



Recommended 2026 TTC Conventional and Wheel-Trans Operating Budgets

Date: January 7, 2026

To: TTC Board

From: Interim Chief Financial Officer

Recommendations

It is recommended that the TTC Board:

1. Approve the recommended 2026 Operating Budget totalling \$3.028 billion in gross expenditures, \$1.547 billion in revenues and a net funding requirement of \$1.481 billion for the TTC comprising the following services, as summarized in Appendix A of this report:
 - a. 2026 TTC Conventional Operating Service Budget of \$2.826 billion in gross expenditures, \$1.537 billion in revenues and a net funding requirement of \$1.289 billion; and,
 - b. 2026 Wheel-Trans Operating Budget of \$201.6 million in gross expenditures, \$10.3 million in revenues and a net funding requirement of \$191.4 million.
2. Approve a 2026 year-end Operating workforce complement of 15,299 positions.
3. Approve the implementation of monthly fare capping through PRESTO, effective September 1, 2026, whereby customers who pay per trip will not be charged for additional trips after completing 47 paid rides within a calendar month, consistent with the equivalent value of a Monthly Pass.
4. Approve the related fare policy and product changes outlined in Appendix E of this report that are required to support monthly fare capping, including:
 - a. Aligning pass products with the new capped structure; and
 - b. Phasing out or restructuring any products that duplicate benefits of the cap.
5. Direct the Chief Executive Officer to undertake all activities necessary to implement monthly fare capping in collaboration with Metrolinx, including system configuration, customer-facing materials, operational readiness, and communications.
6. Direct staff to report back to the TTC Board following the first year of monthly fare capping with an assessment of impacts on ridership, revenue, equity outcomes, customer experience, and any recommended fare policy adjustments.

7. Reaffirm requests to the Federal and Provincial Governments for a tri-partite development of a sustainable, long-term funding model for public transit capital and operation's needs.
8. Delegate authority to the Chief Executive Officer to execute any transfer payment and/or contribution agreements required with the Province of Ontario and/or the Government of Canada to receive intergovernmental funding for priority projects and programs, subject to terms and conditions satisfactory to the TTC's General Counsel.
9. Forward this report to the City Budget Committee and the City Manager as the official 2026 Operating Budget submission for the Toronto Transit Commission.

Summary

The recommended 2026 Operating Budget outlines the funding required to deliver Toronto Transit Commission (TTC) Conventional and Wheel-Trans services. The budget reflects current service needs, ridership trends, financial performance, economic conditions, and available funding. It also aligns with the Board's priorities and the TTC 2024–2028 Corporate Plan.

The recommended 2026 Operating Budget is \$3.028 billion, supported by \$1.547 billion in revenues, resulting in a net City funding requirement of \$1.481 billion, as illustrated in Table 1.

Table 1
Recommended 2026 Operating Budget

(\$Millions)	Gross	Revenue	Net
TTC Conventional	2,825.9	1,536.6	1,289.2
Wheel-Trans	201.7	10.3	191.4
Total Operating Budget	3,027.5	1,546.9	1,480.6

A key focus of the 2026 Operating Budget is maintaining and enhancing affordability for customers while preserving and building on recent service enhancements. Building on the TTC's commitment to fare stability, the budget freezes fares for the third consecutive year and introduces fare capping effective September 1, 2026. Fare capping will limit a customer's monthly fares, providing frequent riders with predictable and lower transit expenses. This initiative marks the start of a multi-year approach to improving affordability and access to transit.

To maintain affordability, reliability and accessibility, the 2026 Operating Budget:

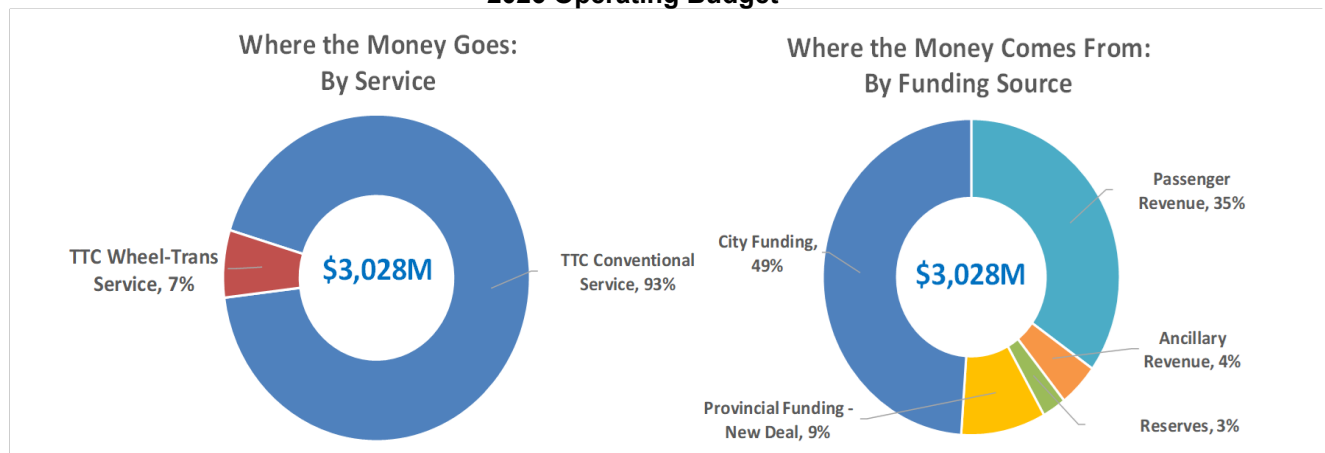
- **Freezes fares** for the third consecutive year, ensuring affordability for TTC riders.
- **Introduces fare capping**, eliminating upfront costs and reducing costs for customers by limiting monthly fares after 47 trips.
- **Increases service hours by 2.0%**, for a total of 9.9 million hours, to address congestion, adapt to changing travel patterns, deliver world-class service during the FIFA World Cup, and achieve 426.4 million rides in 2026.

- **Sustains prior year service enhancements**, including peak capacity increases on Lines 1 and 2, safety and security measures, and extending cleanliness and reliability pilots.
- **Supports the first full year of operations** for Line 5 Eglinton and Line 6 Finch West, with costs fully offset by Provincial funding under the Ontario–Toronto New Deal Agreement.
- **Expands Wheel-Trans service** to deliver an estimated 4.4 million rides, reflecting an 8.7% increase in demand over the 2025 Budget.
- **Delivers \$87.3 million in cost savings** through expenditure reviews and efficiency measures that do not impact customers, supplemented by a \$35.0 million draw from the TTC Stabilization Reserve Fund.

These measures allow the TTC to enhance affordability for riders, sustain service levels, manage inflationary pressures and slower-than-expected ridership growth in 2025 and ongoing operating challenges.

TTC Conventional Service represents \$2.826 billion or approximately 93% of gross expenditures, while Wheel-Trans represents the remaining 7% of gross expenditures or \$201.6 million. About 42% of the Operating Budget is funded through TTC own source revenues, including approximately 39% from passenger fare and ancillary revenues and 3% from TTC Stabilization Reserve and TTC Long-Term Liability Reserve funding. Provincial Funding contributions make up approximately 9% of the budget, reflecting the third year of the Ontario-Toronto New Deal Agreement. The remaining 49% is supported by the City's property tax base. Chart 1 illustrates how the 2026 Operating Budget is allocated to fund TTC Conventional Service and Wheel–Trans Service.

Chart 1
2026 Operating Budget



Background and Analysis

2026 Operating Budget Changes

The 2026 Operating Budget is \$93.8 million net or 6.8% higher than the 2025 Operating Budget. This results in a corresponding increase in the City's funding requirement.

Table 2 outlines the key drivers contributing to the 2026 change:

Table 2
2026 Conventional and Wheel-Trans Operating Funding Change

Description (\$Millions)	Gross	Revenue	Net
2025 Approved Funding	2,857.4	1,470.6	1,386.7
Base Pressures Before Service	133.6	(20.8)	154.4
Service Demand	31.7	6.7	25.0
Subtotal: Base Pressures, Before Revenue Changes, Expansion, Efficiencies and Balancing Actions	165.3	(14.0)	179.4
Base Revenue Changes	-	(33.9)	33.9
Subtotal: Base Pressures, Before Expansion, Efficiencies and Balancing Actions	165.3	(48.0)	213.3
Expenditure Reviews, Efficiencies, and Balancing Actions	(85.9)	36.6	(122.5)
Subtotal: Base Pressures, Before Expansion	79.5	(11.4)	90.8
Transit Expansion	90.8	90.8	-
Subtotal: Base Pressures Before New & Enhanced	170.3	79.5	90.8
New & Enhanced Priority Actions - Fare Capping	(0.1)	(3.1)	3.0
Net Change in Operating City Funding Request from 2025	170.1	76.3	93.8
Total 2026 Operating City Funding Request	3,027.5	1,546.9	1,480.6
Change from 2025	6.0%	5.2%	6.8%

Note: 2025 approved funding includes in-year budget adjustments of \$38.7 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.

The recommended 2026 Operating Budget reflects base budget cost pressures of \$213.3 million net. These pressures are primarily driven by cost-of-living adjustments, inflationary impacts on materials and services, required service adjustments to maintain current service levels and lower than planned revenue performance in 2025 due to ridership coming in under budget.

Maintain Current Service Levels

Funding of \$74.9 million is required for cost-of-living increases under existing collective bargaining agreements. Inflationary pressures on contracted services, materials and utility costs contribute an additional \$26.7 million. The annualization of service investments introduced in the 2025 Budget adds \$34.4 million, including adjustments to subway and streetcar wait times and enhancements to off-peak bus service across the city. A further \$25.0 million net is required to maintain service levels across TTC Conventional and Wheel-Trans operations. A \$15.0 million reduction reflects the reversal of the one-time TTC Stabilization Reserve draw included in the 2025 Budget.

Align Revenue to Actual Experience

An increase of \$33.9 million in net funding is required in 2026 to offset the revenue shortfall from 2025. The shortfall resulted from lower-than-budgeted ridership and passenger revenue due to changes in commuter behavior and economic conditions.

Affordability Measures

The 2026 Budget includes \$122.5 million in affordability measures to help address the \$213.3 million in base cost pressures, lowering the net base pressure to \$90.8 million. Cumulative ongoing savings since 2019 total \$320.0 million. These measures include:

- \$87.3 million in ongoing savings, efficiencies, and balancing actions, including:
 - \$28.9 million from a change in depreciation treatment
 - \$21.9 million in corporate wide budget reductions
 - \$13.5 million from line-by-line expenditure reviews and reductions
 - \$13.0 million from further implementation of the Workplace Safety and Insurance Board (WSIB) funding strategy introduced in 2025
 - \$10.0 million in efficiency savings

A one-time withdrawal of \$35.0 million from the TTC Stabilization Reserve is included in 2026 to help avoid a fare increase for the third consecutive year and in turn enhance accessibility and affordability for customers. The 2025 year-end balance in the TTC Stabilization Reserve is currently forecasted at \$81.5 million.

Transit Expansion

An additional \$78.0 million in gross expenditures is required to support Line 5 Eglinton and Line 6 Finch West operating and maintenance activities. These costs are fully offset by Provincial Funding under the Ontario–Toronto New Deal Agreement and therefore do not result in additional pressures to the TTC’s net operating budget in 2026. For budgeting purposes, revenue service for Line 5 is assumed to commence in January 2026, with the final date subject to confirmation from Metrolinx. Revenue service for Line 6 began in December 2025. The budget also includes \$1.4 million and 10 positions to support planning for the Eglinton East Light Rail Transit (LRT) project. This funding is provided by the City of Toronto and does not impact the TTC’s net operating budget.

Introduction of Fare Capping

The 2026 Operating Budget introduces fare capping effective September 1, 2026, as part of the TTC’s multi-year affordability strategy and to support ridership growth. Under this new model, adult, youth, and senior riders will pay for a maximum of 47 rides per month, after which additional trips are free. For TTC Conventional service, the estimated revenue reduction is \$3.1 million in 2026 with an estimated 2.1 million net new free rides expected.

2026 Operating Workforce Complement

The 2026 Operating Budget includes 383 additional positions. These roles are primarily required to support increased service hours for Conventional and Wheel-Trans operations, meet service demand during the 2026 FIFA World Cup, maintain assets from completed capital projects, and operate Lines 5 and 6. Details on complement changes are provided in Appendix B.

2027 and 2028 Outlook

Incremental net base budget pressures of \$147.7 million in 2027 and \$95.9 million in 2028 are projected, as shown in Table 3 below:

Table 3
2027 and 2028 Outlook

Description (\$Millions)	2027	2028
Base Pressures		
Base Pressures	100.3	58.9
Conventional Service Demand Growth and Annualization of 2026 TTC Conventional Service Changes	50.6	35.1
Wheel-Trans Ridership Demand	7.1	6.5
Efficiencies	(4.1)	(0.1)
Subtotal Base Pressures before Expansion and Revenue Changes	153.8	100.3
Transit Expansion	(4.9)	5.2
Total Base Pressure before Revenue Changes	148.9	105.6
Revenue Changes		
Advertising Revenue	(0.8)	(1.3)
Passenger Revenue net of PRESTO Fees (Assumes 2% YoY Growth)	(20.0)	(20.4)
Fare Capping	14.7	17.2
New Deal Provincial Funding - Line 5 & 6	4.9	(5.2)
Total 2026 & 2027 Pressure	147.7	95.9
If New Deal Funding Agreement Expires in March 2027, additional pressures would include:		
New Deal Provincial Funding Expiry - Line 5 & 6	130.9	48.9
New Deal Provincial Funding Expiry - Community Safety	100.0	-
Total 2026 & 2027 Pressure If New Deal Funding Agreement Expires in 2027	378.6	144.8

Note: Future year estimates do not include provisions for wage increases or benefit improvements beyond the expiry of current Collective Agreements. Line 5 and Line 6 costs to be reviewed after one full year of service to understand the impact of inflation, collective bargaining, service and provincial funding.

Forecasted 2027 pressures reflect cost increases from collective agreement salary and benefit provisions up to March 31, 2027, inflationary impacts on materials, services and energy, reversal of the one-time \$35.0 million reserve draw in 2026, impact of reducing fare cap to 40 rides per month effective September 1, 2027, and the full-year impact of 2026 service and cost changes. Additional pressures may arise from service adjustments under the TTC's 5-Year Service Plan, subject to annual Board review and approval.

Forecasted 2028 pressures are primarily due to inflationary increases for materials, services, and energy, impact of reducing fare cap to 40 rides per month effective September 1, 2027, along with potential service adjustments identified in the 5-Year Service Plan.

These projections exclude two significant factors. The first is the expiry of Provincial Funding under the Ontario-Toronto New Deal Agreement on March 31, 2027. Without a new funding agreement, additional costs of \$230.9 million in 2027 and \$48.9 million in 2028 would need to be addressed. The second is the impact of collective bargaining agreements that expire after March 31, 2027, which is not yet reflected in these estimates.

Key Factors Shaping TTC's Recommended 2026 Operating Budget

There are numerous factors that have guided and/or informed the development of the recommended 2026 Operating Budget:



**Strategic Planning Committee,
Board & Corporate Plan Priorities**



Budget Targets and Directions



**Service Demand & Ridership
Experience**



Economy and Inflation



Financial Results



Asset Condition & SOGR Priorities



Accessibility & Equity



Affordability & Funding Availability



Transit Expansion – Line 5 and Line 6

Board / Strategic Planning Committee Direction and Corporate Plan Priorities

The 2026 Operating Budget reflects priorities set by the TTC Board and Strategic Planning Committee, including improving reliability, safety, and customer experience, while advancing actions outlined in the 2024–2028 Corporate Plan. The TTC's Planning and Performance Framework ensures alignment between Council and Board directions and multi-year budgeting.

Budget Targets & Directions

Budget development was guided by City of Toronto budget targets, including a net year-over-year subsidy increase of \$91.0 million.

Service Demand and Ridership Experience

Ridership trends and customer experience metrics informed 2026 service planning. The Service Plan maintains 2025 service levels, with adjustments to address operational needs as well as congestion and new travel patterns on surface routes. Revised ridership projections reflect changing travel patterns, less frequent commuting and increased use of new payment methods.

Economy and Inflation

The Greater Toronto Area experienced weaker economic conditions in 2025 than anticipated, with GDP only increasing 1%. For 2026, GDP growth is forecasted at approximately 1.6%, with employment growth of 0.4% (Conference Board of Canada, September 2025). These factors alone are expected to generate an additional 2.6 million rides. Economic forecasts have declined over the past year due to ongoing instability and tariff concerns. While tariff impacts remain uncertain, inflation continues to drive higher costs for utilities, renewed service contracts and employee benefits. These cost pressures have been incorporated into the 2026 Operating Budget.

Financial Results

As of the end of September (Period 9), 2025 operating spending is projected at 101%, highlighting the need for effective cost management. The TTC monitors operating expenditures and revenues monthly and reports quarterly to the Board and the City. Financial results include revenue performance. As of Period 9, 2025 fare revenue is projected to be nearly \$46.0 million below budget. To reflect these trends, the 2026 revenue budget has been reduced to \$1.045 billion. The budget also includes underspending and cost-saving measures to help offset ongoing financial pressures.

Asset Maintenance and State of Good Repair

Maintaining TTC assets in a state of good repair is a key priority and is critical to ensuring service reliability. The 2026 Operating Budget includes funding for increased streetcar and subway maintenance, including \$2.5 million for maintenance of 60 new streetcars delivered over the past three years.

Accessibility and Equity

The TTC is committed to maintaining equitable service across the city by improving accessibility and ensuring coverage on all routes, including those with lower ridership. The 2026 Operating Budget continues the fare freeze to support affordability and access for all customers.

Affordability and Funding Availability

Affordability remains a key consideration, with the 2026 Budget incorporating \$122.5 million in efficiency savings and balancing actions to mitigate cost pressures. No fare increase is included for the third consecutive year to maintain accessibility and affordability for riders. In addition, the budget introduces fare capping effective September 1, 2026, allowing adult, youth, senior and fare pass riders to pay for a maximum of 47 rides per month, after which additional trips are free.

Transit Expansion – Line 5 and Line 6

Additional funding is required to support operations and maintenance activities for Line 5 Eglinton and Line 6 Finch West. These costs are fully offset by Provincial Funding under the Ontario–Toronto New Deal Agreement and therefore do not result in additional pressures to the TTC's net operating budget in 2026.

Service and Financial Performance Measures

The TTC uses a comprehensive performance measurement framework to monitor how effectively it delivers service, manages operations, and allocates financial resources. These indicators provide actionable insights that inform planning, budgeting, and continuous improvement efforts. Performance metrics are organized into three categories:

- **Strategic Metrics** – Track progress toward long-term goals and outcomes that align with TTC's vision and priorities.
- **Management Metrics** – Assess program efficiency, resource utilization, and the effectiveness of management practices.
- **Operational Metrics** – Monitor day-to-day processes and activities that directly impact service delivery and customer experience.

By integrating these categories, TTC can evaluate performance across the full continuum, from outputs and service levels to measurable targets and long-term benefit realization. This approach ensures that decision-making is grounded in evidence and aligned with organizational objectives.

As TTC continues to refine and expand its performance measurement inventory, this report highlights key service and financial indicators that reflect current trends and priorities. These measures have informed the development of the 2026 Budget and provide a clear view of operational efficiency and resource stewardship. Detailed results and trends for these indicators can be found in Table 4, which summarizes performance across service delivery, financial management, and operational effectiveness. These insights not only help assess current performance but also guide strategies for improving reliability, customer satisfaction, and cost efficiency in the years ahead.

Table 4
Service and Financial Performance Measures

Measure	2019 Actual	2023 Actual	2024 Actual	2025 Target	2025 Projection	Status	2026 Target	2027 Target
Service Measures								
Conventional Service Hours	9.5 M	8.9 M	9.2 M	9.5 M	9.8 M	●	9.9 M	10.3 M
Wheel-Trans Service Hours	1.2 M	1.1 M	1.3 M	1.5 M	1.5 M	●	1.6 M	1.6 M
Customer Satisfaction	80%	71%	71%	84%	73%	●	84%	84%
Subway - Achieve 90% On-time	94%	93%	91%	90%	89.9%	●	90%	90%
Streetcar - Achieve 90% On-time	64%	65%	64%	90%	61%	●	90%	90%
Bus - Achieve 90% On-time	76%	83%	72%	90%	76%	●	90%	90%
Revenue and Affordability								
Conventional Revenue Rides	525.5M	396.3M	419.9M	439.4M	414.0M	●	426.4M	434.9 M
Wheel-Trans Ridership	4.1 M	3.0 M	3.6 M	4.0 M	4.1 M	●	4.4 M	4.6 M
Revenue / Cost Ratio	63%	45%	46%	44%	44%	●	42%	39%
Revenue / Cost Ratio*	66%	47%	48%	47%	47%	●	44%	42%
City Subsidy per Revenue Ride	\$1.18	\$2.90	\$2.59	\$2.76	\$2.96	●	\$3.02	\$3.28
Financial Management and Efficiency								
Total Operating Cost / Service Hour (Adj for CPI, index=2026)	\$246 /Hr	\$261 /Hr	\$266 /Hr	\$286 /Hr	\$267 /Hr	●	\$286 /Hr	\$278 /Hr
Operating Cost per Revenue Ride	\$3.62	\$5.51	\$5.60	\$6.09	\$6.17	●	\$6.63	\$6.72
Revenue Rides: Complement Ratio	40,605	30,522	31,538	31,891	30,268	●	29,324	29,968
Operating Savings / Efficiencies (\$320 M since 2019)	\$48.9 M	\$22.5 M	\$12.9 M	\$37.2 M	\$37.2 M	●	\$87.3 M	\$4.1 M
Savings / Efficiencies as % of Net Expenditures	7.9%	2.0%	1.2%	3.1%	3.0%	●	6.8%	0.3%
Budget and Forecast Accuracy								
Operating Net Spend Rate	99.9%	96.6%	95.1%	97.0%	100.9%	●	97.0%	97.0%
Conventional Ridership Revenue Budget Accuracy	99.0%	99.5%	97.8%	97.0%	95.7%	●	97.0%	97.0%

*Based on figure reported to the Canadian Urban Transit Association (CUTA); Includes conventional service fare and ancillary revenues compared against conventional gross expenditures.

The TTC's role extends beyond transportation—it drives Toronto's economic and social well-being. A University of Toronto study estimates that every \$1 invested in the TTC generates about \$6.88 in economic and quality-of-life benefits, reinforcing the system's importance in supporting the city's growth and sustainability. In addition, for every \$1.0 million the TTC spends on non-labor expenditures, approximately nine jobs are created, demonstrating the system's contribution to Toronto and Canada's economy.

Diversity, Equity and Inclusion Matters

The TTC is dedicated to ensuring barrier-free transit access, allocating funds to the Wheel-Trans service for anticipated growth in ridership while initiatives like the Easier Access Program aim to improve accessibility across all transit services. The recommended 2026 Operating Budget allocates \$201.6 million gross (\$191.4 million net) for Wheel-Trans service, to deliver an estimated 4.4 million rides in 2026, accounting for an 8.7% increase in ridership demand from the 2025 Budget.

For a third year in a row, TTC fares will be frozen at 2023 rates and eligible customers can benefit from the City of Toronto's Fair Pass Program, which offers about one-third off single fares and 21% off monthly passes to maintain affordability for users.

There are no recommended reductions that impact customers. The 2026 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 customer need and meeting user needs.

Innovation and Sustainability Considerations

The 2026 Operating Budget prioritizes affordability and service stability for TTC riders. It freezes fares for the third consecutive year, introduces fare capping to lower costs for frequent riders, and maintains service levels while preserving prior year investments. These measures help protect riders from rising costs and ensure consistent service despite ongoing challenges.

However, TTC continues to face significant financial pressures driven by service commitments, inflationary impacts, slow ridership growth and the expiry of key funding agreements. These challenges are further compounded by growing operational demands, aging infrastructure and limited flexibility within existing revenue streams. While operational efficiencies and revenue optimization remain priorities, they alone cannot close the structural funding gap. A sustainable operating funding model remains critical. Achieving this will require intergovernmental collaboration, predictable funding commitments, and a continued focus on efficiency and affordability.

Financial Impact

Recommended 2026 Operating Budget

To deliver transit services and meet the objectives outlined above, the 2026 Operating Budget includes \$3.028 billion in gross expenditures and \$1.481 billion in net expenditures. The net funding requirement from the City of Toronto has increased by \$93.8 million, which represents a 6.8% change from 2025.

Table 5
TTC Conventional and Wheel-Trans 2026 Operating Funding

Description (\$Millions)	Gross	Revenue	Net	Positions
2025 Approved Funding	2,857.4	1,470.6	1,386.7	14,916
Base Pressures:				
Prior Year Impacts				
Reserve Draw Reversal		(15.0)	15.0	
Annualization of 2025 Decisions	6.3		6.3	
Annualization of 2025 Service	28.1		28.1	
Subtotal: Prior Year Impacts	34.4	(15.0)	49.4	
Economic Factors				
Hydro & Utilities	7.9		7.9	
Contractual Price Increase	7.6		7.6	
Benefits Inflation and Utilization	11.2		11.2	
Subtotal: Economic Factors	26.7	-	26.7	
Salary Changes				
CBA & COLA	74.9		74.9	
Salary Changes	1.3		1.3	
Subtotal: Salary Changes	76.2	-	76.2	
Operating Impacts of Capital				
eBus Impacts	2.0	1.0	1.0	26
Maintenance & Infrastructure Impacts	7.3		7.3	26
Pattison Advertising Revenue Driven by Capital Spending		2.0	(2.0)	
Subtotal: Operating Impacts of Capital	9.3	3.0	6.3	52
Other Base Changes				
Legislative & Calendar Impact	(19.0)		(19.0)	
All Other Base Changes	6.0	(8.8)	14.8	49
Subtotal: Other Base Changes	(12.9)	(8.8)	(4.2)	49
Subtotal: Base Pressures Before Service	133.6	(20.8)	154.4	101
Base Service Changes				
Wheel-Trans Ridership Demand	11.2		11.2	30
Address Travel Patterns and Respond to Congestion	2.3		2.3	68
Responding to Operational Needs	3.6	(0.8)	4.4	32
Restore Peak Service on Line 1 & 2	7.1		7.1	20
FIFA World Cup 2026	7.5	7.5	-	28
Subtotal: Service Demand	31.7	6.7	25.0	178
Subtotal: Base Pressure before Passenger Revenue, Expansion, Efficiencies and Balancing Actions	165.3	(14.0)	179.4	279
Base Revenue Changes				
Passenger Revenue		(34.4)	34.4	
Ancillary Revenue Changes		0.5	(0.5)	
Subtotal: Base Revenue Changes	-	(33.9)	33.9	
Subtotal: Base Pressures, before Expansion, Efficiencies and Balancing Actions	165.3	(48.0)	213.3	279
Efficiencies & Balancing Actions				
Expenditure Reviews	(77.3)		(77.3)	
Efficiencies	(8.3)	1.7	(10.0)	(6)
Subtotal: Expenditure Reviews and Efficiencies	(85.6)	1.7	(87.3)	(6)
Balancing Actions				
One Time TTC Stabilization Reserve Draw		35.0	(35.0)	
Travel Freeze	(0.3)	(0.1)	(0.2)	
Subtotal: Balancing Actions	(0.3)	34.9	(35.2)	
Subtotal: Base Pressure Before Transit Expansion	79.5	(11.4)	90.8	273
Transit Expansion				
Line 5 and Line 6	89.4	11.5	78.0	100
Line 5 and Line 6 - Ontario-Toronto New Deal Funding		78.0	(78.0)	
Supporting Expansion of Eglinton East LRT	1.4	1.4	-	10
Subtotal: Transit Expansion	90.8	90.8	-	110
New & Enhanced Priority Actions - Fare Capping	(0.1)	(3.1)	3.0	-
Net Change in Operating City Funding Request from 2025	170.1	76.3	93.8	383
Total 2026 Operating City Funding Request	3,027.5	1,546.9	1,480.6	15,299
Change from 2025	6.0%	5.2%	6.8%	2.6%

Note: 2025 approved funding includes in-year budget adjustments of \$38.7 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.

Cost to Maintain Current Service Levels

Prior Year Impacts

The 2026 Operating Budget includes \$49.4 million to address prior-year commitments. This amount includes \$28.1 million for annualized service improvements introduced in

spring and fall 2025, ensuring those enhancements are funded for the full year. It also includes \$6.3 million for workforce additions made last year, including 69 positions for the Fare Compliance program. In addition, the budget reflects a \$15.0 million reversal of the one-time reserve draw applied in 2025. These adjustments ensure 2025 service levels are maintained.

Economic Factors

Inflation and cost escalation are significant factors in the 2026 Operating Budget. A total of \$26.7 million is required to manage inflationary impacts. Rising health and dental benefit costs, driven by both inflation and higher utilization, account for \$11.2 million of this increase. Hydro and utility costs are projected to grow by approximately 5.7%, adding a further \$7.9 million in cost pressures. Contract pricing has also increased by \$7.6 million, affecting faregate maintenance, Wheel-Trans service agreements, vehicle parts and IT subscriptions. These increases are partially offset by expected reductions in diesel prices in 2026, which help mitigate overall inflationary impacts.

Salary Changes

The 2026 TTC Operating Budget reflects the financial impact of recent collective bargaining agreements. \$76.2 million has been allocated to cover cost-of-living adjustments for all unions with active agreements and for staff. This figure does not include any potential costs that may arise after current union agreements expire in 2026.

Operating Impacts of Capital Projects

The 2026 Operating Budget includes \$9.3 million gross and \$6.3 million net to support ongoing maintenance and operating requirements of completed capital project. This includes:

- **eBus Program:** \$2.0 million gross (\$1.0 million net) and 26 positions to accommodate the delivery of 146 eBuses originally scheduled for 2025. Funding covers maintenance of additional charging systems and temporary operational adjustments. These costs are partially offset by fuel savings and carbon credit revenue as eBuses replace older diesel vehicles.
- **Maintenance and Infrastructure:** \$7.3 million gross and net with 26 positions, including:
 - \$2.5 million and 12 positions for maintenance of 60 new streetcars delivered over the past three years, with added focus on repairs for older vehicles coming out of warranty.
 - \$4.2 million and one position to sustain completed IT projects, including licensing and maintenance for SAP, VISION, IT Service Management, Office 365 and digitization initiatives.
 - \$0.6 million and 13 positions for other operating impacts, including adjustments at Greenwood Yard due to construction and maintenance of public address and passenger intercom systems.
- **Pattison Digital:** \$2.0 million in additional revenue from Pattison Advertising as a result of capital investments in digital advertising signage.

Other Net Base Changes

Changes in legislation and calendar adjustments reduce the 2026 Operating Budget by \$19.0 million net. The removal of the Federal Carbon Tax on April 1, 2025, accounts for

\$20.7 million in savings, while a permanent reduction in the Ontario Fuel Rebate adds another \$1.9 million. These savings are partly offset by an increase of \$3.1 million to cover higher Canada Pension Plan (CPP) and Employment Insurance (EI) contribution requirements.

In addition to the major budget drivers detailed above, other base changes in 2026 require \$14.8 million net and 49 positions to fund and support the following changes:

- \$8.1 million revenue decrease due to the expiry of a major lease at 800 Kipling Avenue at the end of 2025 and the reversal of anticipated funding for the General Body Repairperson apprenticeship program after the Skills Development Fund provincial funding application was unsuccessful.
- \$1.1 million expenditure increase along with nine positions to continue investments made in 2025 to address bunching and gapping on the 10 most problematic routes.
- \$0.6 million expenditure and six positions to support expected increases in call volume for fare evasion, loitering and lam handling as well as support for City crisis workers.
- \$0.5 million expenditure increase along with 28 positions to support the opening of a new Wheel-Trans satellite location at 800 Kipling Avenue, which will enable more efficient fleet deployment through geographically balanced service.
- A further \$0.3 million expenditure increase along with three positions to continue investments and progress made on the Station Cleanliness Pilot project implemented in 2025, with a focus on 6 key stations, bringing the total investment to \$1.2 million and 12 positions dedicated to this initiative.

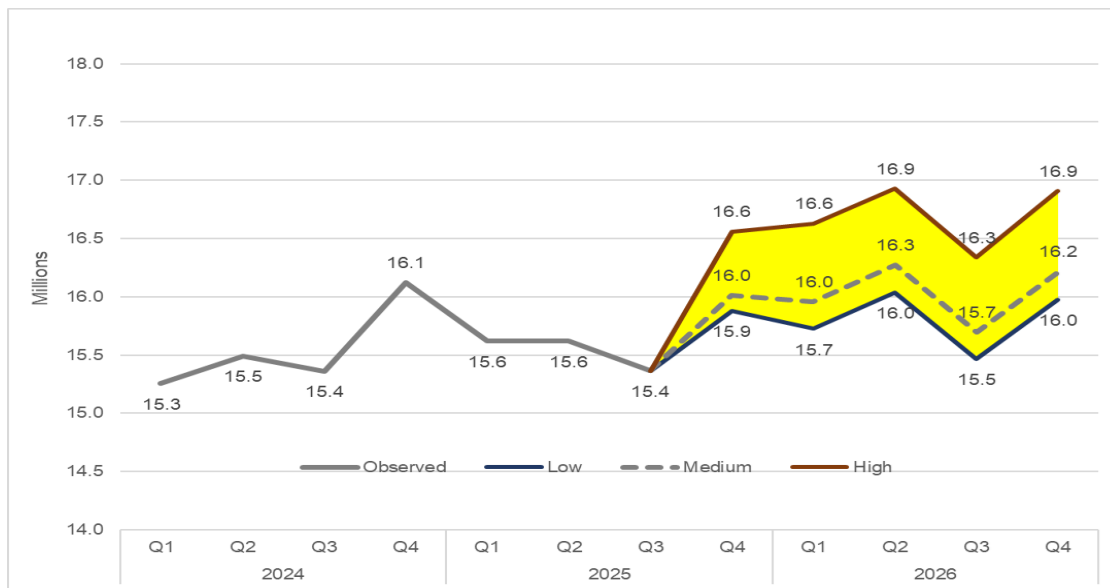
Customer Demand and Reliability Drive Service Hours for 2026

To maintain reliable service amid changing travel patterns, traffic congestion, operational needs and growing Wheel-Trans ridership, the 2026 Operating Budget includes \$25.0 million net for additional service hours.

TTC Conventional Service Demand

Service improvements introduced in 2025 restored capacity and enhanced reliability. Last year, service hours grew by 1.7% to address congestion and construction-related delays, followed by an additional 2.2% increase to improve midday, evening, and weekend bus service and reduce wait times on streetcar and subway networks.

Chart 2
2024 – 2026 TTC Conventional Average Weekly Customer Demand by Quarter



Aligned with ridership, 2026 Customer demand (boardings) is expected to increase modestly over 2025 levels with weekly customer demand projected to grow from an average of 16.0 million in the fourth quarter of 2025 to an average of 16.2 million in the fourth quarter of 2026, as depicted above in Chart 2. This forecast serves as the foundation for the TTC’s Annual Service Plan.

In 2026, base service hours will increase by 2.0% compared to Fall 2025 and is intended to:

- **Respond to Operational Needs:** Maintain service levels while integrating additional eBuses, managing the retirement of articulated vehicles and increasing temporary overnight streetcar service due to vehicle storage constraints.
- **Adjust for traffic congestion and construction impacts:** Reduce delays caused by traffic congestion and city-wide construction projects.
- **Respond to changing travel patterns:** Adapt to shifts in customer behavior, including the impact of return-to-office mandates and evolving travel patterns during peak periods.

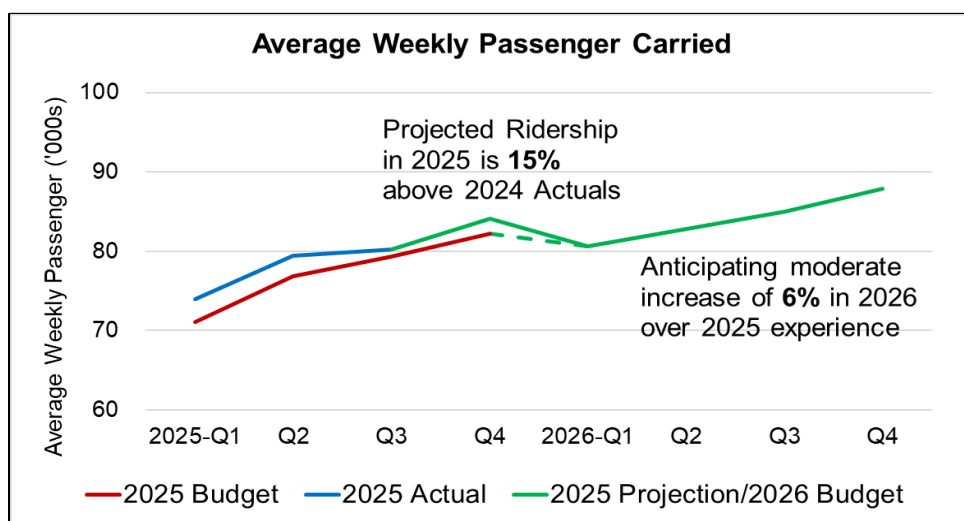
An additional \$7.5 million and 28 positions are dedicated to service during the **2026 FIFA World Cup** in Toronto. This funding supports enhanced service and operational readiness for six match days and fan fest events. Costs are expected to be fully offset by \$5.0 million in additional passenger revenue and \$2.5 million in funding from the City’s FIFA Secretariat. These measures ensure the TTC is positioned to provide continued reliable service to customers in 2026.

Wheel-Trans Service Demand

Wheel-Trans ridership grew steadily in 2025, ending the year 3% above budget and 15% higher than 2024. This increase was driven by more new registrant and higher trip frequency per registrant. Ridership growth is expected to continue in 2026, but at a more moderate pace. Ridership is forecast to increase by 6% over 2025 year-end projection, outpacing growth in conventional transit. This trend reflects demographic

shifts, including an aging population, and signals a noticeable change in travel patterns as shown in Chart 3.

Chart 3
Wheel-Trans Actual and 2026 Forecast Ridership



The 2026 Wheel-Trans Operating Budget provides funding and workforce complement to support 4.37 million rides, representing an 8.7% increase from the 4.02 million rides budgeted in 2025.

2026 Conventional Ridership and Passenger Revenue Budget

The 2026 Operating Budget for Conventional Service reflects an estimated 426.4 million rides, representing a 3.0% increase over the projected full-year 2025 ridership of 414.0 million, as of the end of October (Period 10).

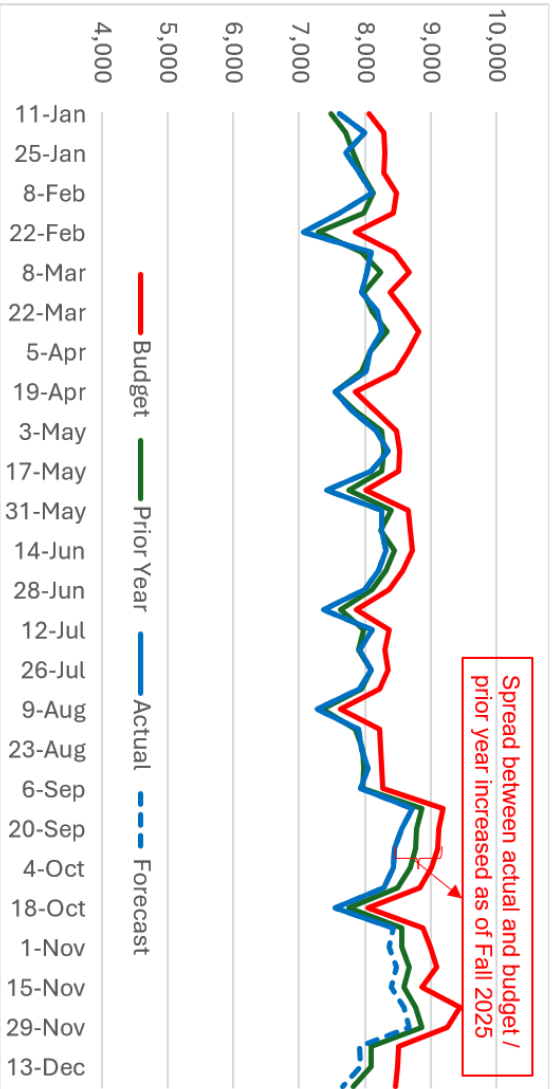
Fares remain frozen at 2023 levels to maintain accessibility and reduce financial pressure on riders given current economic conditions. The increase in ridership is expected to generate \$24.5 million (2.4%) in additional TTC Conventional passenger revenue compared to the 2025 forecast as of Period 10, resulting in a 2026 Conventional passenger revenue budget of \$1,044.9 million (\$997.0 million net of PRESTO fees).

The ridership forecast incorporates observed travel patterns and seasonal behaviors and is based on the following assumptions:

- **Economic Outlook:** Toronto's softer economic environment in 2025 is expected to persist. However, the 2026 GDP growth forecast of 1.6% and employment growth of 0.4% (Conference Board of Canada, September 2025) is projected to add 2.6 million rides, generating \$6.3 million in revenue.
- **Return-to-Office Trends:** Despite employer policy changes in Fall 2025 requiring more in-office workdays, no significant ridership increase has been observed. In fact, Fall 2025 ridership slightly declined versus expectations:
 - September–October averaged 94% of budget (vs. 95% year-to-date as of period 10) and 98% of prior year (vs. 99% year-to-date as of period 10).

This suggests any positive impact from policy changes may be offset by employment declines, non-compliance, or alternative commuting choices. No additional ridership growth from these policies is assumed for 2026.

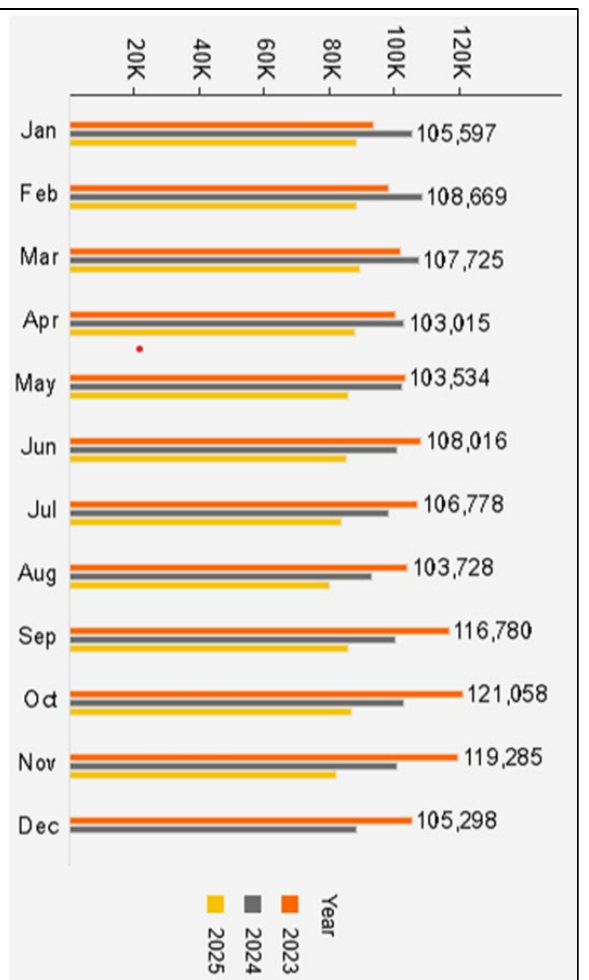
Chart 4
TTC Conventional 2025 Weekly Ridership



- **Post-Secondary Ridership:** A sharp decline in international student permits reduced post-secondary ridership in Fall 2025, with pass sales at 50% of prior-year levels. 2026 ridership for this segment is expected to remain at Fall 2025 levels.
- **Special Events:** FIFA World Cup matches in Toronto (June–July 2026) are expected to add 2 million rides and \$5.0 million in revenue. Other discretionary travel is assumed to remain similar to 2025.
- **Service Enhancements:**
 - **Line 5 and Line 6 Openings:** Revenue service for Line 6 began in December 2025 and for budgeting purposes, Line 5 is assumed to begin in January 2026 (actual date subject to Metrolinx confirmation). Combined, these are expected to add 3.1 million rides and \$7.8 million in revenue:
 - Line 6: 0.7 million rides (\$1.8 million)
 - Line 5: 2.4 million rides (\$6.0 million)
 - **Priority Transit Lanes:** The implementation of new priority bus lanes on Dufferin Street and streetcar lanes on Bathurst Street (effective June 2026) are projected to add 0.6 million rides, generating \$1.7 million in revenue.
- **Fare Compliance:** Fare compliance levels in 2026 are expected to remain consistent with 2025, as the passenger revenue budget is based on actual 2025 performance. At the time of finalizing the 2026 budget, no new fare compliance strategies had been confirmed; therefore, no incremental revenue from additional compliance measures has been included in the 2026 passenger revenue forecast.

- **Fare Capping:** The implementation of fare capping on September 1, 2026, with riders paying for a maximum of 47 rides per month, will result in an estimated \$3.1 million decrease in fare revenue and an estimated increase of 2.1 million net new free rides in 2026.
- **Average Fare:** The 2026 Operating Budget assumes an average fare of \$2.45, a decrease from the 2025 average fare of \$2.47 due to the net new free rides brought on through fare capping. The average increase from \$2.43 in 2024 to \$2.47 in 2025 reflects a shift toward single-fare usage, driven by:
 - Declining monthly pass sales (October 2025: 86.5k vs. October 2024: 103k, a 16% drop).
 - Increased adoption of Open Payments (16.5% of rides at end of 2024 vs. 19.2% at Period 10, 2025).

Chart 5
TTC Monthly Pass Sales



Other Revenue Changes

Other revenue changes reflect a \$0.5 million net increase, primarily due to:

- \$3.0 million increase in revenue related to in-tunnel advertising signage, to be installed in time for the 2026 FIFA World Cup
- \$1.0 million increase in advertising revenue, reflecting the Minimum Annual Guarantee (MAG) payable by Pattison under the current advertising agreement.

Partially offset by:

- \$1.8 million decrease in interest income, driven by lower interest rates throughout 2025, which are expected to remain low in 2026.
- \$1.5 million decrease in third-party revenue recoveries, resulting from reduced work demands on TTC staff for external projects.
- \$0.3 million decrease in commuter parking revenue, based on recent ridership trends and lower-than-anticipated ridership levels in 2025.

Affordability Measures Reduce Base Operating Cost Pressures

TTC has identified \$122.5 million in affordability measures and balancing actions to help offset base operating pressures and achieve. This includes \$77.3 million in expenditure reductions, achieved through cost efficiencies and expenditure reduction based on matching to actual experience. Details of these measures are provided in Table 6. With these actions, total cumulative savings since 2019 will reach \$320.0 million, reflecting ongoing efforts to reduce costs and improve efficiency.

Table 6
Affordability Measures

Description (\$ Millions)	Gross	Revenue	Net	Positions
Expenditure Reviews				
Line by Line Review - Departmental Costs	(3.5)		(3.5)	
Line by Line Review - Corporate Costs	(8.0)		(8.0)	
Diesel Hedging	(2.0)		(2.0)	
Depreciation Expense	(28.9)		(28.9)	
Corporate Wide Budget Reduction	(21.9)		(21.9)	
WSIB Funding Strategy	(13.0)		(13.0)	
Subtotal: Expenditure Reviews	(77.3)	-	(77.3)	-
Efficiency Measures				
RapidTO	(0.9)	(1.7)	(2.6)	
ITS Efficiencies	(0.6)		(0.6)	
LRV Apprentice Program	(0.9)		(0.9)	(7)
OTC Transition to In-House Training	(0.1)		(0.1)	2
LED Lighting Retrofit Program	(0.3)		(0.3)	
Gas Detection Project	(0.1)		(0.1)	
Fleet Renewal - Diesel Savings	(3.0)		(3.0)	
Other Efficiencies	(2.2)		(2.2)	(1)
Subtotal: Efficiency Measures	(8.1)	(1.7)	(9.8)	(6)
Implementation of AG Recommendations				
Aftermarket Parts Warranty	(0.2)		(0.2)	
Subtotal: Implementation of AG Recommendations	(0.2)	-	(0.2)	-
Total Efficiencies and Savings	(85.6)	(1.7)	(87.3)	(6)
Balancing Actions				
TTC Stabilization Reserve Draw		(35.0)	(35.0)	
Travel Freeze	(0.3)	0.1	(0.2)	
Total Balancing Actions	(0.3)	(34.9)	(35.2)	-
Total Expenditure Reviews, Efficiencies, and Balancing Actions	(85.9)	(36.6)	(122.5)	(6)

Expenditure Review

Line-by-Line Review

Actual spending is monitored throughout the fiscal year to identify cost-saving opportunities. Based on this analysis, \$11.5 million in expenditure reductions have been incorporated into the 2026 Operating Budget. These savings were primarily driven by lower IT spending, reduced water consumption, and lower material and contract costs in vehicle maintenance during 2025.

Diesel Hedging

Through hedging strategies executed in 2025, TTC secured pricing for 20% of diesel volume at \$0.94 per litre. This approach provides greater budget certainty and helps protect against significant price fluctuations in 2026.

Workplace Safety Insurance (WSIB) and Long-Term Disability (LTD) Funding Treatment

The TTC provides post-employment benefits through long-term disability (LTD) and WSIB plans, covering all related payments such as income replacement, healthcare costs, and administrative fees. Prior to 2025, TTC expenses and funding for WSIB and LTD were based on an accrual methodology in accordance with Public Sector Accounting Standards (PSAS), which factored in both current payments to administer benefits and changes in the actuarial liability for future payments. Beginning in 2025, the TTC adopted a change in the funding treatment for WSIB and LTD to ensure consistency and align with the funding treatment for post-retirement medical and dental benefits, where annual funding is limited for current payments only.

In 2025, the TTC recorded a funding adjustment (reduction) of \$21.3 million to account for the change in WSIB and LTD funding treatment. For 2026, TTC is continuing this strategy by applying an additional \$13.0 million funding adjustment (reduction) to further align budgeted costs with current payments only.

Depreciation Expense Funding Treatment

The TTC currently allocates \$28.9 million in operating funding to cover internal depreciation expenses for assets with a useful life of less than 10 years, primarily IT equipment, non-revenue vehicles and other support assets not funded by other governments. Historically, this depreciation charge in the operating budget was used to fund the future replacement of these assets, ensuring resources were available when they reached the end of their useful life.

Beginning in 2026, the TTC will change its accounting treatment by discontinuing the use of internal depreciation as a capital funding source. Going forward, these expenditures will be funded through the Capital Budget rather than the Operating Budget, which reduce the operating budget by approximately \$29.0 million per year.

Corporate Wide Budget Reduction

As part of an extensive expenditure review, in the 2026 Operating Budget, a corporate wide budget reduction of \$21.9 million has been applied proportionally across all departments. This adjustment reflects observed underspending trends from prior years, ensuring the budget more accurately aligns with anticipated spending patterns while maintaining service commitments.

Efficiency Measures

Budget efficiencies are actions that reduce costs or optimize resources without impacting service levels or quality—essentially achieving the same outcomes with fewer resources. For 2026, TTC has identified \$10.0 million in efficiency savings, including initiatives recommended by the Auditor General, through the following measures:

- **RapidTO - Priority Lanes on Bathurst and Dufferin (\$2.6 million):** In July 2025, City Council approved RapidTO Transit Priority measures to install streetcar priority lanes on Bathurst Street and bus priority lanes on Dufferin Street. These changes are designed to improve transit speed and reliability and support the City's evolving transportation needs. As a result, operating costs will

decrease by \$0.9 million due to fewer service hours required, and ridership growth is expected to generate an additional \$1.7 million in revenue.

- **ITS Efficiencies: (\$0.6 million):** Savings have been identified by reducing reliance on professional services, optimizing software licensing through Microsoft 365 implementation and streamlining communication infrastructure by transitioning to MS Teams for internal collaboration.
- **LRV Apprentice Program (\$0.9 million):** An apprenticeship program was introduced to address challenges in hiring Light Rail Vehicle (LRV) technicians and build a skilled workforce for future needs. As the program matures, TTC has reviewed staffing requirements and converted positions to permanent roles supporting capital projects, resulting in a reduction of seven positions.
- **Transition to In-House Training (\$0.1 million):** Specialized training for Special Constables, Fare Inspectors, and Protective Services Guards will transition from external vendors to TTC instructors certified by the Ontario Police College. This change enables more frequent, cost-effective training while improving quality and consistency under TTC standards.
- **LED Lighting Retrofit Program (\$0.3 million):** As part of facility modernization and sustainability efforts, TTC is retrofitting LED lighting at the Harvey Shop Building and Malvern Garage. These upgrades improve lighting quality, reduce energy consumption, and lower hydro costs.
- **Gas Detection Project (\$0.1 million):** TTC is upgrading the gas detection system at Mount Dennis Bus Garage to enhance safety and operational efficiency. The modernized system improves hazardous gas monitoring and optimizes ventilation and heating controls, reducing utility costs and improving environmental performance.
- **Fleet Renewal – Diesel Savings (\$3.0 million):** Hybrid bus deliveries in 2023 and 2024 replaced older diesel buses, significantly reducing fuel consumption in 2025. These savings are now reflected in the 2026 budget, contributing to sustained cost reductions and improved operational efficiency.
- **Other Efficiencies: (\$2.2 million):** A targeted review of operator-related expenditures identified savings through reduced late-in overtime, streamlined new-hire training processes, and optimized spareboard usage, improving resource allocation and lowering costs.
- **Aftermarket Warranties (\$0.2 million):** Continued implementation of the Auditor General's recommendation to use aftermarket part warranties will generate an additional \$0.2 million in savings in 2026. To date, this initiative has delivered \$2.7 million in cumulative savings.

Balancing Actions

The 2026 Operating budget incorporates a \$35.0 million withdrawal from the Stabilization Reserve Fund to help offset reduced passenger revenues and maintain fare affordability. The budget also includes \$0.2 million for a one-time freeze on all non-essential staff travel.

It is important to note that reliance on the Stabilization Reserve creates a significant funding pressure for 2027. Future budgets will need to incorporate measures to offset this reserve withdrawal and ensure ongoing financial stability.

Transit Expansion: Budgets for Lines 5 and 6 Service Based on Full-Year Operations in 2026

The 2026 Operating Budget includes \$179.5 million net for the operation and maintenance of Line 5 Eglinton and Line 6 Finch West, representing a \$78.0 million increase over the 2025 budget. This increase consists of \$52.2 million for Line 5 and \$26.0 million for Line 6. All related costs in 2026 are fully offset by provincial funding secured under the Ontario-Toronto New Deal agreement, ensuring financial support for these expansion projects through March 31, 2027.

For budgeting purposes, the 2026 Operating Budget assumes a January 2026 revenue service start date for Line 5 (subject to final confirmation by Metrolinx), while revenue service for Line 6 began in December 2025. These new lines will add approximately 0.6% to total service hours delivered to TTC customers. Budgeted expenditures for Lines 5 and 6 are summarized in Table 7 below.

Table 7
Lines 5 and 6 Total Cost & Funding Summary

(\$ Millions)	Total Annual Requirement			Change 2026 vs 2025	Change 2027 vs 2026
	2025 Budget	2026 Budget	2027 Forecast		
Line 5					
Mobilization & Operating Costs	80.7	143.3	138.1	62.7	(5.3)
Incremental Revenues	(2.4)	(8.6)	(9.3)	(6.2)	(0.7)
Reserve Draw to Fund One-Time Costs	(10.4)	(14.7)	(5.4)	(4.2)	9.3
Subtotal Line 5	67.9	120.1	123.4	52.2	3.3
Line 6					
Mobilization & Operating Costs	25.5	52.5	53.9	27.0	1.4
Incremental Revenues	(0.5)	(2.3)	(2.6)	(1.8)	(0.2)
Reserve Draw to Fund One-Time Costs	(1.2)	(0.4)	(0.1)	0.8	0.3
Subtotal Line 6	23.7	49.8	51.2	26.0	1.4
Bus Service Costs	9.9	9.7	-	(0.3)	(9.7)
Total Line 5 & 6	101.5	179.5	174.6	78.0	(4.9)
Ontario-Toronto New Deal Funding	(101.5)	(179.5)	(174.6)	(78.0)	4.9
Net City Funding Impact: Transit Expansion	-	-	-	-	-

Fare Capping Implementation

Beginning September 1, 2026, adult, youth, and senior riders will pay for a maximum of 47 rides per month, after which additional trips are free. Beginning September 1, 2027, the cap will be reduced to 40 rides per month. This change simplifies fare payment, eliminates the need for upfront monthly pass purchases, and improves equity by reducing cost barriers for low-income and transit-dependent riders. Monthly passes for adults, youth, and seniors will be phased out, while the Adult 12-Month Pass and Post-Secondary Monthly Pass will remain available. Fare capping also supports modernization by enabling open payment users to benefit from monthly pricing and aligns with fare integration initiatives such as the One Fare program.

For TTC Conventional service, the estimated revenue reduction for a cap of 47 rides is \$3.1 million in 2026, increasing to \$18.5 million in 2027 and \$36.6 million annually from 2028 onward as the cap is lowered to 40 rides. If this fare policy change is approved, more precise financial impacts will be calculated during each year's budget process.

Ridership is expected to grow significantly, with 2.1 million net new free rides in 2026, rising to 21.3 million annually by 2028.

Table 8
Fare Capping Financial and Ridership Impact

	2026 (47 ride cap)	2027 (40 ride cap)	2028 (40 ride cap)
Single Fare Revenue Loss (\$M)	\$2.2	\$10.3	\$17.9
Monthly Pass Revenue Impact (\$M)	\$1.0	\$8.2	\$18.7
Total TTC Financial Impact (\$M) (decrease in revenue)	\$3.1	\$18.5	\$36.6
Decrease in PRESTO Fees (\$M)	\$0.1	\$0.8	\$1.7
Total TTC Financial Impact Net of Presto Fees (\$M)	\$3.0	\$17.7	\$34.9
Incremental TTC Budget Impact	\$3.0	\$14.7	\$17.2
Ridership Impact (net new free rides) (M)	2.1	11.3	21.3

2026 Operating Complement

Consistent with the initiatives outlined in this report, the approved operating complement will increase by 383 positions to 15,299 positions, as summarized in Table 9 below:

Table 9
2026 Operating Complement Change

	2025	2026	Change
Conventional Operating:			
Base Budget	13,778	13,993	215
Transit Expansion (Line 5&6, Eglinton East LRT)	438	548	110
Subtotal: Conventional Operating	14,216	14,541	325
Wheel-Trans Operating:			
Base Budget	617	675	58
Subtotal: Wheel-Trans Operating	617	675	58
Metrolinx Transit Expansion (Full Cost Recovery)	83	83	-
Total Operating Complement	14,916	15,299	383

This increase reflects staffing requirements to support service delivery and major initiatives. Specifically, the 2026 Operating Budget adds 52 positions to sustain completed capital projects, 120 positions for TTC Conventional service to address travel patterns, manage congestion, respond to operational needs and restore peak service on Line 1 and Line 2, 30 positions for Wheel-Trans to accommodate growing demand, 28 positions for the 2026 FIFA World Cup, 100 positions to support operating plans for Line 5 and Line 6, and 10 positions for the expansion of the Eglinton East LRT. These additions are partially offset by a reduction of six positions resulting from recommended efficiency measures.

Further details on changes to the approved operating complement are provided in Appendix B.

2027 and 2028 Outlook – Incremental Cost Pressures Highlight Ongoing Need for Sustainable Operating Funding Model

The Outlooks for 2027 and 2028 forecast cost pressures of \$147.7 million and \$95.9 million, respectively, driven by prior commitments, service adjustments, and changes in external funding.

Table 10 details these projected cost pressures. These figures represent minimum funding requirements and highlight the financial challenges facing the TTC over the next two years. While planning efforts will continue to mitigate these pressures, a sustainable operating funding model will be critical to avoid service erosion when the Ontario–Toronto New Deal Agreement expires in 2027.

Table 10
TTC Outlook 2027 and 2028: Incremental Funding Requirements

Description (\$Millions)	2027	2028
Base Pressures		
CBA & COLA*	13.2	0.1
Reversal of One-Time TTC Stabilization Reserve Draw	35.0	
Price Escalations, Inflationary and Legislative Impacts	32.8	36.5
Operating Impact of Capital	6.6	6.9
Other Base Pressures	12.7	15.3
Total Base Pressures	100.3	58.9
Annualization of 2026 Service Changes & Wheel-Trans Ridership Demand		
Annualization of Base TTC Conventional Service Changes	9.0	
Annualization of New Service Improvements	10.8	
Conventional Service Demand Growth	30.8	35.1
Wheel-Trans Service Demand Growth	7.1	6.5
Total Annualization of 2026 Service Changes & Wheel-Trans Ridership Demand	57.7	41.6
Efficiencies	(4.1)	(0.1)
Subtotal Base Pressures before Expansion	153.8	100.3
Transit Expansion		
Line 5 - Eglinton Crosstown LRT*	(6.4)	3.7
Line 6 - Finch West LRT*	1.4	1.5
Total Transit Expansion	(4.9)	5.2
Total Budget Pressure, before Revenue Changes	148.9	105.6
Revenue Changes		
Advertising Revenue	(0.8)	(1.3)
Passenger Revenue net of PRESTO Fees (Assumes 2% YoY Growth)	(20.0)	(20.4)
Fare Capping	14.7	17.2
Assumes New Deal Provincial Funding Continues - Line 5 & 6	4.9	(5.2)
Total 2026 & 2027 Pressure	147.7	95.9
If New Deal Funding Agreement Expires in March 2027, additional pressures would include:		
New Deal Provincial Funding Expiry - Line 5 & 6	130.9	48.9
New Deal Provincial Funding Expiry - Community Safety	100.0	-
Total 2026 & 2027 Pressure If New Deal Funding Agreement Expires in 2027	378.6	144.8

Note: Future year estimates do not include provisions for wage increases or benefit improvements beyond the expiry of current Collective Agreements. Line 5 and 6 costs to be reviewed after one full year of service to understand the impact of inflation, collective bargaining, service and provincial funding.

Contact

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John.Montagnese@ttc.ca

Attachments

Attachment 1 – Decision History
Appendix A - TTC Conventional Operating Budget by Functional Area
Appendix B - 2026 Operating Complement
Appendix C - TTC Long-Term Liability and Stabilization Reserve Funds
Appendix D - PSAS Compliance
Appendix E - Fare Policy and Product Changes

Attachment 1 – Decision History

At its meeting on May 16, 2024, the TTC Board approved a new five-year TTC Corporate Plan, 'Moving Toronto, Connecting Communities, TTC Corporate Plan 2024-2028 & Beyond'. The Corporate Plan guides and creates strategic alignment amongst organizational initiatives, reflecting Board priorities and corporate requirement. In addition, the TTC Board approved the TTC's 5-Year Service and Customer Experience Action Plan, which identifies service and customer experience-related improvements to public transit service in the City of Toronto between 2024 and 2028.

[TTC Corporate Plan 2024-2028 & Beyond: Moving Toronto, Connecting Communities 5-Year Service and Customer Experience Action Plan](#)

At its meeting on January 10, 2025, the TTC Board approved the 2025 Operating Budget of \$2.819 billion gross and \$1.432 billion net, with a 2025 operating year-end workforce complement of 14,916 positions for the TTC. The 2025 Operating Budget is comprised of \$2.636 billion gross and \$1.214 billion net for TTC Conventional Service; and \$182.6 million gross and \$173.2 million net for Wheel-Trans Service.

[2025 TTC Conventional and Wheel-Trans Operating Budgets](#)

At its meeting on September 10, 2025, the TTC Board approved 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.

[Financial and Major Projects Update for the Period Ended June 28, 2025](#)

At its meeting on December 10, 2025, the TTC Board approved 2025 Operating Budget in-year budget adjustments of \$12.2 million gross revenue and \$12.2 million 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.

[Financial and Major Projects Update for the Period Ended September 27, 2025](#)

Appendix A: TTC Conventional & Wheel-Trans Operating Budget by Functional Area

(\$000s)	TTC Conventional			Wheel-Trans			Total Combined		
	2025 BUDGET	2026 BUDGET	2025 vs. 2026 BUDGET CHANGE	2025 BUDGET	2026 BUDGET	2025 vs. 2026 BUDGET CHANGE	2025 BUDGET	2026 BUDGET	2025 vs. 2026 BUDGET CHANGE
REVENUES									
Passenger Revenues	1,070,433	1,044,900	(25,533)	8,844	9,607	763	1,079,277	1,054,507	(24,770)
Outside City Services & Charters	11,098	11,098	0				11,098	11,098	0
Advertising	33,034	39,059	6,025				33,034	39,059	6,025
Rent Revenue	16,229	8,802	(7,428)				16,229	8,802	(7,428)
Commuter Parking	7,915	7,613	(302)				7,915	7,613	(302)
Other Income	68,385	67,372	(1,013)	107	107	0	68,493	67,479	(1,013)
Reserve Draws	50,832	78,290	27,458	590	590	0	51,422	78,880	27,458
Provincial Funding - New Deal	203,146	279,481	76,335				203,146	279,481	76,335
TOTAL REVENUES	1,461,073	1,536,615	75,542	9,541	10,304	763	1,470,614	1,546,919	76,305
EXPENSES									
Departmental Expenses									
CEO's Office	33,122	34,035	913				33,122	34,035	913
Corporate Services	41,798	44,020	2,221	1,248	1,286	39	43,046	45,306	2,260
Deputy CEO's Office	70,208	76,074	5,866				70,208	76,074	5,866
Innovation & Sustainability	6,659	7,889	1,230				6,659	7,889	1,230
People & Culture	71,386	74,648	3,261	108	115	7	71,494	74,763	3,268
Strategy & Customer Experience	100,902	111,456	10,554				100,902	111,456	10,554
Engineering, Construction & Expansion	28,293	27,634	(659)				28,293	27,634	(659)
Operations & Infrastructure	402,181	480,940	78,759	1,029	1,060	31	403,210	482,000	78,790
Transportation & Vehicles	1,048,838	1,109,317	60,480	148,154	165,599	17,444	1,196,992	1,274,916	77,924
Corporate Expenses									
Employee Benefits	500,225	511,448	11,223	22,496	22,219	(278)	522,721	533,667	10,946
Vehicle Fuel	92,432	69,281	(23,152)	3,976	3,653	(323)	96,408	72,933	(23,475)
Traction Power	53,719	72,269	18,550				53,719	72,269	18,550
Utilities	35,710	38,101	2,391	755	632	(123)	36,465	38,733	2,268
Taxes & Licenses	5,256	6,607					5,256	6,607	1,351
Depreciation	28,944	0	(28,944)				28,944	0	(28,944)
Accident Claims	18,810	19,900	1,090	590	590	0	19,400	20,490	1,090
Insurance	13,970	12,401	(1,569)				13,970	12,401	(1,569)
Presto Commissions	48,100	47,941	(159)	393	432	39	48,493	48,373	(120)
Non-Departmental Expenses	51,651	63,778	12,127	3,368	5,480	2,112	55,019	69,258	14,239
Contribution to Reserve: Accident Claims	17,000	17,000	0	590	590	0	17,590	17,590	0
Contribution To Stabilization Reserve	5,450	1,116	(4,334)				5,450	1,116	(4,334)
TOTAL EXPENSES	2,674,654	2,825,853	149,849	182,707	201,655	18,948	2,857,361	3,027,509	170,147
Operating Funding	1,213,581	1,289,239	75,657	173,166	191,351	18,185	1,386,747	1,480,590	93,843

Appendix B: 2026 Operating Complement

The approved operating complement will increase by 383 positions, as summarized in the following table, and detailed below:

Summary of Changes in Operating Budget Complement				
	Conventional	Wheel-Trans	Metrolinx	Total
2025 Approved Complement	14,216	617	83	14,916
Base Requirements				
Operating Impacts of Capital	52			52
All Other Base Changes	21	28		49
Subtotal: Base Requirements	73	28	-	101
Service Demand				
Wheel-Trans Ridership Demand		30		30
Address Travel Patterns and Respond to Congestion	68			68
Responding to Operational Needs	32			32
Restore Peak Service on Line 1 & 2	20			20
FIFA World Cup 2026	28			28
Subtotal: Service Demand	148	30	-	178
Efficiencies				
OTC Transition to In-House Training	2			2
LRV Apprentice Program	(7)			(7)
Other Efficiencies	(1)			(1)
Subtotal: Efficiencies	(6)	-	-	(6)
Base Subtotal, before Transit Expansion	215	58	-	273
Transit Expansion				
Line 5 and Line 6	100			100
Supporting Expansion of Eglinton East LRT	10			10
Subtotal: Transit Expansion	110	-	-	110
Subtotal 2026 Operating Budget Workforce Request	325	58	-	383
Total 2026 Operating Budget Complement	14,541	675	83	15,299

Appendix C: TTC Long-Term Liability and Stabilization Reserve Funds

TTC Long-Term Liability Reserve Fund

The Long-Term Liability Reserve is projected to have a 2025 closing balance of \$47.0 million. While long-term accident claim requirements are generally constant, annual variations in cash payments exist based on timing uncertainty associated with actual accident claim payments.

To manage annual variations in accident claim expenses while ensuring a constant annual budgeted reserve contribution and consistent with prior years, this budget incorporates authorization to contribute up to \$17.6 million (\$17.0 million for TTC and \$0.6 million for Wheel-Trans) to the Long-Term Liability Reserve Fund (XR1728) in 2025.

The TTC is authorized to draw from this reserve as required to support actual accident claim payments at the time of settlement. For 2026, \$20.5 million (\$19.9 million for TTC and \$0.6 million for Wheel-Trans) are projected as outlined in the table below. This represents a \$1.1 million increase compared to 2025 budgeted draws, to accommodate for the anticipated increase in 2026 TTC accident claims.

TTC Long-Term Liability Reserve Fund: Continuity Schedule

(In \$000s)	2026	2027	2028
	\$	\$	\$
TTC Long Term Liability Reserve - XR1728			
Projected Opening Balance	46,996.4	44,096.4	41,196.4
Budgeted Contribution	17,590.0	17,590.0	17,590.0
Projected Accident Claim Payments	(20,490.0)	(20,490.0)	(20,490.0)
Subtotal Net Budgeted Contributions & Draws	(2,900.0)	(2,900.0)	(2,900.0)
Projected Closing Balance	44,096.4	41,196.4	38,296.4

TTC Stabilization Reserve Fund

This reserve was created to stabilize the funding of the TTC's operating expenditures over time. Based on the latest 2025 Financial Update to the Board, an anticipated 2025 Reserve draw of \$23.9 million is projected, which will leave a closing balance of \$81.5 million at the end of 2025. This assumes the \$17.5 million provision reserved for emergency matters and insurance deductible will not be used in 2025.

The 2026 Operating Budget includes \$57.6 million in planned TTC Stabilization reserve withdrawals and \$1.1 million of contributions related to sale proceeds from the disposal of retired buses. Of the planned reserve withdrawal, \$15.1 million is to address one-time variation costs associated with the opening of Lines 5 and 6, \$3.5 million to support PRESTO negotiation, \$3.1 million to address one-time base budget requirements in 2026, and \$0.8 million to fund Development Review efforts no longer funded by the City. The 2026 Operating Budget also includes a \$35.0 million draw as a balancing action to help mitigate City's financial pressures.

The projected reserve balances are summarized on the following page:

TTC Stabilization Reserve Fund: Continuity Schedule

(In \$000s)	2026	2027	2028
	\$	\$	\$
TTC Stabilization Reserve - XR1056			
Projected Opening Balance	81,453.6	6,482.6	(21,119.7)
CEO Authority - Emergency	(15,000.0)	(15,000.0)	(15,000.0)
Insurance Deductible	(3,500.0)	(3,500.0)	(3,500.0)
Subtotal Reserve Commitments	(18,500.0)	(18,500.0)	(18,500.0)
Adjusted Opening Balance	62,953.6	(12,017.4)	(39,619.7)
Budgeted Contributions			
Proceeds on Disposal of Buses	1,116.0		
One-Time Draws			
2025 One-Time Costs	(1,847.0)		
2024 One-Time Consulting, CUTA	(550.0)		
2023 Time-Limited New & Enhanced	(750.0)		
Development Review (no longer funded by City)	(818.8)		
LRT Start-up Variation Costs	(15,073.2)	(5,554.3)	
PRESTO Negotiations Support	(3,548.0)	(3,548.0)	
Reserve Draw Balancing Action	(35,000.0)		
Subtotal Net Budgeted Contributions & Draws	(56,471.0)	(9,102.3)	-
Projected Closing Balance Including Reserve Commitments	6,482.6	(21,119.7)	(39,619.7)
Projected Closing Balance Excluding Reserve Commitments	24,982.6	15,880.3	15,880.3

Note: 2026 projected opening balance assumes Reserve Commitments are not utilized in 2025. Assuming the Reserve Commitments are utilized in each year from 2026 - 2028, the TTC Stabilization Reserve balance will show negative in 2027 and 2028. TTC is working with the City of Toronto to develop a strategy that will address the funding needs of the reserve commitments.

Appendix D – PSAS Compliance

TTC's current operating and capital budgeting processes is in accordance with the Canadian public sector accounting standards ("PSAS") recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada (CPA Canada), with some exceptions, as noted below.

Exceptions – Operating Budget:

The operating budget for TTC Conventional and Wheel-Trans Services consists of revenues and expenses in accordance with PSAS except for the following:

- **Post-Retirement Medical and Dental:** City Council approved TTC's budget strategy to fund current health and dental claims for providing post-retirement benefits to pensioners on a cash basis.
 - Any expenses related to the change in liability as required by PSAS are deferred and funded in the future when the benefit is realized.
- **City Special Costs:** Under PSAS, the TTC is unable to recognize these costs in its financial statements as the contracts are held by the City of Toronto.
 - These costs are reflected in TTC's operating budget as it relates to facilitating TTC operations.
- **Reserve Draws and Contributions:** Reserve draws and contributions are reflected in TTC's operating budget and are not recognized as revenue nor are they expenses as per PSAS given the reserves are held with the City of Toronto.
- **Accident Claims:** In the operating budget, the TTC Board and City Council approves a contribution up to the budgeted amount to the long-term liability reserve fund and draw from this reserve as required. Any expenses related to the change in liability due to actuarial fluctuations as required by PSAS are deferred and funded through long-term subsidy.
- **Workplace Safety Insurance Board (WSIB) and Long-Term Disability (LTD) Costs:** City Council approved TTC's budget strategy to fund current WSIB & LTD claims on a cash basis.
 - Any expenses related to the change in liability as required by PSAS are deferred and funded in the future when the claim is realized.

Appendix E – Fare Policy and Product Changes

Fare Category	Current Monthly Pass Equivalent	Current PRESTO Single Fare	Proposed Monthly Fare Cap	Proposed Maximum Monthly Charge with Fare Capping	Change Summary
Adult	\$156.00	\$3.30	47 paid rides	\$155.10	Monthly pass replaced by automatic cap. 12-Month Adult Pass Remains
Youth (13-19)	\$128.15	\$2.35	47 paid rides	\$110.45	Monthly pass replaced by automatic cap.
Senior (65+)	\$128.15	\$2.25	47 paid rides	\$105.75	Monthly pass replaced by automatic cap.
Fair Pass	\$123.15	\$2.10	47 paid rides	\$98.70	Monthly pass replaced by automatic cap.
Post-Secondary	\$128.15	\$3.30	47 paid rides	\$155.10	Monthly pass continues until such time as the cap level is reduced to 38 trips.