TTC Management Comments

CONTINUOUS CONTROLS MONITORING PROGRAM – 12-MONTH REVIEW OF TTC EMPLOYEES OVERTIME AND RELATED EXPENSES, 2014
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• The Auditor General’s report on TTC’s overtime and related expenses for the year 2014 indicated that overtime expenditures increased over 2013 by $5.3 million; [Total overtime 2013 = $77.5M, and Total overtime 2014 = $82.8M].

• The report highlights the fact that there were several external events which contributed to the increase over 2013.

• It is important to explain to the TTC Audit Committee the factors which drove the overtime increase for 2014.
Numerous weekend subway closures were required to enable resignalling and Union Station new platform projects on Line 1; [# of subway closures increased from 21 in 2013 to 27 in 2014; # of closure days increased from 35 in 2013 to 51 days in 2014].

During the closures other capital and maintenance activities were also performed to take advantage of the subway closures to complete the work in a more efficient and effective manner.

Most of the additional work was performed using overtime.

In 2014, approximately $2.9 million in overtime work was incurred on the subway closure for Line 1 resignalling and Union Station projects.

The TTC has contracted with an external supplier to provide customer service for future closures, resulting in savings.
• Wage and salary rates are higher in 2014 as a result of the 4-year TTC union agreements negotiated in 2014.

• The weighted average increase, relative to 2013 rates, was approximately 1.6% higher, accounting for approximately $1.2 million in higher overtime costs.

• This increase should be seen in the context of the overall CBA settlement which delivered four, four year deals, within the mandate authorized by the Board. These deals included ground-breaking differentiated wage settlements to ensure an affordable outcome.
• Extra time was worked to address legacy streetcar braking systems problems due to the colder winter weather.

• Additional emergency track maintenance work was performed which was also attributed to the harsher winter weather.
• To enhance operational performance, 24/7 operation was introduced at Davisville Carhouse.

• The Davisville Carhouse was used for the staging of the Toronto Rocket subway car modifications which were performed on weekends.

• Both of the above initiatives necessitated the use of overtime work on a one-off basis (i.e. non-annualized).
• Workforce gapping for the operating budgets was $15 million higher than targeted in 2014 due to the fact that work that would have been performed in vacant positions had to be undertaken on an overtime basis.

• The 2014 absence rates were higher than the 2013 levels, and higher than the 2014 target (i.e., budget) which also contributed to the increased overtime to cover scheduled service.

• The use of overtime enabled the normal day-to-day operations to continue.
CONCLUDING COMMENTS

• Even after accounting for incremental overtime expenses incurred, the total 2014 operating labour costs were less than budget.

• For each of the years 2013 and 2014, total overtime figures include $9.3 million which is attributed to “scheduled overtime”, i.e., overtime that is budgeted for to permit the desired service planning and scheduling of routes for customer convenience.

• Management continues to apply focus to driving down absenteeism and other elements of unplanned overtime.