

2020 Budget Notes

Transit Expansion

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What we do

The Transit Expansion Division was created in September 2019 to address the delivery of new transit infrastructure in the City of Toronto. The new division provides day-to-day leadership and oversight of the City of Toronto's participation in the long term, multi-billion dollar transit network expansion program. Specifically, the role of the Transit Expansion Division is to:

1. **Partner with key stakeholders** such as the Province of Ontario, Metrolinx, Infrastructure Ontario, and Toronto Transit Commission (TTC) to deliver new transit infrastructure to keep Toronto moving;
2. **Provide dedicated leadership** for the City's transit expansion strategy, including coordinating the City's strategic interests and municipal requirements; and
3. **Provide oversight of the City's transit expansion program**, including centralizing coordination and seeking opportunities throughout the project lifecycle to accelerate transit expansion projects by streamlining and optimizing municipal processes where possible.

Why we do it

Toronto is facing many transportation challenges and opportunities that come with being a growing, thriving, and prosperous city. As a result, the Transit Expansion Division's mission is to keep Toronto moving by providing safe, affordable and accessible transportation choices for people and goods. This includes public transit that connects our diverse neighborhoods, is part of a resilient multi-modal regional network, and drives new economic activity.

Who we serve

Overall, we serve residents, businesses, employers, commuters, and visitors that move around in our city, by providing accessible, safe, and reliable public transit that connects the City's diverse neighborhoods and the wider region.

The Transit Expansion Division serves City Council and the City's Senior Leadership Team by proactively working with partners and coordinating internally to ensure effective and efficient delivery of pipelines of transit infrastructure expansion projects.

Budget at a glance

STAFF RECOMMENDED OPERATING BUDGET

\$Million	2020	2021	2022
Revenues	\$8.7	\$9.7	\$9.9
Gross Expenditures	\$8.7	\$9.7	\$9.9
Net Expenditures	\$0.0	\$0.0	\$0.0
Approved Positions	59.0	59.0	59.0

STAFF RECOMMENDED 10-YEAR CAPITAL PLAN

\$Million	2020	2021-2029	Total
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Transit Expansion's capital program is included in Corporate Capital Initiatives.

Key service outcomes

Outcomes	Description
Expanded public transit network.	Expansion of higher-order transit critical public transit infrastructure, providing relief to existing services as well as enhancing service in high priority communities across the City.
Integrated mobility across the City	An inclusive and equitable city-wide transportation network that provides reliable and affordable travel choices, connects people to places and activities they value, and supports the delivery of goods.
Successful partnerships across all orders of government	Successful delivery and operation of new transit infrastructure to address Toronto's rapid growth requires sustained partnerships and support across all orders of government.

Goals and metrics

Transit Expansion was created as a new division in September 2019 and outcome measures are being developed by Q2 2020.

Our experience and success

- Since April 2019, the Transit Expansion division convened 50 meetings, with representatives from Metrolinx, Infrastructure Ontario, TTC and City divisions to complete a technical assessment of the Ontario Line and Line 2 East Extension, focusing on modelling and alignment options.
- At its meeting of October 29, 2019, City Council approved the Toronto-Ontario Transit Update report (EX9.1) which:
 - ✓ Supported four new transit lines: Ontario Line, Line 2 East Extension, Yonge Subway Extension and Eglinton West LRT
 - ✓ Identified the Transit Expansion division as the one-window access to the City, and facilitate the City's role in transit project implementation, while also developing improved processes to meet timelines
 - ✓ Authorized City Officials to negotiate and execute agreements with the Province and relevant its relevant agencies

Key challenges and risks

- **Inter-Governmental Agreements:** Develop agreement with the Province of Ontario on transit responsibilities, priority transit expansion projects, transit oriented development partnerships, and opportunities for fare integration.
- **Forecasting Staff Resources to Support a Multi-year Project Pipeline:** Develop an organizational structure and new dedicated teams with the appropriate skill-sets for each phase of project delivery, based on agreed Metrolinx funding (i.e. expansion of Light Rail Transit and Subway).
- **Centralizing Program Management:** Lead the coordination and delivery of municipal requirements with City divisions, identifying opportunities to streamline processes without compromising regulatory due diligence, and implement enhanced project process controls, reporting, and overall accountability.
- **Integrating Transit with Major Capital Works:** Integrate and coordinate with other infrastructure delivery priorities, plans, and capital projects (i.e., growth areas, roads, water, utilities, etc.).
- **Mitigating Community Impacts of Construction:** Engage and communicate with the public, and make best efforts to coordinate and mitigate impacts of multi-billion dollar infrastructure delivery on City services to residents and businesses.

Priority actions

- Lead engagement with external stakeholders (i.e. with Ontario Ministry of Transportation; Metrolinx, Infrastructure Ontario and other agencies) on transit expansion program.
- Amend, develop, and execute program delivery agreements.
- Review transit program governance, including committees and working groups (i.e., Secretariat - internal & external).
- Establish dedicated teams for the delivery of projects within the program:
 - GO Expansion
 - ✓ Alternative Financing and Procurement Early Works (Lakeshore East & West and corridors of Milton, Stouffville, Barrie and Kitchener)
 - ✓ Non-AFP Early Works (Barrie, Richmond Hill, Lakeshore E, and Kitchener corridors)
 - ✓ New Smart Track stations (East Harbour station)
 - Light Rail Transit
 - ✓ Eglinton Crosstown & Finch West Light Rail Transits
 - ✓ Future Eglinton West and East LRTs
 - Subways
 - ✓ Ontario Line
 - ✓ Line 2 East Extension
 - ✓ Yonge Subway Extension

Our key service levels

Transit Expansion was created as a new division in September 2019 and key service levels are being developed by Q2 2020.

Key service deliverables

- Develop agreement with Province of Ontario on transit roles, responsibilities, and priority transit expansion projects.
- Establish governance structures and implementation strategies that reflect City and Provincial agreements.
- Coordinate City's needs to support a clear transit infrastructure expansion project pipeline for implementation.
- Centralize program management and enhance internal project controls.

RECOMMENDATIONS

The City Manager and Chief Financial Officer and Treasurer recommend that:

1. City Council approve the 2020 Staff Recommended Operating Budget for Transit Expansion of \$8.672 million gross, \$0.0 million net for the following services:

Service:	Gross (\$000s)	Revenue (\$000s)	Net (\$000s)
Policy Governance	2,221.3	2,221.3	0.0
Capital Implementation	6,450.2	6,450.2	0.0
Total Program Budget	8,671.5	8,671.5	0.0

2. City Council approve the 2020 staff complement for Transit Expansion of 59.0 positions, comprising 45.0 operating positions and 14.0 capital positions.

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**2020 STAFF RECOMMENDED
OPERATING BUDGET**

2020 OPERATING BUDGET OVERVIEW

Table 1: 2020 Staff Recommended Operating Budget by Service

(\$000s)	2018 Actuals	2019 Projected Actuals *	2020 Base Budget	2020 New / Enhanced	2020 Staff Rec'd Budget	Change v. 2019 Projected Actual	
						\$	%
By Service	\$	\$	\$	\$	\$	\$	%
Revenues							
Policy Governance	0.0	695.6	2,221.3		2,221.3	1,525.7	219.3%
Capital Implementation	0.0	2,019.9	6,450.2		6,450.2	4,430.3	219.3%
Total Revenues	0.0	2,715.5	8,671.5	0.0	8,671.5	5,956.0	219.3%
Expenditures							
Policy Governance	0.0	695.6	2,221.3		2,221.3	1,525.7	219.3%
Capital Implementation	0.0	2,019.9	6,450.2		6,450.2	4,430.3	219.3%
Total Gross Expenditures	0.0	2,715.5	8,671.5	0.0	8,671.5	5,956.0	219.3%
Net Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Approved Positions	0.0	33.0	59.0	0.0	59.0	26.0	78.8%

*2019 Actuals (based on Q3 2019) adjusted retroactively to remove interdepartmental charges and recoveries.

COSTS TO MAINTAIN EXISTING SERVICES

Total 2020 Base Budget expenditures of \$8.672 million gross reflecting an increase of \$5.956 million in spending above 2019 projected year-end actuals, predominantly arising from:

- Salary and benefit increases for existing positions; annualization of positions and the addition of 26.0 positions to support the development of Provincial subway lines. These positions will effectively manage and coordinate key division-wide priorities for the Transit Expansion division, including providing senior level strategic policy advice and operational support on city-wide corporate initiatives.

COSTS TO ENHANCE SERVICES

New and Enhanced Services: The Transit Expansion division does not have New and Enhanced Services.

EQUITY IMPACTS OF BUDGET CHANGES

No equity impacts: The changes in Transit Expansions division's 2020 Staff Recommended Operating Budget have no equity impacts.

2020 STAFF RECOMMENDED OPERATING BUDGET KEY DRIVERS

The 2020 Staff Recommended Operating Budget for Transit Expansion is \$8.672 million gross or 219.3 per cent higher than the 2019 Projected Actuals. Table 2 below summarizes the key cost drivers for the base budget.

Table 2: 2020 Key Drivers – Base Budget

Key Cost Drivers (\$000)	2018 Actuals	2019 Proj. Actuals	2020 Staff Rec'd Base Budget	Year over Year Changes	
				\$	%
Expenditures					
1 Salaries and Benefits		2,359.3	7,578.5	5,219.2	221.2%
2 Materials & Supplies		67.3	52.0	(15.3)	-22.7%
3 Equipment		185.6	252.1	66.5	35.8%
4 Service and Rent		103.3	788.8	685.6	664.0%
5 Contribution To Capital					
6 Contribution To Reserves					
7 Other Expenditures					
Total Expenditures		2,715.5	8,671.5	5,956.0	219.3%
Revenues					
1 Provincial Subsidies					
2 Federal Subsidies					
3 User Fees & Donations					
4 Transfers From Capital		1,267.7	2,448.6	1,181.0	93.2%
5 Other Revenues		1,447.8	6,222.8	4,775.0	329.8%
Total Revenues		2,715.5	8,671.5	5,956.0	219.3%
Net Expenditures		(0.0)	(0.0)	0.0	0.0%

*2019 Q3 Projected Actuals adjusted retroactively to remove interdepartmental charges and recoveries

Salaries & Benefits: Include inflationary increases on existing salaries and benefits, annualization and additional positions as described on page 7.

Services & Rents: Include increases for professional and technical services required for operational needs.

Transfers from Capital / Other Revenues: Include increases for recovery of existing positions and additional positions as described on page 7 and anticipated recoveries from third parties (i.e. Metrolinx).

Note:

1. For additional information on 2020 key cost drivers refer to [Appendix 1](#).

2021 & 2022 OUTLOOKS**Table 3: 2021 and 2022 Outlooks**

(\$000s)	2019 Projected Actuals *	2020 Staff Rec'd Budget	2021 Outlook	2022 Outlook
	\$	\$	\$	\$
Revenues	2,715.5	8,671.5	9,677.6	9,926.7
Gross Expenditures	2,715.5	8,671.5	9,677.6	9,926.7
Net Expenditures	0.0	0.0	0.0	0.0
Approved Positions	33.0	59.0	59.0	59.0

*2019 Q3 Projected Actuals adjusted retroactively to remove interdepartmental charges and recoveries

Key 2021 drivers

The 2021 Outlook with total gross expenditures of \$9.678 million reflects an anticipated \$1.006 million or 11.6 per cent increase in gross expenditures above the 2020 Recommended Budget based on the following:

- Inflationary increases for salaries and benefits.

This increase is offset by anticipated recoveries of positions for the delivery of capital projects and recoveries from third parties.

Key 2022 drivers

The 2022 Outlook with total gross expenditures of \$9.927 million reflects an anticipated \$0.249 million or 2.6 per cent increase in gross expenditures above the 2021 Recommended Budget based on the following:

- Inflationary increases for salaries and benefits.

This increase is offset by anticipated recoveries of positions for the delivery of capital projects and recoveries from third parties.

How well we are doing

Transit Expansion was created as a new division in September 2019 and performance measures are under development.

The division will continue to work to develop performance and service levels and outcomes based on Council direction.

The division will develop outcome measures in 2020.

APPENDICES

Appendix 1

2020 Staff Recommended Operating Budget by Expenditure Category

Category (In \$000s)	2017	2018	2019	2019	2020	2020 Change from	
	Actuals	Actuals	Budget	Projected Actuals *	Total Staff Recommended Budget	2019 Projected	Actual
	\$	\$	\$	\$	\$	\$	%
Provincial Subsidies							
Federal Subsidies							
Other Subsidies							
User Fees & Donations							
Licences & Permits Revenue							
Transfers From Capital			2,107.8	1,267.7	2,448.6	1,180.9	93.2%
Contribution From Reserves/Reserve Funds							
Sundry and Other Revenues			2,292.6	1,447.8	6,222.8	4,775.0	329.8%
Inter-Divisional Recoveries							
Total Revenues	0.0	0.0	4,400.4	2,715.5	8,671.5	5,956.0	219.3%
Salaries and Benefits			3,427.2	2,359.3	7,578.5	5,219.2	221.2%
Materials & Supplies			67.3	67.3	52.0	(15.3)	(22.7%)
Equipment			185.6	185.6	252.1	66.5	35.8%
Service and Rent			703.3	103.3	788.8	685.5	663.6%
Contribution To Capital							
Contribution To Reserves/Reserve Funds							
Other Expenditures							
Inter-Divisional Charges							
Total Gross Expenditures	0.0	0.0	4,383.4	2,715.5	8,671.5	5,956.0	219.3%
Net Expenditures	0.0	0.0	(17.0)	0.0	(0.0)	(0.0)	0.0%
Approved Positions	0.0	0.0	33.0	33.0	59.0	26.0	78.8%

* Year-End Projection Based on Q3 2019 Variance Report

** Prior Year Budget and Actuals adjusted retroactively to remove interdepartmental charges and recoveries

Appendix 2

Summary of 2020 Service Changes

N/A

Appendix 3

Summary of 2020 New / Enhanced Service Priorities Included in Budget

N/A

Appendix 4

Summary of 2020 New / Enhanced Service Priorities Not Included in Budget

N/A

Appendix 5

2020 Capital Budget; 2021 - 2029 Capital Plan Including Carry Forward Funding

N/A

Appendix 6

Reporting on Major Capital Projects: Status Update

N/A

Appendix 7

Summary of Capital Needs Constraints

N/A

Appendix 8

2020 User Fee Changes (Excludes User Fees Adjusted for Inflation)

N/A

Appendix 9

Inflows and Outflows to/from Reserves and Reserve Funds

N/A

Appendix 10

Glossary of Terms

Approved Position: Permanent or temporary positions that support the delivery of City services and service levels as approved by Council.

Actuals: An actual financial amount paid (or received) for the delivery of City services (these exclude any commitments to be paid in the future).

Capacity to Spend: Ability to spend money along with the capacity to deliver projects as demonstrated by historic spending patterns and approved contractual obligations.

Capital Budget: A Capital Budget is the City's plan to acquire / build assets or extend the useful life of existing assets; an example of a capital expenditure is the construction of a new community centre.

Capital Needs Constraints: The capital needs that cannot be accommodated within the capital plan that the Division or Agency have the capacity to deliver.

Complement: Positions that support the delivery of City services and service levels as approved by Council.

Efficiencies: Reductions in the cost of delivering a service without a reduction in service level.

New / Enhanced: New and enhanced service changes resulting in an increase in service levels from what was previously approved by Council.

Operating Budget: An Operating Budget is the City's annual plan to provide services to the residents of Toronto; the budget includes all revenues and expenses needed to provided services; an example of an operating cost would be the cost to run the TTC subways.

Operating Impact of Completed Capital Projects: The additional expense (or savings) and positions needed to operate or maintain a new asset; an example would be the additional expense and staff needed to operate a recently completed community centre.

Rate Supported Budget: Budget fully funded by user fees such as Solid Waste, Toronto Water and Toronto Parking Authority

Staff Recommended Operating / Capital Budget: An operating or capital budget recommended by City Manager and Chief Financial Officer and Treasurer to City Council for consideration and approval.

State of Good Repair (SOGR): The cost of maintaining assets to ensure they are able to support the delivery of City services and meet service outcomes

Tax Supported Budget: Budget funded by property taxes.

User Fees: Program generated fee and rental revenue for the use of its services (such as the TTC fare, ice rental fees and various City permits).

Value Based Outcome Review (VBOR): The City conducted a Value Based Outcome Review in 2019 for all of its operations and agencies to identify specific opportunities and strategies to maximize the use of tax dollars, enhance its financial sustainability while achieving service outcomes. These opportunities will help the City chart its financial course in the next four years.