

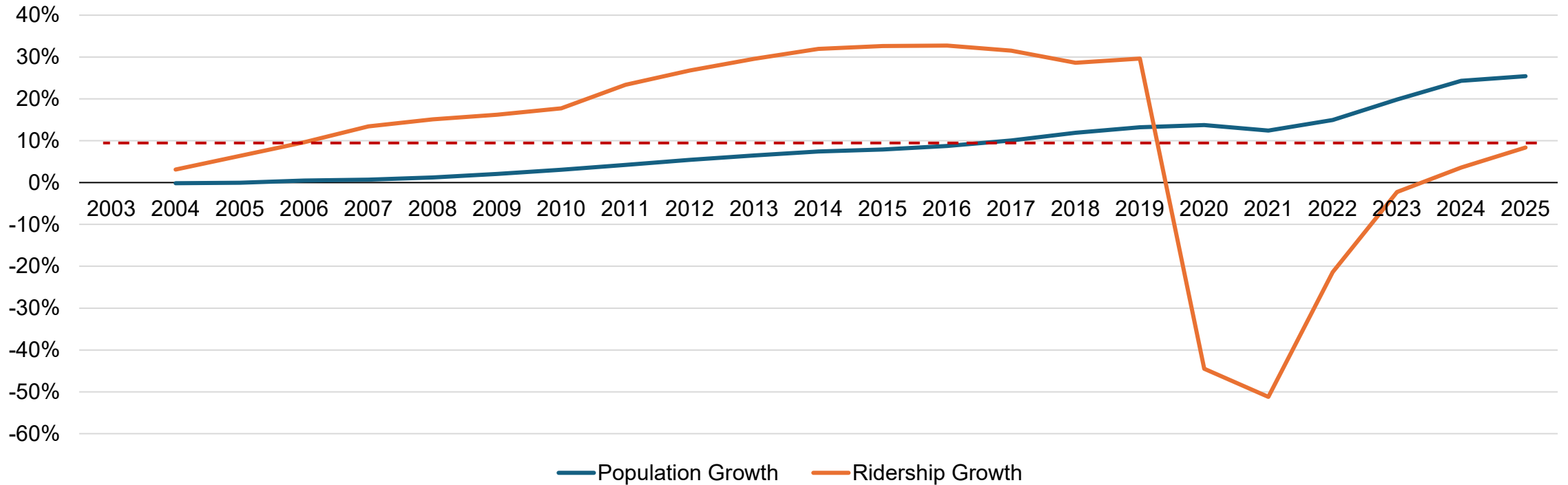


# **Key Trends on TTC Expenditures, Revenue and Opportunities for Sustainable Growth**

July 10, 2025

# Since 2003: Population Growth 25%; Ridership Growth 10%

Population Vs Ridership Growth (Base Year: 2003)



2003-2014 saw an **average of 3% annual ridership growth**, while population growth average 1%

Ridership began to **slightly decline in 2017**

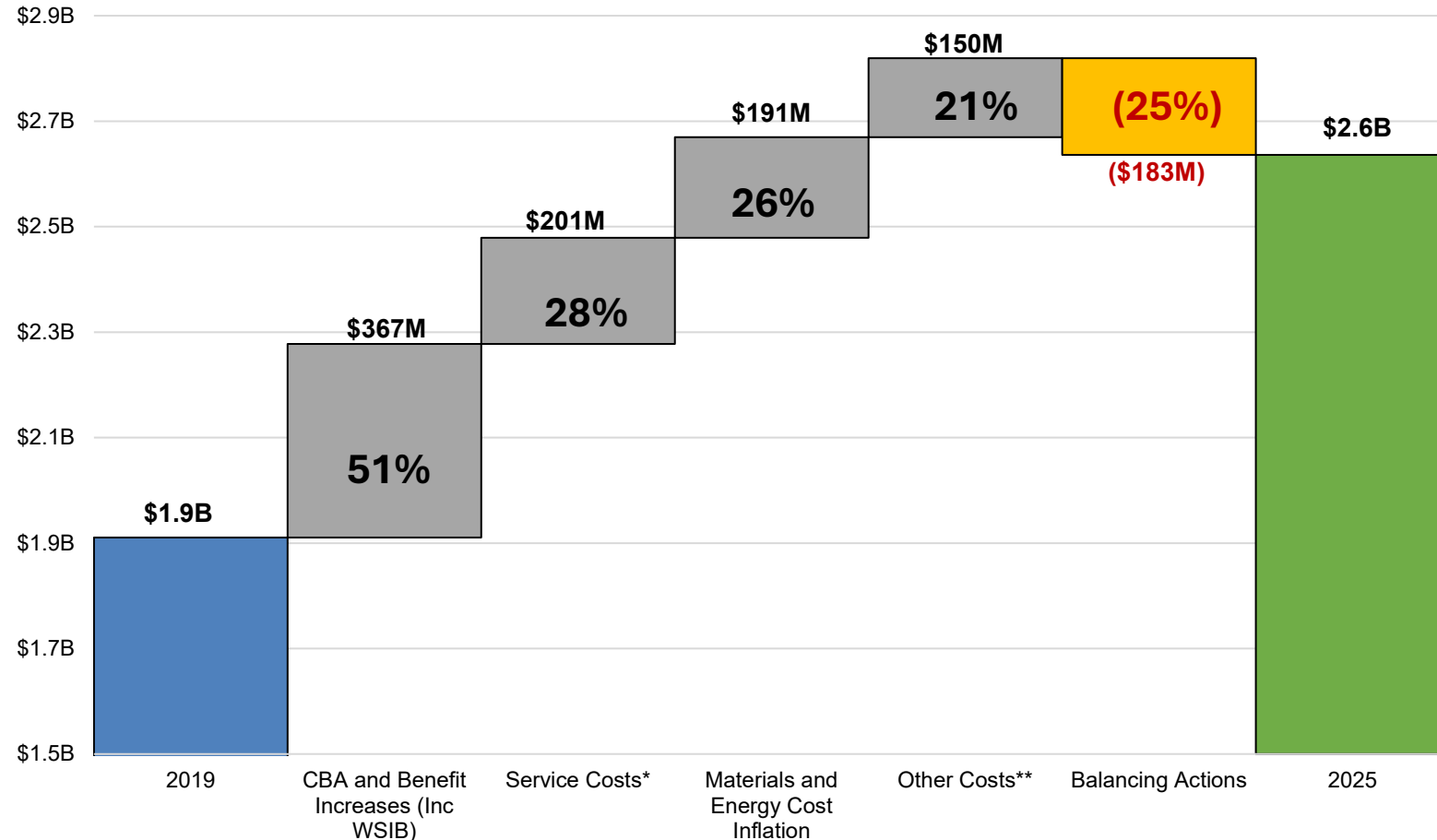
- Consistent with North American ridership experience (See appendix)

Population growth has now outpaced ridership growth

- 25% population increase** vs **10% ridership increase** since 2003



# 2025 Conventional Budget Increased \$725 Million since 2019



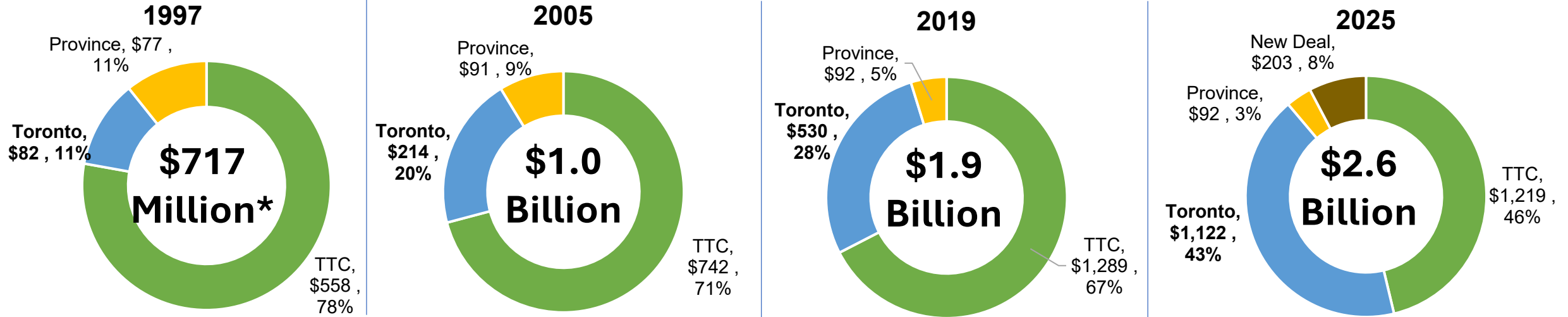
- The TTC operates on **fixed cost structures** – Labour, fuel, maintenance and service delivery costs grow regardless of ridership levels
- Expenditures increased ~6% per year on average
- Expenditures continue to increase even if ridership declines
- The TTC has been **focused on efficiency savings** – since 2020, **\$183 M in savings**

\*includes Line 5&6 startup costs, approved service plans, operational Impact such as addressing congestion (Protecting service coverage and span has remained a priority since 2020 regardless of financial performance)

\*\*includes capital asset management, insurance, IT and admin costs



# Reliance on City of Toronto Subsidy to fund Operations



TTC Conventional In \$ Millions	TTC	City of Toronto	Province	New Deal	Total Budget	R/C Ratio	City Funding	Ridership	Cost Per Ride	TTC	City	Prov	Cost Per Ride (index – 2025)
1997	\$558	\$82	\$78		\$717	80%**	10%	380 M	<b>\$1.93</b>	\$1.51	\$0.22	\$0.20	\$3.64
2005	\$742	\$214	\$91		\$1,047	71%	20%	431 M	<b>\$2.43</b>	\$1.72	\$0.50	\$0.21	\$3.80
2019	\$1,289	\$530	\$92		\$1,911	66%	28%	526 M	<b>\$3.63</b>	\$2.45	\$1.01	\$0.17	\$4.34
2025	\$1,219	\$1,122	\$92	\$203	\$2,636	44%	43%	439 M	<b>\$6.00</b>	\$2.78	\$2.56	\$0.67	\$6.00

2025 Average Fare: \$2.46

\*Includes extraordinary one-time payment of Metro Toronto Loan (paid via surplus)

\*\* Excludes repayment of Metro Toronto Loan

# Going Forward: Forecasted Operating Budget Gap 2026 – 2035

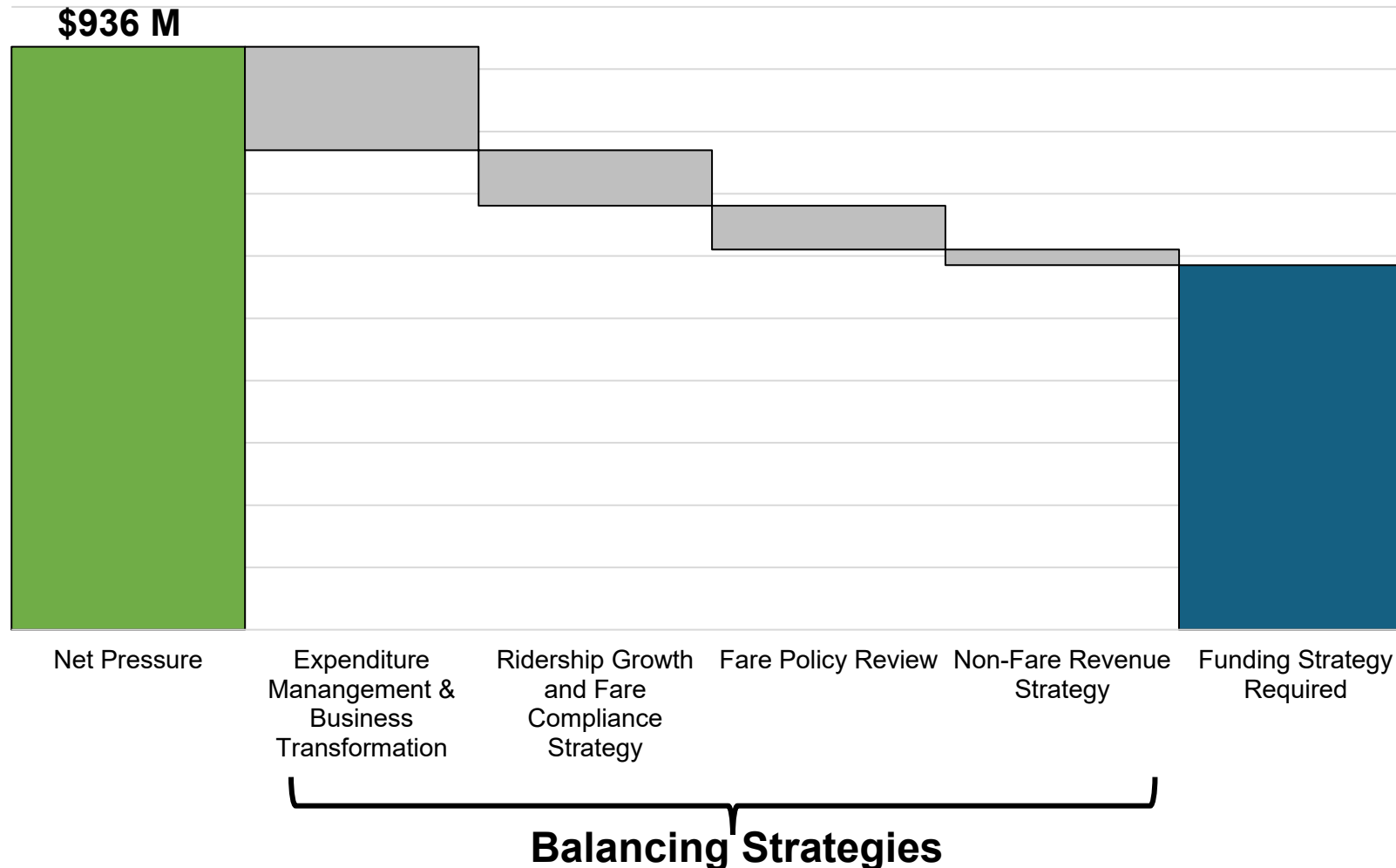
In Millions	2026	2027	5 Year Total
<b>Base</b>			
CBA & COLA	70	63	334
Economic Factors and Legislative Impacts	4	28	109
Other Changes	25	14	88
<b>Service &amp; New</b>			
Service Increase to accommodate growth (Inc Annualization)	99	6	146
5-Year Service Plan Estimates	26	26	85
New / Enhanced (Unfunded Corporate Plan)	10	10	50
<b>Funding Changes</b>			
Passenger Revenue	11	(21)	(79)
New Deal (Expires in 2027)	(44)	213	204
Advertising Revenue	(1)	(1)	(2)
Non-Revenue Changes			
<b>Net Pressure Increase</b>	<b>200</b>	<b>339</b>	<b>936</b>

Note: Figures on this slide are an approximate forecast

Does not include impact of tariffs, additional investments for forthcoming ridership growth strategy or operating costs for transit expansion projects



# Ridership Growth Strategy is One of Several Balancing & Strategies Required To Close Funding Gap

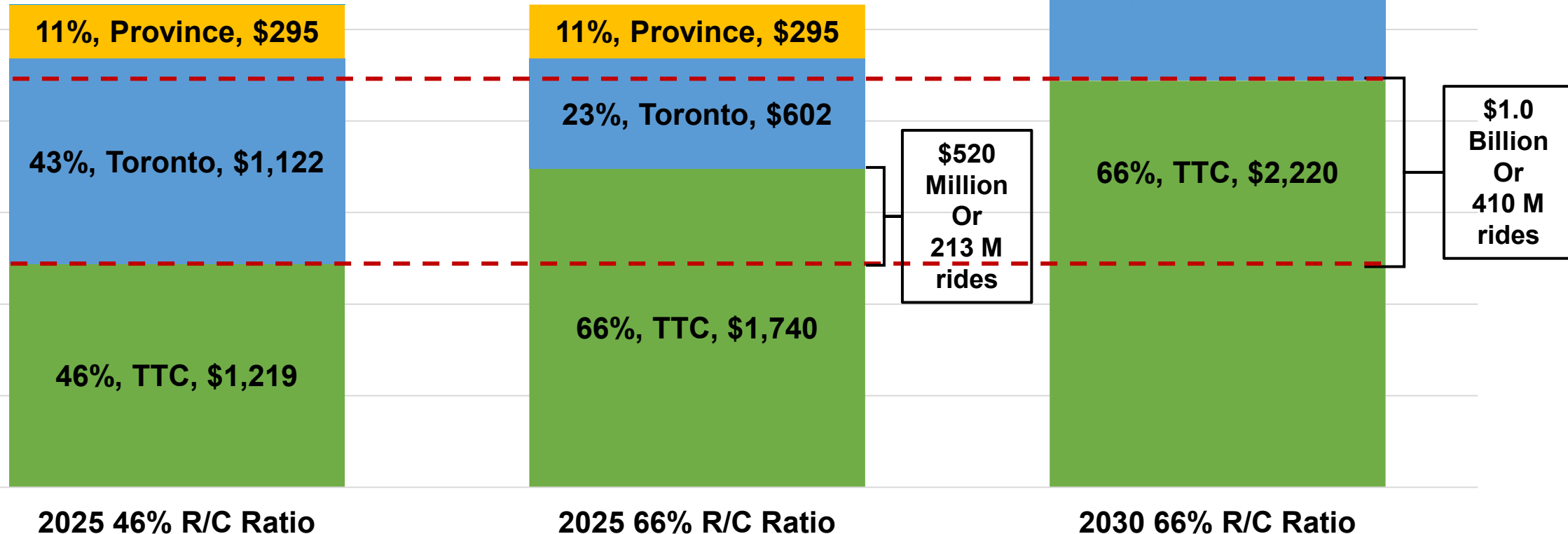


- The TTC's 5-Year Corporate Plan identified the importance of addressing the structural fiscal imbalance in Strategic Direction 5
- Ridership Growth is a key component to closing the financial gap; however more strategies are required
- Closing the gap requires:
  1. Increasing ridership and revenue
  2. Managing expenditures, finding efficiencies and transforming processes
  3. Diversifying external subsidies

## In 2030, \$1.0 Billion in Revenues needed to achieve an R/C Ratio of 66%

To get back to a 66% R/C ratio, over the next 5 years:

- Would need to **add 410 Million** rides, effectively **doubling ridership**





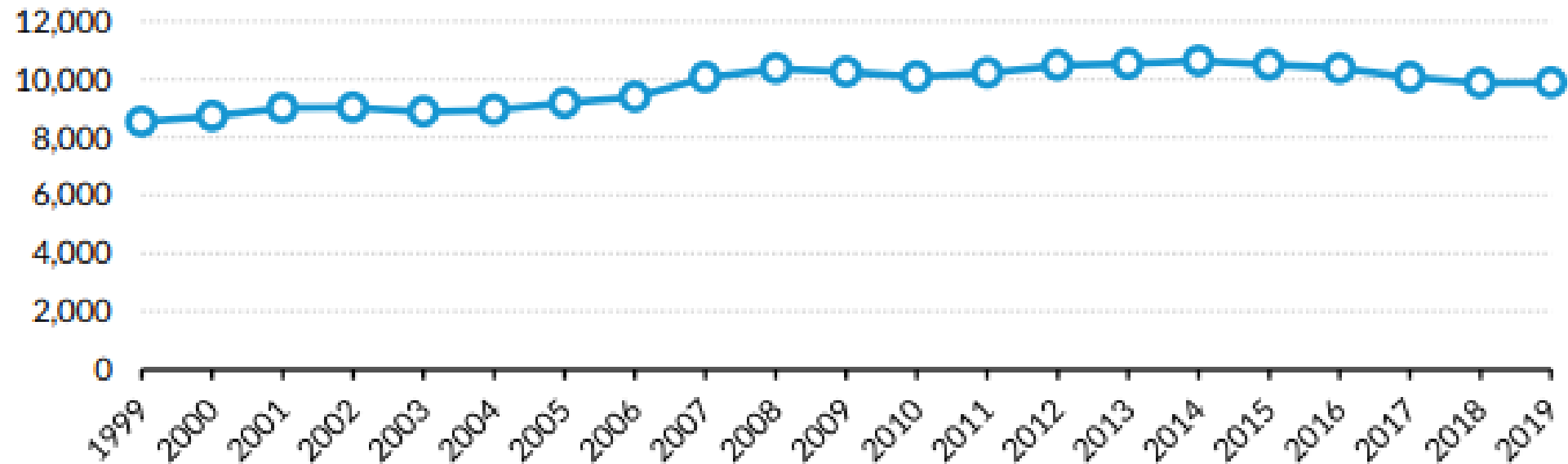


# Ridership Trends for Past 20 Years Consistent Across North America

FIGURE 7

After 15 Years of Modest Growth, US Ridership Was in Slight Decline Leading Up to the Pandemic

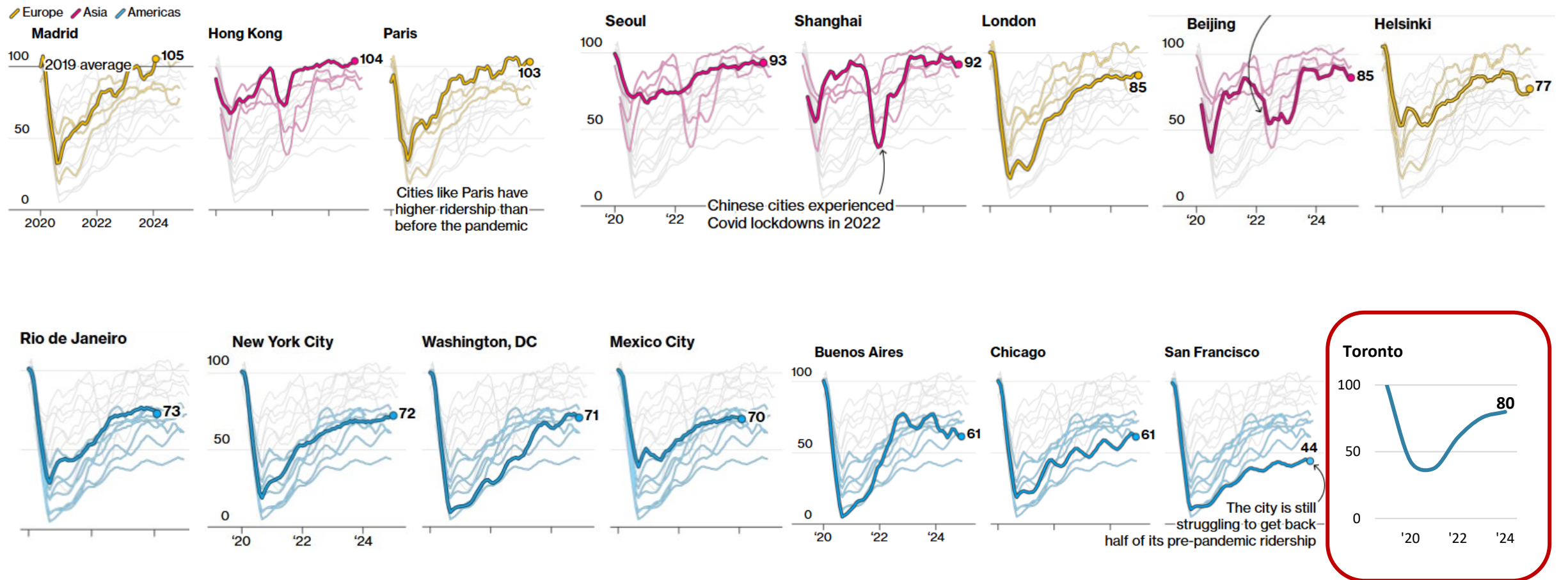
*Nationwide total annual transit trips in millions*



URBAN INSTITUTE

Source: Author calculations based on NTD TS2.1 Service Data and Operating Expenses Time Series.

# The Americas are Struggling to Return to Pre-Covid Levels



Source: <https://www.bloomberg.com/news/features/2025-06-05/asia-europe-cities-lead-in-public-transit-recovery>

# Example: Transit Agencies Facing “Fiscal Cliffs”

## Metropolitan Transportation Authority (MTA) – New York City, NY

- **Crisis:** Delay in implementing congestion pricing led to a \$640 million operating deficit through 2027
- **Mitigation Efforts:**
  - o Postponed \$16.5 billion in capital projects
  - o Exploring alternative funding sources to replace anticipated congestion pricing revenues

## Southeastern Pennsylvania Transportation Authority (SEPTA) – Philadelphia, PA

- **Crisis:** SEPTA is confronting a \$213 million budget shortfall in fiscal year 2025
- **Mitigation Efforts:**
  - o Proposed service cuts of up to 45% and a 21.5% fare increase
  - o Governor Josh Shapiro proposed redirecting \$168 million in federal highway funds to support SEPTA

## Bay Area Rapid Transit (BART) – San Francisco Bay Area, CA

- **Crisis:** BART's farebox recovery dropped from over 70% pre-pandemic to below 21%, leading to significant deficits
- **Mitigation Efforts:**
  - o Invested \$90 million in new fare gates to reduce fare evasion
  - o Sought \$5 billion in state funding to address operating deficits

## TransLink – Vancouver, BC

- **Crisis:** Facing a \$600M annual shortfall by 2026 due to declining fuel tax revenue, low fare increases, and rising costs
- **Mitigation Efforts:**
  - o \$90M in annual corporate cost savings (position cuts, reduced consulting, deferred projects).
  - o Advocating for a new sustainable funding model with provincial and federal governments

## Regional Transportation Authority (RTA) – Chicago, IL

- **Crisis:** Facing a projected \$730 million annual deficit starting in 2026
- **Mitigation Efforts:**
  - o Exploring consolidation of CTA, Metra, and Pace into a single agency to streamline operations
  - o Considering new funding mechanisms, including tax increases and dedicated revenue sources

## Caltrain – San Francisco Peninsula, CA

- **Crisis:** Faced potential shutdown due to funding shortages
- **Mitigation Efforts:**
  - o Passed Measure RR in 2020, a 1/8-cent sales tax across three counties, providing a dedicated revenue stream estimated at \$100 million annually

