
2016 OPERATING BUDGET BRIEFING NOTE

TTC Expenditures Information

Issue/Background:

- Subsequent to its meeting of January 8, 2016, the City Budget Committee requested the following briefing note from the Chief Executive Officer, Toronto Transit Commission:
 30. a. a breakdown of where the identified \$10 million in savings would come from.
 - b. a line by line detailed expenditures on services and rents and the reason for increase from 2013 – 2016.
 - c. a line by line detailed expenditures for training and conferences.

Key Points:

- **Item 30.a**

The \$10 million reduction in the 2016 TTC Operating Budget relates to departmental non-labour expenditures. Based on a review of historical spending patterns, an across the board cut was made to non-labour expense budgets. Over the past six years, non-labour expenditures have averaged about \$15 million below budget annually. It should be noted that the valuation of the Canadian dollar has dropped significantly over that period of time. More recently, the Canadian dollar has devalued by 10 cents or 12.5% from \$0.80 to \$0.70 USD since the 2016 Budget was prepared in June of last year. This will present challenges in achieving this goal.

- **Item 30.b – Services and Rents**

TTC

The following table lists actual, budgeted and projected services and rents expenses over the period 2013 to 2016.

	2013	2014	2015	2015	2016
\$000s	Actual	Actual	Budget	Projected	Budget
Services and Rents	49,980.2	64,132.9	78,515.3	73,415.3	88,898.8

Explanations for significant changes are noted below.

2014 Actual vs 2013 Actual: \$14.2 million increase

This increase includes the first full year's impact (approx. \$11 million) of the TTC's cost saving initiative to contract out bus servicing and cleaning activities at its 7 bus garages. Annual savings of \$2.2 million and a reduction of 144 unionized positions were realized and are ongoing.

The balance of the increase is attributable to additional IT technical resource and maintenance contract requirements for new systems such as Next Vehicle information, and Corporate Document management and general price inflation.

2015 Budget vs 2014 Actual: \$14.4 million increase

Leasing expenditures of about \$7 million for inventory warehousing, bus maintenance and storage, and office space needs account for almost one-half of this increase. In addition, higher requirements for various services including elevator maintenance, waste management and general facility needs, IT technical resources, environmental compliance approvals and audits, research studies and surveys, along with general price inflation account for the balance of this increase.

2015 Projected Actual vs 2015 Budget: \$5.1 million decrease

The projected underexpenditure reflects delays in securing leases for some of the requirements noted in the previous variance explanation.

2016 Budget vs 2015 Budget: \$10.4 million increase

This increase relates to the following key items: (1) \$4.4 million for the fee paid to PRESTO based on 5.25% of the value of fares processed, (2) \$2.5 million for the annualization of various leases; (3) \$1.4 million for increased bus servicing and cleaning contract

requirements for bus fleet growth and additional winter service; (4) \$0.8 million for growing telecommunications needs, and (5) \$0.6 million for transit consulting.

2016 Budget vs 2015 Projected Actual: \$15.5 million increase

Essentially, the same factors accounting for the previous comparison apply to this one as well. This increase relates to the following: (1) \$6.5 million for various leases; (2) \$3.3 million for the 5.25% PRESTO fee, (3) \$3 million for IT system maintenance contracts, telecommunications and technical resources, (4) \$1.5 million for general price inflation, and (5) \$0.6 million for transit consulting work.

Wheel-Trans

The following table lists actual, budgeted and projected services and rents expenses over the period 2013 to 2016.

	2013	2014	2015	2015	2016
\$000s	Actual	Actual	Budget	Projected Actual	Budget
Services and Rents	35,526.7	40,405.2	42,200.9	47,295.5	51,236.7

Explanations for significant changes are noted below.

2014 Actual vs 2013 Actual: \$4.9 million increase

This increase primarily reflects higher contracted sedan and accessible taxi service costs (\$3.8 million) stemming from increased trips delivered through this less-expensive (relative to Wheel-Trans buses) service. The majority of the remaining increase is attributable to general price inflation (\$0.7 million).

2015 Budget vs 2014 Actual: \$1.8 million increase

This increase primarily reflects higher contracted sedan and accessible taxi service costs (\$1.5 million) stemming from increased trips delivered through this less-expensive (relative to Wheel-Trans buses) service. The balance of the increased requirements is attributable to general price inflation (\$0.3 million).

2015 Projected Actual vs 2015 Budget: \$5.1 million increase

This increase occurred in contracted taxi services and is attributable to the following reasons: (1) actual growth in the demand for Wheel-Trans trips in 2015 has doubled the original projection, and (2) Wheel-Trans staff continue to minimize the financial impact of these unbudgeted trips by delivering them through the less-expensive taxis.

2016 Budget vs 2015 Budget: \$9 million increase

Once again, continued double-digit growth in trip demand will increase contracted taxi service requirements. In addition, upcoming changes in the AODA eligibility criteria (to include temporary and additional disabilities) are expected to increase requirements for interview and appeals services as well.

2016 Budget vs 2015 Projected Actual: \$3.9 million increase

The same explanations from the previous comparison apply here as well.

- **Item 30.c – Training and Conferences**

An empowered, customer-focused workforce is a key element of the TTC’s ongoing efforts to transform and modernize. Training represents an important investment in the development of staff with the ultimate objectives of improving job performance, customer service and career development.

TTC

The following table lists actual, budgeted and projected training and conferences expenses over the period 2013 to 2016. It outlines the most salient types of skill sets training.

	2013	2014	2015	2015	2016
\$000s	ACTUAL	ACTUAL	BUDGET	PROBABLE*	BUDGET
Technical & Safety Training	761.4	856.8	1,533.4	1,050.3	1,856.8
Professional Development	205.3	262.2	468.0	354.4	844.8
Leadership Development	28.7	18.6	101.6	13.0	151.6
Management Skills	6.1	42.4	43.3	33.9	39.8
Project Management	164.4	241.0	272.8	259.9	272.5
First Aid	53.8	55.8	65.0	79.3	70.0
Computer Training	181.1	122.9	205.6	149.0	167.6
Conferences	8.9	25.5	19.7	14.2	20.9
	1,409.7	1,625.3	2,709.4	1,954.0	3,424.0

*Note that some training was deferred from 2015 to 2016 due to the Pan Am Games.

As indicated in the table, technical training accounts for the single largest training requirement increase over this timeframe and relates to safety, vehicle maintenance (to address increasingly complex vehicle systems and components), track maintenance (to adopt industry best practices), transit enforcement and fare inspection activities.

Under the Professional Development category, a noteworthy portion (\$300k) of the increase here is for an online library of more than 3,000 professional development e-learning modules, job aids and other learning materials which can be accessed from either work or home. This is one of the few methods available to deliver cost-effective developmental

training to our unionized workforce which works across the City and at all times of the day. In addition, professional development needs for staff responsible for various support functions including human resource management, legal and financial, have increased as well to reflect the organization's drive to improve.

A Leadership Development program will provide TTC supervisors and managers with the opportunity to gain knowledge and understanding of basic leadership foundational theories and practices that are consistent with, and critical for, changing TTC culture and vision.

Wheel-Trans

The following table lists actual, budgeted and projected training and conferences expenses over the period 2013 to 2016.

	2013	2014	2015	2015	2016
\$000s	ACTUAL	ACTUAL	BUDGET	PROBABLE	BUDGET
Technical & Safety Training					
Professional Development					
Leadership Development					
Management Skills	-	-	0.9	22.2	15.0
Project Management					
First Aid					
Computer Training					
Conferences					
	-	-	0.9	22.2	15.0

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