



Financial and Major Projects Update for the Period Ended June 28, 2025

Date: September 10, 2025

To: TTC Board

From: Executive Director – Finance

Recommendations

It is recommended that the TTC Board:

1. Approve the 2025 Capital Budget in-year budget adjustments to offset projects that have had accelerated spending by \$36.1 million with projects that have experienced delays and lower spending by \$36.1 million, with no debt impact, as outlined in Appendix 4 of this report.
2. Authorize the recommended budget adjustments noted in Recommendation 1 above, and in the TTC's 2025-2034 Capital Budget and Plan, be included in the TTC's Capital Variance Report submission for the six months ended June 30, 2025, for City Council consideration and approval.
3. Approve the 2025 Operating Budget in-year budget adjustments of \$26.5 million gross revenue and \$26.5 gross expense (\$0 net) in accordance with the implementation of PS 3400 – Revenue Standard, to reflect costs that are recoverable through the billing of a third party, to be budgeted and recognized at the gross revenue and gross expense level.

Summary

This report sets out the operating and capital financial results for TTC Conventional and Wheel-Trans services, and provides a status update of the TTC's major capital projects for the period ended June 28, 2025. Financial projections to year-end 2025 are also provided. This is the second of four quarterly financial updates provided annually to the TTC Board for the fiscal year and subsequently submitted to the City of Toronto for consolidation with their financial variance reporting to City Council.

For the period ended June 28, 2025, operating results indicated a net year-to-date unfavourable variance of \$17.7 million, consisting of an unfavourable revenue variance of \$43.7 million that was partially offset by under-expenditure of \$25.9 million. The unfavourable revenue variance was primarily driven by lower TTC Conventional passenger revenues due to lower-than-budgeted ridership levels, which is largely attributable to softer economic growth thus far in 2025 and higher-than-normal

inclement weather in Q1 2025, lower Provincial Funding due to the timing of expenditures for Line 5 and Line 6 that are eligible for reimbursement under the New Deal Funding Agreement (“New Deal”), and unfavourable ancillary revenue due to timing of third-party recoveries. The under-expenditures were mainly due to delayed timing of planned expenditures to support the planned opening of Line 5 and Line 6, delayed IT software implementation, delayed procurement for materials and services, and lower labour costs due to workforce vacancies.

For the full year, the TTC’s 2025 Operating Budget of \$2.845 billion gross and \$1.387 billion net, is projected to be overspent by \$36.5 million net, including an unfavourable revenue variance of \$80.5 million and a favourable expenditure variance of \$44.0 million.

The unfavourable full year revenue variance of \$80.5 million is primarily due to the trend of lower-than-budgeted passenger revenue forecasted to continue for the remainder of the year and lower Provincial Funding due to delayed timing of expenditures for Line 5 and Line 6 that are eligible for reimbursement under the New Deal. These are partially offset by higher-than-expected Wheel-Trans passenger revenue due to higher ridership demand.

The favourable full year expenditure variance of \$44.0 million is primarily due to delayed timing of expenditures to support the opening of Line 5 and Line 6, diesel cost savings resulting from the removal of the Federal Carbon Tax effective April 1, 2025, lower labour costs due to workforce vacancies, and delayed timing of planned expenditures for IT software implementation, materials, and services. These are partially offset by higher Wheel-Trans operating costs due to higher-than-budgeted passenger ridership. TTC senior management will undertake strategies over the remainder of the year to help mitigate the \$36.5 million net expenditures overspend, as required.

For the period ended June 28, 2025, the TTC’s capital expenditures totalled \$604.3 million, representing a spending rate of 107% when compared to the year-to-date planned (calendarized) budget of \$565.1 million. Of the total capital expenditures incurred to date, \$600.9 million, or 107% of the base capital program’s planned budget of \$561.6 million was spent, and \$3.4 million, or 97% of the \$3.5 million planned budget for transit-expansion-related projects was spent.

When comparing year-to-date spending to the total approved 2025 Capital Budget, 36% was spent to the end of Period 6 for the TTC base capital program and 5% for transit-expansion-related projects, resulting in an overall spending rate of 35% for the six-month period.

By year-end, the TTC’s capital spending is projected to be in the order of \$1.503 billion, representing an overall 87% spending rate, with the TTC’s base capital program projected to expend \$1.482 billion or 90% and transit-expansion-related capital expenditures projected to reach \$20.9 million or 28%. The year-to-date results and year-end projections reflect the recommended adjustments to the 2025 Capital Budget and future year cash flows in the 10-Year Capital Plan, as outlined in Appendix 4 of this report. This accounts for projects that have had accelerated spending and projects that have experienced some delays, and therefore, lower spending. These adjustments

result from the ongoing monitoring of capital delivery and spending by TTC staff to ensure capital funding is maximized during the year.

Background and Analysis

2025 Operating Budget: Financial Update

Table 1 – TTC and Wheel-Trans Year-to-Date Operating Results and Year-End Forecast

Description (\$Millions)	Year-To-Date Actuals			Year-End Forecast		
	Budget	Actual	Variance	Budget	Forecast	Variance
Revenue						
TTC Conventional						
Passenger Revenue	520.1	497.7	(22.5)	1,070.4	1,023.4	(47.0)
Ancillary Revenue	55.6	48.8	(6.8)	124.5	122.0	(2.5)
Wheel-Trans Revenue	4.2	4.2	0.0	9.0	9.2	0.3
Subtotal Revenues	579.9	550.7	(29.2)	1,203.9	1,154.7	(49.2)
Provincial Funding	16.2	1.7	(14.5)	203.1	171.9	(31.3)
TTC Stabilization Reserve Draw	0.0	0.0	0.0	32.0	32.0	0.0
Long-Term Liability Reserve Draw	0.0	0.0	0.0	19.4	19.4	0.0
Total Revenue	596.1	552.5	(43.7)	1,458.4	1,377.9	(80.5)
Expenditures						
TTC Conventional						
Departmental Labour	676.7	674.1	(2.6)	1,407.1	1,398.2	(8.9)
Departmental Non-Labour	168.7	150.8	(17.9)	383.1	360.8	(22.3)
Employee Benefits	246.6	250.1	3.5	500.2	500.2	0.0
Diesel	46.3	43.9	(2.4)	92.4	82.9	(9.5)
Traction Power & Utilities	41.1	42.8	1.7	89.4	88.1	(1.3)
Other Corporate Costs	72.6	63.6	(9.0)	167.7	161.4	(6.3)
Wheel-Trans	87.0	87.9	0.8	182.1	186.4	4.3
Subtotal Expenditures	1,339.0	1,313.1	(25.9)	2,822.1	2,778.1	(44.0)
TTC Stabilization Reserve Contribution	0.0	0.0	0.0	5.5	5.5	0.0
Long-Term Liability Reserve Contribution	0.0	0.0	0.0	17.6	17.6	0.0
Total Expenditures	1,339.0	1,313.1	(25.9)	2,845.2	2,801.1	(44.0)
Net Expenditure (Funding Required)	742.9	760.6	17.7	1,386.7	1,423.2	36.5

An analysis of Operating Results by Service is provided in Appendix 1, and Overtime Management results are provided in Appendix 2 of this report.

2025 Year-to-Date Operating Results and Year-End Forecast

For the period ending June 28, 2025, the TTC incurred expenditures of \$1.313 billion gross and \$760.6 million net against a year-to-date budget of \$1.339 million gross and \$742.9 million net, resulting in a net unfavourable operating variance of \$17.7 million. Projected results to year-end reflect a net unfavourable variance of \$36.5 million.

Year-to-Date Operating Results

Through Period 6, the TTC's net unfavourable variance of \$17.7 million reflects an unfavourable revenue variance of \$43.7 million and an under-expenditure variance of \$25.9 million.

The \$43.7 million unfavourable revenue variance was primarily due to:

- \$22.5 million of lower-than-planned TTC conventional passenger revenue driven by lower-than-anticipated ridership levels.
- \$14.5 million of lower Provincial Funding due to the timing of expenditures for Line 5 and Line 6 that are eligible for reimbursement under the New Deal.
- \$6.8 million of lower ancillary revenue associated with timing of third-party cost recoveries (e.g. Metrolinx).

The \$25.9 million favourable expenditure variance was primarily due to:

- \$17.9 million of departmental non-labour favourability, including \$7.2 million for delayed timing of expenditures to support the planned opening of Line 5 and Line 6, \$4.3 million as a result of delayed timing of planned expenditures for materials and services, \$3.6 million due to lower-than-anticipated IT expenses driven by delayed implementation of IT software roll-out, \$1.7 million of delayed timing of vehicle maintenance parts availability, expected to normalize on a full-year basis, and \$1.1 million of lower-than-anticipated garage and equipment expenses, expected to normalize on a full-year basis.
- \$9.0 million of favourable corporate costs, including \$8.0 million of lower-than-planned operating project overhead charges, vacation accrual, and lease expenses, and \$1.0 million of lower PRESTO commission fees, commensurate with the decrease in passenger revenue.
- \$2.6 million in lower labour costs due to workforce vacancies, which are currently in various stages of the recruitment process.
- \$2.4 million of favourable diesel costs mainly driven by removal of the Federal Carbon Tax, effective April 1, 2025.

Partially offset by:

- \$3.5 million of increased employee benefit expenses due to the timing of healthcare and SBA costs.
- \$1.7 million of higher traction power and utilities expenses commensurate with increased service hours delivered than budgeted.
- \$0.8 million of higher Wheel-Trans expenditures due to increased Wheel-Trans ridership compared to budget.

Year-End Operating Forecast

Projected results to year-end indicate a net unfavourable variance of \$36.5 million, reflecting an unfavourable revenue variance of \$80.5 million and an under-expenditure variance of \$44.0 million.

The \$80.5 million unfavourable revenue variance is primarily due to:

- \$47.0 million of lower forecasted passenger revenue compared to budgeted levels due to slower-than-anticipated ridership growth.
- \$31.3 million of lower-than-budgeted Provincial Funding, including \$21.4 million for delayed timing of expenditures for Line 5 and Line 6 eligible for reimbursement under the New Deal, and \$9.9 million for Line 5 and Line 6 bus operating costs ineligible for reimbursement under the New Deal.
- \$2.5 million of unfavourable ancillary revenue driven by the timing of third-party cost recoveries.
- Partially offset by \$0.3 million in higher Wheel-Trans revenue due to increased ridership levels.

The \$44.0 million favourable expenditure variance is primarily due to:

- \$22.3 million of departmental non-labour favourability, including \$21.4 million for delayed timing of expenditures to support the opening of Line 5 and Line 6 and \$0.9 million in favourable other non-labour costs.
- \$9.5 million of lower diesel costs due to the removal of the Federal Carbon Tax, effective April 1, 2025.
- \$8.9 million in lower labour costs resulting from delays in filling vacant positions.
- \$6.3 million of favourable corporate costs, including \$4.9 million of lower-than-expected operating project overhead charges, accident claims and lease expenses, and \$1.4 million of lower PRESTO commission fees, commensurate with the decrease in passenger revenue.
- \$1.3 million of lower traction power and utilities costs due to the removal of the Federal Carbon Tax, effective April 1, 2025.
- Partially offset by \$4.3 million of higher Wheel-Trans expenditures due to higher forecasted Wheel-Trans ridership than budgeted.

TTC senior management will undertake strategies over the remainder of the year to help mitigate the \$36.5 million net expenditures overspend, as required.

Key Operating Budget Indicators

The TTC's operating results are primarily driven by six key indicators. These indicators impacted year-to-date spending and revenues as well as provided the basis for estimated year-end spending projections.

The key indicators include TTC Conventional and Wheel-Trans ridership, average fare per ride, and market prices for diesel fuel and electric power, which affect a combined fuel and utilities budget of \$181.9 million. The final and most significant driver of expenses is related to service hours delivered, which impacts labour expenses (\$1.407 billion) and non-labour expenses (\$383.1 million), such as parts and maintenance, as well as fuel and hydro consumption.

Details of the TTC's key operating indicators are addressed in Table 2 below:

Table 2 – Summary of Key 2025 Operating Budget Indicators

Item	Year-To-Date Actuals			Year-End Forecast			Status
	Budget	Actual	Variance	Budget	Forecast	Variance	
TTC Conventional Ridership	213.8M	202.2M	(11.6M)	439.4M	414.6M	(24.8M)	✗
TTC Average Fare (\$)	2.43	2.46	0.03	2.44	2.47	0.03	✓
TTC Actual Operating Service Hours	4.79M	4.88M	0.08M	9.53M	9.75M	0.22M	✓
Price of Fuel (\$/litre)	1.30	1.21	(0.09)	1.34	1.17	(0.17)	✓
Price of Electric Power (\$/kWh)	0.15	0.15	0.00	0.15	0.15	0.00	✓
Wheel-Trans Ridership	1.88M	1.95M	0.07M	4.02M	4.14M	0.12M	✓

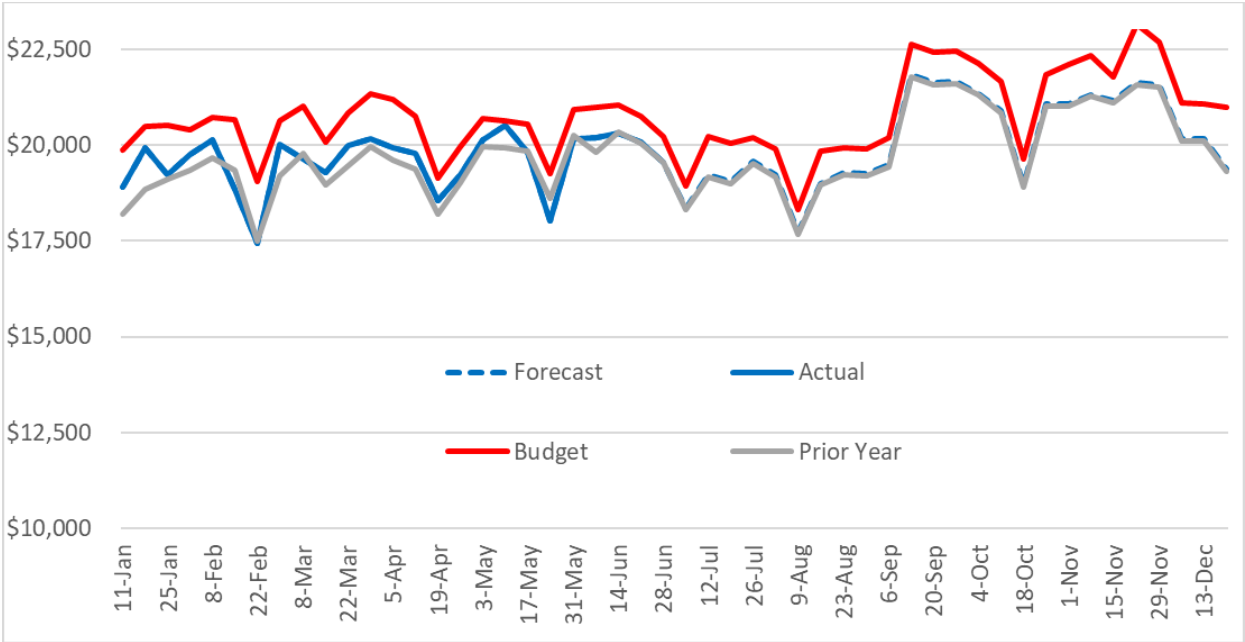
TTC Conventional Revenue Ridership

As of Period 6, year-to-date TTC Conventional revenue ridership of 202.2 million has trended close to the prior year at 99.2% of 2024 levels and followed expected seasonal fluctuations. However, year-to-date ridership has trended below budget at 94.6% of 2025 budgeted levels.

As illustrated below in Chart 1 below, Period 6 year-to-date TTC Conventional passenger revenue of \$497.7 million has trended slightly above the prior year at 101.2% of 2024 levels and is in line with expected seasonal fluctuations. However, year-to-date passenger revenue has trended below budget at 95.7% of 2025 budgeted levels, resulting in an unfavourable year-to-date variance of \$22.5 million (\$21.4 million net of PRESTO commission). This unfavourable passenger revenue variance was driven by lower-than-anticipated ridership growth, likely partially due to an unexpected softer economic environment experienced thus far in 2025, as well as inclement weather experienced during Q1 (January-March). The unfavourable budget variance is partially offset by a slightly higher-than-anticipated average fare per rider due to an increase in single ride fares (year-to-date average fare budget at \$2.43 versus actual at \$2.46).

For the remainder of the year, TTC Conventional passenger revenue is expected to continue to trend below budget, resulting in a projected full-year unfavourable budget variance of \$47.0 million (\$44.9 million net of PRESTO commission). The TTC will closely monitor potential ridership impacts from the publicly announced changes to several employers’ work-from-home policies beginning in fall 2025.

Chart 1 – 2025 Weekly TTC Conventional Passenger Revenue (\$'000)



Service Hours

Conventional service hours delivered to the end of Period 6 were 1.7% above budget, due to an increase in service levels to align service to Operator availability. Actual service hours are projected to continue above budgeted levels through the end of the year due to the Q2 year-to-date increase in service levels to align service to Operator availability.

Diesel Fuel

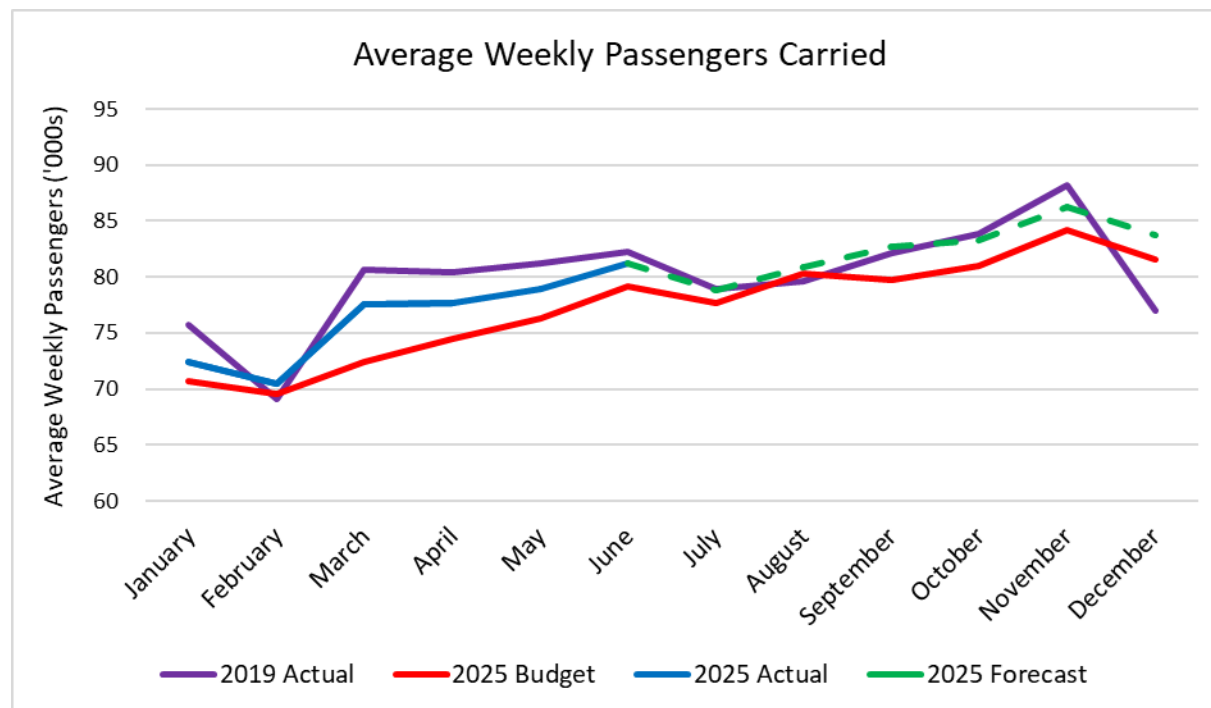
Diesel prices began the year above budgeted levels at an average of \$1.35 per litre in Q1, before falling below budget in Q2 to an average of \$1.07 per litre. The decrease was primarily driven by the removal of the Federal Carbon Tax and the permanent reduction in the Provincial Fuel Tax. In April, the Federal government eliminated Carbon Pricing for consumers, effective April 1, 2025, reducing the diesel fuel charge by 25.4 cents per litre. In May, the Ontario government announced the permanent removal of the provincial fuel tax, which was temporarily set at 5.3 cents per litre for diesel fuel and was scheduled to end on June 30, 2025. Overall, the price of diesel averaged \$1.21 per litre year-to-date, which is lower than the budgeted price of \$1.30 per litre.

Based on the latest available market pricing, diesel pricing is anticipated to continue trending below budget to an average of \$1.13 per litre for the remainder of the year, primarily as a result of the legislative changes mentioned above.

Wheel-Trans Ridership

As shown in Chart 2 below, Wheel-Trans ridership has seen steady growth thus far in 2025. To the end of Period 6, ridership was at 97% of pre-pandemic levels compared to a budgeted level of 94%, primarily driven by higher-than-anticipated trip frequency per registrant.

Chart 2 – 2025 Average Weekly Wheel-Trans Passenger Ridership



Overall, total ridership is projected to be 3.0% above budget for the year due to higher-than-anticipated growth in both new registrants and trip frequency per registrant. Additional Wheel-Trans bus and contracted taxi services are expected to accommodate the increased forecast in ridership demand.

2025 Capital Budget: Financial Update

2025 Capital Results and Projection to Year-End

The Capital Budget and Plan is updated annually to reflect refined estimates based on capital planning progress made through stage gating, changes to planned timing or requirements and their resultant costs, as well as significant collaboration with key stakeholders. These inputs are also used to cash flow (calendarize) the 2025 Capital Budget for planned expenditures in each month of the year.

Year-to-date (YTD), the TTC has spent \$604.3 million, which is 107% of the planned (calendarized) YTD budget of \$565.1 million. Within the TTC Base Capital program, Subway Portfolio Projects, Bus Portfolio Projects, Streetcar Portfolio Projects, and Facility Projects have exceeded their YTD budgets, while Network Wide Projects are indicating slower-than-expected progress at 64.6% as detailed in Table 3 below. Looking ahead, 2025 total spending is projected to reach \$1.503 billion, which is 87% of the total approved 2025 budget of \$1.732 billion, indicating a projected underspend of \$229.0 million. Notably, Streetcar Portfolio Projects are forecasted to exceed their approved budget by \$30.5 million (112.6%), while Bus Portfolio Projects are projected to underspend by \$191.6 million (71%). Transit-Expansion-Related Projects are also expected to underspend by \$54.9 million, with a 27.6% shortfall detailed in Table 3 below.

Table 3 – 2025 Capital Budget Results and Forecast by Project Mode

Description (\$ Millions)	Year-To-Date			2025			
	Budget	Actual	%	Budget	YE Proj.	Variance	%
TTC Base Capital							
Subway Projects	218.1	218.9	100.3%	539.4	567.4	28.0	105.2%
Bus Projects	153.2	192.9	125.9%	654.0	462.4	(191.6)	70.7%
Streetcar Projects	116.5	131.8	113.1%	241.2	271.7	30.5	112.6%
Facility Projects	19.3	22.2	114.8%	54.7	57.8	3.1	105.8%
Network Wide Projects	54.5	35.1	64.6%	167.0	122.9	(44.1)	73.6%
Total - Base Capital	561.6	600.9	107.0%	1,656.3	1,482.2	(174.1)	89.5%
TTC Transit Expansion-Related Projects							
Toronto York Spadina Subway Extension	1.3	1.2	93.0%	57.9	6.2	(51.7)	10.8%
SRT Conversion to Busway	2.2	2.1	97.8%	17.8	14.5	(3.3)	81.6%
Waterfront Transit - Design	0.0	0.1	214.9%	0.1	0.2	0.1	186.0%
Total - Transit Expansion Related Projects	3.5	3.4	97.1%	75.8	20.9	(54.9)	27.6%
Total	565.1	604.3	106.9%	1,732.1	1,503.1	(229.0)	86.8%

Key Project Variances

The TTC's capital spending, both to date and as projected to year-end, has been impacted by various drivers. Underspending in the TTC's capital program is mainly the result of supply chain issues, resource constraints, schedule deferrals, scope changes, and third-party interdependencies, while overspending to date and projected to year-end is the result of cost escalation, advancing procurements, and accelerated work plan schedules.

The TTC's 2025 year-to-date and projected year-end variances for Infrastructure programs are mainly attributable to the following capital projects: Subway and Surface Track Replacement, Equipment, Easier Access Phase III, Bloor-Yonge Capacity Improvements, Computer Equipment and Software, Electrical Systems Programs, and

Other Buildings and Structures. In the Vehicle Category, the primary driver is the Purchase of e-Buses project, and for Transit-Expansion-Related Programs the primary driver relates to delayed spending on close-out activities for the Toronto-York-Spadina Subway Extension (TYSSE).

These projects reflect a range of spending patterns that are influencing both year-to-date and projected year-end results. Table 4 below summarizes the year-to-date and projected year-end results by key project type.

Table 4 – 2025 Capital Budget Results and Forecast by Key Project Type

Description (\$ Millions)	Year-To-Date			2025			
	Budget	Actual	%	Budget	YE Proj.	Variance	%
TTC Base Capital							
Infrastructure Projects	307.6	299.9	97.5%	856.4	867.9	11.5	101.3%
Vehicle Related Projects	254.0	301.0	118.5%	799.9	614.3	(185.6)	76.8%
Total - Base Capital	561.6	600.9	107.0%	1,656.3	1,482.2	(174.1)	89.5%
TTC Transit Expansion-Related Projects							
Toronto-York-Spadina Subway Extension	1.3	1.2	93.0%	57.9	6.2	(51.7)	10.8%
SRT Conversion to Busway	2.2	2.1	97.8%	17.8	14.5	(3.3)	81.6%
Waterfront Transit - Design	0.0	0.1	214.9%	0.1	0.2	0.1	186.0%
Total - Transit Expansion Related Projects	3.5	3.4	97.1%	75.8	20.9	(54.9)	27.6%
Total	565.1	604.3	106.9%	1,732.1	1,503.1	(229.0)	86.8%

Infrastructure Projects

Surface Track and Subway Track

Year-to-date, both the Subway and Surface Track programs have exceeded their planned spending, reflecting accelerated progress in track-related infrastructure work. The Subway Track program has spent \$20.0 million against a YTD budget of \$13.2 million, while Surface Track has recorded \$19.7 million in spending compared to a budget of \$14.4 million. This momentum is expected to continue through to year-end, with Subway Track projected to spend \$43.4 million, exceeding its annual budget of \$23.5 million by nearly \$20 million. Similarly, Surface Track is forecasted to close at \$55.7 million, surpassing its budget of \$34.7 million by more than \$21 million. These variances are primarily due to an expanded scope of work aimed at accelerating track rehabilitation efforts, helping to address the backlog in state-of-good-repair (SOGR) needs, and improving overall system reliability. Results will continue to be monitored and if project spending continues at this higher rate and exceeds the 2025 approved project budget, an in-year adjustment to offset this increase will be submitted with the Period 9 Financial and Major Projects Update.

Equipment

Year-to-date, the Equipment program is tracking slightly above planned spending, with \$19.3 million spent compared to a YTD budget of \$18.9 million or 102%. However, by year-end, the projected spend is \$89.0 million of the \$97 million approved 2025 Capital Budget. The projected underspend is primarily attributed to the stringent commissioning requirements for the charging points. During Phase 1, the commissioning process took significantly longer than expected compared to the pilot phase.

Drawing on lessons learned from this experience, the TTC has incorporated risk-based schedule contingencies into the project timeline. As a result, the completion of 124 of the total 248 charging points has been deferred to 2026.

Easier Access Phase III

The Easier Access and Warden/Islington Stations Development program has incurred a year-to-date expenditure of \$54.3 million, which is below the planned cash flow funding of \$58.7 million, reflecting a YTD underspend \$4.4 million. The primary driver for the underspend is due to delayed invoicing for the Warden/Islington Stations Development projects. Despite the current shortfall, by year-end, total spending is projected to reach \$145.9 million, or \$22.6 million above the 2025 approved capital project budget of \$123.3 million for a 118% spending rate.

This projected increased spending is being driven by various factors, including identifying opportunities to accelerate work schedules, unexpected as-built conditions at various locations, and advancement of property payments. If required, a budget adjustment to offset any above-budget increase will be submitted for Board approval through future financial update reporting to address any actual overspending.

Bloor-Yonge Capacity Improvements

Through Period 6, the year-to-date spending for the Bloor-Yonge Capacity Improvements project is \$32.8 million, significantly exceeding the year-to-date planned budget of \$21.2 million, resulting in a variance of \$11.6 million. This overspend is primarily due to the accelerated work on the chiller plant relocation, and the refined work plan following the Development Phase Agreement (DPA) of the Progressive Design Build (PDB) being awarded. The same trend is expected to continue through to year-end, with projected spending of \$77.8 million, exceeding the annual amount of \$60.4 million by approximately \$17.4 million. Results will continue to be monitored, and if required, a budget adjustment to offset the above-budget increase will be submitted for Board approval.

Computer Equipment and Software

As of the end of Period 6, \$23 million, or 68% of the planned cash flow funding of \$33.6 million, was spent on Computer Equipment and Software program capital works. The projected year-end spending is anticipated to reach \$77.3 million, which would bring the year-end spending rate to 79% of the 2025 approved capital project budget of \$97.5 million. The results to date and projection to year-end, which is estimating an underspending of \$20.2 million, is being driven by various factors, including delays in onboarding vendors along with the deferral of work plans and delays in the Request for Proposal (RFP) for SAP Program's Procurement, Materials Management, and Finance Module.

Electrical System Programs

Through Period 6, the year-to-date spending for Electrical System programs is \$35.9 million, which is 88% of the year-to-date budget of \$40.6 million. It is expected that the spend rate will remain the same until the end of the year, with a year-end projection of \$101.3 million of the 2025 approved capital budget of \$114.8 million. The variance in the project is primarily due to the Kennedy Interlocking Upgrade project being deferred to 2026. This delay stems from its interdependence with Metrolinx. The project is currently on hold due to interdependency with Metrolinx decision on the scope for the Signal Systems and Equipment portion of the Scarborough Subway Extension.

Other Building and Structures Programs

As of the end of Period 6, the year-to-date spending for Other Building and Structures programs is \$31.1 million, which is below the YTD planned budget of \$34.3 million with a spending rate of 91%. However, by year-end, it is anticipated that the programs will spend \$87.7 million or 82% of the 2025 approved capital project budget of \$106.4 million.

The variance is mainly driven by the Pattison Digital and Western Yard projects. Year-to-date, the Pattison Digital project incurred \$1.7 million, which is significantly lower than the calendarized cash flow funding of \$7.5 million, resulting in a spending rate of 23% due to work starting later than anticipated, including but not limited to delay in signage installation and asbestos removal in Sheppard-Yonge Station. The year-end projection stands at \$3.3 million, which is \$12.6 million under the 2025 capital approved budget of \$15.9 million. This variance is largely related to slower-than-anticipated progress and activities put on hold due to resource constraints.

Year-to-date, the Western Yard project has a spending rate of 3% of the 2025 capital approved budget of \$1.8 million. By year-end, projected spending is \$4.6 million of the \$13.6 million 2025 approved capital project budget, which will result in an underspend of \$9.0 million.

The variance is driven by a \$4.4 million savings in demolition costs and a \$4.3 million deferral of easement costs to 2027. The easement cost deferral is a direct result of the incomplete design requirements for the lead track, which has prevented the necessary property appraisals from being completed for determining fair market value.

Vehicle Projects

Purchase of eBuses

Year-to-date, the Purchase of eBuses project has experienced higher-than-anticipated spending, with \$138.5 million spent compared to a planned budget of \$96.2 million, reflecting early procurement activities. However, based on the risk-adjusted delivery schedule, the project is expected to be significantly underspent at year-end, with a projected expenditure of \$294.8 million compared to an approved capital budget of \$465.6 million, resulting in a shortfall of approximately \$170.8 million. The primary driver is due to ongoing industry-wide supply chain disruptions and battery performance issues, which have delayed the delivery of up to 66 buses to Q1 2026, deferring associated costs and impacting the 2025 capital forecast.

TTC Transit-Expansion-Related Projects

Toronto-York-Spadina Subway Extension (TYSSE)

As of the end of Period 6, the YYSSE project has incurred \$1.2 million against the planned cash flow funding of \$1.3 million, resulting in a spending rate of 93% during this timeframe.

The year-end projection is \$6.2 million, which is \$51.6 million under the 2025 capital approved budget of \$57.9 million. The variance is mainly driven by deferral of property claims and project close-out activity costs.

Major Capital Projects Update

For more information on the Major Capital Projects, please see Attachment 2 – Major Projects Update Report (June 28, 2025).

Diversity, Equity and Inclusion Matters

The TTC is strongly committed to making Toronto's transit system barrier-free and accessible to all. The TTC believes all customers should enjoy the freedom, independence, and flexibility to travel anywhere on the public transit system. For a second consecutive year, TTC fares were frozen at 2023 rates as a means to ensure transit is accessible to all riders. In addition, through the City's Social Development, Finance and Administration Division, eligible customers, including Ontario Works, Ontario Disability Support Program, Child Care Fee Subsidy, Rent Geared to Income clients whose income is under a threshold set below 75% of the Low Income Measure, continue to be eligible for the Fair Pass Discount Program. This program entitles eligible customers to a discount of approximately one-third on single adult fares for single rides or 21% off adult monthly passes.

The approved 2025 Operating Budget allocates \$182.7 million gross (\$173.2 million net) for Wheel-Trans service to deliver an estimated 4.0 million rides in 2025, accounting for a 12% increase in new registrants.

There are no recommended reductions that impact customers. The 2025 Operating Budget maintains service coverage citywide, understanding the importance of even the lowest ridership routes. Service levels are higher than pre-pandemic, with enhancements focused on meeting customer needs.

The 2025-2034 Capital Budget and Plan provides full funding of \$403.4 million to complete the TTC's Easier Access Program, including an approved budget of \$123.3 million for 2025 to enable the continuation of capital works to make the remaining 12 of 70 subway stations accessible with elevators, wide fare gates and automatic sliding doors.

The 2025 Capital Budget also provides funding for modernization across the transit system, including procuring and accommodating the maintenance and storage of 60 new, low-floor streetcars, additional new, accessible TTC and Wheel-Trans buses, as well as accessibility improvements to approximately 270 bus stops and three streetcar stops in 2025.

Corporate Plan Alignment

The TTC uses the Strategic Directions outlined in the 2024-2028 TTC Corporate Plan to inform resource allocation requirements in both the Operating and Capital budget submissions and to establish investment priorities through the annual budget process. The 2025 Budget has been developed in accordance with this framework, ensuring that resource allocations and any new investments are aligned with and advance the Board's direction as well as the Corporate Plan's five Strategic Directions and intended outcomes. The latest status update provided on the 2024-2028 TTC Corporate Plan

occurred on July 17, 2025, in the report titled [TTC Corporate Plan 2024-2028: Mid-Year 2025 Progress Update](#).

The allocations and adjustments presented within this report are in alignment with Action 5.1 *Improve Value for Money, Focus on Efficiency*, pursuing efficient expenditure management, and an effective capacity to spend rate.

The 2025 Operating Budget funds a total of \$15.2 million gross in new and enhanced priority actions to advance Corporate Plan priorities, with \$6.5 million to increase Conventional service hours mentioned above and \$9.7 million targeted to investments designed to enhance the TTC's workforce readiness, service and operational effectiveness and environmental and financial stewardship, including but not limited to:

- Increasing the TTC's capacity to recruit, train, and develop its workforce;
- Establishing pilot programs to reduce bunching and gapping on 10 of the most problematic routes with enhanced on-street presence started in the spring and to address station cleanliness in six key subway stations;
- Bolstering maintenance and asset management capacity for critical assets, such as TTC work cars, to support service reliability;
- Beginning the delivery of its resiliency program; and
- Expanding fare revenue protection through a Fare Compliance Program.

Financial Impact

2025 Operating Results

Based on Period 6 year-to-date results, the TTC incurred expenses of \$1.313 billion gross and \$760.6 million net, compared to the planned budget of \$1.339 million gross and \$742.9 million net, resulting in a net unfavourable operating variance of \$17.7 million. The net unfavourable operating variance reflects an unfavourable revenue variance of \$43.7 million, partially offset by \$25.9 million in under-expenditures.

Operating results for the period ended June 28, 2025, and projected year-end results are summarized in Table 5:

Table 5 – 2025 Operating Year-to-Date Results and Forecast Summary

Description (\$Millions)	Year-To-Date Actuals			Year-End Forecast		
	Budget	Actual	Variance	Budget	Forecast	Variance
Revenue						
TTC Conventional						
Passenger Revenue	520.1	497.7	(22.5)	1,070.4	1,023.4	(47.0)
Ancillary Revenue	55.6	48.8	(6.8)	124.5	122.0	(2.5)
Wheel-Trans Revenue	4.2	4.2	0.0	9.0	9.2	0.3
Subtotal Revenues	579.9	550.7	(29.2)	1,203.9	1,154.7	(49.2)
Provincial Funding	16.2	1.7	(14.5)	203.1	171.9	(31.3)
TTC Stabilization Reserve Draw	0.0	0.0	0.0	32.0	32.0	0.0
Long-Term Liability Reserve Draw	0.0	0.0	0.0	19.4	19.4	0.0
Total Revenue	596.1	552.5	(43.7)	1,458.4	1,377.9	(80.5)
Expenditures						
TTC Conventional	1,252.0	1,225.2	(26.8)	2,640.0	2,591.7	(48.3)
Wheel-Trans	87.0	87.9	0.8	182.1	186.4	4.3
Subtotal Expenditures	1,339.0	1,313.1	(25.9)	2,822.1	2,778.1	(44.0)
TTC Stabilization Reserve Contribution	0.0	0.0	0.0	5.5	5.5	0.0
Long-Term Liability Reserve Contribution	0.0	0.0	0.0	17.6	17.6	0.0
Total Expenditures	1,339.0	1,313.1	(25.9)	2,845.2	2,801.1	(44.0)
Net Expenditure (Funding Required)	742.9	760.6	17.7	1,386.7	1,423.2	36.5

Note: Figures reflect 2025 Operating Budget in-year budget adjustments of \$26.5 million gross and \$0.0 net in accordance with the implementation of PS 3400 – Revenue Standard in 2025, to reflect costs that are recoverable through the billing of a third party, to be budgeted and recognized at the gross revenue and gross expense level. This amount is currently pending City approval and included under Recommendations.

2025 Revenues

At the end of Period 6, total revenue was \$43.7 million below budget, primarily driven by lower-than-planned TTC Conventional passenger revenue due to lower ridership levels than anticipated, unfavourable ancillary revenues associated with lower-than-planned third-party cost recoveries, and lower Provincial Funding due to timing of expenditures for Line 5 and Line 6 that are eligible for reimbursement under the New Deal.

By year-end, revenue is forecasted to be \$80.5 million below budget, primarily driven by lower passenger revenue due to the continued trend of lower-than-budgeted ridership and lower Provincial Funding due to delayed timing of expenditures for Line 5 and Line 6 that are eligible for reimbursement under the New Deal. This will be partially offset by higher Wheel-Trans passenger revenue due to higher Wheel-Trans ridership demand.

During the 2025 Budget process, TTC staff advised on the risks associated with the level of 2025 passenger revenues, due to changing travel patterns.

2025 Expenditures

Operating expenses incurred to the end of Period 6 were \$25.9 million below planned spending, primarily driven by delayed timing of expenditures to support the opening of Line 5 and Line 6, delayed implementation of IT software roll-out, delayed timing of planned expenditures for materials, services and vehicle maintenance parts, and savings in labour costs due to workforce vacancies. This underspend is partially offset by increased employee benefit expenses due to the timing of healthcare and SBA costs, higher traction power and utilities expenses in line with increased levels of service hours delivered than budgeted, and higher Wheel-Trans expenditures due to increased Wheel-Trans ridership compared to budget.

Projected results to year-end forecast a favourable gross expenditure variance of \$44.0 million primarily due to the removal of the Federal Carbon Tax, effective April 1, 2025, which will contribute to lower-than-budgeted diesel and natural gas costs, savings in labour costs due to workforce vacancies currently in various stages of the recruitment process, delayed timing of expenditures to support the opening of Line 5 and Line 6, delayed implementation of IT software roll-out, and delayed timing of planned expenditures for materials, services, and vehicle maintenance parts. This underspend will be partially offset by increased Wheel-Trans service costs to accommodate higher-than-budgeted Wheel-Trans ridership demand.

TTC senior management will undertake strategies over the remainder of the year to help mitigate the \$36.5 million net expenditures overspend, as required.

2025 Capital Results

For the period ended June 28, 2025, \$600.9 million or 107% of TTC's base capital program's year-to-date planned (calendarized) budget of \$561.6 million was spent. A further \$3.4 million, or 97% of the YTD planned budget for transit-expansion-related projects of \$3.5 million, was also spent. In total, the TTC's capital expenditures up to the end of Period 6 total \$604.3 million and represent a spending rate of 107% when compared to the calendarized budget of \$565.1 million. When compared to the total approved 2025 Capital Budget of \$1.732 billion, the overall spending rate is 35%. By year-end, the TTC's total capital spending is projected to be in the order of \$1.503 billion, representing an overall 87% spending rate, reflective of \$1.482 billion or 90% projected spending in the TTC's base capital program and \$20.9 million or 28% spending for transit-expansion-related capital works, as summarized in Table 6 below:

Table 6 – 2025 Capital Year-to-Date Results and Forecast Summary

Description (\$ Millions)	Year-To-Date			2025			
	Budget	Actual	%	Budget	YE Proj.	Variance	%
TTC Base Capital	561.6	600.9	107.0%	1,656.3	1,482.2	(174.1)	89.5%
TTC Transit Expansion Related Projects	3.5	3.4	97.1%	75.8	20.9	(54.9)	27.6%
Total	565.1	604.3	106.9%	1,732.1	1,503.1	(229.0)	86.8%

Year-to-date results and projected underspending at year-end in the capital program are impacted by various drivers, including but not limited to, resourcing and supply chain constraints and third-party interdependences. The TTC's capital program results to date and projections to year-end also indicate overspending in some projects due to cost

escalation, as well as accelerated work plan schedules and procurement activities. As the year progresses, capital results will continue to be monitored, and if projected results for a capital program exceed the approved budget, an in-year adjustment to accelerate funding will be submitted for Board approval.

Adjustments to the 2025-2034 Capital Budget and Plan

Since the approval of the TTC's 10-Year Capital Plan, the TTC Board and City Council have approved in-year budget adjustments to account for final 2024 capital spending. As a result, the TTC's carry-forward funding of \$66.6 million approved through the 2024 Budget process has been increased by \$4.2 million.

The TTC Board also approved a funding reallocation within the Easier Access Phase III program, transferring \$8.5 million to the Old Mill Station project from permanent savings on the SRT Life Extension project. This adjustment addresses increased project costs to ensure continued progress on accessibility upgrades. Furthermore, the TTC Board approved an acceleration of cash flows for the Bloor-Yonge Capacity Improvements project of \$38.3 million in 2025 and \$73.1 million in 2026, respectively, to be borrowed from future years to align with the project delivery schedule.

Further in-year adjustments are being recommended in this report, as detailed in Appendix 4, to offset projects that have had accelerated spending with projects that have experienced delays and lower spending with no debt impact. These adjustments allow the TTC to maximize its capital project delivery by "borrowing" funds from those projects impacted by delays during the year and reallocating them to projects moving ahead of schedule. The "borrowed funds" are then reinstated to the delayed projects in the following year.

With the approval of the budget adjustments noted above and detailed in Appendix 4, the TTC's 10-Year Capital Budget and Plan's annual cash flow estimates will be adjusted, as summarized in Table 7 below:

Table 7 – Adjusted 10-Year Capital Budget and Plan

Capital Plan and Adjustments (\$ Millions)	2025 Budget	2026	2027	2028	2029	2030	2031	2032	2033	2034	10-Year Total
Council Approved Capital Plan February 11, 2025	1,688.3	1,569.7	1,724.6	1,796.8	1,776.0	2,020.3	1,704.8	1,698.1	1,214.5	1,202.4	16,395.5
Previously Approved Amendments:											
Incremental Carryforward Adjustment	3.8	0.4	-	-	-	-	-	-	-	-	4.2
Easier Access Phase III	0.3	(7.5)	3.0	4.3	-	-	-	-	-	-	-
Bloor-Yonge Capacity Improvement	38.3	73.1	-	-	-	(30.0)	(40.0)	(21.4)	(20.0)	-	(0.0)
4M Variance Report Adjustments - Acceleration	89.4	8.4	1.9	0.3	-	-	-	-	-	-	100.0
4M Variance Report Adjustments - Deferrals	(88.0)	(10.2)	(1.5)	(0.3)	-	-	-	-	-	-	(100.0)
Procurement of Gasoline Wheel- Trans Buses	-	2.3	1.2	7.8	1.6	1.1	-	-	-	-	14.0
Total Previously Approved Amendments	43.8	66.5	4.6	12.0	1.6	(28.9)	(40.0)	(21.4)	(20.0)	-	18.2
Recommended Amendments:											
6M Variance Report Adjustments - Acceleration	6.1	(1.3)	3.7	14.0	5.5	1.6	-	-	-	6.5	36.1
6M Variance Report Adjustments - Deferrals	(6.1)	1.3	(3.7)	(14.0)	(5.5)	(1.6)	-	-	-	(6.5)	(36.1)
Total Recommended Amendments	-	-	-	-	-	-	-	-	-	-	-
Revised Capital Plan	1,732.1	1,636.2	1,729.2	1,808.8	1,777.6	1,991.4	1,664.8	1,676.8	1,194.5	1,202.4	16,413.7

The year-end projections based on the above amendments to the 2025 Capital Budget are accounted for in the Financial Update report presented here, and subject to the

Board's approval, will be included in the TTC's submission for the City's Period 6, 2025 Capital Variance report to the Budget Committee and for City Council's approval at its meeting on October 8, 2025.

Economic Impacts of TTC Spending

Using the economic model established in partnership with the University of Toronto, 2025 operating and capital spending is estimated to generate \$5.003 billion in economic activity and almost 30,000 jobs across Canada. 90% of benefits will accrue within Ontario. Both year-to-date and projected year-end benefits are summarized in Table 8 below:

Table 8 – Economic Impact of 2025 Projected Year-End Spending by the TTC

(\$Millions)	P6 Year-To-Date Results			Year-End Forecast		
	Capital	Operating	Total	Capital	Operating	Total
Spending	604.3	356.1	960.4	1,503.1	788.0	2,291.1
Gross Domestic Product (GDP)	367.4	203.0	570.4	1,625.7	449.2	2,074.9
Economic Activity (Gross Output)	927.6	406.0	1,333.5	4,104.6	898.3	5,002.9
Jobs	9,064	3,205	12,269	22,547	7,092	29,639

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Attachments

Attachment 1 – Decision History

Appendix 1 – Operating Results by Service for the Period Ended June 28, 2025

Appendix 2 – Overtime Management

Appendix 3 – 2025 Capital Spending Summary by Program

Appendix 4 – 2025-2034 Capital Budget and Plan Adjustments for Council

Approval

Attachment 2 – Major Projects Update Report (June 28, 2025)

Attachment 1 – Decision History

At its meeting on January 10, 2025, the TTC Board approved the 2025-2034 TTC Capital Budget and Plan of \$14.615 billion over the 10-year period, with \$1.618 billion approved in the 2025 Capital Budget and a 2025 Operating Budget of \$2.819 billion gross and \$1.387 billion net, with a 2024 total year-end workforce complement of 18,201 positions for the TTC. The 2025 Operating Budget is comprised of \$2.636 billion gross and \$1.423 billion net for TTC Conventional Service; \$182.6 million gross and \$173.2 million net for Wheel-Trans Service.

[Recommended 2025 Operating Budget: 2025-2034 Capital Budget and Plan, 15-Year Capital Investment Plan and Real Estate Investment Plan Update](#)

At its meeting on January 27, 2025, the TTC Board approved a reallocation of \$8.5 million of permanent savings from the SRT Life Extension project and an increase to the total project cost for the Easier Access III program to fund the Contract award for Old Mill Station. In addition, the TTC Board authorized the recommended budget adjustments to the TTC's 2025-2034 Capital Budget and Plan to be included in the TTC's Capital Variance Report submission to the City of Toronto for the four months ended April 30, 2025, for City Council consideration and approval.

[Making Old Mill Station Accessible](#)

At its meeting on February 24, 2025, the TTC Board approved the following cash flow adjustments to the TTC's 2025-2034 Capital Budget and Plan for the Bloor-Yonge Capacity Improvements project by accelerating cash flow funding in 2025 by \$38.3 million and in 2026 by \$73.1 million, offset by reducing cash flow funding in years 2030 to 2033 inclusively by \$111.4 million total, with no debt impact, to align with the estimated project delivery schedule.

[Bloor-Yonge Capacity Improvements Project – Progressive Design-Build Development Phase](#)

At its meeting on May 21, 2025, in accordance with the City's Carry Forward Policy, City Council approved an incremental carry-forward addition of \$3.8 million applied to the TTC's existing carry-forward funding of \$66.6 million, as submitted through the 2025 budget process.

[Adjustments to Capital Budget, Carry Forward Funding and Future Year Commitments](#)

At its meeting on June 23, 2025, the TTC Board approved the 2025 Capital Budget in-year budget adjustments to offset projects that have had accelerated spending by \$100.0 million with projects that have experienced delays and lower spending by \$100.0 million, with no debt impact.

[Financial and Major Projects Update for the Period Ended April 26, 2025](#)

As its meeting on July 17, 2025, the TTC Board approved expenditure adjustments to the TTC's 2025-2034 Capital Budget and Plan for the Purchase of Wheel-Trans Buses Program by amending the 2025 Capital Budget by \$0 and the 2026-2031 cash flow funding estimates by \$34.931 million to reflect the procurement of 105 Wheel-Trans Buses and to align with the estimated project delivery schedule.

[Budget Adjustment for the Purchase of Gasoline Wheel-Trans Vehicles, and Introduction of Smaller Electric Vehicles](#)

Appendix 1 – Operating Results by Service for the Period Ended June 28, 2025

TTC Conventional Service: 2025 Operating Results by Key Account Grouping and Comparison to 2024

Table 9 – TTC Conventional Service: 2025 Operating Results by Key Account Grouping

Item (\$Millions)	Year-To-Date Actuals			Year-End Forecast			Status
	Budget	Actual	Variance	Budget	Forecast	Variance	
Revenues							
Passenger Revenue	520.1	497.7	(22.5)	1,070.4	1,023.4	(47.0)	✗
Ancillary Revenue	55.6	48.8	(6.8)	124.5	122.0	(2.5)	✗
Subtotal Revenues	575.7	546.5	(29.2)	1,194.9	1,145.5	(49.5)	–
Provincial Funding Deal	16.2	1.7	(14.5)	203.1	171.9	(31.3)	–
TTC Stabilization Reserve Draw	0.0	0.0	0.0	32.0	32.0	0.0	–
Long-Term Liability Reserve Draw	0.0	0.0	0.0	18.8	18.8	0.0	–
Total Revenues	591.9	548.2	(43.7)	1,448.9	1,368.2	(80.7)	✗
Expenses							
Departmental Labour	676.7	674.1	(2.6)	1,407.1	1,398.2	(8.9)	✓
Departmental Non-Labour	168.7	150.8	(17.9)	383.1	360.8	(22.3)	✓
Employee Benefits	246.6	250.1	3.5	500.2	500.2	0.0	–
Diesel	46.3	43.9	(2.4)	92.4	82.9	(9.5)	✓
Traction Power & Utilities	41.1	42.8	1.7	89.4	88.1	(1.3)	✓
Other Corporate Costs	72.6	63.6	(9.0)	167.7	161.4	(6.3)	✓
Subtotal Expenditures	1,252.0	1,225.2	(26.8)	2,640.0	2,591.7	(48.3)	✓
TTC Stabilization Reserve Contribution	0.0	0.0	0.0	5.5	5.5	0.0	–
Long-Term Liability Reserve Contribution	0.0	0.0	0.0	17.0	17.0	0.0	–
Total Expenditures	1,252.0	1,225.2	(26.8)	2,662.5	2,614.2	(48.3)	✓
Net Expenditure (Funding Required)	660.1	677.0	16.9	1,213.6	1,246.0	32.4	✗

Table excludes Wheel-Trans Service.

To the end of Period 6, the TTC Conventional Service net over-expenditures totalled \$16.9 million (2.6%), reflecting an unfavourable revenue variance of \$43.7 million and an under-expenditure variance of \$26.8 million.

The \$43.7 million unfavourable revenue variance is primarily due to:

- \$22.5 million due to a lower-than-budgeted passenger revenue growth.
- \$14.5 million of lower Provincial Funding due to the timing of expenditures for Line 5 and Line 6 that are eligible for reimbursement under the New Deal.
- \$6.8 million of lower ancillary revenue associated with the timing of third-party cost recoveries.

The \$26.8 million favourable expenditure variance is primarily due to:

- \$17.9 million of departmental non-labour favourability driven by \$7.2 million of delayed timing of invoices and contracts to support the planned opening of Line 5 and Line 6, \$4.3 million of delayed timing of planned expenditures for materials and services, \$3.6 million due to lower-than-anticipated IT expenses as a result of delayed implementation of IT software roll-out, \$1.7 million of delayed timing of vehicle maintenance parts availability, expected to normalize on a full-year basis, and \$1.1 million of lower-than-anticipated garage and equipment expenses, expected to normalize on a full-year basis.
- \$9.0 million of favourable corporate costs driven by \$8.0 million of lower-than-planned Operating project overhead charges, vacation accrual, and lease

expenses, and \$1.0 million of lower PRESTO commission fees, commensurate with the decrease in passenger revenue.

- \$2.6 million in labour cost savings due to workforce vacancies, which are currently in the various stages of the recruitment process.
- \$2.4 million of favourable diesel costs mainly driven by the removal of the Federal Carbon Tax, effective April 1, 2025.

Partially offset by:

- \$3.5 million of increased employee benefit expenses due to the timing of healthcare and SBA costs, which are expected to normalize by year-end.
- \$1.7 million of higher traction power and utilities expenses in line with increased service delivered compared to budget.

Projected results to year-end indicate a net unfavourable variance of \$32.4 million (2.7%), reflecting an unfavourable revenue variance of \$80.7 million and an under-expenditure variance of \$48.3 million.

The \$80.7 million unfavourable revenue variance is primarily due to:

- \$47.0 million of lower passenger revenue than budgeted due to slower-than-anticipated passenger ridership growth.
- \$31.3 million of lower-than-budgeted Provincial Funding due to \$21.4 million of delayed timing of expenditures for Line 5 and Line 6 eligible for reimbursement under the New Deal, and \$9.9 million of Line 5 and Line 6 bus operating costs deemed ineligible for reimbursement under the New Deal.
- \$2.5 million of unfavourable ancillary revenue driven by the timing of third-party cost recoveries.

The \$48.3 million favourable expenditure variance is primarily due to:

- \$22.3 million of departmental non-labour underspend driven by \$21.4 million of delayed timing of expenditures to support the planned opening of Line 5 and Line 6, and \$0.9 million in favourable other non-labour costs.
- \$9.5 million of diesel cost savings driven by the removal of the Federal carbon tax, effective April 1, 2025.
- \$8.9 million of underspending resulting from delays in filling vacant positions experienced to date.
- \$6.3 million of favourable corporate costs driven by \$4.9 million of lower-than-expected Operating project overhead charges, accident claims, and lease expenses, and \$1.4 million of lower PRESTO commission fees, commensurate with the decrease in passenger revenue.
- \$1.3 million of lower traction power and utilities costs due to the removal of the Federal carbon tax, effective April 1, 2025.

TTC senior management will undertake strategies over the remainder of the year to help mitigate the \$32.4 million net expenditures overspend, as required.

TTC Conventional Service: 2025 versus 2024 Results Comparison

To the end of Period 6 2025, TTC Conventional net expenditures were \$106.8 million above 2024 year-to-date results, and 2025 forecasted year-end spending is projected to be \$159.2 million above 2024 actual net expenditures at year-end.

Table 10 – TTC Conventional Service 2025 versus 2024 Results Comparison

Item (\$Millions)	Year-To-Date Actuals			Year-End Forecast		
	2025 Actuals	2024 Actuals	Change	2025 Forecast	2024 Actuals	Change
Revenues						
Passenger Revenue	497.7	497.8	(0.1)	1,023.4	1,019.3	4.1
Ancillary Revenue	48.8	33.3	15.5	122.0	118.8	3.2
Subtotal Revenues	546.5	531.1	15.4	1,145.5	1,138.1	7.3
Provincial Funding Deal	1.7	0.0	1.7	171.9	108.0	63.9
TTC Stabilization Reserve Draw	0.0	0.0	0.0	32.0	0.0	32.0
Long-Term Liability Reserve Draw	0.0	0.0	0.0	18.8	17.6	1.2
Total Revenues	548.2	531.1	17.2	1,368.2	1,263.8	104.3
Expenditures						
Departmental Labour	674.1	590.1	84.0	1,398.2	1,273.3	124.9
Departmental Non-Labour	150.8	141.5	9.3	360.8	311.3	49.5
Employee Benefits	250.1	226.7	23.4	500.2	451.3	48.9
Diesel	43.9	47.3	(3.4)	82.9	95.6	(12.6)
Traction Power & Utilities	42.8	38.6	4.2	88.1	74.1	14.1
Other Corporate Costs	63.6	57.1	6.5	161.4	128.1	33.3
Subtotal Expenditures	1,225.2	1,101.3	124.0	2,591.7	2,333.6	258.1
TTC Stabilization Reserve Contribution	0.0	0.0	0.0	5.5	0.0	5.5
Long-Term Liability Reserve Contribution	0.0	0.0	0.0	17.0	17.0	0.0
Total Expenditures	1,225.2	1,101.3	124.0	2,614.2	2,350.6	263.6
Net Expenditure (Funding Required)	677.0	570.2	106.8	1,246.0	1,086.8	159.2

Expenditures

2025 year-to-date expenses were \$124.0 million (11.3%) higher than 2024 YTD spending. This is due to the higher cost of operating service at a rate of 1.7% above 2024 YTD levels to meet service demand, escalating employee benefit-related expenses, and workforce complement added.

Year-over-year expenditures are anticipated to be \$263.6 million (11.2%) higher at the end of 2025 than in 2024. Key drivers of this projected increase include:

- Increased expenditures of \$65.2 million to support the opening of Line 5 Eglinton and Line 6 Finch West scheduled in 2025, including mobilization costs in preparation of revenue service, as well as operating and maintenance costs after anticipated revenue service commencement.
- Full year impact of ratified Collective Bargaining Agreements for Unions (Lodge 5089, Local 2, Local 113, Local 470, and Lodge 235) of approximately \$82.0 million.
- Increased salary and benefit costs of approximately \$41.1 million associated with fewer vacancies in 2025 compared to 2024, due to ongoing recruitment efforts to fill vacant roles.
- Approximately \$38.2 million from inflationary and legislative impacts related to employee benefit costs, materials, and service contracts.

- Approximately \$27.8 million due to operating an additional 3.3% in service hours compared to the end of 2024.
- Higher corporate costs of approximately \$21.0 million driven by higher depreciation expense, insurance, leases, taxes, and license costs.
- An additional \$1.8 million to be paid in PRESTO commission fees, commensurate with the increase in passenger revenue and growing adoption Virtual PRESTO Card usage.

The total projected increase in 2025 expenditures is anticipated to be partially offset by \$12.6 million of diesel savings, as a result of the removal of the Federal carbon tax, effective April 1, 2025, and \$2.3 million less operating expenses due to the calendar impacts of having one less calendar day compared to 2024 leap year.

Revenues

On a year-to-date basis, revenue was \$17.2 million (3.2%) higher, reflecting the impact of a higher average fare per rider in 2025, despite a 0.8% decrease in ridership over the same time period in 2024.

At year-end, revenue is expected to be \$104.3 million (8.3%) higher than in 2024, as a result of the following key drivers:

- Approximately \$63.9 million in revenue to be received from the Provincial New Deal Funding Agreement, pertaining to the opening of Line 5 and Line 6.
- TTC Stabilization Reserve draws are forecasted to be \$32.0 million higher as a result of foregoing 2024's Stabilization Reserve draws.
- Passenger revenue is projected to be \$4.1 million (0.4%) higher in 2025, largely reflecting an increase in the average fare per rider, despite the trend of slower-than-expected ridership growth.
- \$3.2 million of higher ancillary revenue, mainly driven by higher third-party cost recoveries and operating additional services in York Region.

Wheel-Trans Service: 2025 Operating Results by Key Account Grouping and Comparison to 2024

Overall, the projected net over-expenditure on Wheel-Trans Service of \$4.0 million (2.3%) is summarized in Table 11 below:

Table 11 – 2025 Wheel-Trans Service: 2025 Operating Results by Key Account Grouping

Item (\$Millions)	Year-To-Date Actuals			Year-End Forecast			Status
	Budget	Actual	Variance	Budget	Forecast	Variance	
Revenues							
Passenger Revenue	4.1	4.2	0.1	8.8	9.1	0.3	✓
Other Income	0.1	0.0	(0.1)	0.1	0.1	0.0	✗
Subtotal Revenues	4.2	4.2	0.0	9.0	9.2	0.3	✓
Long-Term Liability Reserve Draw	0.0	0.0	0.0	0.6	0.6	0.0	✗
Total Revenues	4.2	4.2	0.0	9.5	9.8	0.3	✓
Expenditures							
Bus Service	28.9	29.2	0.4	57.7	59.6	1.8	✗
Vehicle Fuel	2.0	1.6	(0.3)	4.0	3.1	(0.9)	✓
Contracted Taxi	36.4	37.9	1.5	79.8	83.0	3.2	✗
Employee Benefits	11.1	10.3	(0.8)	22.5	22.5	0.0	✗
Administration/Management	8.6	8.8	0.1	18.1	18.2	0.1	✗
Subtotal Expenditures	87.0	87.9	0.8	182.1	186.4	4.3	✗
Long-Term Liability Reserve Contribution	0.0	0.0	0.0	0.6	0.6	0.0	✗
Total Expenditures	87.0	87.9	0.8	182.7	187.0	4.3	✗
Net Expenditure (Funding Required)	82.8	83.6	0.8	173.2	177.2	4.0	✗

On a year-to-date basis, Wheel-Trans expenses were \$0.8 million (1.0%) above budget, mainly due to higher contracted taxi costs and bus service costs driven by higher ridership demand, partially offset by lower fuel pricing and employee benefit costs. Revenue was \$0.0 million (1.0%) above budget due to higher ridership levels as a result of an unanticipated increase in trip frequency per registrant.

Year-end expenditures are anticipated to be \$4.3 million or 2.3% above the 2025 approved budget. This is primarily driven by the continuation of higher-than-anticipated ridership levels, thereby requiring additional bus and contracted taxi services to accommodate the projected ridership demand to year-end.

Year-end revenues are anticipated to be above budget by \$0.3 million (2.7%), driven by higher ridership levels resulting from higher-than-anticipated growth in both new registrants and trip frequency per registrant. With ridership at 3.5% above budget in the first six months of the year, this trend is expected to continue for the rest of the year.

Wheel-Trans Service: 2025 versus 2024 Results Comparison

As noted in Table 12 below, Wheel-Trans expenses were \$10.2 million (13.1%) higher and revenue was \$0.5 million (12.1%) higher on a year-to-date basis compared to 2024, primarily due to increased ridership demand driven by growth in new registrants and the resultant requirements for Contracted Taxi services and Bus service costs.

Year-end passenger revenue is projected to be \$1.1 million (13.3%) higher in 2025 than in 2024, largely reflecting the impact of ridership trending above anticipated levels over the course of 2025. For the full year, ridership is expected to be 15.6% higher compared to 2024.

Year-over-year expenditures are estimated to be \$21.5 million (13.0%) higher in 2025 than in 2024. Key drivers of this net increase include:

- Gradual return in ridership demand resulting in increased requirements for contracted taxi services, bus service, including Operator and maintenance costs.
- Inflationary impacts on materials and contracted taxi services.
- Employee benefits inflationary cost and utilization increases.

Table 12 – Wheel-Trans Service: 2025 versus 2024 Results Comparison

Item (\$Millions)	Year-To-Date Actuals			Year-End Forecast		
	2025 Actuals	2024 Actuals	Change	2025 Forecast	2024 Actuals	Change
Revenues						
Passenger Revenue	4.2	3.8	0.5	9.1	8.0	1.1
Other Income	0.0	0.0	0.0	0.1	0.0	0.1
Subtotal Revenues	4.2	3.8	0.5	9.2	8.0	1.2
Long-Term Liability Reserve Draw	0.0	0.0	0.0	0.6	0.6	(0.0)
Total Revenues	4.2	3.8	0.5	9.8	8.6	1.1
Expenses						
Bus Service	29.2	27.6	1.6	59.6	57.2	2.4
Vehicle Fuel	1.6	1.9	(0.3)	3.1	3.7	(0.5)
Contracted Taxi	37.9	30.8	7.1	83.0	67.4	15.6
Employee Benefits	10.3	9.0	1.3	22.5	19.5	3.0
Administration/Management	8.8	8.3	0.5	18.2	17.2	1.0
Subtotal Expenditures	87.8	77.6	10.2	186.4	164.9	21.5
Long-Term Liability Reserve Contribution	0.0	0.0	0.0	0.6	0.6	0.0
Total Expenditures	87.8	77.6	10.2	187.0	165.5	21.5
Net Expenditure (Funding Required)	83.6	73.8	9.8	177.2	156.8	20.3

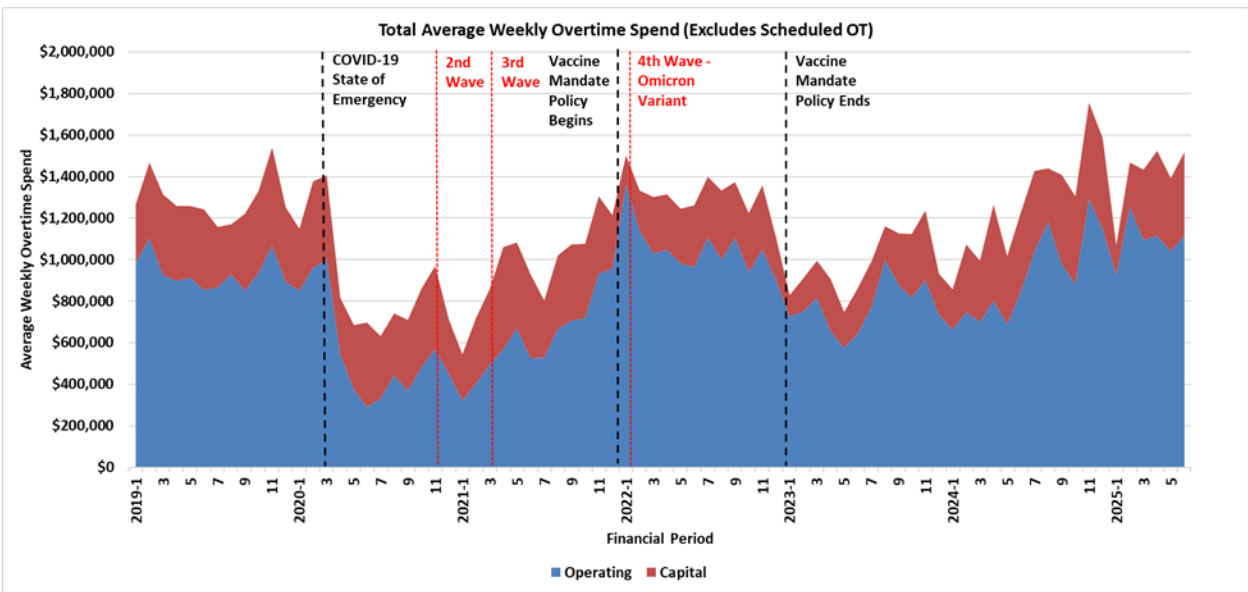
Appendix 2 – Overtime Management

Overtime Management

The management of overtime expenses continues to be a key area of focus for the TTC, and one that contributes to meeting the TTC’s objective of improving its financial sustainability. Overtime expenditures are incurred to meet both operating and capital needs. Operating requirements are driven by the need to address incident response and absence coverage, and capital overtime support efforts to maximize productivity, while minimizing disruption during capital project delivery.

Excluding overtime required for scheduled service, Chart 3 below shows that average weekly overtime spending (operating and capital combined) to the end of Period 6 has increased to an average of \$1.4 million per week in 2025 from \$1.1 million per week in 2024 for the same time period, representing an increase of approximately 32%. The increase in overtime was mainly due to inclement weather in February 2025 (snow) and extreme heat in June 2025, resulting in additional requirements from Signals, Stations, and Maintenance staff to ensure service continuity, combined with lower workforce availability within the Operations and Infrastructure Group and the Vehicle Maintenance departments.

Chart 3 – Total Average Weekly Overtime Spending

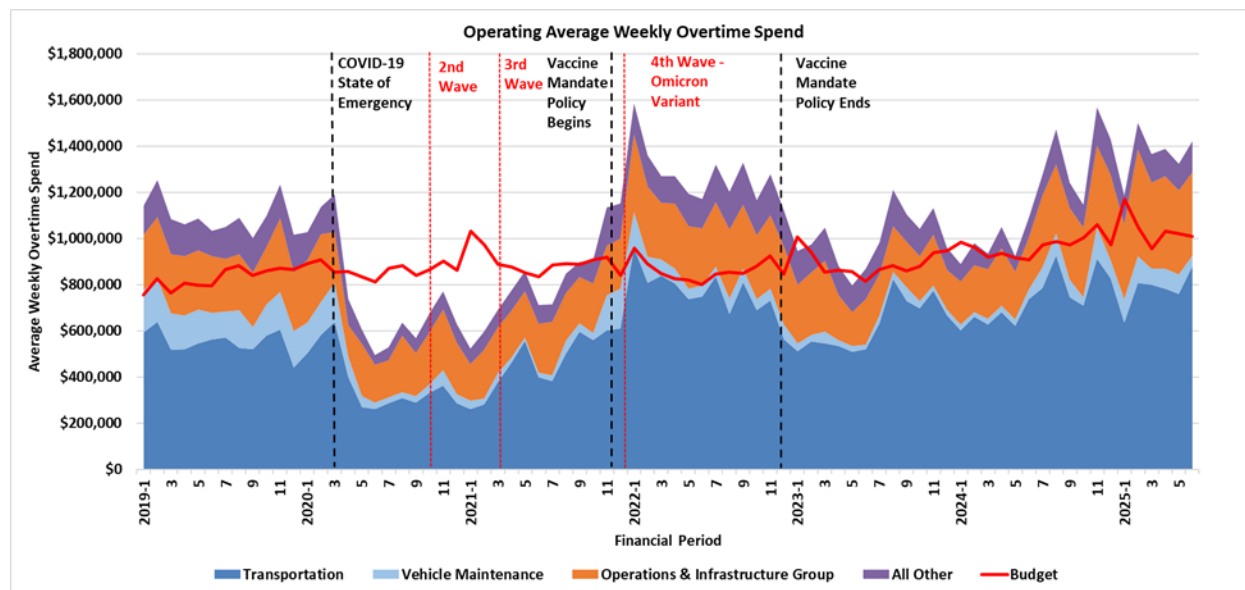


Operating Overtime

Consistent with the overall trend noted above, operating overtime in the first six months of 2025 increased approximately 40% compared to 2024, as illustrated in Chart 4 below. This was driven mainly by an increase in the need for overtime within the Operations and Infrastructure Group and the Vehicle Maintenance departments, as noted in the overtime management commentary above. Despite this increase in overtime, overall labour spending is anticipated to be mitigated throughout the remainder of the year as overtime is mainly being used for filling open work and vacant positions where absolutely required. Emphasis continues to be placed on absence management and recruitment activities to increase

workforce availability, which in turn will reduce the reliance on overtime to meet and maintain service levels.

Chart 4 – Operating Average Weekly Overtime Spending



Appendix 3 – 2025 Capital Spending Summary by Program

2025 Capital Budget Variance Reporting for the Period Ended June 28, 2025

EXPENDITURES BY PROGRAM	Year-to-Date				2025 Year-end Results			
	Budget	Actuals	Variance	%	Budget	Year-end Proj.	Variance	%
TRACK	27.597	39.660	12.063	144%	58.233	99.084	40.852	170%
1.1 Subway Track	13.193	19.952	6.758	151%	23.452	43.411	19.959	185%
1.2 Surface Track	14.403	19.709	5.305	137%	34.781	55.673	20.892	160%
ELECTRICAL SYSTEMS	40.575	35.886	(4.689)	88%	114.784	101.280	(13.504)	88%
2.1 Traction Power	9.870	10.694	0.823	108%	29.282	29.374	0.092	100%
2.2 Power Distribution/Electric Systems	2.295	2.488	0.193	108%	9.886	10.021	0.134	101%
2.3 Communications	7.245	6.477	(0.768)	89%	13.799	15.369	1.570	111%
2.4 Signal Systems	11.895	7.468	(4.427)	63%	41.182	23.720	(17.462)	58%
ATC Resignalling	9.270	8.759	(0.511)	94%	20.635	22.796	2.161	110%
BUILDINGS & STRUCTURES	190.751	189.071	(1.680)	99%	516.255	538.136	21.881	104%
3.1 Finishes	15.277	11.215	(4.061)	73%	32.323	32.297	(0.026)	100%
3.2 Equipment	18.877	19.302	0.425	102%	97.032	88.958	(8.074)	92%
3.3 Yards & Roads								
Streetcar Network Upgrades & BRT	0.222	0.030	(0.191)	14%	0.376	0.445	0.069	118%
On-Grade Paving Rehabilitation Program	3.031	3.369	0.337	111%	5.923	8.728	2.805	147%
Bicycle parking at stations	0.000	0.000	0.000		0.000	0.000	0.000	
Transit Shelters & Loops	0.000	0.001	0.001		0.240	0.326	0.086	136%
3.4 Bridges & Tunnels	21.539	18.918	(2.620)	88%	40.916	46.507	5.591	114%
3.9 Buildings and Structures Projects								
Fire Ventilation Upgrades & Second Exits	3.426	3.141	(0.286)	92%	17.488	16.612	(0.876)	95%
Easier Access Phase III	58.677	54.323	(4.355)	93%	123.269	145.853	22.584	118%
Leslie Barns	0.053	(0.004)	(0.057)	-8%	0.356	0.390	0.034	110%
Toronto Rocket/T1 Rail Yard Accommodation	1.965	4.611	2.646	235%	7.138	7.138	0.000	100%
McNicol New Bus Garage	0.078	0.371	0.293	473%	0.467	0.467	0.000	100%
Warehouse Consolidation	0.079	0.079	0.000	100%	0.397	0.397	0.000	100%
Yonge-Bloor Capacity Enhancement	21.197	32.796	11.599	155%	60.350	77.778	17.428	129%
Line 1 Capacity Enhancement	10.301	9.457	(0.843)	92%	21.824	22.191	0.367	102%
Line 2 Capacity Enhancement	3.867	5.378	1.511	139%	10.153	10.757	0.604	106%
Other Buildings and Structures	32.160	26.083	(6.078)	81%	98.003	79.291	(18.712)	81%
VEHICLES	253.941	301.039	47.098	119%	799.875	614.276	(185.599)	77%
REVENUE VEHICLES								
4.11 Purchase of Buses	96.175	138.483	42.308	144%	465.594	294.791	(170.802)	63%
4.11 Purchase of Buses - Wheel Trans Buses	5.075	5.279	0.205	104%	11.802	10.880	(0.921)	92%
4.12 Purchase of Subway Cars	0.904	0.876	(0.029)	97%	1.994	1.994	0.000	100%
4.13 Bus Overhaul	33.194	30.994	(2.200)	93%	68.309	68.311	0.002	100%
4.15 Streetcar Overhaul	14.789	18.838	4.049	127%	35.962	35.122	(0.840)	98%
4.16 Subway Car Overhaul	20.647	23.065	2.418	112%	46.467	42.618	(3.849)	92%
4.18 Purchase of Streetcars	76.486	78.227	1.742	102%	142.675	142.623	(0.052)	100%
NON-REVENUE VEHICLES								
4.21 Purchase Automotive Non-Revenue Vehicles	5.586	4.605	(0.981)	82%	22.801	15.001	(7.800)	66%
4.22 Rail Non-Revenue Vehicle Overhaul	0.932	0.626	(0.306)	67%	3.757	2.497	(1.260)	66%
4.23 Purchase Rail Non-Revenue Vehicles	0.153	0.045	(0.108)	29%	0.515	0.438	(0.077)	85%
TOTAL OTHER	48.697	35.186	(13.511)	72%	167.165	129.414	(37.751)	77%
TOOLING, MACHINERY & EQUIPMENT								
5.1 Shop Equipment	3.119	2.888	(0.231)	93%	14.995	12.393	(2.602)	83%
5.2 Revenue & Fare Handling Equipment	0.681	0.183	(0.497)	27%	7.833	3.833	(4.000)	49%
5.3 Other Maintenance Equipment	1.760	1.065	(0.695)	60%	4.353	3.172	(1.181)	73%
5.4 Fare System	0.464	0.402	(0.062)	87%	2.254	2.255	0.001	100%
ENVIRONMENTAL PROGRAMS								
6.1 Environmental Programs	4.719	4.475	(0.244)	95%	8.918	11.241	2.323	126%
6.1 Safety and Reliability	0.387	0.333	(0.054)	86%	1.365	1.365	0.000	100%
COMPUTER EQUIPMENT & SOFTWARE								
7.1 Computer Equipment & Software	33.624	23.015	(10.609)	68%	97.549	77.251	(20.298)	79%
OTHER								
9.1 Furniture & Office Equipment	0.100	(0.001)	(0.101)	-1%	0.626	0.550	(0.076)	88%
9.2 Service Planning	3.844	2.826	(1.018)	74%	29.272	17.353	(11.919)	59%
Total Base Programs	561.561	600.842	39.282	107%	1,656.313	1,482.191	(174.122)	89%
Toronto York Spadina Subway Extension	1.308	1.217	(0.091)	93%	57.878	6.230	(51.649)	11%
SRT Conversion to Busway	2.200	2.151	(0.049)	98%	17.803	14.523	(3.279)	82%
Waterfront Transit - Design	0.032	0.070	0.037	215%	0.091	0.170	0.079	186%
Total Transit Expansion Projects	3.541	3.438	(0.103)	97%	75.773	20.923	(54.849)	28%
Total Base & Transit Expansion Projects	565.101	604.280	39.179	107%	1,732.085	1,503.114	(228.971)	87%

Appendix 4 – 2025-2034 Capital Budget and Plan Adjustments for Council Approval

CTT	Program	2025 Recommended Capital Budget Adjustments (\$000s)	2026-2034 Recommended Capital Budget Adjustments (\$000s)	Comments
CTT002	Surface Track	\$86	\$0	Reallocation of funds to cover King/Queen/Roncesville Modifications Program
CTT005	Power Distribution/Electric Systems	\$214	(\$214)	Reallocation of funds to cover Q2 overspending (project acceleration / cost escalation)
CTT006	Communications	\$4	(\$4)	Minor reallocation of funds to cover tetra radios cost
CTT012	Equipment	(\$22)	\$0	Reallocation of funds to align with contractor payment schedule
CTT024	Fire Ventilation Upgrade	(\$3,130)	\$3,130	Reallocation of funds to align with payment schedule
CTT045	Replacement Wheel-Trans Vehicles	\$0	\$20,959	Reallocation of funds to align with fleet procurement requirements
CTT058	Environmental Programs	\$0	(\$1,567)	Reallocation of funds for Danforth Garage Waste Oil AST tank replacement
CTT061	Information Technology Systems-Infrastructure	\$250	\$0	Reallocation of funds to complete Customer Facing Information Screens project in 2025
CTT064	Transit Shelters & Loops	(\$86)	\$0	Reallocation of funds to cover King/Queen/Roncesville Modifications Program
CTT110	Other Buildings & Structures Projects	(\$196)	\$8,285	Reallocation of funds to cover Q2 overspending (project acceleration / cost escalation)
CTT111	Purchase of Buses	\$0	(\$20,959)	Reallocation of funds to align with fleet procurement requirements
CTT146	TR Yard and Tail Track Accommodation	\$2,926	(\$2,926)	Reallocation of funds to align with payment schedule
CTT148	McNicol Bus Garage Facility	\$204	(\$204)	Reallocation of funds to align with payment schedule
CTT152	Safety Program	(\$250)	\$0	Reallocation of funds to support RFP process of Mass Notification System
CTT156	Line 1 Capacity Enhancement	\$0	(\$6,500)	Reallocation of funds to accommodate future Western Yard work
Total Adjustments		\$0	\$0	