

# Toronto Transit Commission

## Staff Recommended 2019 Operating Budget and 2019 – 2028 Capital Budget & Plan

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Budget Briefing to Budget Committee





Overview and Highlights

2019 – 2021 Staff Recommended Operating Budget and Plan

2019 – 2028 Staff Recommended Capital Budget and Plan



# Service Area Overview







## Largest in Transit System in Canada

- 3<sup>rd</sup> Largest in North America
- Moves 1.7 million people on average each weekday
- Provides customers with over 9.5 million hours of service annually
- Annual service spans over 254 million kilometers across the City and beyond.


## Key Service Levels




90% of population and employment within **5** minute walk of **7** day/week transit service to **1AM**.



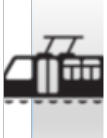
95% of population and employment within **15** minute walk of overnight transit service.




Accomodate **99.5%** of Wheel-Trans trips.



Maximum **6** minute wait on rapid transit routes.



Maximum **10** minute wait on busiest bus & streetcar routes



Maximum **30** minute wait on all other routes.

# Recent Improvements and Initiatives



✓ **2-hour**   
transfer

✓ **TTC-GO**   
Discounted fare

✓ **PRESTO**   
implementation

✓ **Station**   
management model

✓ Kids ride **FREE** 

# Recent Service Improvements

✓ **TYSSE**

✓ **Expanded**   
Blue Night Network

✓  **10 minute**  
network

✓ **Expanded**   
Express Bus Network

✓ **Capacity**   
Improvement initiatives

✓ **Early**   
Sunday opening

✓ **Subway**   
resiliency

✓  **All-day everyday**  
Bus service restored

# Service improvements and initiatives

Nov. 29, 2017

Bus transportation				
<b>Arrow</b>	Planned: 228 buses <b>Actual: 228 buses</b>	<b>100%</b> of planned service	✓	
<b>Birchmount</b>	Planned: 199 buses <b>Actual: 195 buses</b>	<b>97.99%</b> of planned service	✗	
<b>Eglinton</b>	Planned: 238 buses <b>Actual: 235 buses</b>	<b>98.74%</b> of planned service	✗	
<b>Malvern</b>	Planned: 225 buses <b>Actual: 224 buses</b>	<b>99.56%</b> of planned service	✗	
<b>Mount Dennis</b>	Planned: 237 buses <b>Actual: 236 buses</b>	<b>99.57%</b> of planned service	✗	
<b>Queensway</b>	Planned: 157 buses <b>Actual: 156 buses</b>	<b>99.36%</b> of planned service	✗	
<b>Wilson</b>	Planned: 211 buses <b>Actual: 210 buses</b>	<b>99.52%</b> of planned service	✗	

Nov. 28, 2018

Bus transportation				
<b>Arrow</b>	Planned: 249 buses <b>Actual: 251 buses</b>	<b>100.80%</b> of planned service	✓	
<b>Birchmount</b>	Planned: 200 buses <b>Actual: 201 buses</b>	<b>100.50%</b> of planned service	✓	
<b>Eglinton</b>	Planned: 257 buses <b>Actual: 257 buses</b>	<b>100%</b> of planned service	✓	
<b>Malvern</b>	Planned: 253 buses <b>Actual: 254 buses</b>	<b>100.40%</b> of planned service	✓	
<b>Mount Dennis</b>	Planned: 222 buses <b>Actual: 222 buses</b>	<b>100%</b> of planned service	✓	
<b>Queensway</b>	Planned: 150 buses <b>Actual: 151 buses</b>	<b>100.67%</b> of planned service	✓	
<b>Wilson</b>	Planned: 251 buses <b>Actual: 252 buses</b>	<b>100.40%</b> of planned service	✓	



**+87**

buses in service in 2018

# Service improvements and initiatives

Nov. 29, 2017

## Streetcar transportation

Service build up

Planned:

166 streetcars

99.4%

Actual:

165 streetcars

of planned service



Nov. 28, 2018

## Streetcar transportation

All streetcar routes

Planned:

160 streetcars

Actual:

164 streetcars

102.50%

Planned:

62 buses

Actual:

72 buses

of planned service



streetcars/buses in service in 2018



# Key Challenges & Priority Actions



Challenge	Priority Action
Consistently Deliver The Service We Advertise	<ul style="list-style-type: none"> <li>✓ Additional operator and related support staff to build service resiliency including timely recruiting and training</li> <li>✓ New buses and streetcars continue to be delivered, lowering average fleet age</li> </ul>
Respond to Customer Demand	<ul style="list-style-type: none"> <li>✓ Continuation of 2018 Capacity Improvements and Service Enhancements</li> <li>✓ 50,000 new service hours to maintain service standards, improve route reliability and respond to local ridership growth</li> </ul>
Preserve System Reliability & Improve Existing Capacity	<ul style="list-style-type: none"> <li>✓ Prioritize the most critical state-of-good-repair maintenance</li> <li>✓ Use the 15-Year Capital Investment Plan to raise awareness about longer term good repair and growth pressures</li> <li>✓ Support the City Manager to pursue permanent and sustainable intergovernmental funding for TTC operations and base capital needs</li> </ul>
Protect Revenue Responsibly And Respectfully	<ul style="list-style-type: none"> <li>✓ With PRESTO fully implemented (now &gt;70% of fare revenue) and Metropass discontinued, increase emphasis on fare payment monitoring, education, inspection and compliance</li> </ul>



## ✓ **Corporate Plan**

- Transform for financial sustainability
- Enable our employees to succeed
- Move more customers, more reliably
- Make taking public transit seamless
- Innovate for the long-term

## ✓ **Capital Investment Plan**

- A clear 15-year overview of the TTC's state-of-good-repair and growth capital investment requirements
- Increase focus on good repair and growth, as distinct from transit expansion
- Be crystal clear about which capital needs are funded vs. unfunded
- Put the need for funding into the larger economic context
- Demonstrate the value of investing and the risks of failing to invest

## ✓ **PRESTO**

- New fare policy and pricing options (e.g. two-hour transfer)
- Fare integration throughout the GTHA
- Enhanced customer convenience: card value protection, autoloading, autorenew
- Data to inform pricing, service planning, fare inspection and operational decisions



## ➤ Transformation Review

- 2018 Corporate Plan committed to conduct a comprehensive review of all services we provide
- Review what we need to do in-house and what others can help us with including shared services with other City programs or agencies
- Improve efficiencies of in-house functions

## ➤ Automatic Train Control

- Modern Signaling and Train Control
- One Person Train Operation

## ➤ Fleet Renewal

- Maintenance Savings
- Energy Efficiency

## ➤ Wheel-Trans Family of Services

- Enhanced System Accessibility
- Greater Travel Options

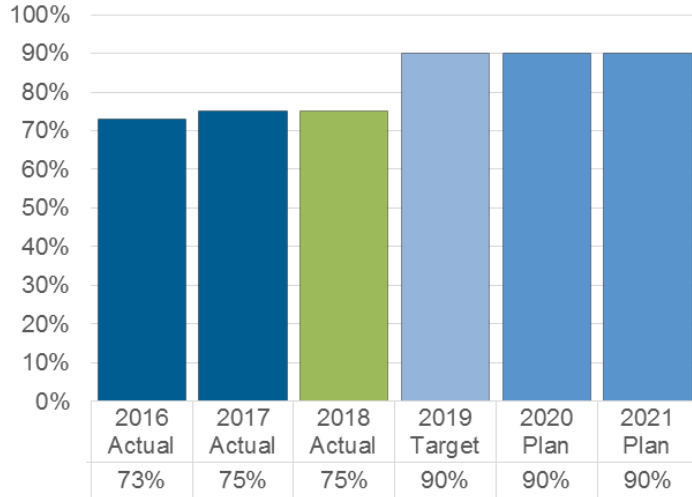
## ➤ Vision

- Operator Communication
- Better Enterprise Asset Management including diagnostic efficiencies

# Key Service Performance Measures

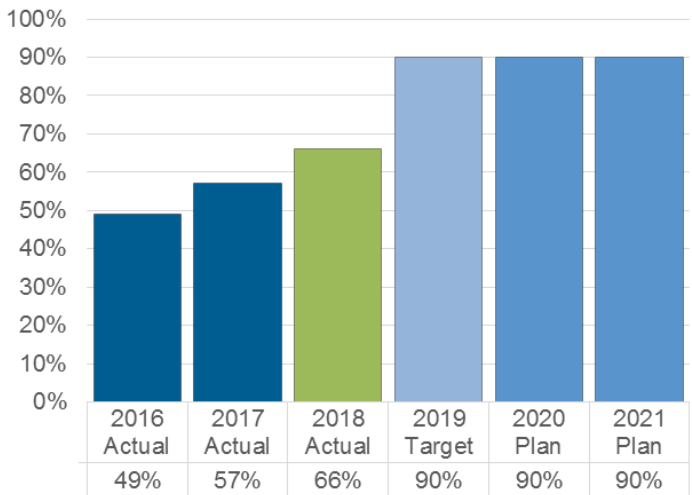


**Bus: On-Time Performance**

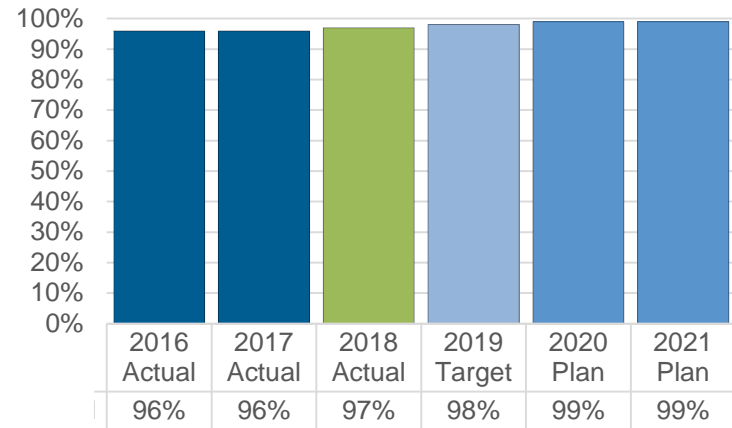


- Construction and Congestion impacting Bus & Streetcar on-time performance
- Action Plans include schedule adjustments and operator interviews.

**Streetcar On-Time Performance**



**Subway: On-Time Performance**

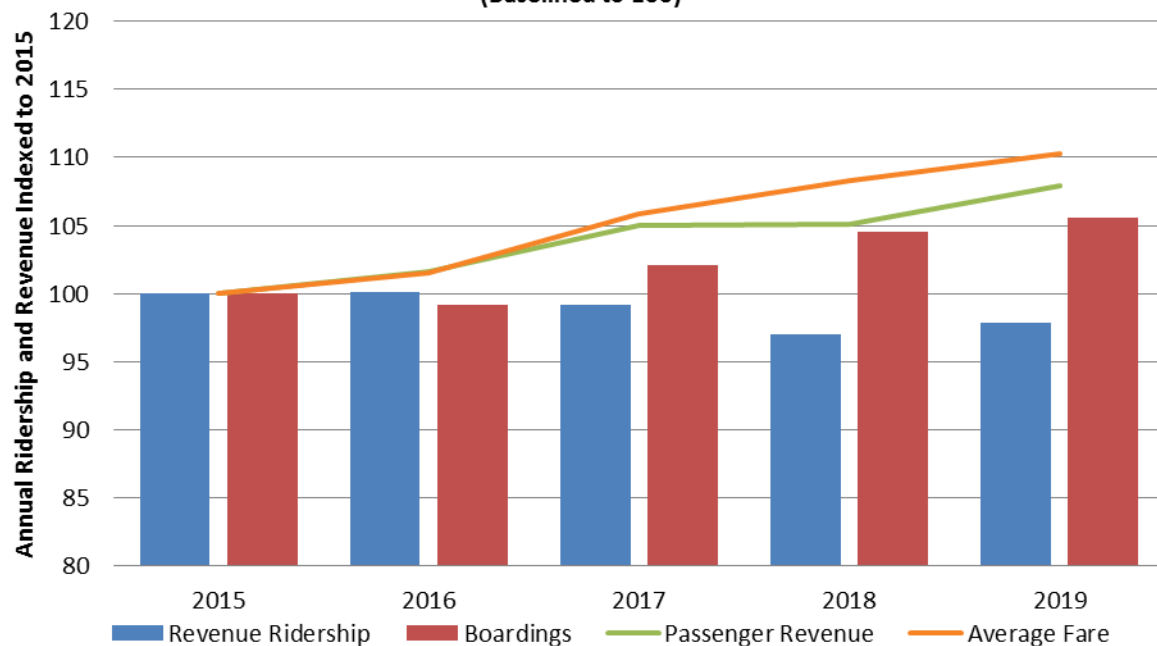


# Key Service Performance Measures



## Ridership and Revenue Trends 2015-2019

(Baselined to 100)



Year	Revenue Ridership (in millions)	Boardings (in millions)	Total Revenues (in millions)	Average Fare
2015	537.6	923.6	\$ 1,107.9	\$ 2.061
2016	538.1	916.3	\$ 1,125.9	\$ 2.092
2017	533.2	942.6	\$ 1,162.9	\$ 2.181
2018	521.4	965.2	\$ 1,164.2	\$ 2.233
2019	526.3	974.8	\$ 1,195.8	\$ 2.272

- Vehicle boardings: gradual & consistent increase
- PRESTO transition has likely contributed to a lower *measured* revenue ridership
- Despite lower measured ridership, fare revenue has been stable even net of fare increases and the two-hour transfer.

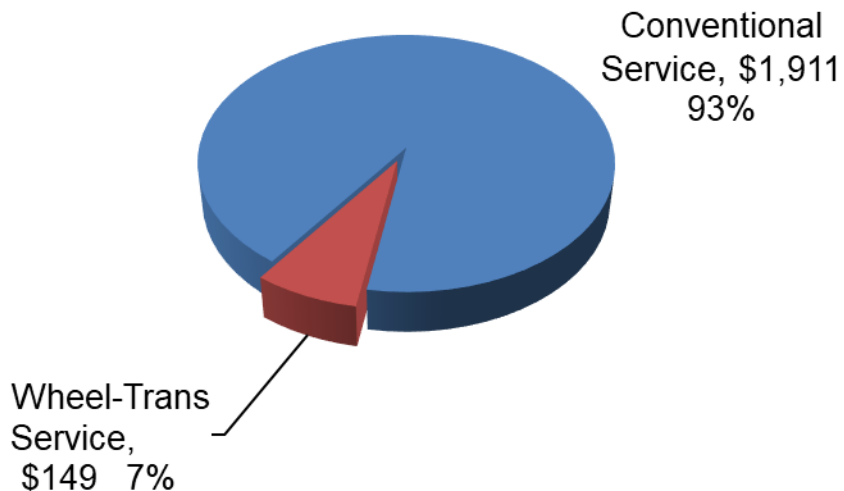
# Operating Budget Overview



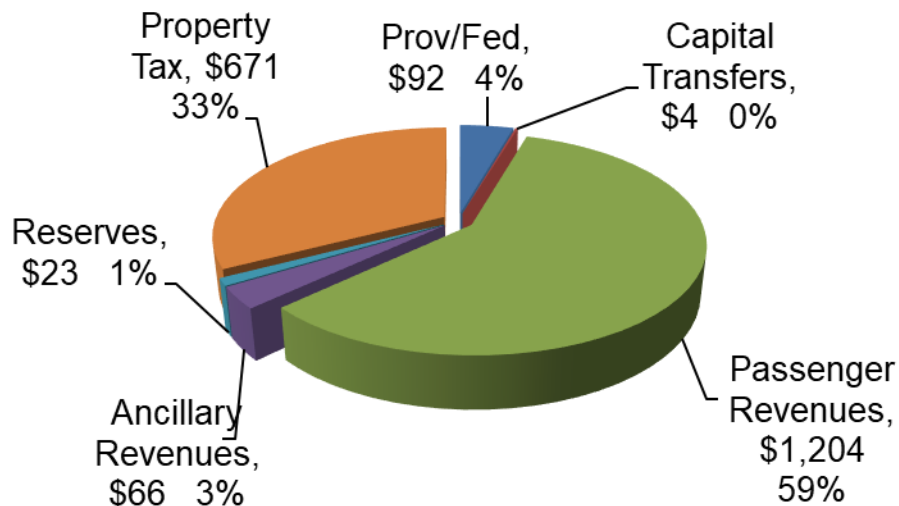
# 2019 Staff Recommended Operating Budget By Program and Funding Source



Where the  
Money Goes  
\$2,060 Million



Where the Money  
Comes From  
\$2,060 Million



# 2019 Staff Recommended Net Operating Budget



(In \$Millions)	2018		2019			Changes	
	Budget	Projected Actual*	Base	New / Enhanced	Total Staff Recommended Budget		
<b>TTC</b>	\$	\$	\$	\$	\$	\$	%
Conventional Service	596.7	581.6	622.0		622.0	25.3	4.2%
Wheel-Trans Service	144.2	134.2	140.9		140.9	(3.3)	(2.3%)
<b>Total Net Expenditures</b>	<b>740.9</b>	<b>715.8</b>	<b>762.9</b>		<b>762.9</b>	<b>22.0</b>	<b>3.0%</b>
<b>Approved Positions</b>	<b>15,805</b>	<b>15,236</b>	<b>15,951</b>	<b>0.0</b>	<b>15,951</b>	<b>146.0</b>	<b>0.9%</b>

\* Year-End Projection Based on Q3 2018 Variance Report

- \$763 million subsidy request (including \$141 million for *Wheel-Trans*)
- \$49 million in net budget reductions incorporated without impact to service
- All 2018 service improvements maintained and annualized
- Board approved 10 cent fare increase effective April 1, 2019
  - Adult token/ePurse cost increase of 10¢ cents to \$3.10, adult cash fare of \$3.25 unchanged
- Board requested increase in City funding: \$22 million (3%)



# Key Cost Drivers

Key Components of 2019 Funding Pressure		
Key 2019 Incremental Pressures (\$Millions)		
PRESTO Transition	18.5	Council Directions
Two Hour Transfer (annualization)	14.4	
Capacity Improvements (annualization)	8.5	
2019 Service to Adhere to Service Standards	5.0	
Collective Bargaining	29.2	Economic Factors
Diesel Price	13.0	
Eglinton Crosstown - Bus Augmentation	7.8	
<b>Total Key 2019 Incremental Pressures</b>	<b>96.4</b>	

## Funding Pressure Driven by Council Directions and Non-Discretionary Items

- \$46M Council Directions
- \$42M Economic Factors
- \$8M Eglinton Crosstown Bus Augmentation

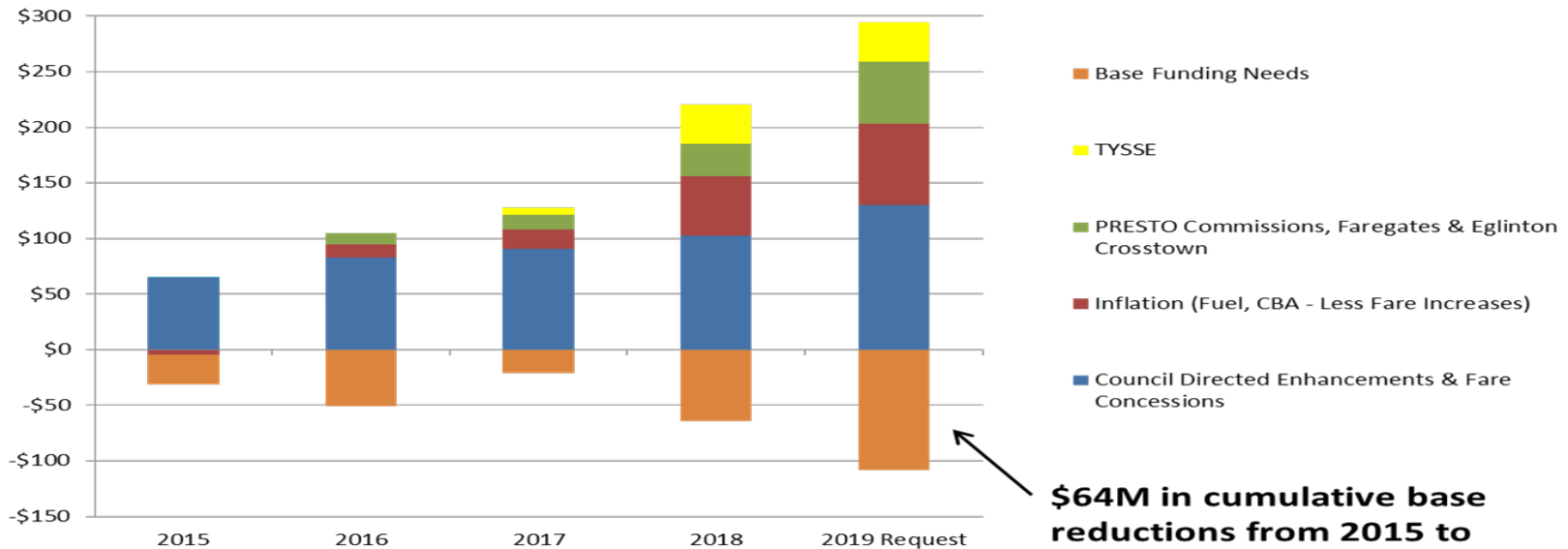
Recommended Path to Balancing the 2019 Budget	
<b>Expenditure and Non-Fare Revenue Review (No Service Reduction)</b>	
Efficiencies and Expenditure Reductions	24.6
Undetermined Corporate Reduction	24.0
<b>City of Toronto Subsidy</b>	
2019 Increased Funding Request	22.0
<b>TTC Fares</b>	
10 Cent Fare Increase (Excludes Adult Cash Fare)	25.8
<b>Total</b>	<b>96.4</b>

## Reductions Applied

- \$48M in combined (TTC & WT) reductions to base funding without impacting service
- \$22M or 3% increase in City funding
- \$26M in increased revenue from a 10-cent April 1 fare increase

# Cumulative Base Reduction

**2015-2019 TTC Funding History  
\$Millions (Cumulative)**



**\$64M in cumulative base reductions from 2015 to 2018 (\$108M when including 2019 reductions)**

## Service and Capacity improvements made possible by:

- City subsidy increase: \$157M over past 4 years, \$179M including 2019
- Base Budget reductions: \$64M over past 4 years, \$108M including 2019



# Capital Budget Overview



## **Line 2 East Extension**

- Designing and constructing an extension of the Bloor-Danforth subway line in order to replace the aging Scarborough RT (SRT).

## **Easier Access (Legislative)**

- Making all subway stations accessible by 2025, as required by the Accessibility for Ontarians with Disabilities Act (AODA) which includes provision of elevators, wider fare-gates and automatic doors.

## **Wheel Trans Transformation Program**

- Implementing new policies, processes and systems to support a new service delivery model that integrates Wheel-Trans customers into TTC's conventional network through a 'Family of Services' approach.

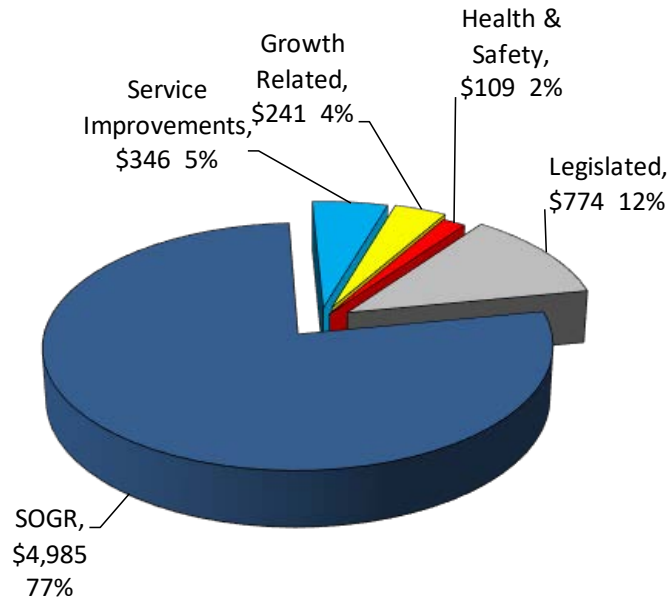
## **McNicoll Bus Garage**

- Improving transit service and meeting growing ridership demands by building a new bus garage fully compliant with Toronto Green Standards - first major Design-Build project for TTC in over a decade.

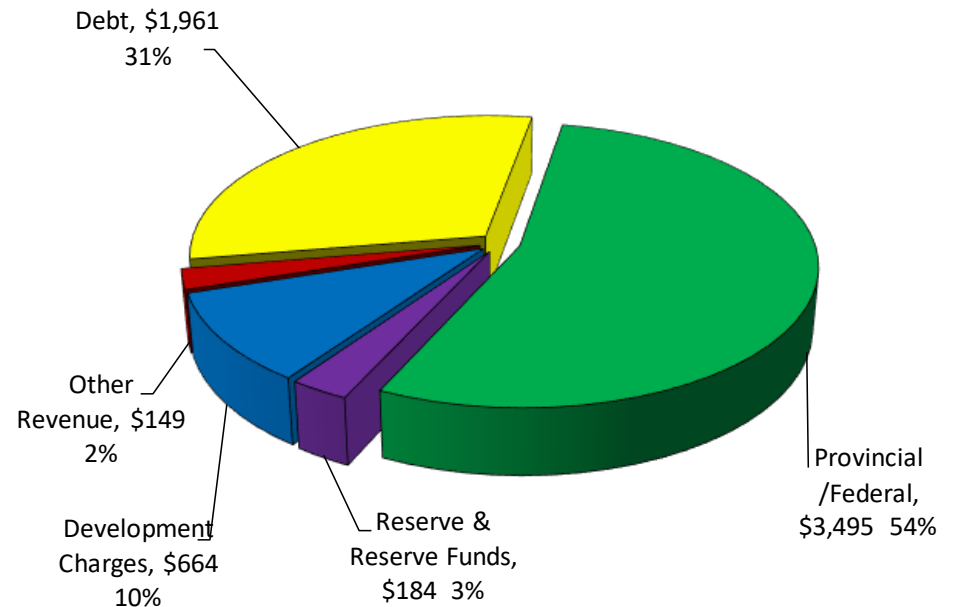
# 2019 - 2028 Staff Recommended Capital Budget & Plan



Where the Money Goes  
\$6,453.2 Million

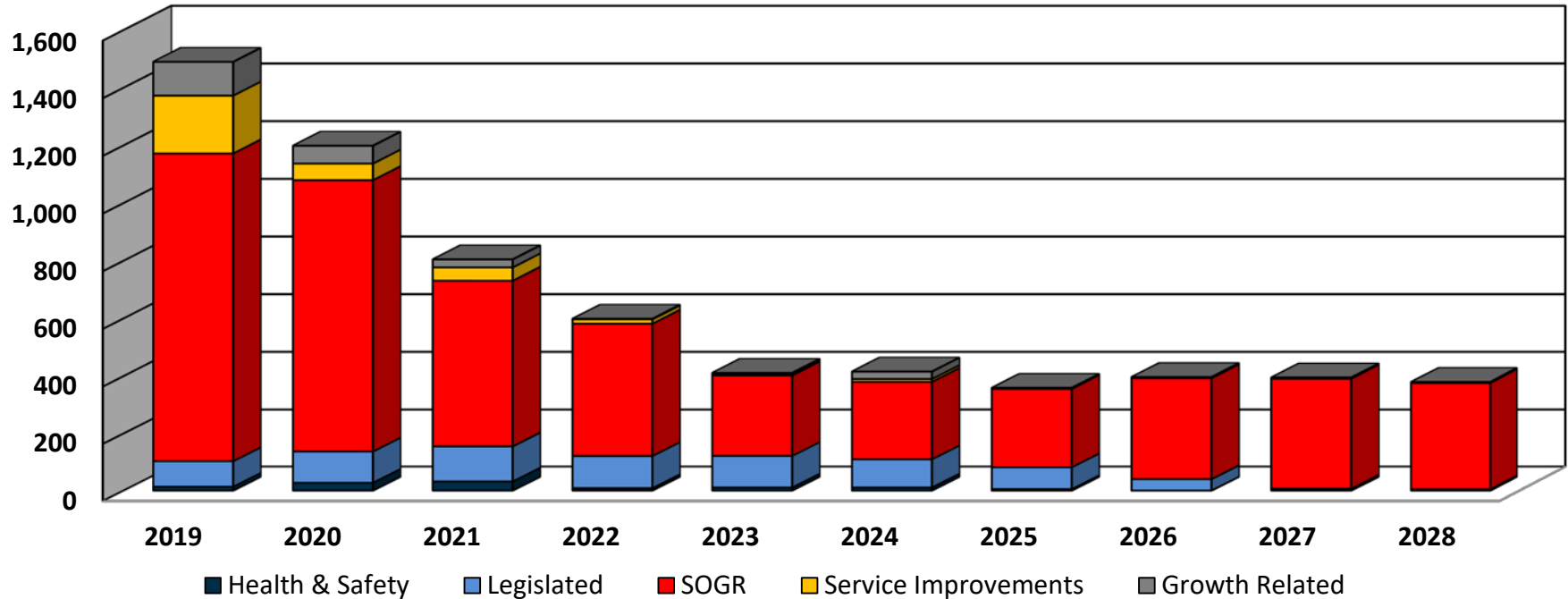


Where the Money Comes From  
\$6,453.2 Million



Note: This chart includes \$224.4M of carry forwards and only reflects funded base projects (excludes transit expansion projects).

# 2019 - 2028 Staff Recommended Capital Budget & Plan by Project Category



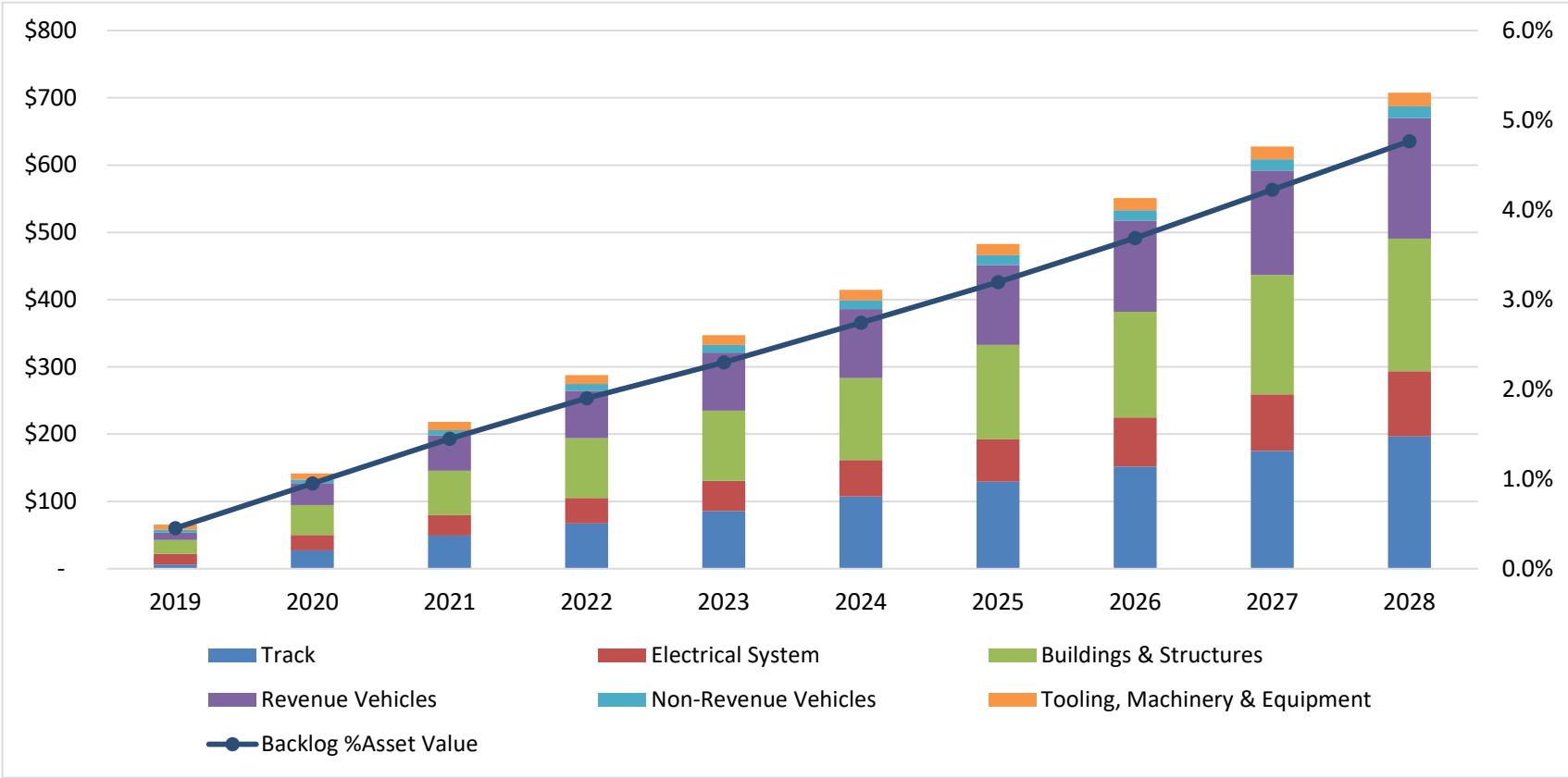
Note: This chart includes \$224.4M of carry forwards and only reflects funded base projects (excludes transit expansion projects).

\$ Million	2019 - 2028 Staff Recommended Capital Budget and Plan by Category									
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Health &amp; Safety</b>	13.6	27.4	32.0	8.5	11.0	11.0	5.0	-	-	-
<b>Legislated</b>	89.6	109.7	123.2	113.0	110.8	98.8	76.8	40.2	6.9	4.6
<b>SOGR</b>	1,069.2	942.8	576.0	460.7	280.9	270.7	274.5	353.0	384.7	372.1
<b>Service Improvements</b>	200.7	57.4	46.2	15.1	7.0	9.8	2.4	2.4	2.6	2.6
<b>Growth Related</b>	116.9	61.8	27.8	1.8	1.8	25.8	0.9	1.4	1.5	0.8

# State of Good Repair Backlog



Accumulated Backlog as a % of Asset Value (\$M)







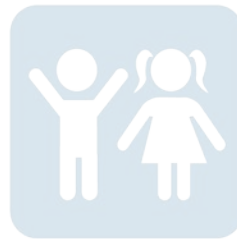
# Unfunded Capital Projects



Unfunded Projects											
(\$Millions)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	10-Year Total
Capacity to Spend (CTS) Adjustments (Various Projects)	48	82	82	74	65	73	74	80	88	89	755
Unfunded Projects:											
<i>Building and Structures:</i>											
Line 1 Capacity Enhancement	57	168	279	420	1,235	1,161	1,007	752	346	73	5,498
New Subway Maintenance and Storage Facility (Western Yard)		26	68	113	170	501	471	409	305	140	2,203
Bloor-Yonge Capacity Improvements		19	137	224	300	265	113				1,057
Line 2 Capacity Enhancement						27	76	127	191	561	982
New Streetcar Maintenance and Storage Facility	1	61	15	28	29	230	272	146	86	33	900
Platform Edge Doors - YUS Line	1	6	12	5	46	62	63	64	4	94	357
Ninth Bus Garage (excludes property)		11	4	37	91	91	95				330
Collision Centre for Bus Maintenance Reduction						63	63	63	63		250
Bus Heavy Overhaul Facility						60	60	60	60	10	250
Streetcar Facility Upgrade Reduction			30	30	30	30	30	30	30	30	240
Office Consolidation	44	74	92								210
New Transit Control - ITS Centre Reduction		42	39	36	8						125
Fire Ventilation Upgrade Reduction						39	27	20	9	9	104
Enhanced Station Access Reduction									50	50	100
Davenport Garage Renewal		0	0	0	1	1	1	91			93
Building and Structures Budget Reduction		3	37	18	7	4					70
Subway Bus Platform Ventilation Equipment Replacement Reduction				6	15	16	10				47
Purchase of 40ft Diesel Buses Reduction SOGR			175	177	197	266	225	294	200	270	1,803
Purchase of 60 Streetcars for Ridership Growth Reduction						46	152	149	14		361
T1 (Subway Car) Life Extension Overhaul Reduction				66	139	64	64				332
Bloor-Danforth ATC Resignalling Reduction				11	13	45	51	53	56	63	292
Purchase of Streetcars for Ridership Growth				0	2	20	126	1			150
Purchase of Future Wheel-Trans Buses Reduction	1	22	15	16	19	8	1	8	8	38	138
Lighting in Open Cut - Subway Right of Way		0	1	4	6	9	11	17	24		72
SAP ERP Implementation Reduction			15	15	15	5	5	5	5	5	70
ITS-End User Devices	4	4	7	9	8	6	6	7	9	9	69
TTC PRESTO Project Reduction		47									47
Surface Track Budget Adjustment	2	34	3	4	4						46
Purchase Auto Non-Revenue Vehicles Reduction	8	2	8	3	3	7	6	2	2	3	43
Other Projects (Various Projects)	18	83	85	108	74	37	33	23	16	24	500
<b>Total Unfunded Projects</b>	<b>184</b>	<b>684</b>	<b>1,103</b>	<b>1,404</b>	<b>2,478</b>	<b>3,133</b>	<b>3,040</b>	<b>2,401</b>	<b>1,566</b>	<b>1,501</b>	<b>17,493</b>



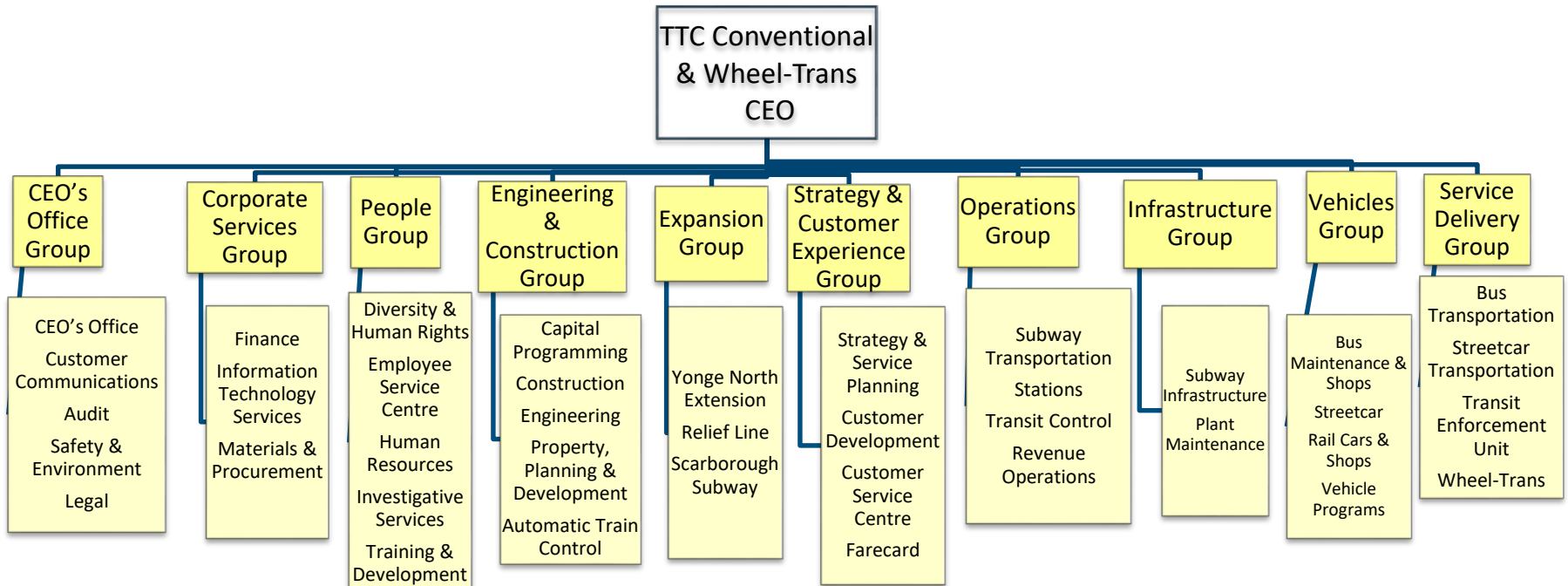
# Appendices





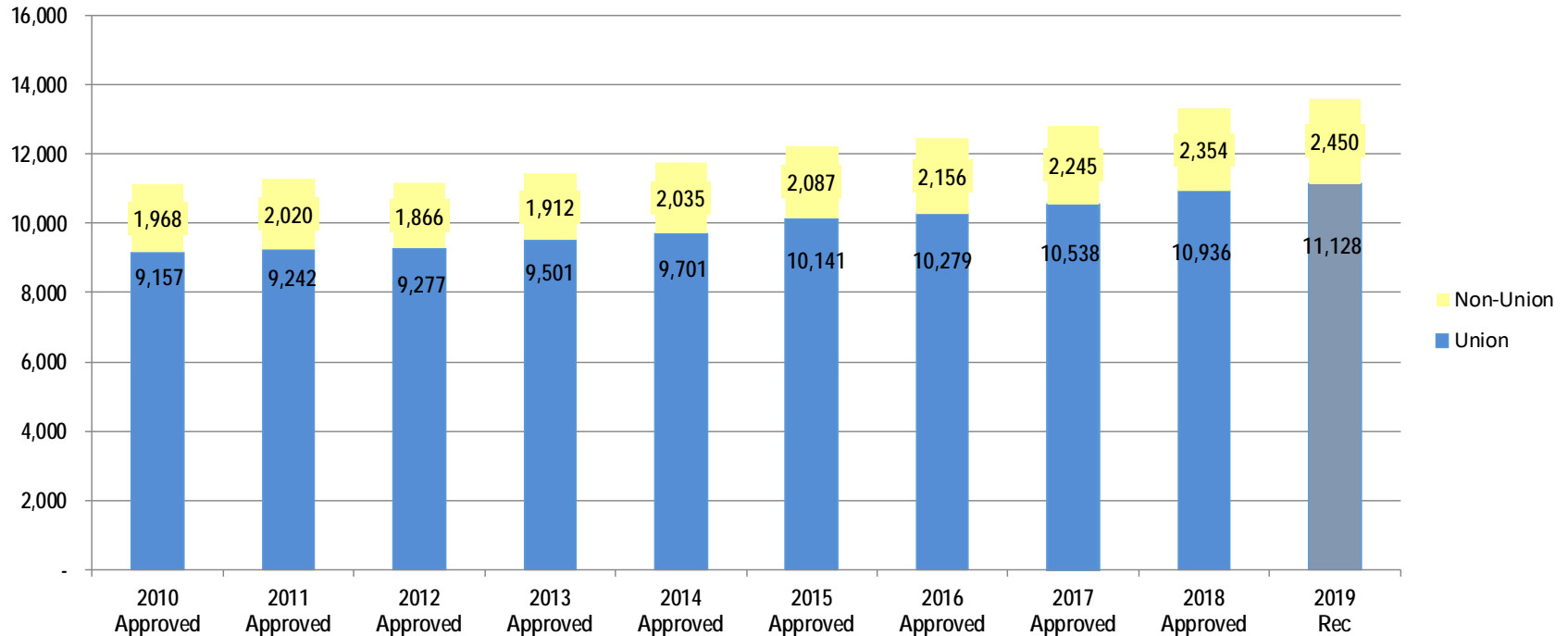
# Operating Appendices

# 2019 Organizational Chart for TTC



Budget	Category	Senior Management	Management with Direct Reports	Management without Direct Reports / Exempt Professional & Clerical	Union	Total
Operating	Permanent	46	1,198	1,100	10,948	13,292
	Temporary		3	103	180	286
Capital	Permanent	25	307	824	986	2,142
	Temporary		17	89	125	231
<b>Total</b>	<b>Total</b>	<b>71</b>	<b>1,525</b>	<b>2,116</b>	<b>12,239</b>	<b>15,951</b>

# Staffing Trend (Excludes Capital Positions)



- Complement increase over time commensurate with substantial service increase and new/expanded initiatives including:

- Opening of TYSSE & Leslie Barns
- Implementation of Proof of Payment & Station Management Model
- Additional service to accommodate Eglinton construction

2018 approved includes technical amendment to reflect 359 seasonal positions consistent with City approach. No new funding.

# Vacancy Analysis

TTC	2016			2017			2018			
	# of Vacancies	Vacancies % of Total Approved Position	Approved Position	# of Vacancies	Vacancies % of Total Approved Position	Approved Position	# of Vacancies as at Sept 30	# of Vacancies Projections to Dec 31	Vacancies % of Total Approved Position	Approved Position
TTC Operating	33	0.3%	11,870	233	1.9%	12,212	111	20	0.2%	12,670
Wheel-Trans	15	2.7%	565	3	0.5%	571	33	30	4.8%	620
Capital	313	14.9%	2,105	378	17.1%	2,213	478	367	14.6%	2,515
<b>Total</b>	<b>361</b>	<b>2.5%</b>	<b>14,540</b>	<b>614</b>	<b>4.1%</b>	<b>14,996</b>	<b>622</b>	<b>417</b>	<b>2.6%</b>	<b>15,805</b>

- **Very low vacancy rates for operating** & Wheel-Trans positions.
  - Includes some additional hiring for operator positions in anticipation of January retirements
- **Higher vacancy rates for capital positions**
  - Arising from:
    - Highly specialized skill requirements
    - Project scheduling adjustments
    - Contractors in lieu of staff on some projects.
  - **Addressed by reducing capital complement by 220 positions**

# 2019 Key Complement Changes

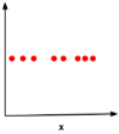


TTC Conventional & Wheel-Trans	2018 Approved Staff Complement	2019 Complement Changes					
		Prior Year Impact	Operating Impacts of Capital Projects	Capital Project Delivery	Base Changes	Total 2019 Staff Recommended Budget	Change from 2018 Approved
<b>Conventional</b>	12,670					12,670	
Operators		73			36	109	
Operator Training & Hiring		4	15		12	31	
Revenue Protection Initiative					70	70	
PRESTO Transition		23				23	
Operating Impact of Capital			21			21	
All Other Requirements					17	17	
<b>Subtotal -Conventional Operating Positions</b>	<b>12,670</b>	<b>100</b>	<b>36</b>		<b>135</b>	<b>12,941</b>	<b>271</b>
<b>Wheel-Trans</b>	620					620	
Operators					11	11	
All Other Requirements					6	6	
<b>Subtotal - Wheel-Trans Positions</b>	<b>620</b>				<b>17</b>	<b>637</b>	<b>17</b>
<b>Capital</b>	2,515					2,515	
Reductions through Held Capital Vacancies				(220)		(220)	
Expansion Projects				35		35	
Project Management Office				18		18	
Base Program (Net)				25		25	
<b>Subtotal - Capital Positions</b>	<b>2,515</b>			<b>(142)</b>	<b>0</b>	<b>2,373</b>	<b>(142)</b>
<b>Total - Toronto Transit Commission</b>	<b>15,805</b>	<b>100</b>	<b>36</b>	<b>(142)</b>	<b>152</b>	<b>15,951</b>	<b>146</b>

## Key Complement Changes:

- 151 Operator and Operator related
- 70 Revenue Protection Initiative
- Net Reduction of 75 positions across all other areas

# Operating Budget Variance



Agency Name In \$ Millions	2017 Variance					2018 YTD September 30 Variance					2018 YE Projection Variance				
	Gross		Net		Alert	Gross		Net		Alert	Gross		Net		Alert
	\$	%	\$	%		\$	%	\$	%		\$	%	\$	%	
Conventional	(89.5)	(5.0%)	(71.7)	(13.1%)	ⓐ	(43.9)	(3.2%)	(39.2)	(8.9%)	ⓐ	(38.5)	(2.1%)	(15.0)	(2.5%)	ⓐ
Wheel-Trans	(17.9)	(11.8%)	(17.0)	(11.9%)	ⓐ	(9.0)	(8.0%)	(8.4)	(7.9%)	ⓐ	(11.0)	(7.8%)	(10.0)	(6.9%)	ⓐ
<b>Total</b>	<b>(107.4)</b>		<b>(88.7)</b>		ⓐ	<b>(52.9)</b>		<b>(47.6)</b>		ⓐ	<b>(49.5)</b>		<b>(25.0)</b>		ⓐ
<b>Net Variance</b>	<b>Year End</b>	ⓐ	Ⓡ		<b>Year-to-Date</b>	ⓐ	Ⓨ	Ⓡ		<b>Year End</b>	ⓐ	Ⓡ			
		<=100%	> 100%			85% - 105%	0% -85%	>105%			<=100%	> 100%			

## ➤ TTC Conventional:

- \$23 million Variance between Q3 results and Year-end Projection primarily related to:
  - \$14M Stabilization reserve draw planned for Q4 will not be made.
  - \$10M Contribution to Long-Term Liability Reserve will be made in Q4.
- \$15 million year-end surplus primarily driven by:
  - Favourable Hydro price variances (\$15 million) and benefit cost savings (\$13 million)
    - Offset by differing stabilization reserve draw to 2019.

## ➤ Wheel-Trans:

- \$10 million year-end surplus primarily due to lower than projected ridership growth.



# 2019 Funding Pressures



(In \$Millions)	Total	
	\$	Positions
<b>Prior Year Impacts</b>		
PRESTO - Transition	18.6	23
Two Hour Transfer	14.4	11
Reversal of Stabilization Reserve Draw	14.0	
Capacity Improvements	8.5	
2019 Service to Adhere to Standards	5.0	66
Workforce: ESA 48	6.7	
Consolidated Warehouse/Leslie Barns	4.3	
<b>Subtotal: Prior Year Impacts</b>	<b>71.5</b>	<b>100</b>
<b>Economic Factors</b>		
Collective Bargaining	30.6	
Diesel Price Change	23.5	
Benefits, Traction Power, Material Price	21.9	
<b>Subtotal: Economic Factors</b>	<b>76.0</b>	
<b>Base Changes</b>		
Operating Impact of Capital	8.7	36
Eglinton Crosstown Supplemental Service	7.8	
Operator Hiring and Training	4.1	31
Bus Replacement of Streetcar Service	3.3	17
Toronto Rocket Re-Wheeling	1.5	8
Revenue Protection Initiative	0.0	70
Wheel-Trans	0.5	17
Other Base Changes	9.4	9
<b>Subtotal: Base Changes</b>	<b>35.3</b>	<b>188</b>
<b>Sub-Total Base Pressures</b>	<b>182.8</b>	<b>288</b>

## \$183M in identified budget pressures

- **\$72M Prior Year Impacts**
  - ✓ PRESTO
  - ✓ Two Hour Transfer
  - ✓ Stabilization Reserve
  - ✓ Overcrowding
- **\$76M Economic Factors**
  - ✓ CBA
  - ✓ Energy Inflation
- **\$35M Other Base Budget Pressures**
  - ✓ Operating Impact of Capital
  - ✓ Eglinton Supplemental Service

# 2019 Operating Budget Balancing



Pressure Offsets & Revenue Changes		
(\$Millions)	Net	Positions
<b>Operating Budget Identified Pressure</b>	<b>182.8</b>	<b>288</b>
<b>Pressure offsets</b>		
Benefits, Traction Power, Material Price	(36.0)	
Stabilization Reserve Draw	(15.4)	
Diesel	(9.9)	
Wheel-Trans Ridership	(7.6)	
Paid Emergency Leave Elimination	(4.1)	
<b>Revenue Changes &amp; Initiatives</b>		
Average Fare (Net of Ridership Change)	(6.0)	
Short-Term & Ancillary Revenues	(7.4)	
<b>Remaining 2019 Funding Pressure</b>	<b>96.4</b>	<b>288</b>

Path to Balance	
<b>Base Budget Reduction</b>	
<b>Efficiencies &amp; Expenditure Reductions</b>	
Accident Claims	(10.5)
Impact of Capital: Vehicle Renewal	(7.3)
City Auditor General Procurement Recommendations	(2.0)
Material and Contract Services Reductions	(3.1)
Municipal Capital Exemption	(1.7)
<b>Undetermined Corporate Reductions</b>	<b>(24.0)</b>
<b>Subtotal: Base Budget Reduction</b>	<b>(48.6)</b>
<b>Fare Increase</b>	<b>(25.8)</b>
<b>Requested Subsidy Increase</b>	<b>22.0</b>

## \$87M Pressure Reduction

- **\$73M Pressure Offsets**
  - ✓ Line-by-Line Review
  - ✓ External Factors
- **\$14M Revenue Changes**
  - ✓ Average Fare
  - ✓ Ancillary Revenues

## \$48M Additional Base Budget Reduction

- \$24M Efficiencies and Expenditure Reductions
- \$24M Undetermined Corporate Reduction

## \$26M Fare Increase

## \$22M Requested Subsidy Increase

# Undetermined Corporate Reduction



<b>Undetermined Corporate Reductions: Potential Sources</b>	
<b>(\$Millions)</b>	<b>Net</b>
Eglinton Crosstown	7.8
Diesel	4.0
Departmental non-labour expenses	4.0
Potential Labour underspending	3.2
Corporate Accounts	3.0
Employee Benefits	2.5
PRESTO Commissions	2.5
Accident Claims	2.0
Traction Power and Utilities	2.0
Revenue Initiatives	1.0
<b>Total Potential Sources</b>	<b>32.0</b>
<b>Corporate Reduction Required</b>	<b>24.0</b>
<b>Percentage Achievement Needed To Achieve Required Reduction</b>	<b>75%</b>



TTC Conventional & Wheel-Trans Description (\$Millions)	2020 - Incremental Increase					2021 - Incremental Increase				
	Gross	Revenue	Net	% Change	Positions	Gross	Revenue	Net	% Change	Positions
<b>Known Impacts:</b>										
<b>Economic Factors</b>										
Energy, Benefits, Material Price Increase	41.9		41.9	0.0%		23.3		23.3	0.0%	
Collective Bargaining	26.3		26.3	0.0%		28.2		28.2	0.0%	
<b>Operating Impact of Capital</b>										
Eglinton Crosstown	0.3		0.3	0.0%	31	27.5	1.3	26.2	0.0%	151
PRESTO Fees	7.2		7.2	0.0%		0.6		0.6	0.0%	
Legacy Fare Media Elimination	(16.2)		(16.2)	(0.0%)	(73)					
One Person Train Operation						(14.8)		(14.8)	(0.0%)	(178)
Streetcar Retirement, New LRVs and Electric Buses	(5.1)		(5.1)	(0.0%)	(6)	(1.7)		(1.7)	(0.0%)	(16)
New Bus Garage/Maintenance Facilities	5.5		5.5	0.0%	62	3.9		3.9	0.0%	(16)
<b>Other Base Changes</b>										
Ridership Growth and Service Initiatives	14.4	1.6	12.8	0.0%	80	9.1	0.2	8.9	0.0%	46
Safety/Reliability	8.5		8.5	0.0%						
Family of Services	(1.1)		(1.1)	(0.0%)		(2.2)		(2.2)	(0.0%)	
All other changes (net)	40.5		40.5	0.0%	91	7.7		7.7	0.0%	18
<b>Revenue</b>										
2019 Fare Increase Full Year Effect		10.0	(10.0)	(0.0%)						
Ridership Growth & Average Fare		20.5	(20.5)	(0.0%)			13.5	(13.5)	(0.0%)	
Contributions From Reserves		(15.4)	15.4	0.0%						
Other Base Revenue Changes		(1.3)	1.3	0.0%			(3.2)	3.2	0.0%	
<b>Sub-Total</b>	<b>122.2</b>	<b>15.4</b>	<b>106.8</b>	<b>0.0%</b>	<b>185</b>	<b>81.6</b>	<b>11.8</b>	<b>69.8</b>	<b>0.0%</b>	<b>5</b>
<b>Anticipated Impacts:</b>										
<b>Anticipated New / Enhanced</b>										
Service Improvements	1.8		1.8	0.0%	42	7.0		7.0	0.0%	34
<b>Sub-Total</b>	<b>1.8</b>		<b>1.8</b>	<b>0.0%</b>	<b>42</b>	<b>7.0</b>		<b>7.0</b>	<b>0.0%</b>	<b>34</b>
<b>Total Incremental Impact</b>	<b>124.0</b>	<b>15.4</b>	<b>108.6</b>	<b>0.0%</b>	<b>227</b>	<b>88.6</b>	<b>11.8</b>	<b>76.8</b>	<b>0.0%</b>	<b>39</b>

## \$108 million 2020 Pressure

Includes Significant unavoidable pressures:

- Contractual Wage Increase: \$25 million
- Reversal of one-time stabilization reserve draw: \$15 million



# Capital Appendices

# Capital Assets to Deliver Services



Asset Value – Insurable replacement value over \$16.4 billion

## ❑ Revenue Vehicles

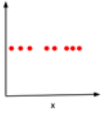
- Subway Cars - \$2.5 billion
- Buses - \$1.4 billion
- Streetcars - \$1.3 billion
- SRT Vehicles - \$146 million

❑ Rail Service Equipment & Non-Revenue Vehicles - \$177 million

❑ Stations & Buildings - \$5.1 billion

❑ Tunnels, Tracks & Structures - \$5.8 billion

# Capital Budget Variance



Agency Name \$ Millions	2017			Alert	2018				Alert
	Budget	Actual	% Spend Year-End		Budget	YTD Sept 30 Actual	Year-End Projection	% Spend Year-End	
Health & Safety	-	-	-		-	-	-	-	
Legislated	107.33	66.81	62.2%	Ⓜ	81.21	41.71	71.49	88.0%	Ⓞ
SOGR	1,278.59	889.20	69.5%	Ⓜ	1,285.02	647.18	1,006.52	78.3%	Ⓞ
Service Improvements	67.70	18.16	26.8%	Ⓡ	76.62	30.99	45.62	59.5%	Ⓜ
Growth Related	41.73	30.73	73.6%	Ⓞ	203.57	92.87	165.27	81.2%	Ⓞ
<b>Total</b>	<b>1,495.34</b>	<b>1,004.89</b>	<b>67.2%</b>	<b>Ⓜ</b>	<b>1,646.42</b>	<b>812.73</b>	<b>1,288.90</b>	<b>78.3%</b>	<b>Ⓞ</b>
Ⓞ >70%      Ⓜ between 50% and 70%      Ⓡ < 50% or > 100%									

## Key Points:

- When excluding 3<sup>rd</sup> party fleet acquisitions, the year-end spend rate increases to 70.0% for 2017 and averages 76.3% over the past 5 years.

# Incremental Operating Impact of Capital



Net Expenditures (\$000s)	2019 Budget		2020 Plan		2021 Plan		2022 Plan		2023 Plan		2019 - 2023 Plan		2019 - 2028 Total	
	\$	Position	\$	Position	\$	Position	\$	Position	\$	Position	\$	Position	\$	Position
<b>Previously Approved Projects</b>														
<i>Communications - Various</i>	195.0	2.0	(15,222.0)	(170.0)	(5,530.0)	-	(426.0)	-	(437.0)	-	(21,420.0)	(168.0)	(23,253.0)	(168.0)
<i>Easier Access Phase II &amp; III</i>	43.0	-	63.0	-	155.0	-	52.0	-	84.0	-	397.0	-	639.0	-
<i>Fare Handling Equipment</i>	1,800.0	-	-	-	-	-	-	-	-	-	1,800.0	-	1,800.0	-
<i>Fare System</i>	1,500.0	20.0	-	-	-	-	-	-	-	-	1,500.0	20.0	1,500.0	20.0
<i>Fire Ventilation Upgrade</i>	-	-	-	-	8.0	-	-	-	8.0	-	16.0	-	24.0	-
<i>Information Technology System-Infrastructure</i>	11,303.5	14.8	1,908.2	6.0	462.2	1.0	1,480.1	7.5	415.7	-	15,569.7	29.3	16,888.5	28.3
<i>McNicoll Bus Garage Facility</i>	-	-	4,882.5	34.4	4,882.5	34.4	-	-	-	-	9,765.0	68.8	9,765.0	68.8
<i>Other Bldgs &amp; Structures Projects</i>	553.0	2.0	567.0	3.0	232.0	2.0	602.0	5.0	437.0	3.0	2,391.0	15.0	3,220.0	20.0
<i>Other Service Planning</i>	60.0	-	35.0	-	35.0	-	35.0	-	35.0	-	200.0	-	340.0	-
<i>Purchase of Rail Non-Revenue Vehicle</i>	(420.0)	-	-	-	(800.0)	-	-	-	-	-	(1,220.0)	-	(1,220.0)	-
<i>Signal Systems - Various</i>	95.0	0.6	(206.0)	(1.4)	22.0	-	122.0	-	25.5	-	58.5	(0.8)	163.0	(0.8)
<i>Streetcar Overhaul Program</i>	-	-	-	(5.1)	-	-	-	(1.2)	-	-	-	(6.3)	-	(6.3)
<b>Total - Previously Approved Projects</b>	<b>15,129.5</b>	<b>39.4</b>	<b>(7,972.3)</b>	<b>(133.1)</b>	<b>(533.3)</b>	<b>37.4</b>	<b>1,865.1</b>	<b>11.3</b>	<b>568.2</b>	<b>3.0</b>	<b>9,057.2</b>	<b>(42.0)</b>	<b>9,866.5</b>	<b>(38.0)</b>

## Key Points:

The Board requested 0-Year Capital Plan will increase future year Operating Budgets by \$9.9 million net over the 2019-2028 period. This is mainly attributed to:

- \$23.3 million savings – due to the completion of various communications projects including Station Transformation and Train Door Monitoring.
- \$16.9 million increased costs – due to the completion on information technology systems including SAP and Risk Management investments to address safety and security.
- \$9.8 million increased costs – due to the completion of the McNicoll Bus Garage which will comprise of \$7.4 million in labour related costs and \$2.3 million in maintenance costs.





## CIP – Changes from the 2018 Budget Process

Description \$Billions	Years 1 - 10	Years 11 - 15	15-Year Total
<b>2018 Capital Budget Process</b>			
2018 - 2027 Funded 10-Year Plan	6.5	0.0	6.5
Unfunded Projects	2.7	0.5	3.2
Projects for Future Consideration	2.2	2.8	5.0
Deferred Consideration	1.2	0.0	1.2
<b>2018 Capital Budget Process (sub-total)</b>	<b>12.6</b>	<b>3.3</b>	<b>15.9</b>
<b>Capital Investment Plan Changes</b>			
Line 1 Capacity Enhancements	5.5		5.5
Line 2 Capacity Enhancements	1.0	1.5	2.5
Western Yard (Excluding Land Acquisition)	2.1		2.1
Ninth Bus Garage	0.5		0.5
Bus Procurement Program (Increase Only)	0.9	1.4	2.3
T1 (Subway car) Life Extension Overhaul	0.7		0.7
Added Years 11 - 15 and Other Changes	0.6	3.4	4.0
<b>Capital Investment Plan Changes (sub-total)</b>	<b>11.3</b>	<b>6.3</b>	<b>17.6</b>
<b>Capital Investment Plan Total</b>	<b>23.9</b>	<b>9.6</b>	<b>33.5</b>

- **\$15.9B in base capital needs identified as part of the 2018 Budget process**
  - **\$12.6B** in the 10 year planning period
- **\$3.2B in approved unfunded projects:**
  - Purchase of Buses (\$270M)
  - Purchase of 60 added Streetcars (\$361M)
  - Purchase of Subway Cars (\$1.4B)
- **\$5.0B in projects for future consideration:**
  - Bloor-Yonge Capacity Improvements (\$1.0B)
  - Platform Edge Doors (\$1.2B)
  - Fire Ventilation Upgrades (\$1.5B)
- **\$1.2B in deferred consideration of projects**
  - Purchase of Buses (\$613M)
  - Warden Station Redevelopment (\$71M)

