



Toronto 2016 BUDGET

OPERATING BUDGET NOTES



Toronto Transit Commission

2016 OPERATING BUDGET OVERVIEW

TTC will provide Conventional transit service to up to 552 million riders with service that spans 246 million kilometres and 9.5 million hours in 2016. Wheel-Trans provides door-to-door accessible transit service on 3.7 million rides for riders with physical disabilities.

2016 Budget Highlights

The total cost to deliver Conventional and Wheel-Trans transit to Toronto residents and visitors in 2016 is \$1.736 billion and \$123.666 million respectively, as shown below.

TTC Conventional (in \$000's)	2015 Approved		Change	
	Budget	2016 Budget	\$	%
Gross Expenditures	1,693,820.3	1,736,305.1	42,484.8	2.5%
Gross Revenues	1,220,089.5	1,241,129.7	21,040.2	1.7%
Net Expenditures	473,730.8	495,175.4	21,444.6	4.5%

TTC - Wheel Trans (in \$000's)	2015 Approved		Change	
	Budget	2016 Budget	\$	%
Gross Expenditures	115,313.1	123,665.9	8,352.8	7.2%
Gross Revenues	6,514.3	6,953.5	439.2	6.7%
Net Expenditures	108,798.8	116,712.4	7,913.6	7.3%

The 2016 Budget includes increased funding of \$50.838 million gross (\$29.358 million net) to accommodate increased ridership, fund the full year impact of the 2015 service enhancements that were implemented mid-year and begin funding PRESTO transition costs.

The Budget also includes additional revenue generated from a 10 cent fare increase on fare media and a 25 cent increase on cash fares, while incorporating for a 2016 freeze on fares for Metropass users, seniors and students.

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Contents

Overview

I: 2016 – 2018 Service Overview and Plan	7
II: 2016 Budget by Service	10
III: Issues for Discussion	23

Appendices:

1. 2015 Performance	31
2. 2016 Operating Budget by Expenditure Category	33
3. 2016 Organization Chart	34
4. Summary of 2016 Service Changes	36
5. Summary of 2016 New & Enhanced Service Priorities	NA
6. Inflows/Outflows to / from Reserves & Reserve Funds	37

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Fast Facts

- TTC is the largest City transit service in Canada and third largest in North America.
- TTC operates 800 subway cars, 260 streetcars /LRVs and 1,900 buses to transport 552 million riders with a staff of 5,656 operators.
- The Yonge-University-Spadina subway line is the busiest TTC route carrying 780,000 riders per day, followed by the Bloor-Danforth subway line carrying 550,000 riders per day.
- Wheel-Trans operates 205 accessible buses to transport 3.7 million riders in 2016 with a staff of 351 operators.

Trends

- TTC ridership has increased by 48.2% since 1996 with 372 million riders, to 552 million anticipated riders in 2016.
- Customer satisfaction ratings continue to climb with Q3 2015 results hitting a record high of 81%. These results reflect riders’ appreciation for measures taken to alleviate vehicle crowding, shortening trip duration on buses and streetcars, increasing vehicle and station cleanliness and the excellent performance during this Summer’s Pan Am and Parapan Am Games.
- Ridership growth experienced in past years is expected to continue in 2016.
- Wheel-Trans ridership demand is steadily increasing due to an aging population and AODA requirements.

Our Service Deliverables for 2016

TTC and Wheel-Trans are responsible for providing transit service to the people of Toronto. The 2016 Preliminary Operating Budget will:

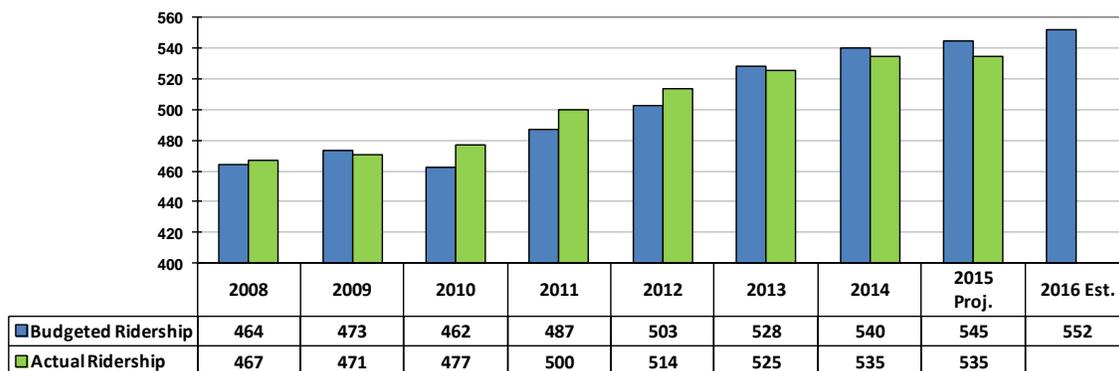
TTC Conventional Service:

- Provide transit service to an anticipated 552 million riders, representing a 17 million, or 3.2% increase over the 2015 projected actual ridership.
- Provide rail, streetcar and bus service spanning 246 million kilometers and 9.5 million hours of service.

Wheel-Trans Service:

- Implement a new eligibility criteria in the second half of 2016 based upon added classification of disabilities as required by ADOD (in advance of the 1 January 2017 deadline).
- Carry 443,800 more passengers, increasing from 3.246 million in 2015 to 3.690 million in 2016, including 1,007,600 bus trips, 52,000 community bus trips, 1,331,100 trips by accessible taxi and 1,298,800 sedan taxi trips.
- Improve customer service telephone performance by reducing wait times and call abandonment rates to industry standards.

TTC Conventional Ridership 2007 – 2015 (in millions)

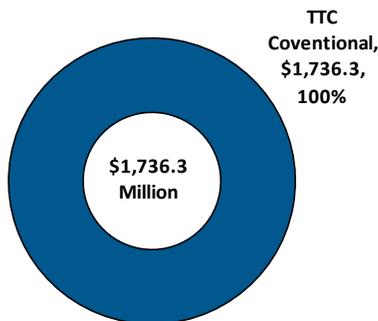


TTC Conventional Service:

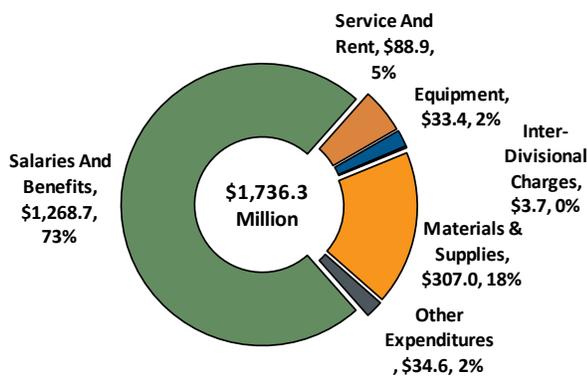
2016 Operating Budget Expenses & Funding

Where the money goes:

2016 Budget by Service

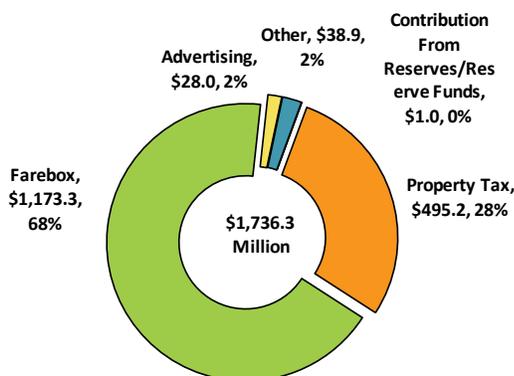


2016 Budget by Expenditure Category



Where the money comes from:

2016 Budget by Funding Source



Our Key Issues & Priority Actions

- **Maintaining service levels and accommodating growing ridership demand.**

 - ✓ Budgeting for an anticipated 552 million riders in 2016.
 - ✓ The 2016 Preliminary Budget, \$21.5 million or 4.5% increase in City funding. \$18.4 million in Board approved new and enhanced service initiatives are not included.
 - ✓ An additional \$18.3 million in fare box revenue to support the full year costs of 2015 added transit service and free transit for children under 12.

- **Identifying opportunities for expenditure reductions** \$27.8 million or 5.9% in expenditure reductions are included in the 2016 Budget, including:

 - ✓ Continued savings from diesel fuel hedging;
 - ✓ Savings generated through Articulated Light Rail Vehicle rebuild;
 - ✓ Non-labour expense reductions; and
 - ✓ An expenditure freeze on overtime expenses.

2016 Operating Budget Highlights

- The 2016 Preliminary Operating Budget for the TTC of \$1.736 billion in gross expenditures (prior to any Board approved service enhancements) reflects a 4.5% increase above the 2015 Approved Net Budget, exceeding the budget target of a 1% decrease.
- The Preliminary Budget has been developed through consideration of the following criteria:

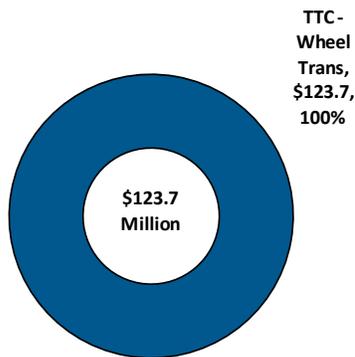
 - ✓ The identification of sustainable, on-going savings including expenditure reductions of \$27.8 million net;
 - ✓ Stable revenue adjustments in the form of a 2016 fare increase that excludes increases to Metropass users, seniors and students; and
 - ✓ Target achievement **without impacting on Council approved Service Levels.**
- Staff are not proposing that the budget target be met for the TTC in 2016, based on the impact that further reductions would have on the level of service currently provided by the TTC.

TTC Wheel-Trans Service:

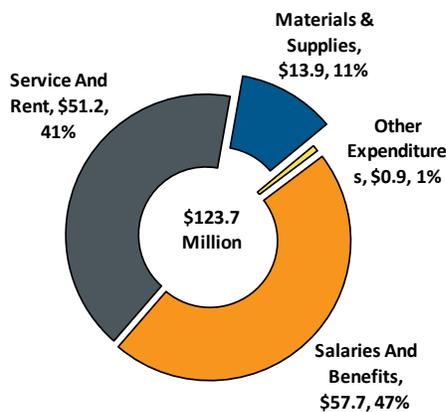
2016 Operating Budget Expenses & Funding

Where the money goes:

2016 Budget by Service

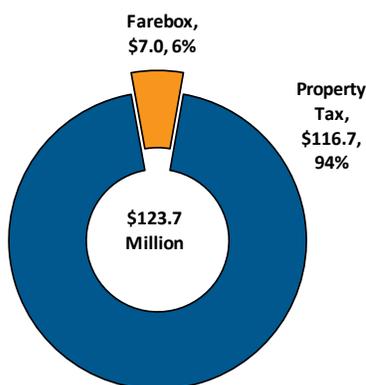


2016 Budget by Expenditure Category



Where the money comes from:

2016 Budget by Funding Source



Our Key Issues & Priority Actions

- **Accommodate the growing demand for Wheel-Trans service** – as a result of an aging population and AODA legislation.
 - ✓ Budgeting for an anticipated 3.7 million rides in 2016.
- **Support increasing service costs** with farebox revenues and City tax levy funding.
 - ✓ Increase of Tax Levy funding by \$7.9 million or 7.3% in 2016.
- **Address ongoing Wheel-Trans priority actions.**
 - ✓ Achieve and exceed targets of each key performance indicator.
 - ✓ Transform and modernize Wheel-Trans.
 - ✓ Redefine eligibility in accordance with AODA legislation and business/technology changes.
 - ✓ Improve the Wheel-Trans experience through various customer service initiatives.
 - ✓ Secure funding from the Province towards Wheel-Trans’ operation needs.

2016 Operating Budget Highlights

The 2016 Operating Budget of \$123.666 million gross and \$116.712 million net for TTC Wheel-Trans Service will:

- Continue to provide 24 hours of service in accordance with AODA requirements.
- Accommodate as many trip requests within service availability and a lower unaccommodated rate of 0.5%.
- Improve customer service telephone performance by reducing wait times and call abandonment rates to industry standards.
- Update current scheduling system to allow for intermodal trip planning with TTC Conventional Service as the system becomes more accessible.

Actions for Consideration

Approval of the 2016 Preliminary Budget as presented in these Notes requires that:

1. City Council approve the 2016 Operating Budget for Toronto Transit Commission (TTC) Conventional Service of \$1.737 billion gross and \$495.175 million net, comprised of the following service:

<u>Service</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
TTC - Conventional	1,736,305.1	495,175.4
Total Program Budget	<u>1,736,305.1</u>	<u>495,175.4</u>

2. City Council approve the 2016 staff complement for TTC Conventional Service of 13,908 positions.
3. City Council direct TTC staff to continue to work with City staff on establishing service standards and service levels for both the TTC Conventional Service and Wheel-Trans Service for 2017.
4. City Council direct the Chief Executive Officer of the TTC to report to Executive Committee in June 2016 on PRESTO transition savings that will be used to offset processing fees and associated cost increases.
5. City Council approve the 2016 Operating Budget for TTC Wheel-Trans Service of \$123.666 million gross and \$116.712 million net, comprised of the following service:

<u>Service</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
TTC – Wheel Trans	123,665.9	116,712.4
Total Program Budget	<u>123,665.9</u>	<u>116,712.4</u>

6. City Council approve the 2016 staff complement for TTC Wheel-Trans Service of 565 positions.
7. City Council direct the Chief Executive Officer of the TTC and the City Manager to continue discussions on partnering with the Province for permanent sustainable funding for impacts of legislated requirements on Wheel-Trans Services' such as the impacts of Accessibility for Ontarians with Disabilities Act (AODA).

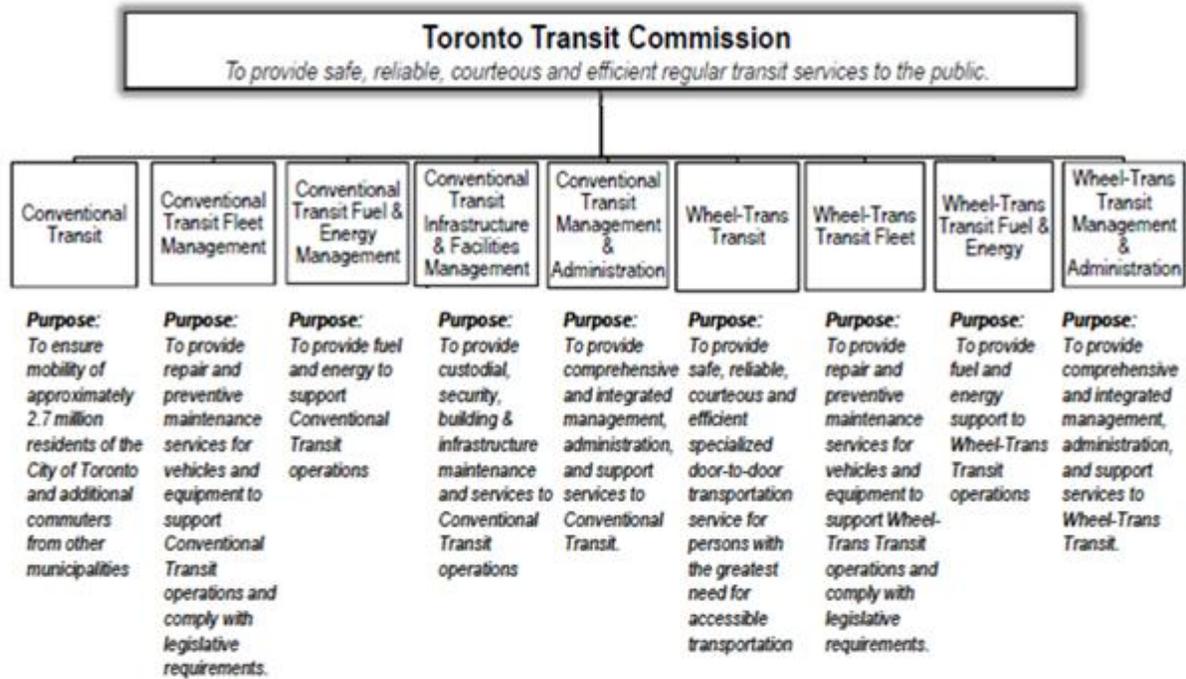


Part I:

2016 – 2018

Service Overview and
Plan

Program Map



Service Customer

Conventional Transit • Transit Rider • Businesses • Employers • Neighbouring Municipalities • All individuals in the City of Toronto Conventional Transit Fleet Management • TTC Conventional Transit • Transit Rider	Conventional Transit Infrastructure & Facilities Management • TTC Conventional Transit • Transit Riders Conventional Transit Management & Administration • Conventional Transit • Conventional Transit Fleet Management • Conventional Transit Fuel & Energy Management • Conventional Transit Infrastructure & Facilities Management • Transit Rider	Wheel-Trans Transit • Wheel-Trans Transit Rider • Businesses • Employers • Neighbouring Municipalities • All individuals in the City of Toronto Wheel-Trans Transit Fleet • TTC Wheel-Trans Transit Conventional Transit Fuel & Energy Management • TTC Conventional Transit • Transit Rider	Wheel-Trans Transit Fuel & Energy • Wheel-Trans Transit Wheel-Trans Management & Administration • Wheel-Trans Transit • Wheel Transit Fleet Management • Wheel Transit Fuel & Energy Management
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Table 1
TTC Conventional Service & Wheel Trans
2016 Preliminary Operating Budget and Plan by Service

(In \$000s)	2015		2016 Operating Budget			2016 vs. 2015 Budget		Incremental Change 2017 and 2018 Plan			
	Approved Budget	Projected Actual	2016 Base	2016 New/Enhanced	2016 Budget	Approved Changes		2017		2018	
	\$	\$				\$	%	\$	%	\$	%
TTC - Conventional											
Gross Expenditures	1,693,820.3	1,667,704.5	1,736,305.1		1,736,305.1	42,484.8	2.5%	159,700.0	9.2%	70,100.0	3.7%
Revenue	1,220,089.5	1,189,106.7	1,241,129.7		1,241,129.7	21,040.2	1.7%	9,798.8	0.8%	17,400.0	1.4%
Net Expenditures	473,730.8	478,597.8	495,175.4	-	495,175.4	21,444.6	4.5%	149,901.2	30.3%	52,700.0	8.2%
Approved Positions	11,691.0	11,778.0	11,803.0	-	11,803.0	112.0	1.0%				

(In \$000s)	2015		2016 Operating Budget			2016 vs. 2015 Budget		Incremental Change 2017 and 2018 Plan			
	Approved Budget	Projected Actual	2016 Base	2016 New/Enhanced	2016 Budget	Approved Changes		2017		2018	
	\$	\$				\$	%	\$	%	\$	%
TTC - Wheel Trans											
Gross Expenditures	115,313.1	116,429.9	123,665.9		123,665.9	8,352.8	7.2%	8,296.8	6.7%	7,081.6	5.4%
Revenue	6,514.3	6,793.5	6,953.5		6,953.5	439.2	6.7%	372.5	5.4%	379.9	5.2%
Net Expenditures	108,798.8	109,636.4	116,712.4	-	116,712.4	7,913.6	7.3%	7,924.3	6.8%	6,701.7	5.4%
Approved Positions	562.0	561.0	565.0	-	565.0	3.0	0.5%				

The 2016 Preliminary Operating Budget for **TTC (Conventional & Wheel-Trans)** is \$1.860 billion gross and \$611.889 million net. The net budget increased by \$29.358 million or 5.0% due to the following:

The 2016 Operating Budget includes:

- Funding to complete the rollout of transit service expansion approved in 2015
- Ability to accommodate ridership of 552 million passenger trips
- Expenditure reductions resulting from:
 - locking in low diesel fuel prices saving \$14 million,
 - rebuilding ALRV streetcars rather than CLRVs reducing operating costs saving almost \$4 million,
 - An across-the-board \$10 million cut in departmental non-labour costs;

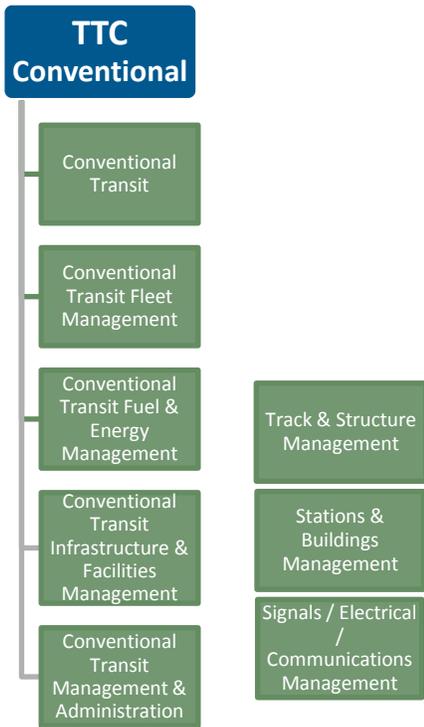
Further details can be found in the following Budget by Service section.



Part II:

2016 Budget by
Service

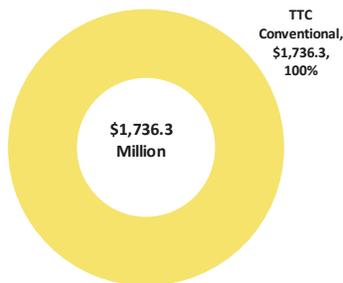
TTC Conventional



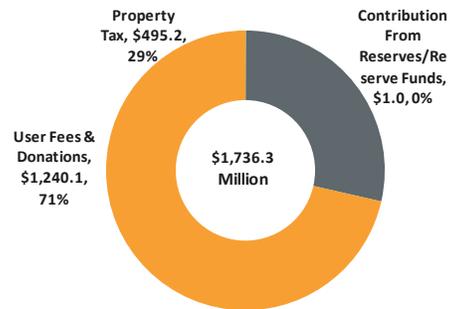
What We Do

- TTC Conventional Service provides transit bus, streetcar, subway and rapid transit to 552 million riders with service that spans 248 million kilometers and 9.5 million hours.
- Ensures mobility of approximately 2.8 million residents of the City of Toronto and additional commuters from other municipalities.
- Provides repair and preventative maintenance services for vehicles and equipment to support Conventional Transit operations and comply with legislative requirements.
- Provides fuel and energy to support Conventional Transit operations.
- Provides custodial, security, building and infrastructure maintenance and service.

2016 Service Budget by Activity (\$Ms)

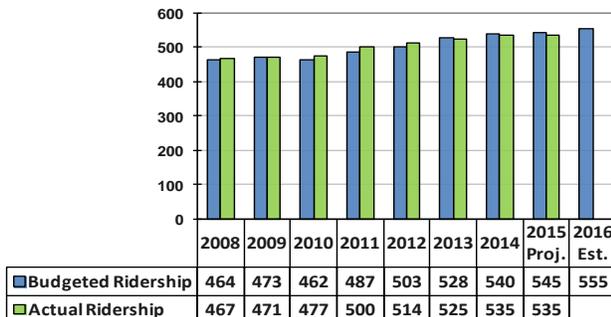


Service by Funding Source (\$Ms)



Key Service Performance Measurement

TTC Conventional Ridership 2008-2016 (in millions)



- Ridership is 10 million or 1.8% less than budgeted in 2015 due to severe cold temperatures experienced in January through March 2015, and the impact of planned system closures
- The TTC's 2016 Operating Budget forecasts an increase of 3.2% or 17 million riders from the 2015 projected actual for a total of 552 million riders in 2016.

2016 Service Levels
TTC Conventional Service

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

City Council directed TTC staff to continue to work with City staff to establish service standards and service levels for both the TTC Conventional Service and Wheel-Trans Service.

Table 1
TTC Conventional Service
2016 Preliminary Operating Budget and Plan by Service

(In \$000s)	2015		2016 Operating Budget			2016 vs. 2015 Budget Approved Changes		Incremental Change 2017 and 2018 Plan				
	Approved Budget	Projected Actual	2016 Base	2016 New/Enhanced	2016 Budget			2017		2018		
	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%	
TTC - Conventional												
Gross Expenditures	1,693,820.3	1,667,704.5	1,736,305.1		1,736,305.1	42,484.8	2.5%	159,700.0	9.2%	70,100.0	3.7%	
Revenue	1,220,089.5	1,189,106.7	1,241,129.7		1,241,129.7	21,040.2	1.7%	9,798.8	0.8%	17,400.0	1.4%	
Net Expenditures	473,730.8	478,597.8	495,175.4	-	495,175.4	21,444.6	4.5%	149,901.2	30.3%	52,700.0	8.2%	
Approved Positions	13,712.0	13,761.0	13,908.0	-	13,908.0	196.0	1.4%					

The **TTC Conventional Service** provides transit bus, streetcar, subway, and rapid transit to 552 million riders and provides repair and preventative maintenance services for vehicles and equipment to support Conventional transit operations and complies with legislative requirements.

The 2016 Preliminary Operating Budget for *TTC Conventional Service* of \$1.736 billion gross and \$495.175 million net is \$21.445 million or 4.5% above the 2015 Approved Net budget due to the following:

- The base budget pressure of \$67.490 million net is primarily attributable to the full year impact of service enhancements approved during the 2015 Budget process (\$37.4 million), inflationary increases in labour costs (\$24.3 million) and increased costs associated with anticipated ridership growth (\$8.9 million).
- The above pressures have been partially offset through expenditure reductions of \$27.8 million and \$18.3 million in additional revenue generated through Board approved 2016 fare increases.
- The 2016 Preliminary Operating Budget for the TTC does not include any of the \$18.4 million in Board Approved new 2016 operational initiatives and service enhancements.
 - These enhancements will be included as part of the list of new/enhanced requests referred to the Budget process to be distributed by the City Manager and CFO for consideration by the Budget Committee.
 - Additional detail on these initiatives is provided in the Issues for Discussion section of these notes (page 28).
- Anticipated future year incremental costs of \$149.9 million in 2017 and \$52.7 million in 2018 are primarily attributable to inflationary increases to both labour and non-labour costs, an increase in service to accommodate ridership growth, PRESTO fees and service expansion with the opening of the Toronto-York Spadina Subway Extension.

Table 2
Key Cost Drivers
TTC - Conventional

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

Key cost drivers for TTC Conventional Service are discussed below:

Prior Year Impacts:

- The most significant pressure in the 2016 Operating Budget is the \$37.4 million incremental impact of service enhancements approved in the 2015 budget process (\$30.287 million) decisions as outlined below:
 - 10-minute or better Route Network: A city-wide network of key bus and streetcar routes will operate across the City, at minimum every ten minutes, all day, every day, from approximately 6 a.m. (9 a.m. on Sundays) to 1 a.m.
 - Reduction of Wait Times and Crowding at off-peak periods: The TTC has reduced waiting times and crowding by adding buses and streetcars to the busiest and most popular routes during off-peak times.
 - Restoration of All-Day, Everyday Bus Service: In 2011, service was eliminated on approximately 40 routes at certain times of the day, mostly on evenings and weekends. In 2015, much of this service was restored with all-day, everyday service to match subway hours from approximately 6 a.m. (9 a.m. on Sundays) to 1 a.m.
 - Expanded Blue Night Network: The Blue Night Network operates when the subway closes each night for maintenance. In 2015, 12 new or improved bus and streetcar routes were added to the network.
 - Express Bus Network: New off-peak period express bus service was introduced to provide customers with faster and more comfortable travel.
 - Peak period bus service enhancements. By the end of 2015, 50 new buses will be received by the TTC. These vehicles will be used to expand the express bus network in peak periods and reduce wait time and overcrowding on some peak-period routes.

Operating Impacts of Capital:

- Increased costs of \$5.259 million and 11.0 positions required for PRESTO card acceptance to be rolled out on all streetcars and most subway stations which includes:
 - a 5.25% fee on PRESTO transactions; and
 - 11 PRESTO attendants to service Streetcar single ride vending machines for those customers that do not have PRESTO cards.

Economic Factors - Labour:

- The 2016 Operating Budget includes increased funding of \$24.3 million to fund the impact of the Collective Bargaining Agreement (\$17.6 million) and inflationary increases to employee benefit costs (\$6.7 million).

Other Base Changes:

- Additional funding of \$8.9 million and 123.0 positions are required to maintain service levels and meet a projected ridership increase of 17 million rides from the 2015 projected actual ridership, bringing the total ridership to 552 million rides in 2016.

In order to partially offset TTC Conventional base budget pressures of \$67.490 million, the 2016 service cost changes consist of base expenditures reductions of \$27.8 million net and base revenue changes of \$18.3 million as detailed in Table 3 below.

Table 3
2016 Total Preliminary Service Change Summary
TTC Conventional

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

Base Expenditure Changes (Savings of \$27.8 million gross & net)

Diesel Price Savings

- The TTC will achieve \$13.983 million in diesel fuel savings through:
 - Hedging 86% of the 2016 diesel requirements at an average price of 87 cents per litre; and
 - Budgeting the remaining 14% at a price that has been reduced to reflect current market conditions.

Street Car Reliability

- The TTC will achieve \$3.762 million in operating cost savings by rebuilding Articulated Light Rail Vehicles (ALRV streetcars) instead of Canadian Light Rail Vehicles (CLRV streetcars).

Departmental Non-Labour Reductions

- Based on historical spending patterns, an across the board cut of \$10 million has been made to departmental non-labour budgets.

Base Revenue Changes (Savings of \$0 gross & \$18.3 million net)

Fare Adjustment

- The TTC Board has approved an adjustment to TTC fares effective January 3, 2016 that is anticipated to generate an additional \$18.3 million in revenues.

- The fare increase, which will not impact seniors, students or Metropasses, will include the following changes:
 - 25 cent increase on the adult cash fare (from \$3.00 to \$3.25);
 - 10 cent increase to the cost of a token (from \$2.80 to \$2.90);
 - 50 cent increase to Day/Family passes (from \$11.50 to \$12.00); and
 - \$1.50 increase to both Adult Weekly Passes (from \$40.75 to \$42.25) and Downtown Express Stickers (from \$40.00 to \$41.50).

Table 5
2017 and 2018 Plan by Program
TTC Conventional Service

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

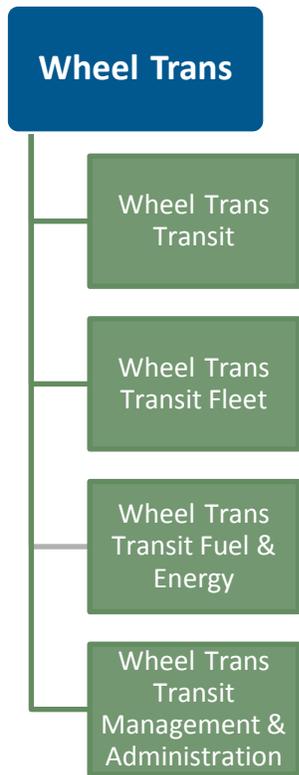
Future year incremental costs are primarily attributable to the following:

Known Impacts:

- Annual impacts from the collective agreement reflect general wage increases of \$25 million in 2017 and \$7 million in 2018.
 - 2018 incremental costs only reflect the costs associated with the current agreement that expires March 31, 2018. Additional 2018 costs are subject to future negotiations.

Anticipated Impacts:

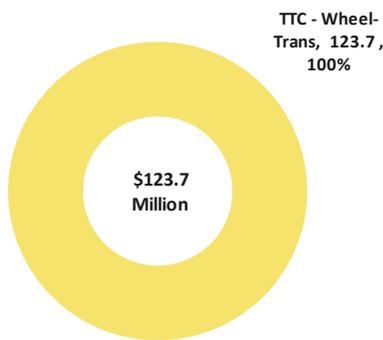
- By the end of 2016 the selling of tickets, tokens, and passes will be discontinued. In mid-2017, PRESTO will be the only accepted form of payment. Switching all ridership to PRESTO and maintenance of new faregates will result in incremental costs of \$51 million and \$6.000 million in 2017 and 2018 respectively.
 - The 2017 & 2018 Outlooks do not yet reflect the anticipated expenditure reductions which will occur when the TTC transitions from its current legacy fare media and related processes to PRESTO. Those projected expenditure reductions will be incorporated into future year forecasts when those plans have been finalized
- \$25 million in annualized costs for leasing costs for an interim 250 bus garage as existing bus garage capacities have been exceeded.
- Toronto-York Spadina Subway Extension is scheduled to open in late 2017. \$11 million in 2017 and an additional \$20 million in 2018 has been provisioned to operate the subway.
 - Expenditure savings of \$13 million are anticipated in 2017 and an additional \$18 million savings in 2018 subject to the implementation of One-person train operation.
 - Incremental revenue of \$10.800 million in 2017 and \$17.400 million in 2018 primarily due to ridership growth, which will mitigate against future operating pressures.
 - The 2017 & 2018 Outlooks only reflect the projected expenditure increases for the operation of this extension to Line 1. Once detailed ridership forecasts are available, the projected incremental passenger revenues will also be incorporated.



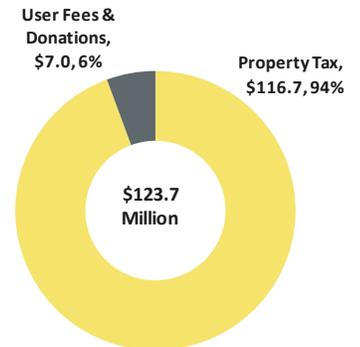
What We Do

- TTC Wheel-Trans Service provides door-to-door accessible transit service for 3.7 million rides for riders with physical disabilities using accessible buses, contracted accessible and sedan taxis.
- Provides repair and preventative maintenance services for vehicles and equipment to support Wheel-Trans transit operations and comply with legislative requirements.
- Provides fuel and energy to support Wheel-Trans transit operations.

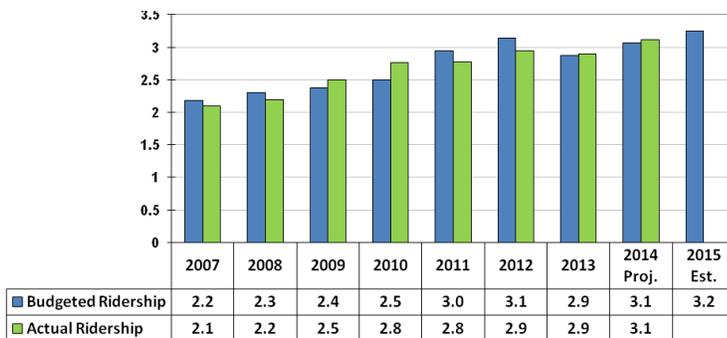
2016 Service Budget by Activity (\$Ms)



Service by Funding Source (\$Millions)



Key Service Performance Measurement TTC Wheel-Trans Ridership 2007-2015 (in millions)



- Wheel-Trans ridership has increased by 75% since 2007 with 2.103 million riders to 3.690 million anticipated riders in 2016.
- The 2016 Operating Budget for Wheel-Trans forecasts an increase of 5.3% or 0.186 million riders from the 2015 actual, for a total of 3.690 million rides in 2016.

Table 1
2015 Preliminary Operating Budget and Plan
TTC Wheel-Trans Service

(In \$000s)	2015		2016 Operating Budget			2016 vs. 2015 Budget Approved Changes		Incremental Change 2017 and 2018 Plan			
	Approved Budget	Projected Actual	2016 Base	2016 New/Enhanced	2016 Budget			2017		2018	
By Service	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
TTC - Wheel Trans											
Gross Expenditures	115,313.1	116,429.9	123,665.9		123,665.9	8,352.8	7.2%	8,296.8	6.7%	7,081.6	5.4%
Revenue	6,514.3	6,793.5	6,953.5		6,953.5	439.2	6.7%	372.5	5.4%	379.9	5.2%
Net Expenditures	108,798.8	109,636.4	116,712.4	-	116,712.4	7,913.6	7.3%	7,924.3	6.8%	6,701.7	5.4%
Approved Positions	562.0	561.0	565.0	-	565.0	3.0	0.5%				

The **Wheel-Trans Service** provides door-to-door accessible transit service for 3.7 million rides for riders with physical disabilities using accessible buses, contracted accessible and sedan taxis. The service provides repair and preventative maintenance services for vehicles and equipment to support Wheel-Trans transit operations and complies with legislative requirements.

The 2016 Preliminary Operating Budget for **Wheel-Trans Service** is \$123.666 million gross and \$116.712 million net. The net budget increase of \$7.914 million or 7.3% is due to the following:

- Base budget pressures of \$7.914 million primarily resulting from a 14% increase in ridership with an associated cost of \$8.771 million.
- The base budget pressures has been partially offset through the ability to accommodate increased ridership predominately through the use of Taxi contracts.
- Anticipated future year incremental costs of \$7.924 million in 2017 and \$6.702 million in 2018 are predominately attributable to expected ridership growth of 16% to 25% per year.

Table 2
Key Cost Drivers

(In \$000s)	Operating Budget	
	TTC - Wheel-Trans	
	\$	Positions
Gross Expenditure Changes		
Prior Year Impacts		
Annualization of 2015 Workforce Additions	186.4	
Change in Average Fare	197.2	
Annualization - 2015 10-cent Fare Increase	(31.6)	
Annualization - 2015 Metropass Trip Adjustment	(3.4)	
Annualization - 2015 Elimination of Child Fares	2.8	
Operating Impacts of Capital		
Presto Commissions	25.0	
Economic Factors		
Other Employee Costs - Economic Factors	(175.9)	
Inflation	221.7	
Taxi Contracts (Cost/Passenger Trip)	(919.5)	
Diesel Fuel Economic Factors	(771.9)	
Salary & Benefit Changes		
Annualization of the Collective Bargaining Agreement	566.2	
Salary & Benefits		3.0
Other Base Changes		
Change in Modal Split	(654.2)	
Service Change re: Increase in Demand (14%)	8,770.7	
AODA Mandated Eligibility	851.8	
Other Net Base Budget Changes	39.6	
Accident Claims	212.9	
Total Gross Expenditure Changes	8,517.8	3.0
Revenue Changes (Increase) / Decrease		
Revenue Change - Increase in Passenger Trips	(849.7)	
2015 Stabilization Reserve Contribution - Reversal	300.0	
2016 Fare increase impact	(54.5)	
Total Revenue Changes	(604.2)	
Net Expenditure Changes	7,913.6	3.0

Key cost drivers for TTC Wheel - Trans are discussed below:

- Economic Factors:
 - More trips are being carried on contracted taxi services reducing the cost/passenger trip resulting in a \$0.920 million savings.
 - \$0.771 million reduction in diesel fuel costs reflecting the hedging of 86%

- Salary & Benefit Changes:
 - The 2016 Operating Budget includes increased funding of \$0.566 million to fund the impact of the Collective Agreement
- Other Base Changes:
 - \$8.771 million in increased costs to accommodate greater Wheel-Trans demand, based on growth rates of 14% per annum.
 - \$0.654 million savings due to a change in the Modal Split resulting in more trips being carried by contracted taxi services.
 - \$0.852 million for mandated AODA eligibility changes.
 - On January 1, 2017 AODA legislation broadens the definition of a disability which includes changes to the categories of disability (temporary, conditional and unconditional) and mandates barrier free access to transportation, including any barrier that prevents customers from accessing conventional TTC Service.
- Revenue Changes:
 - An incremental revenue increase of \$0.902 million is projected based on the projected increase in trips and an associated fare increase.

**Table 5
2017 and 2018 Plan by Program
TTC Wheel-Trans Service**

Description (\$000s)	2017 - Incremental Increase					2018 - Incremental Increase				
	Gross Expense	Revenue	Net Expense	% Change	# Positions	Gross Expense	Revenue	Net Expense	% Change	# Positions
Known Impacts:										
Annualization of 2015 Workforce Additions	55.9		55.9			21.9		21.9		
2015 CBA Impact	1,033.2		1,033.2			276.0		276.0		
Sub-Total	1,089.1		1,089.1			297.9		297.9		
Anticipated Impacts:										
Revenue Change - Change in Average Fare		(97.6)	97.6				(89.8)	89.8		
Presto Commissions	273.1		273.1			80.2		80.2		
Taxi Contracts (Cost/Passenger Trip)	282.1		282.1			302.3		302.3		
Diesel Fuel Economic Factors	467.4		467.4			382.4		382.4		
Other Employee Costs - Economic Factors	561.8		561.8			585.8		585.8		
Inflation	218.1		218.1			199.1		199.1		
Service Change re: Increase in Demand (14%)	5,264.2		5,264.2			5,043.5		5,043.5		
AODA Mandated Eligibility										
Change in Modal Split										
Other Net Base Budget Changes	61.0		61.0			102.4		102.4		
Accident Claims	80.0		80.0			88.0		88.0		
Revenue Change - Increase in Passenger Trips		475.5	(475.5)				467.3	(467.3)		
Impact of 2016 Fare Increase		(5.4)	5.4				2.4	(2.4)		
Sub-Total	7,207.7	372.5	6,835.2			6,783.7	379.9	6,403.8		
Total Incremental Impact	8,296.8	372.5	7,924.3	6.8%		7,081.6	379.9	6,701.7	5.4%	

- Future year incremental costs for Wheel-Trans of \$7.924 million in 2017 and \$6.702 million in 2018 are primarily attributable to costs for service increase of \$5.264 million in 2017 and an additional \$5.044 million in 2018 to accommodate increased demand based on annual growth rates of 14%.



Part III:

Issues for Discussion

Issues for Discussion

Issues Impacting the 2016 Budget

TTC Conventional Service

2016 Budget Direction and City Funding Increase

- The 2016 Operating Budget directions require that all 2016 Program and Agency Operating Budgets be equivalent to a -1% reduction from the 2015 Approved Net Operating Budget.
- Additionally, a letter from Mayor Tory titled, *Keeping Taxes Low and Putting Families First – Guidance on the Development of the 2016 Budget* was considered by Budget Committee at its meeting of June 9, 2015, where the item and all communications were referred to staff for consideration during the preparation of the 2016 Budget.
 - Included in the letter was a priority for the 2016 Operating Budget that at least 2 per cent in efficiency savings be found across all City agencies and divisions.
- In response to these directions, the 2016 Operating Budget for the TTC includes expenditure reductions of \$27.8 million or 5.9% of the 2015 Approved Net Budget, consisting of:
 - Hedging 86% of diesel fuel saving \$14.0 million;
 - Rebuilding ALRV streetcars rather than CLRVs reducing costs by \$3.8 million;
 - Implementing an across-the-board \$10 million cut in departmental non-labour cost; and
 - Freezing overtime costs despite the CBA mandated wage increase effective April 2016 (Cost Avoidance).
- The TTC Board also approved an adjustment to TTC fares effective January 3, 2016 that is anticipated to generate an additional \$18.3 million in revenues to support the 2016 Operating Budget. The fare increase, will not impact seniors, students or Metropasses, however it will include:
 - 25 cent increase on the adult cash fare (from \$3.00 to \$3.25);
 - 10 cent increase to the cost of a token (from \$2.80 to \$2.90);
 - 50 cent increase to Day/Family passes (from \$11.50 to \$12.00); and
 - \$1.50 increase to both Adult Weekly Passes (from \$40.75 to \$42.25) and Downtown Express Stickers (from \$40.00 to \$41.50).
- While the 2016 Operating Budget includes \$27.8 million in expenditure reductions as well as a fare increase providing an additional \$18.3 million, the 2016 Preliminary Budget requires an additional \$21.5 million or 4.5% increase in City funding. This excludes all of the \$18.4 million in Board approved new and enhanced service initiatives.
 - This required increase in 2016 Base Budget funding is due in large part to the annualized impact of the unprecedented \$95 million investment in public transit made in 2015.

Ridership and Revenue

- 2015 TTC ridership is projected to be between 535 million by year-end, representing a 10 million rider decrease from the 2015 budgeted ridership of 545 million riders.
- The TTC has reduced their projected 2016 ridership number from 555 million riders provided at their November 23, 2015 Board meeting down to 552 million riders. The reduction is as result of:
 - 2 million ridership adjustment anticipated from the Board approved adjustments to 2016 fares; and
 - 1 million ridership adjustment that is contingent on Council approving the Board approved enhanced service initiatives.
- TTC will be freezing all fare media for seniors & students as well as Metropasses, implementing a 10 cent fare increase on all non-senior and student fare media and a 25 cents increase on cash fares. Ridership is expected to continue to grow in 2016 to 552 million riders.
- Given consideration to the economic trends and uncertainties the TTC considers the 2016 planned ridership of 552 million a stretch target.
 - The 2015 projected actual ridership is below budget due to higher than anticipated ridership losses stemming from various factors including, a harsh winter, the 10-cent fare increase, system closures, lower inflation than originally forecasted and travel and tourism trends during the summer.
 - TTC staff will continue to monitor ridership throughout the year and report to the Board on any changes from the stretch target of 552 million rides.

TTC Wheel-Trans Service*Increased Trip Demand*

- During 2015, customer demand increased at higher than anticipated levels and this increase is expected to continue in the forecast years. Customer trips are expected to increase from a budgeted 3.2 million in 2015 to 3.7 million due to a forecasted increase of 14%.
- Increase in demand growth reflects an expanding registrant base, an aging population and improved service delivery, compliance with AODA requirements resulting in a lower rejection rate, combined with adding more resources to book trips in the Reservation call centre and improvement in on-time performance.
- As Wheel-Trans continues to experience increasing numbers of ambulatory customers on its service, more choices will be made available in the method of service delivery, namely, integration of trips with conventional TTC service as the TTC continues to make all of its services and facilities accessible, and providing more service with contracted taxis.
- Implementing a new eligibility criteria in the second half of 2016 based upon added classifications of eligible disabilities required by AODA which includes the assessment of any disability as an

impediment to riding the conventional system versus the current model of mobility being the only factor and commencing the re-registering of current customers.

Future Year Issues

TTC Conventional Service

Operating Impacts of Capital Projects

- As the TTC replaces older fleet, adds vehicles and expands or builds facilities, there is an associated operating cost as well as some savings that TTC will experience as a result. The transit system growth has impacted and will continue to impact the operating costs with no corresponding funding.
- Each year TTC will experience increased costs due to the completion of capital projects and each year the pressure will continue to grow. For example, future TTC has operating budget pressures include:
 - Leasing Requirements: Due to an expanding vehicle fleet additional bus garage space is required. The TTC intends to lease a facility in 2016, resulting in \$25 million in additional annual cost, starting in 2017, to lease and operate a 250 bus interim garage. Hydro: Ever-increasing hydro rates are a concern to the TTC as hydro represents 4.2% or \$ 73.3 million of its annual operating cost.
 - PRESTO commission and attendants: With PRESTO card acceptance rolled out on all streetcars and most subway stations, the 5.25% fee on PRESTO transaction is now being paid, an estimated \$4.4 million is required in 2016. The commissions are expected to increase to over \$50 million annually by 2017.
- Additional funding will be necessary for the TTC on an annual basis as the City cannot afford the rate of funding growth required for TTC services. This is separate and distinct from the funding pressures arising from transit expansion.

TTC Wheel-Trans

- Trips are projected to increase in 2017 and 2018. This trend will continue in the future and the rate of growth is expected to accelerate as the “baby boom” cohort ages.

Transit Expansion Operating Costs

- There are three major transit expansion projects currently underway in Toronto: the Toronto-York Spadina Subway Extension (TYSSE), the Light Rail Transit (LRT) lines and the Scarborough Subway. Once these projects are completed, TTC will be operating additional subway service covering 8.6 kilometres to six new stations, three new light rail transit lines and additional subway service covering 7.6 kilometres to three new stations.
 - The in-service date for the YYSSE project was initially targeted for the fall of 2017. Progress continues, construction is progressing, with 2 sub-stations have now been powered up and track work is 80% complete. Once operating, additional funding of \$11 million in 2017 and a further \$20 million in 2018 will be required. The LRT lines are estimated to be completed by

2020 and the Scarborough Subway is planned to be completed by 2024. These new lines will require significant funding increases to operate these service expansions as they come on stream over the next 10 years.

- There is currently no funding strategy in place to address these anticipated operating costs that will be significant.

Transition to PRESTO

- The 2016 Operating Budget includes \$5.3 million in funding for the TTC to begin transitioning to PRESTO, with an anticipated additional incremental costs of \$51.0 million in 2017 and \$6.0 million in 2018, including the maintenance of new faregates.
- While the additional PRESTO costs will be significant, the TTC currently spends a substantial amount on fare handling. All fare media will be discontinued by late 2017, the anticipated implementation of PRESTO will provide the following :
 - Existing Fares
 - Stop selling tickets, tokens, passes by end of 2016
 - Stop accepting tickets, tokens by mid-2017
 - Collectors
 - Working on migration/mobile strategy
 - Collectors will be moved out of booth by end of 2016
 - Economic Benefits
 - Sophisticated fraud detection and reporting
 - TTC no longer requiring the need to handle cash.
- It is recommended that City Council direct the Chief Executive Officer of the TTC to report to Executive Committee in June 2016 on PRESTO transition savings that will be used to offset processing fees and associated cost increases.

Issues Referred to the 2016 Operating Budget Process

TTC Conventional Service

TTC 2016 Service Improvement Initiatives

- At its meeting of November 23, 2015 the TTC Board approved the 2016 Operating Budget of \$1,757 million in gross expenditures for the TTC, including \$18.4 million net in new and enhanced service initiatives; and forwarded the Budget to the City of Toronto for submission into the City Budget process and confirmation of the 2016 operating funding levels.

TTC Staff report can be found at:

[https://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2015/November 23/Reports/2016 TTC and Wheel-Trans Operating Budgets Report Nov 23 201.pdf](https://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2015/November%2023/Reports/2016%20TTC%20and%20Wheel-Trans%20Operating%20Budgets%20Report%20Nov%2023%20201.pdf)

- The 2016 and future year 2017 to implement these enhancements are reflected in the table below:

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

- As described in greater detail below, these initiative are not included in the 2016 Preliminary Operating Budget, however they are included in a list of new/enhanced requests referred to the Budget process, to be distributed by the City Manager and CFO for consideration by the Budget Committee

Operational Initiatives

- Bus Reliability Centred Maintenance (\$7.694 million net)
 - This operational enhancement will provide for a predictive maintenance program that will improve vehicle reliability and availability by leveraging bus system and component reliability data to predict when failures will occur.
 - The anticipated resulting increase in vehicle availability will result in long term savings in vehicle purchases, as well as associated overhaul and maintenance costs.
- Track Safety Initiative (\$1.783 million net)
 - This initiative is intended to improve the safety of TTC workers during work at subway track level through the addition of 20 dedicated watchpersons.
 - These positions would be added with the sole responsibility of providing dedicated attention of the approach and management of train traffic.
- POP Fare inspection – Deferral from 2015 (\$1.651 million net)
 - As of December 14, 2015, all streetcars will be on the proof of payment system, with all door boarding that will result in reduced time for customers to board the vehicle.
 - All-door boarding will be available on all streetcar lines beginning December 14, 2015.
 - The 20 Fare Inspectors will mitigate against potential fare evasion and associated revenue losses that could arise through the utilization of all-door boarding in the absence of an enhanced Proof-of-Payment (POP) system.
- Training Requirements (\$1.840 million net)

- This operational enhancement will allow the TTC to fully implement the Safe Service Action Plan, which includes bus operator recertification every 3 years instead of 5 years. This strategy will deliver a much more structured, systematic, risk-driven approach to managing safety.
- New online training modules to support employee development, succession planning and other technical courses and seminars would also form part of the training effort.

Service Enhancements

- Earlier Sunday Service (\$0.600 million net)
 - Currently Sunday service on LINE 1 YONGE-UNIVERSITY, LINE 2 BLOOR-DANFORTH, LINE 3 SCARBOROUGH, and LINE 4 SHEPPARD begins operating at approximately 9:00 a.m.
 - ✓ This provides the TTC with an extended overnight maintenance window on Saturday nights to allow for more intensive signal, track, communications, and general maintenance work.
 - ✓ This is in contrast with Mondays-Saturdays, when rapid transit service begins at 6:00 a.m.
 - Organizational practices would be adjusted to allow all rapid transit services to begin at approximately 8:00 a.m.
 - ✓ This service initiative would be complemented by a matching earlier service start-up on approximately 123 bus and streetcar routes.
 - ✓ This service initiative would decrease travel times, improve service reliability, and enhance mobility for customers across the City by providing earlier and better access to employment, educational, and cultural opportunities.
 - ✓ This service initiative is expected to benefit approximately 6 million customer-trips each year, and would increase ridership by approximately 800,000 customer-trips each year.
- Bus Service Reliability (\$2.0 million net)
 - The bus service reliability initiative is a continuation of the bus service quality initiative piloted on the 29 DUFFERIN, 111 EAST MALL, and 123 SHORNCLIFFE routes in 2015.
 - The objective of the initiative is to improve the quality of bus service by reducing the number of short turns, increasing on-time departures / arrivals, and reducing the number of missed trips.
 - To continue the expansion of this initiative to more routes, additional operating resources will be required.
 - ✓ The initiative has increased on-time departures on the 29 DUFFERIN from approximately 45% before the service improvements were implemented, to 70% afterwards, which equates to more than a 50% improvement in performance.
 - In 2016, the bus service reliability initiative would consist of peak and off-peak service quality improvements on the TTC's busiest and most operationally-challenging bus routes.

Currently identified in this initiative are the 85 SHEPPARD EAST, 96 WILSON, 102 MARKHAM ROAD, and 195 JANE ROCKET routes.

- ✓ This initiative would also include additional peak-period buses to minimize the effects of daily unplanned service irregularities and disruptions (e.g. delays resulting from traffic congestion, collisions, road closures, etc.).
- The 2016 bus service reliability initiative would benefit approximately 27 million customer-trips each year that are now made on these services, and would increase ridership by approximately 700,000 customer-trips each year.
- Streetcar Service Reliability (\$1.200 million net)
 - The 2016 streetcar service reliability initiative is a continuation of the streetcar service quality initiative piloted on the 512 ST CLAIR and 504 KING routes in 2015.
 - The objective of the initiative is to improve service quality, reduce short turns, improve on-time departures / arrivals, and reduce missed trips.
 - To continue expansion of this initiative to more routes, additional operating resources are required.
 - ✓ The 2015 streetcar service quality initiative has had a positive effect on service reliability. For example, short turns on the 504 KING have decreased from approximately 310 per week to 40 per week once the initiative was implemented, which represents nearly a 90% reduction in short turns.
 - In 2016, the streetcar service reliability program would consist of peak and off-peak service improvements on the busiest streetcar routes, where performance suffers due to traffic congestion and other operating challenges.
 - This streetcar service reliability initiative would benefit approximately 36 million existing customer-trips each year and attract approximately 900,000 new customer-trips each year.
- New and Enhanced Express Bus Service (\$1.600 million net)
 - In early 2016, the TTC will implement new and enhanced express bus services in the peak periods on four corridors across the City: Finch Avenue, Kennedy Road, Kipling Avenue, and Wilson Avenue. These improved express bus services are possible as a result of the 50 new buses and associated operating funding provided by Council's \$95 million investment in transit in 2015.
 - New off-peak periods of operation will be added during weekdays and on weekends, to make travel by bus faster and more-widely available to customers.
 - These off-peak enhancements would benefit approximately 10 million customer-trips each year and increase ridership by approximately 200,000 customer-trips each year.



Appendices:

Appendix 1

2015 Service Performance

2015 Key Service Accomplishments

In 2015, TTC Conventional accomplished the following:

- ✓ Projecting 535 million rides (excluding Pan Am and Parapan Am Games free rides)
- ✓ Excellent Pan Am and Parapan Am Games service provided with the help of more than 1,600 staff volunteers who acted as station ambassadors
- ✓ Continued rollout of higher capacity, fully accessible, air conditioned and PRESTO-equipped low floor streetcars
- ✓ Implementation of PRESTO is well underway
- ✓ Carried 30 billionth rider
- ✓ TTC customer satisfaction is increasing with overall satisfaction rated at 79% and 90% of customers perceiving average or better value for money
- ✓ Implementation of the planned \$95 million in 2015 service improvements as follows:
 - ✓ Elimination of fares for children aged 12 and under
 - ✓ Restoration of all-day, every day bus service
 - ✓ 10-minute or better bus and streetcar service on key routes
 - ✓ Expansion of Blue Night Network
 - ✓ Reduction of wait times and crowding at off-peak periods
 - ✓ All-door boarding and Proof of Payment on streetcar routes
 - ✓ Two additional peak subway trains on each of Lines 1 and 2
 - ✓ Customer Service Enhancements completed include:
 - Continued monitoring and quarterly reporting on Customer Charter initiatives.
 - Continued roll out of debit and credit card acceptance
 - Continued staffing the group station management model
 - Continued WIFI rollout in subway stations
- ✓ Continued expansion of Toronto Rocket fleet;

In 2015, Wheel-Trans accomplished the following:

- ✓ Projecting ridership of 3.504 million;
- ✓ Continued internet trip-booking enhancements; Continued scheduling enhancements integrated with Automatic Vehicle Location technology;
- ✓ Updated current scheduling system to allow for intermodal trip planning with TTC conventional service;
- ✓ Improved customer service by reducing wait times and call abandonment rates by adding additional resources;

Appendix 2

2016 Preliminary Operating Budget by Expenditure Category

Program Summary by Expenditure Category

TTC Conventional Service

Category of Expense (\$000's)	2013	2014	2015	2015	2016	2016 Change from		Plan	
	Actual	Actual	Budget	Projected Actual *	Budget	2015 Approved Budget	%	2017	2018
	\$	\$	\$	\$	\$	\$		\$	\$
Salaries And Benefits	1,094,737.7	1,137,880.8	1,212,667.3	1,209,167.3	1,268,661.9	55,994.6	4.6%	59,867.9	27,977.9
Materials & Supplies	270,426.1	287,808.1	318,563.9	313,263.9	306,969.1	(11,594.8)	(3.6%)	31,661.1	33,772.1
Equipment	28,129.0	28,330.8	32,345.4	32,345.4	33,449.4	1,104.0	3.4%	1,505.0	
Service And Rent	49,980.2	64,132.9	78,515.3	73,415.3	88,898.8			63,166.0	4,650.0
Contribution To Capital			13,936.0	13,936.0		(13,936.0)	(100.0%)		
Other Expenditures	38,256.7	27,790.7	34,216.0	26,427.0	34,645.1	429.1	1.3%	3,500.0	3,700.0
Inter-Divisional Charges	3,549.0	3,596.0	3,576.4	3,576.4	3,680.8	104.4	2.9%		
Total Gross Expenditures	1,485,078.7	1,549,539.3	1,693,820.3	1,672,131.3	1,736,305.1	32,101.3	1.9%	159,700.0	70,100.0
Provincial Subsidies				3,504.3			-		
User Fees & Donations	1,120,082.6	1,156,553.5	1,206,687.7	1,189,106.7	1,240,128.5	33,440.8	2.8%	10,800.0	17,400.0
Contribution From Reserves/Reserve Funds			9,897.5	9,897.5	1,001.2	(8,896.3)	(89.9%)	(1,001.2)	
Sundry and Other Revenues			3,504.3			(3,504.3)	(100.0%)		
Total Revenues	1,120,082.6	1,156,553.5	1,220,089.5	1,202,508.5	1,241,129.7	21,040.2	1.7%	9,798.8	17,400.0
Total Net Expenditures	364,996.1	392,985.8	473,730.8	469,622.8	495,175.4	11,061.1	2.3%	149,901.2	52,700.0
Approved Positions	10,759.0	11,179.0	11,190.0	11,778.0	11,982.0	792.0	7.1%		

* Based on the 9-month Operating Variance Report

TTC Wheel-Trans Service

Category of Expense (\$000's)	2013	2014	2015	2015	2016	2016 Change from		Plan	
	Actual	Actual	Budget	Projected Actual *	Budget	2015 Approved Budget	%	2017	2018
	\$	\$	\$	\$	\$	\$		\$	\$
Salaries And Benefits	52,626.6	54,391.0	57,920.3	54,547.2	57,658.5	(261.8)	(0.5%)	1,996.4	926.0
Materials & Supplies	12,199.9	13,548.1	14,507.1	13,780.5	13,861.0	(646.1)	(4.5%)	899.7	759.9
Service And Rent	35,526.7	40,405.2	42,200.9	47,292.5	51,236.7	9,035.8	21.4%	5,320.3	5,307.3
Other Expenditures	391.6	497.8	684.8	809.7	909.7	224.9	32.8%	80.4	88.4
Total Gross Expenditures	100,744.8	108,842.1	115,313.1	116,429.9	123,665.9	8,352.8	7.2%	8,296.8	7,081.6
User Fees & Donations	5,654.7	5,778.1	6,214.3	6,493.5	6,953.5	739.2	11.9%	372.5	379.9
Sundry and Other Revenues			300.0	300.0		(300.0)	(100.0%)		
Total Revenues	5,654.7	5,778.1	6,514.3	10,297.8	6,953.5	439.2	6.7%	372.5	379.9
Total Net Expenditures	95,090.1	103,064.0	108,798.8	106,132.1	116,712.4	7,913.6	7.3%	7,924.3	6,701.7
Approved Positions	531.0	557.0	562.0	561.0	565.0	3.0	0.5%		

* Based on the 9-month Operating Variance Report

For additional information regarding the 2015 Q3 operating variances and year-end projections, please refer to the attached link for the report entitled "Operating Variance Report for the Nine-Month Period Ended September 30, 2015" approved by City Council at its meeting on December 9, 2015.

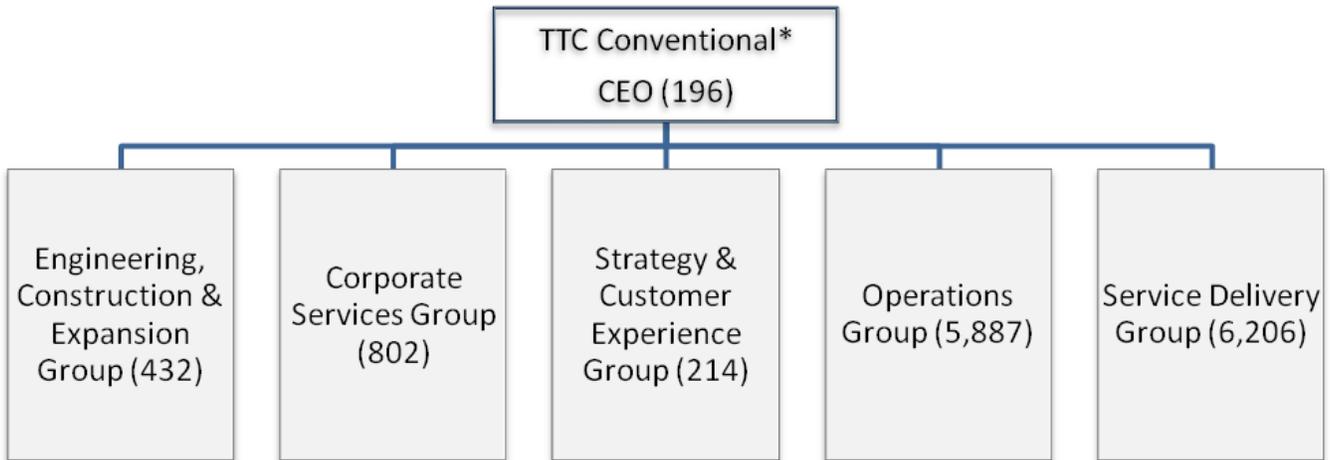
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX10.27>

Impact of 2015 Operating Variance on the 2016 Budget

- The 2016 Operating Budget includes reductions based on the TTC's 2015 experience.
- For 2016, diesel fuel cost have been reduced by \$13.983 million based on hedging 87.5% of the TTC's diesel fuel. Hedging is based upon anticipated lower market prices as 2016 diesel fuel expenditures will be lower than budget based on lower market prices.
- Various other expenditures, including Employee Benefits and Leasing Requirements have been increasing.

Appendix 3

2016 Organization Chart



2016 Complement

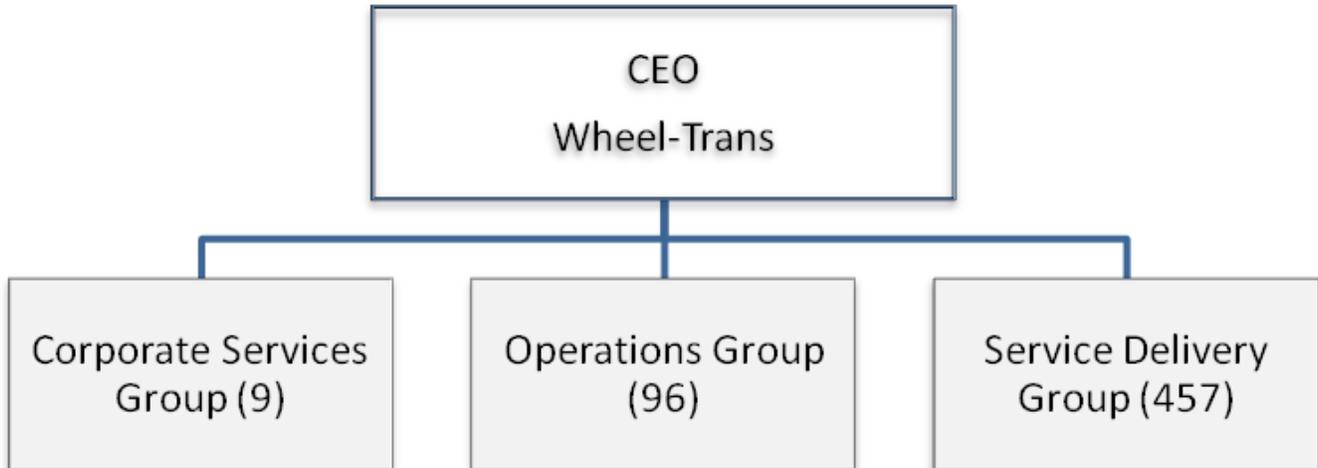
Category	Management & Supervisory	Clerical	Union	Total*
Permanent	2,801	316	10,522	13,639
Temporary	14	5	79	98
Total	2,815	321	10,601	13,737

Excludes New & Enhanced 2016 Initiatives

Appendix 3

2016 Organization Chart

TTC Wheel-Trans Service



2016 Complement

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

Appendix 4

Summary of 2016 Service Changes

**2016 Operating Budget - Preliminary Service Changes
Summary by Service (\$000's)**

Form ID		Agencies - Cluster	Adjustments				2017 Plan Net Change	2018 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		
		Program - Toronto Transit Commission - Conventional						
2016 Preliminary Base Budget Before Service Changes:			1,736,305.1	1,222,829.7	513,475.4	13,908.00	149,901.2	52,700.0
8866		TTC Fare Increase January 2016						
52		Description:						
 Service Level Impact:								
 Service: Toronto Transit Commission - Conventional Service								
Preliminary Service Changes			0.0	18,300.0	(18,300.0)	0.00	0.0	0.0
Total Preliminary Service Changes:			0.0	18,300.0	(18,300.0)	0.00	0.0	0.0
<hr/>								
Summary:								
Total Preliminary Service Changes			0.0	18,300.0	(18,300.0)	0.00	0.0	0.0
Total Preliminary Base Budget:			1,736,305.1	1,241,129.7	495,175.4	13,908.00	149,901.2	52,700.0

Appendix 6

Inflows/Outflows to/from Reserves & Reserve Funds

Program Specific Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2015 *	Withdrawals (-) / Contributions (+)		
			2016	2017	2018
		\$	\$	\$	\$
Projected Beginning Balance		15,391.4	15,391.4	22,664.0	22,664.0
TTC Stabilization Reserve	XQ1056				
<i>Proposed Withdrawals (-)</i>			(1,001.2)		
- One-time Withdrawal - TTC Conventional			7,973.8		
- One-time Withdrawal - Wheel-Trans Service			300.0		
Total Reserve / Reserve Fund Draws / Contributions		15,391.4	22,664.0	22,664.0	22,664.0
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		15,391.4	22,664.0	22,664.0	22,664.0

* Based on 9-month 2015 Reserve Fund Variance Report