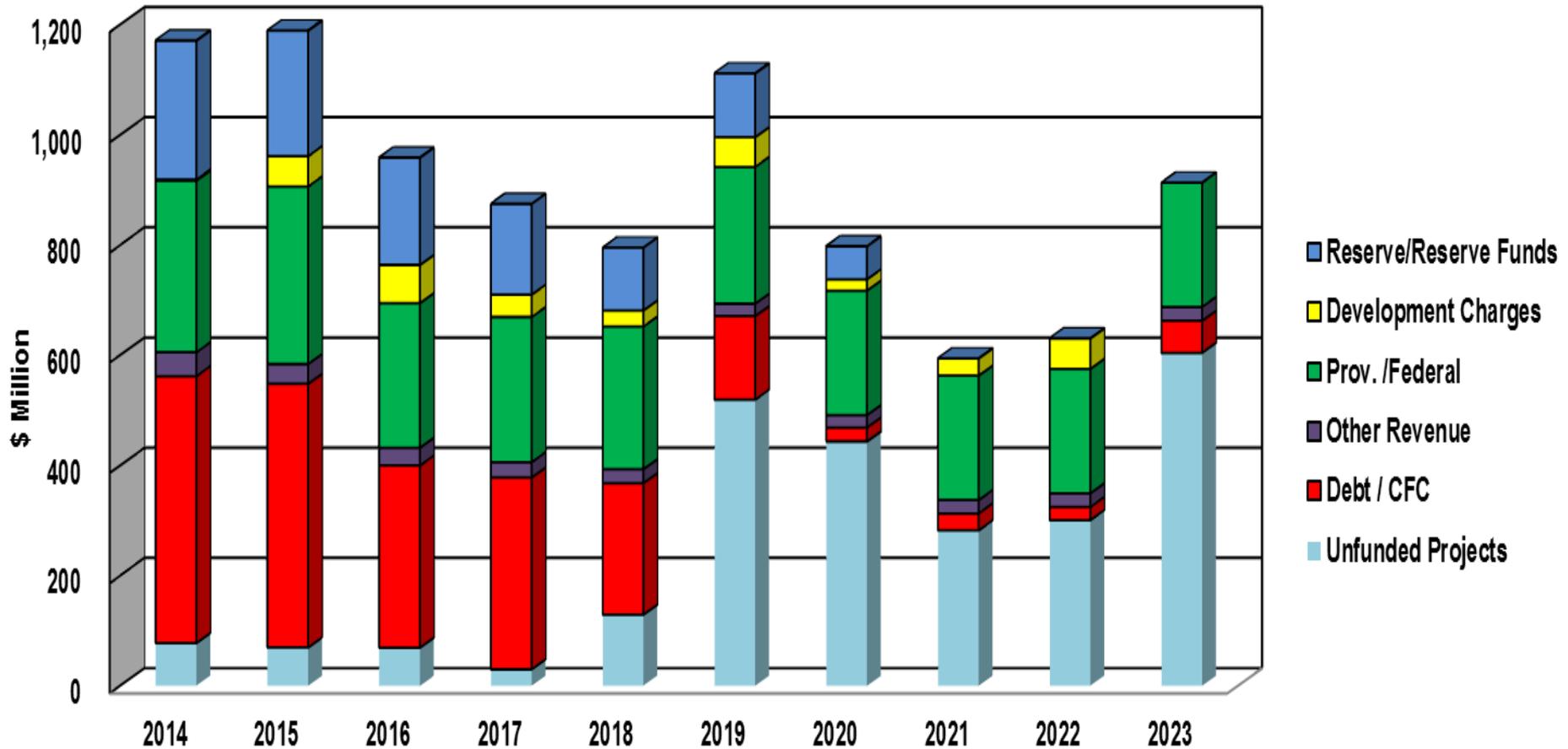
– Below the Line

| \$000s | <u>2014</u> | <u>2014-2023</u> | DECISION DATE |
|--|-----------------|--------------------|---------------|
| | | - | |
| Proposed gross costs below the line (Unfunded): | | - | |
| 372 Replacement Subway Cars | | (425,707) | 2022 |
| 58 Wheel-Trans Buses | | (22,071) | 2017 |
| 135 Buses for Service Improvements | | (105,276) | 2018 |
| Buses (Revert to 18 Year Life) | | (929,642) | 2014 |
| Bus Rebuilds (to support 18 year life) | 7,168 | 259,766 | 2014 |
| 60 New LRVs | (51,724) | (352,904) | 2014 |
| Fire Ventilation Upgrade | 2,806 | (159,090) | 2014 |
| McNicoll New Bus Garage (Phase 2) | 8,000 | (101,000) | 2014 |
| Station Finish Renewal Program | - | (45,750) | 2017 |
| Train Door Monitoring System - T1 & TR | (13,803) | (51,475) | 2014 |
| SMS Work Order System SOGR | | (15,000) | 2014 |
| Easier Access III | | (240,000) | 2014 |
| Subway Track | | (60,000) | 2014 |
| Surface Track | (10,000) | (48,000) | 2014 |
| Traction Power | (10,000) | (25,000) | 2014 |
| Finishes | | (40,000) | 2014 |
| Equipment | (5,000) | (55,000) | 2014 |
| Bridges and Tunnels | (5,000) | (55,000) | 2014 |
| On-Grade Paving | | (45,000) | 2014 |
| Building and Structures | | (10,000) | 2014 |
| Total Gross Change | (77,553) | (2,526,149) | |

2014 – 2023 Capital Plan by Category



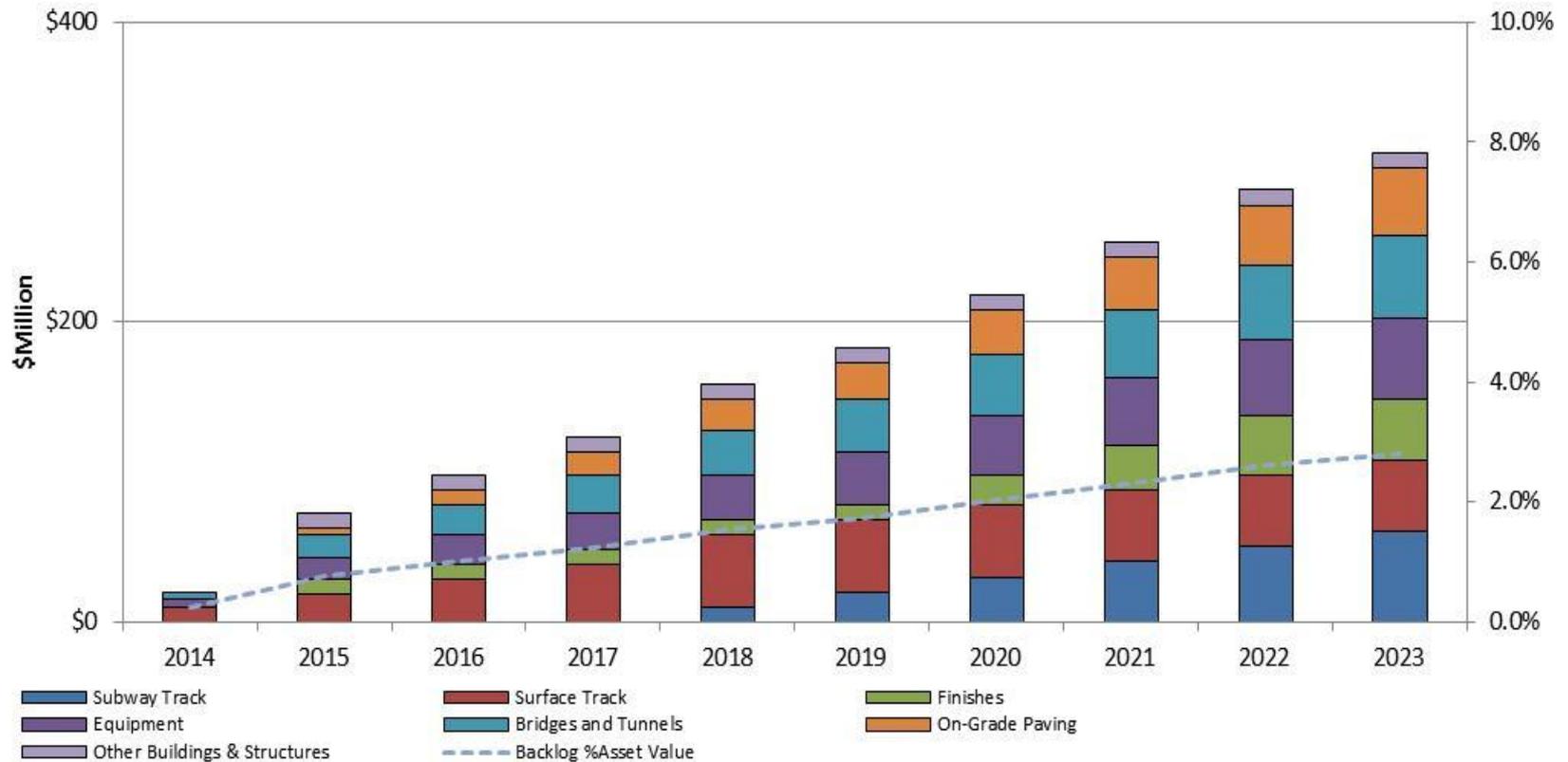
2014 – 2023 Capital Plan by Funding Source



State of Good Repair Backlog

Toronto Transit Commission- \$338 Million

Accumulated Backlog by Asset Type and Backlog as a % of Asset Value



Note: Total backlog including unfunded \$2.5+ billion



Incremental Operating Impact of Capital

| (\$000s) | 2014 Rec Budget | 2015 Plan | 2016 Plan | 2017 Plan | 2018 Plan | 2019 Plan | 2020 Plan | 2021 Plan | 2022 Plan | 2023 Plan | 2014-2023 Total |
|--|-----------------|-----------|------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------------|
| Recommended 10-Year Capital Plan - Total | (2,597.8) | (1,968.9) | (17,767.9) | (10,849.0) | (1,289.1) | (761.1) | (705.2) | (863.2) | (891.3) | (1,407.9) | (39,101.4) |

Key Points:

- TYSSE, Scarborough Subway Extension, Eglinton Crosstown will have significant operating impacts (yet to be determined): transitional operating subsidies required
- Operating efficiencies commencing in 2014 and 2015 mainly reflect operator savings due to procurement of Artic buses (-\$3.3 M in 2014 and a further -\$2.1 M from 2015)
- Operating efficiencies commencing in 2016 and 2017 mainly reflect operator savings due to the Train Door Monitoring project (-\$17.5 M in 2016 and a further -\$13.5 M from 2017 – subject to additional project funding beyond 2015)
- Plan will be to utilize some of these headcount reductions to offset other needs in the future
- Refer to TTC Capital Budget documentation for details by project



Key Issues for 2014 and Beyond

- 1) Needs are real
- 2) City cannot fund it all alone
- 3) Need Province to reinstate the bus purchasing funding programs
- 4) Need Province/Federal Governments to fund rail vehicle acquisitions
- 5) Set up a Special Task Force to seek and secure funding
- 6) Need upper level governments to restore expiring infrastructure programs
- 7) Take advantage of economies of scale
 - LRVs, Toronto Rockets





Thanks