

OPERATING PROGRAM SUMMARY



Toronto Transit Commission 2014 OPERATING BUDGET OVERVIEW

What We Do

TTC anticipates that its Conventional service will provide transit to 540 million riders with service that spans 236 million kilometres and 9 million hours in 2014.

Wheel-Trans provides door-to-door accessible transit service to 3.1 million riders with physical disabilities.

2014 Budget Highlights

The total cost to deliver Conventional and Wheel-Trans transit to Toronto residents in 2014 is \$1.598 billion and \$112.162 million respectively, as shown below.

| TTC Conventional (In \$000s) | 2013 Budget | 2014 Budget | Change | |
|---------------------------------|-------------|-------------|----------|------|
| | | | \$ | % |
| Gross Expenditures | 1,540,948.4 | 1,597,559.1 | 56,610.7 | 3.7% |
| Gross Revenue | 1,129,997.4 | 1,166,478.1 | 36,480.7 | 3.2% |
| Net Expenditures | 410,951.0 | 431,081.0 | 20,130.0 | 4.9% |

| Wheel-Trans (In \$000s) | 2013 Budget | 2014 Budget | Change | |
|----------------------------|-------------|-------------|---------|------|
| | | | \$ | % |
| Gross Expenditures | 102,369.3 | 112,161.9 | 9,792.6 | 9.6% |
| Gross Revenue | 5,546.2 | 5,738.8 | 192.6 | 3.5% |
| Net Expenditures | 96,823.1 | 106,423.1 | 9,600.0 | 9.9% |

The 2014 Budget increases funds by \$29.730 million to accommodate increased ridership and expand customer service improvements, while accounting for a 5 cent fare increase and a Metropass price adjustment.

Contents

| | |
|-------------------------------------|----|
| I: Overview | 1 |
| II: Council Approved Budget | 5 |
| III: 2014 Service Overview and Plan | 7 |
| IV: 2014 Operating Budget | 13 |
| V: Issues for Discussion | 27 |

Appendices:

| | |
|--------------------------------------------------------|-----|
| 1) 2013 Performance | 35 |
| 2) Operating Budget by Expense Category | 38 |
| 3) Summary of 2014 Service Changes | N/A |
| 4) Summary of 2014 New & Enhanced Service Changes | 43 |
| 5) Inflows/Outflows to / from Reserves & Reserve Funds | N/A |

Fast Facts

- Largest City transit service in Canada
- TTC operates 132 trains, 248 streetcars and 1,878 buses to transport 540 million riders with a staff of 5,341 operators.
- 74 subway and RT stations across Toronto
- Wheel-Trans operates 211 accessible buses to transport 3.1 million riders in 2014 with a staff of 357 operators.

Trends

- TTC ridership has rapidly increased by 45% from 1996 going from 372 million to 540 million riders in 2014.
- Growing usage of the monthly Metropass, which now represents 50% of ridership fares in 2013.
- Wheel-Trans ridership demand steadily increasing due to aging population and AODA requirements.

Our Service Deliverables for 2014

TTC and Wheel-Trans are responsible for providing transit service to the people of Toronto. The 2014 Operating Budget will:

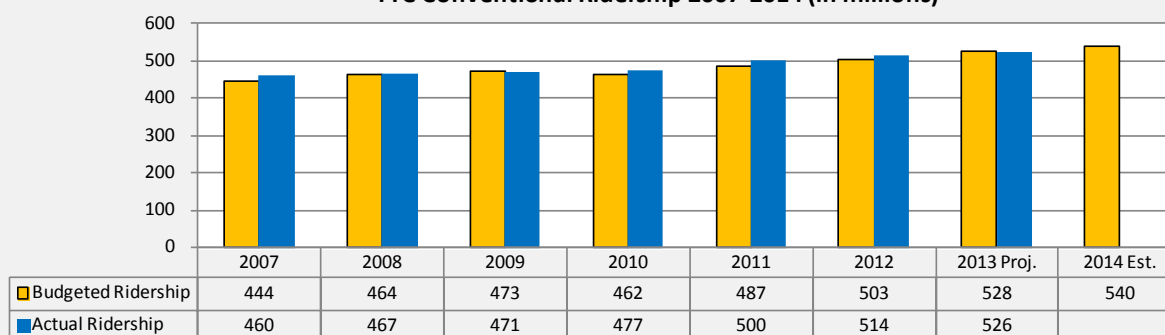
TTC Conventional Service

- Provide transit service to 540 million riders representing a 14 million or 2.7% increase over the 2013 projected ridership.
- Provide service spanning 236 million kilometres, an increase of 1.7% from 2013 and 9 million hours of service, an increase of 2.0% from 2013.
- Run most TTC service from 6 am until 1 am.

Wheel-Trans Service

- Provide 24 hours of service as per the Accessibility for Ontarians with Disabilities Act (AODA).
- In 2014, the AODA will require Wheel Trans to accept booking requests up to three hours before the published end of the service period on the day before the intended day of travel and to provide same day service to the extent that it is available.
- Improve customer service by accommodating more trip requests, reducing the budgeted unaccommodated rate to 0.9%.
- Carry 189,100 more passengers, increasing from 2.877 million in 2013 to 3.066 million in 2014, including 1,140,400 bus trips, 65,000 community bus trips, 1,140,100 trips by accessible taxi and 720,200 sedan taxi trips.
- Manage a registrant base that will grow by 9% to 36,800 active registrants.

TTC Conventional Ridership 2007-2014 (in millions)

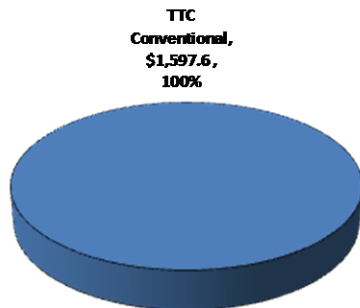


TTC Conventional

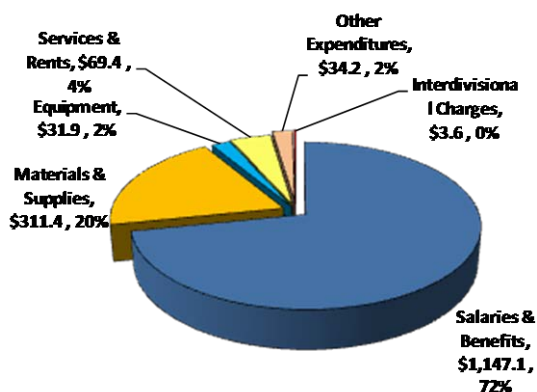
2014 Budget Expenditures & Funding

Where the money goes:

2014 Operating Budget by Service
\$1,597.6 Million

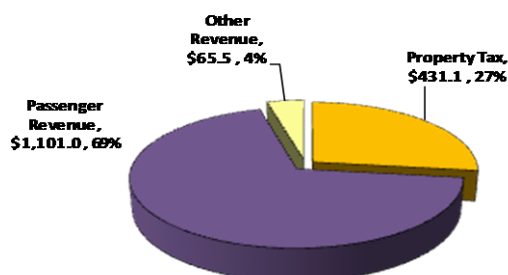


2014 Operating Budget by Expenditure Category



Where the money comes from:

2014 Operating Budget Funding Source
\$1,597.6 Million



Key Challenges and Priority Actions

- To maintain service levels and accommodate growing ridership demand.
 - ✓ Budgeting for 540 million riders in 2014.
- To support increasing service costs with farebox revenues and City tax levy funding.
 - ✓ Increase of Tax Levy funding of \$20.1 million in 2014.
- To address ongoing TTC priority actions.
 - ✓ To achieve and exceed targets of each key performance indicator.
 - ✓ To transform and modernize the TTC.
 - ✓ To improve the TTC transit experience through various customer service initiatives.
 - ✓ To secure operating funds from the Province.

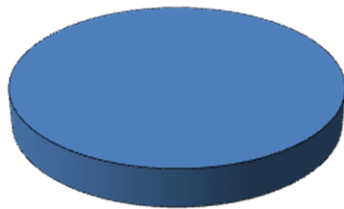
Wheel-Trans

2014 Budget Expenditures & Funding

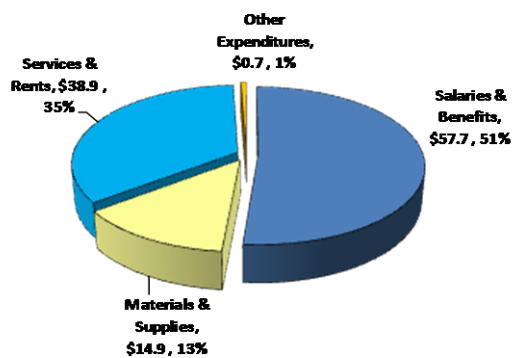
Where the money goes:

2014 Operating Budget by Service
\$112.2 Million

Wheel-Trans,
\$112.2, 100%



2014 Operating Budget by Expenditure Category



Where the money comes from:

2014 Operating Budget Funding Source
\$112.2 Million



Key Challenges and Priority Actions

- To accommodate the growing demand for Wheel-Trans service as a result of an aging population and AODA legislation.
 - ✓ Budgeting for 3.1 million riders in 2014.
- To support increasing service costs with farebox revenues and City tax levy funding.
 - ✓ Increase of Tax Levy funding of \$9.6 million in 2014.
- To address ongoing Wheel-Trans priority actions.
 - ✓ To achieve and exceed targets of each key performance indicator.
 - ✓ To transform and modernize Wheel-Trans.
 - ✓ To improve the Wheel-Trans experience through various customer service initiatives.
 - ✓ To secure operating funds from the Province.

II: COUNCIL APPROVED BUDGET

City Council approved the following recommendations:

1. City Council approve the 2014 Operating Budget for Toronto Transit Commission Conventional Service of \$1.598 billion gross and \$431.081 million net, comprised of the following services:

| <u>Service:</u> | Gross <u>(\$000s)</u> | Net <u>(\$000s)</u> |
|--------------------------|--------------------------|------------------------|
| TTC Conventional Service | 1,597,559 | 431,081 |
| Total Program Budget | <u>1,597,559</u> | <u>431,081</u> |

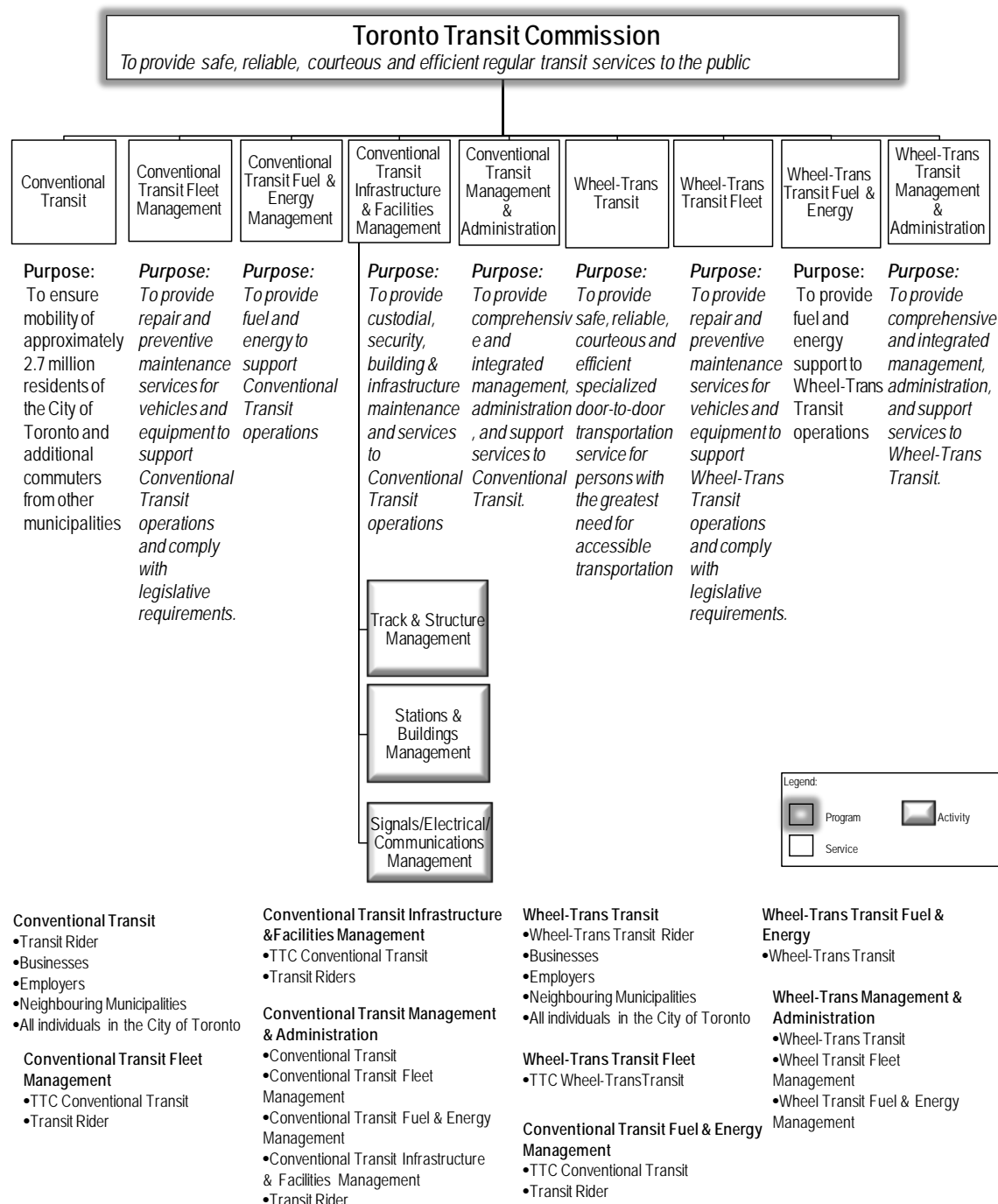
2. City Council approve TTC's staff complement of 13,023 positions including 11,179 operating positions and 1,844 capital positions.
3. City Council direct TTC staff to report back to Budget Committee during the Spring of 2014 to specify permanent sustainable savings of \$3.0 million and any associated changes to complement or service levels that arise from the approved unspecified reduction.
4. City Council direct the Chief Executive Officer of the Toronto Transit Commission and the City Manager to continue discussions on partnering with the Province for permanent sustainable funding in order to return the TTC's provincial funding for TTC operations to the 50% level of the mid-1990s.
5. City Council request the Toronto Transit Commission to continue to work with the City to develop a multi-year funding framework that includes projected City funding, non-earned revenue and a fare policy that considers increased ridership and the rate of inflation and accounts for cost-cutting initiatives, customer service improvements and key performance indicators.
6. City Council direct TTC staff to continue to work with City staff to establish service standards and service levels for both the TTC Conventional Service and Wheel-Trans Service.
7. City Council approve the 2014 Operating Budget for Toronto Transit Commission Wheel-Trans Service of \$112.162 million gross and \$106.423 million net, comprised of the following services:

| <u>Service:</u> | Gross <u>(\$000s)</u> | Net <u>(\$000s)</u> |
|----------------------|--------------------------|------------------------|
| Wheel-Trans Service | 112,162 | 106,423 |
| Total Program Budget | <u>112,162</u> | <u>106,423</u> |

8. City Council approve Wheel-Trans' staff complement of 557 operating positions.
9. City Council direct the Chief Executive Officer of the Toronto Transit Commission and the City Manager to continue discussions on partnering with the Province for permanent sustainable funding for impacts of legislated requirements on Wheel-Trans services such as the impacts of Accessibility for Ontarians with Disabilities Act (AODA).

III: 2014 SERVICE OVERVIEW AND PLAN

Program Map

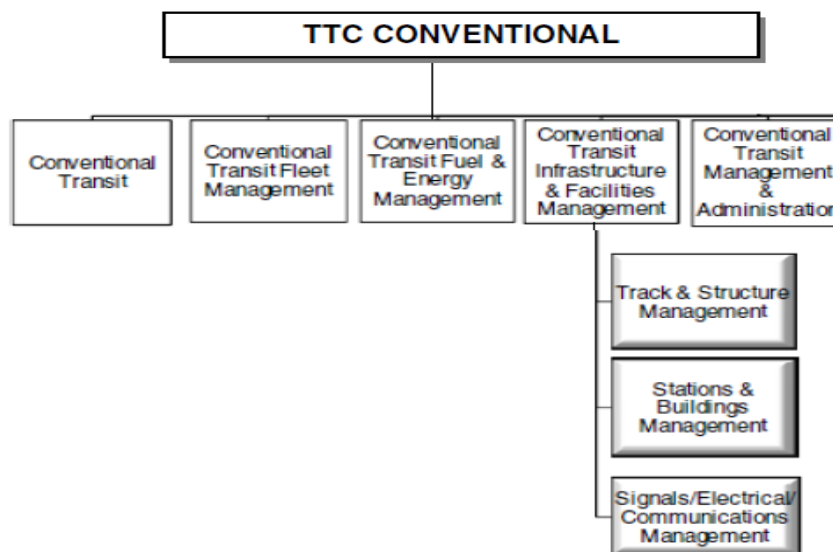


2014 Service Deliverables: TTC Conventional

The 2014 Operating Budget of \$1.598 billion gross and \$431.081 million net for TTC Conventional will:

- Provide transit service to 540 million riders representing a 14 million or 2.7% increase over the 2013 projected ridership.
- Provide service spanning 236 million kilometres, an increase of 1.7% from 2013 and 9 million hours of service, an increase of 2.0% from 2013.
- Run most TTC service from 6 am until 1 am.

Service Profile: TTC Conventional



What we do

- TTC Conventional service provides transit bus, streetcar, subway and rapid transit to 540 million riders with service that spans 236 million kilometres and 9 million hours.
- Ensures mobility of approximately 2.7 million residents of the City of Toronto and additional commuters from other municipalities.
- Provides repair and preventive maintenance services for vehicles and equipment to support Conventional Transit operations and comply with legislative requirements.
- Provides fuel and energy to support Conventional Transit operations.
- Provides custodial, security, building and infrastructure maintenance and services.

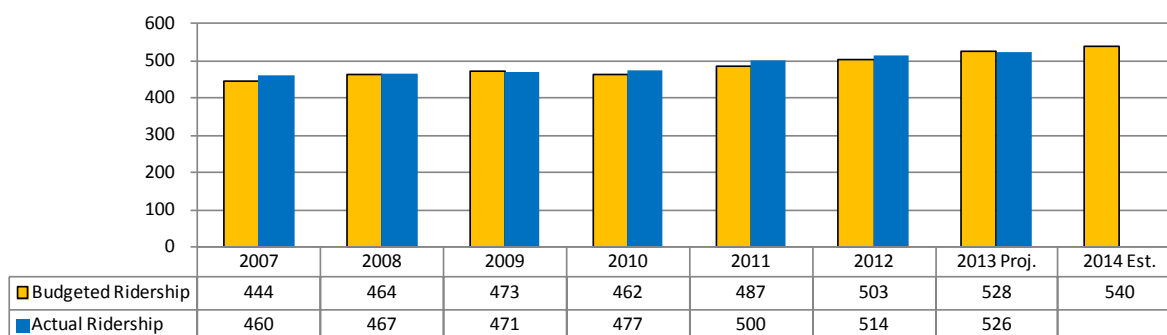
2014 Service Levels:

| Service | Activity | Type | Sub-Type | Service Levels |
|-------------------------------------------------------------|----------------------------------------------|---------------------------------|---------------------------------|----------------|
| | | | | 2014 |
| Conventional Transit | | Bus Service | | TBD |
| | | Rail Service | Subway | TBD |
| | | | Streetcar | TBD |
| | | | Scarborough Rapid Transit (SRT) | TBD |
| | | Streetcar Charter | | TBD |
| Conventional Transit Fleet Management | Conventional Fleet Acquisition | Buses | | TBD |
| | | Streetcars | | TBD |
| | | Subway Cars | | TBD |
| | | Light Rail | | TBD |
| | | Railyard Equipment | | TBD |
| | | Non-Revenue Light Duty Vehicles | | TBD |
| | Conventional Fleet Maintenance | Buses | | TBD |
| | | Streetcars | | TBD |
| | | Subway Cars | | TBD |
| | | Light Rail | | TBD |
| | | Railyard Equipment | | TBD |
| | | Non-Revenue Light Duty Vehicles | | TBD |
| | Conventional Fleet Disposal | Buses | | TBD |
| | | Streetcars | | TBD |
| | | Subway Cars | | TBD |
| | | Light Rail | | TBD |
| | | Railyard Equipment | | TBD |
| | | Non-Revenue Light Duty Vehicles | | TBD |
| | TTC Driver & Operator Safety | | | TBD |
| Conventional Transit Fuel & Energy Management | Conventional Fuel & Energy Acquisition | Natural Gas | | TBD |
| | | Bio-Diesel | | TBD |
| | | Gasoline | | TBD |
| | | Hydro | | TBD |
| | Conventional Fuel & Energy Distribution | Natural Gas | | TBD |
| | | Bio-Diesel | | TBD |
| | | Gasoline | | TBD |
| | | Hydro | | TBD |
| Conventional Transit Infrastructure & Facilities Management | Track & Structure Management | Tunnels | | TBD |
| | | Bridges | | TBD |
| | | Rail | | TBD |
| | | Right-of way | | TBD |
| | Stations & Buildings Management | Custodial Care | | TBD |
| | | Safety & Security | | TBD |
| | | Facilities Maintenance | | TBD |
| | Signals/Electrical/Communications Management | Signals | | TBD |
| Conventional Transit Management & Administration | | Switches | | TBD |
| | | CEO | | TBD |
| | | Corporate Communications | | TBD |
| | | Human Resources | | TBD |
| | | Human Rights & Internal Audit | | TBD |
| | | Finance | | TBD |
| | | ITS | | TBD |
| | | Marketing & Customer Service | | TBD |
| | | Materials & Procurement | | TBD |
| | | Legal & Claims | | TBD |
| | | Pension Fund Society | | TBD |
| | | Property Development | | TBD |
| | | Revenue Operations | | TBD |
| | | Safety and Non-Departmental | | TBD |

- City Council directed that TTC staff continue to work with City staff to establish service standards and service levels for both the TTC Conventional Service and Wheel-Trans Service.

Service Performance Measures:

Output Measure - TTC Conventional Ridership 2007-2014 (in millions)



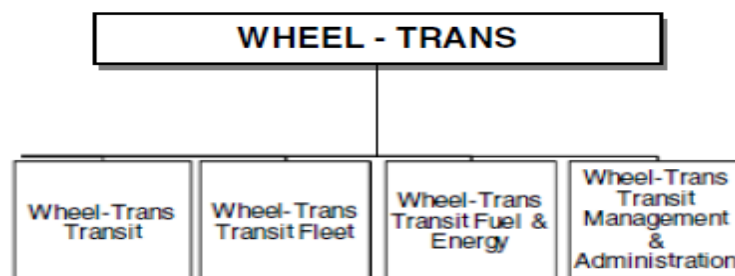
- TTC ridership has rapidly increased by 45% from 1996 going from 372 million to 540 million riders in 2014.
- In most years since 2007, TTC actual ridership has surpassed budgeted ridership that is based on economic forecasts including employment, Gross Domestic Product and Consumer Price Index.
- Actual TTC ridership in 2013 is projected to be 526 million by year-end, representing a 12 million rider increase over the 2012 actual ridership.
- The TTC's 2014 Operating Budget forecasts an increase of 14 million riders from the 2013 projected actual for a total of 540 million riders in 2014.

2014 Service Deliverables: Wheel-Trans

The 2014 Operating Budget of \$112.162 million gross and \$106.423 million net for Wheel-Trans will fund:

- Wheel-Trans service continues to provide 24 hours of service as per the Accessibility for Ontarians with Disabilities Act (AODA).
- In 2014, the AODA will require Wheel Trans to accept booking requests up to three hours before the published end of the service period on the day before the intended day of travel and to provide same day service to the extent that it is available.
- To improve customer service by accommodating more trip requests, reducing the budgeted unaccommodated rate to 0.9%.
- Carry 189,100 more passengers, increasing from 2.877 million in 2013 to 3.066 million in 2014, including 1,140,400 bus trips, 65,000 community bus trips, 1,140,100 trips by accessible taxi and 720,200 sedan taxi trips.
- Manage a registrant base that will grow by 9% to 36,800 active registrants.

Service Profile: Wheel-Trans



What we do

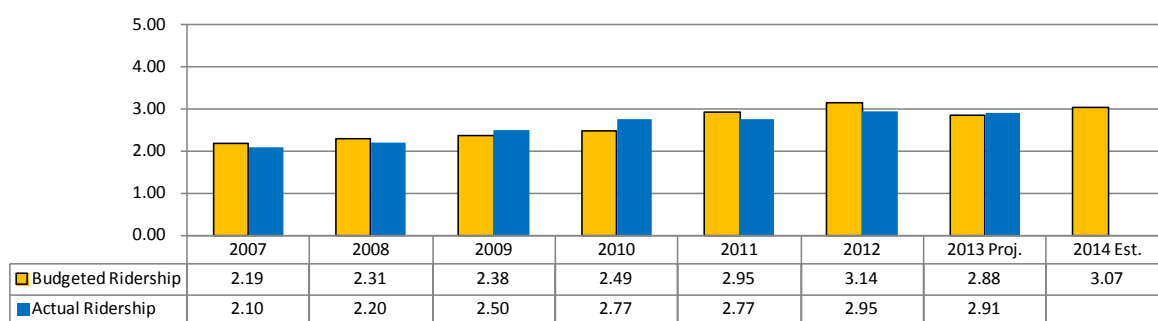
- Wheel-Trans service provides door-to-door accessible transit service to 3.1 million riders with physical disabilities using accessible buses, contracted accessible and sedan taxis.
- Provides repair and preventive maintenance services for vehicles and equipment to support Wheel-Trans Transit operations and comply with legislative requirements.
- Provides fuel and energy to support Wheel-Trans Transit operations.

2014 Service Levels:

| Service | Activity | Type | Sub-Type | Service Levels |
|-------------------------------------------------|----------|------------------------------------------|-------------------|----------------|
| | | | | 2014 |
| Wheel-Trans Transit | | Dedicated | Internal (Bus) | TBD |
| | | Non Dedicated | Contracted (Taxi) | TBD |
| | | | Taxi | TBD |
| Wheel-Trans Transit Fleet Management | | Bus | | TBD |
| Wheel-Trans Transit Fuel & Energy Management | | Natural Gas | | TBD |
| | | Hydro | | TBD |
| | | Diesel | | TBD |
| Wheel-Trans Transit Management & Administration | | General Superintendents Office | | TBD |
| | | Accessible Services | | TBD |
| | | Customer Service | | TBD |
| | | Lakeshore Garage Facility Management | | TBD |
| | | Non-departmental Inter-Corporate Support | | TBD |

Service Performance Measures:

Output Measure - Wheel-Trans Ridership 2007-2014 (in millions)



- Wheel-Trans ridership has rapidly increased by 46% from 2007 going from 2.103 million to 3.066 million riders in 2014.
- The 2014 Operating Budget for Wheel-Trans forecasts an increase of 0.152 million riders from the 2013 projected actual for a total of 3.066 million riders in 2014.

IV: 2014 Total Operating Budget

2014 Operating Budget TTC Conventional (In \$000s)

| (In \$000s) | 2013 | | 2014 Operating Budget | | | 2014 vs. 2013 Budget Changes | | Incremental Change 2015 and 2016 Plan | | | |
|-------------------------|-------------|---------------------|-----------------------|----------------------|-------------|---------------------------------|------|------------------------------------------|-------|----------|-------|
| | Budget | Projected Actual | 2014 Base | 2014 New/Enhanced | 2014 Budget | | | 2015 | | 2016 | |
| By Service | \$ | \$ | \$ | \$ | \$ | \$ | % | \$ | % | \$ | % |
| TTC Conventional | | | | | | | | | | | |
| Gross Expenditures | 1,540,948.4 | 1,533,348.4 | 1,585,519.1 | 12,040.0 | 1,597,559.1 | 56,610.7 | 3.7% | 100,541.0 | 6.3% | 78,400.0 | 4.6% |
| Revenue | 1,129,997.4 | 1,122,397.4 | 1,158,478.1 | 8,000.0 | 1,166,478.1 | 36,480.7 | 3.2% | 16,300.0 | 1.4% | 18,500.0 | 1.6% |
| Net Expenditures | 410,951.0 | 410,951.0 | 427,041.0 | 4,040.0 | 431,081.0 | 20,130.0 | 4.9% | 84,241.0 | 19.5% | 59,900.0 | 11.6% |
| Approved Positions | 10,882.0 | 10,882.0 | 11,100.0 | 79.0 | 11,179.0 | 297.0 | 2.7% | | | | |

The 2014 Operating Budget for TTC Conventional of \$1.598 billion gross and \$431.081 million net is comprised of the following service:

- **TTC Conventional service** is \$1.598 billion gross and reflects a year over year increase of \$56.611 million or 3.7% over the 2013 Budget gross expenditures. As a result of increased revenues of \$36.481 million or 3.2% from 2013, an overall net increase of \$20.130 million or 4.9% is approved for 2014.
 - Base pressures are mostly attributable to an increase in service as a result of increased ridership (\$11.010 million); diesel fuel price increases (\$8.197 million); increase in employee benefits costs (\$2.044 million); increase in accident claim settlements (\$4.0 million); increased power consumption of new vehicles (\$4.016 million) and increased maintenance costs for new LRVs and buses (\$9.426 million).
 - These pressures were partially offset by a combination of expense savings and increased revenues attributable to the contracting out of bus servicing (\$1.190 million); the introduction of new LRVs and articulated buses, which reduce the number of operators required for service (\$2.355 million); and increased passenger revenues from ridership growth (\$7.0 million) and a 5 cent fare increase (\$23.0 million).
 - The 2014 Operating Budget includes funding for new/enhanced service priorities including a Metropass price adjustment to generate \$8.0 million of revenue to partially offset the increased costs for the new/enhanced service priorities that total \$12.040 million for Group Station Management (\$4.591 million), Facility Maintenance (\$5.142 million), Signal/Track/Substation Reliability (\$1.307 million) and Point of Sale Solution for Collectors (\$1.0 million).
 - Future year incremental costs are attributable to an increase in service to accommodate ridership growth from 2014 of 11 million riders to 551 million in 2015 and another 13 million riders to 564 million in 2016.

- Other increases include employee costs, costs for goods and services and accident claims as well as energy price increases for diesel, hydro and utilities based on economic forecasts.
- Most of the other forecasted impacts are driven by the completion of capital projects including the Leslie Barns Streetcar Maintenance and Storage Facility and the Toronto-York Spadina Subway Extension as well as the operation of new buses, subway cars and streetcars.

**2014 Operating Budget
Wheel-Trans
(In \$000s)**

| (In \$000s) | 2013 | | 2014 Operating Budget | | | 2014 vs. 2013 Budget Changes | | Incremental Change 2015 and 2016 Plan | | | |
|--------------------|-----------|---------------------|-----------------------|----------------------|----------------|---------------------------------|------|------------------------------------------|------|---------|------|
| | Budget | Projected Actual | 2014 Base | 2014 New/Enhanced | 2014 Budget | | | 2015 | | 2016 | |
| By Service | \$ | \$ | \$ | \$ | \$ | \$ | % | \$ | % | \$ | % |
| Wheel-Trans | | | | | | | | | | | |
| Gross Expenditures | 102,369.3 | 102,707.6 | 112,161.9 | - | 112,161.9 | 9,792.6 | 9.6% | 9,236.6 | 8.2% | 8,245.6 | 6.8% |
| Revenue | 5,546.2 | 5,697.0 | 5,738.8 | - | 5,738.8 | 192.6 | 3.5% | 252.9 | 4.4% | 273.5 | 4.6% |
| Net Expenditures | 96,823.1 | 97,010.6 | 106,423.1 | - | 106,423.1 | 9,600.0 | 9.9% | 8,983.7 | 8.4% | 7,972.1 | 6.9% |
| Approved Positions | 531.0 | 531.0 | 557.0 | | 557.0 | 26.0 | 4.9% | | | | |

The 2014 Operating Budget for Wheel-Trans of \$112.162 million gross and \$106.423 million net is comprised of the following service:

- **Wheel-Trans service** is \$106.423 million net and reflects a year over year increase of \$9.6 million or 9.9% over the 2013 Budget gross expenditures.
 - Key cost drivers for this service include an increase in service demand as a result of normal growth and AODA legislation (\$8.361 million); diesel fuel price increases (\$0.406 million); and increase for call centre staff (\$0.438 million).
 - The above pressures were partially offset by increased revenues as a result of increased trips based on regular growth and AODA (\$0.365 million) and the impacts of a 5 cent fare increase (\$0.111 million).
 - Future year incremental costs are mainly attributable to an increase in service to accommodate demand based on annual growth rates of 6% per annum (2014 trips: 3.066 million; 2015 trips: 3.246 million; 2016 trips: 3.436 million).
 - Other assumptions include a bus modal split remaining at 38%, inflationary increases to non-labour costs based on economic factors and no new AODA requirements.

The 2014 Budget increases the TTC Conventional Service's approved staff complement by 453 to 13,023 as highlighted in the table below:

2014 Total Staff Complement

TTC Conventional

| Changes | 2014 Budget | 2015 Plan | 2016 Plan |
|---------------------------------------------------|-----------------|-----------------|-----------------|
| Opening Complement | 12,570.0 | 13,023.0 | 13,023.0 |
| In-year Adjustments | | | |
| Adjusted Staff Complement | 12,570.0 | 13,023.0 | 13,023.0 |
| Change in Staff Complement | | | |
| - Temporary Complement - capital project delivery | 156.0 | | |
| - Operating impacts of completed capital projects | 65.0 | | |
| - Accommodation of Ridership Growth | 238.0 | | |
| - Other Base Changes | (85.0) | | |
| - New/Enhanced | 79.0 | | |
| Total | 13,023.0 | 13,023.0 | 13,023.0 |
| % Change over prior year | 4.3% | 0.0% | 0.0% |

- The 2014 Budget increases by 297 operating and 156 capital positions. The 2014 staff changes include:
 - An additional 238 positions arising from an increase in service to accommodate a projected ridership of 540 million riders in 2014.
 - Another 65 positions for increased maintenance requirements for new and existing vehicles, Proof-of-Payment enforcement on routes serviced by the new LRVs and staffing to operate the new Leslie Barns maintenance and storage facility.
 - A net reduction of 85 positions as a result of contracting out bus servicing and other workforce changes.
 - 79 positions for enhanced services including 45 for Group Station Management, 24 for Facility Maintenance and 10 for Signal/Track/Substation Reliability.
- TTC's total staff complement, including capital positions, will increase from 12,570 to 13,023 positions, which includes a net increase of 156 capital positions as a result of various capital projects.

The 2014 Budget increases Wheel-Trans' approved staff complement by 26 positions to 557 as highlighted in the table below:

2014 Total Staff Complement
Wheel-Trans

| Changes | 2014 Budget | 2015 Plan | 2016 Plan |
|---------------------------------------------------|----------------|--------------|--------------|
| Opening Complement | 531.0 | 557.0 | 557.0 |
| In-year Adjustments | | | |
| Adjusted Staff Complement | 531.0 | 557.0 | 557.0 |
| Change in Staff Complement | | | |
| - Temporary Complement - capital project delivery | | | |
| - Operating impacts of completed capital projects | | | |
| - Service Changes | 26.0 | | |
| Total | 557.0 | 557.0 | 557.0 |
| % Change over prior year | 4.9% | 0.0% | 0.0% |

- The 2014 staff changes include:
 - An additional 19 positions are required to maintain service levels and accommodate the service impact of AODA legislation. This includes 16 Operators, 1 Shift Supervisor, 1 Coach Technician and 1 Serviceperson.
 - 7 Reservationist positions will be added to Wheel-Trans' call centre to improve customer service by reducing customer wait time for booking trips and to support daily peak period call demand.

2014 Base Budget
TTC Conventional
(In \$000s)

| (In \$000s) | 2013 Budget | 2014 Base | Change 2014 Base vs. 2013 Budget | | Incremental Change | | | |
|---------------------------|------------------|------------------|----------------------------------------|-------------|--------------------|--------------|-----------------|--------------|
| | | | | | 2015 Plan | | 2016 Plan | |
| By Service | \$ | \$ | \$ | % | \$ | % | \$ | % |
| TTC Conventional | | | | | | | | |
| Gross Expenditures | 1,540,948.4 | 1,585,519.1 | 44,570.7 | 2.9% | 100,541.0 | 6.3% | 78,400.0 | 4.6% |
| Revenue | 1,129,997.4 | 1,158,478.1 | 28,480.7 | 2.5% | 16,300.0 | 1.4% | 18,500.0 | 1.6% |
| Net Expenditures | 410,951.0 | 427,041.0 | 16,090.0 | 3.9% | 84,241.0 | 19.7% | 59,900.0 | 11.7% |
| Approved Positions | 10,882.0 | 11,100.0 | 218.0 | 2.0% | | | | |

The 2014 Base Budget of \$1.586 billion gross and \$427.041 million net is \$16.090 million or 3.9% over the 2013 Budget of \$410.951 million net.

The 2014 Base Budget provides \$50.154 million in funding for base budget increases which have been offset by \$34.064 million in budget reductions.

Key cost drivers resulting in base budget pressures of \$50.154 million are detailed in the table below:

**Key Cost Drivers
TTC Conventional
(In \$000s)**

| (In \$000s) | 2014 Base Budget |
|-------------------------------------------------------------------------------|---------------------|
| Gross Expenditure Changes | |
| Prior Year Impacts | |
| 2013 Service Adjustments- Ridership Increase (503-528 million) | 5,708.4 |
| Collective Bargaining Agreement Impact (Including Benefits from Jan-Mar) | 4,797.8 |
| Operating Impacts of Capital | |
| Operating savings arising from the introduction of LRVs and Articulated Buses | (2,354.9) |
| New Vehicles and Vehicles Maintenance | 9,426.0 |
| Proof-of-Payment Inspectors | 615.5 |
| Leslie Barns Operation (anticipated for November 2014) | 2,122.3 |
| Economic Factors | |
| Increase in Employee Benefits | 2,044.0 |
| Diesel Fuel (hedge rates and 1.25/litre for balance) | 8,196.8 |
| Inflation @ 2.2% | 3,064.1 |
| Traction and AC Power @ 5.4% | 3,049.2 |
| Utilities (Natural Gas @ 1.3% and Water @ 9%) | 244.9 |
| Base Changes | |
| 2014 Service Adjustments- Ridership Increase (528-540 million) | 11,010.2 |
| Accident Claims | 4,000.0 |
| Bus Servicing Contracting Out Savings (annualized impact) | (1,190.1) |
| Traction Power - Increased Consumption | 4,016.2 |
| Other Base Changes | 884.4 |
| Total Changes | 55,634.8 |
| Revenue Changes | |
| Ridership Volume Changes | 24,000.0 |
| Lower Average Fare (impact of increased rides on Metropass) | (17,000.0) |
| Reduced Outside City Services | (1,045.2) |
| Rent Revenue | (407.1) |
| Commuter Parking Lots | (121.7) |
| Other Revenue Changes | 54.7 |
| Total Changes | 5,480.7 |
| Net Expenditures | 50,154.1 |

- Collective Bargaining Agreement (CBA) Impact: \$4.798 million – The existing CBA with the TTC's unions included a 2% general wage increase effective April 1, 2013 and its annualized impact in 2014 will be \$4.8 million.
- New Vehicles and Vehicles Maintenance: \$9.426 million – The cost of maintaining the TTC's revenue vehicle fleet is expected to rise above the 2013 budgeted level as the warranty coverage for more hybrid buses expires, requirements are added for the new LRVs, and increased seat replacement work is planned to improve customers' experience.
- Diesel Fuel: \$8.197 million – This is based on set prices for hedged quantities (about 42% of total volume) and forecast futures prices for the balance.

- 2014 Service Adjustments: \$11.010 million – Additional service hours and kilometres (based on current standards) are required to meet the increase in projected ridership of 540 million customers in 2014.
- In order to offset the above pressures, base expenditure savings of \$34.064 million were implemented as noted in the following table:

2014 Service Change Summary by Program
TTC Conventional
(In \$000s)

| Description (\$000s) | 2014 Service Changes | | | | Net Incremental Impact | | | |
|----------------------------------------------|----------------------|------------|-------------|---------------------------|------------------------|------|-------------|------|
| | Position Change | Gross Exp. | Net Expense | % Change over 2014 Budget | 2015 | | 2016 | |
| | | | | | Net Expense | Pos. | Net Expense | Pos. |
| | # | \$ | \$ | % | \$ | # | \$ | # |
| Base Changes: | | | | | | | | |
| Base Expenditure Changes | | | | | | | | |
| <i>Diesel Price Savings</i> | | (5,000.0) | (5,000.0) | -1.2% | | | | |
| <i>Absorption of 2.2% Inflation Increase</i> | | (3,064.1) | (3,064.1) | -0.7% | | | | |
| <i>Unspecified Reduction</i> | | (3,000.0) | (3,000.0) | -0.7% | | | | |
| Base Expenditure Change | - | (11,064.1) | (11,064.1) | -2.7% | - | - | - | - |
| Base Revenue Changes | | | | | | | | |
| <i>5 Cent Fare Increase</i> | | | (23,000.0) | -5.6% | | | | |
| Base Revenue Change | - | - | (23,000.0) | -5.6% | - | - | - | - |
| Sub-Total | - | (11,064.1) | (34,064.1) | -8.3% | - | - | - | - |
| Total Changes | - | (11,064.1) | (34,064.1) | -8.3% | - | - | - | - |

The 2014 service changes consist of base expenditure and revenue changes of \$34.064 million net bringing the 2014 Base Budget to \$16.090 million or 3.9% over the 2013 Budget of \$410.951 million net.

Base Expenditure Changes: (Savings of \$11.064 million gross, \$11.064 million net)

Diesel Price Savings (Hedging/Spot Market)

- The TTC's preliminary 2014 Budget resulted in a pressure of \$8.197 million and was based on costs comprised of:
 - 52 million litres or 58% of TTC's estimated diesel volume required at the City of Toronto's budget guideline of a \$1.25 per litre diesel price; and
 - 38 million litres or 42% of TTC's estimated diesel volume required at an average budgeted price of \$1.08 per litre based on hedging contracts the TTC has already negotiated.
- The TTC will continue to monitor 2014 futures prices and could hedge another 48% of the 2014 diesel requirements. The strategy to hedge an additional 48% of the diesel volume and/or anticipated lower diesel costs on the spot market will reduce the anticipated pressure for TTC by \$5.0 million in 2014.

Absorption of 2.2% Inflation Increase

- TTC will absorb its 2.2% non-payroll inflationary increase of \$3.064 million in 2014 by managing certain non-labour (materials and supplies) expenditures to remain in line with 2013 budgeted expenditure levels.

Unspecified Reduction

- At its November 20, 2013 meeting, the TTC committed to finding an additional \$6.0 million in service efficiencies during 2014 in order to achieve a net budget of \$428.081 million.
- Subsequent to this, at its January 29 & 30, 2014 meeting, City Council approved an additional \$3.0 million in funding for the TTC thus reducing the unspecified reduction to \$3.0 million and increasing the net budget to \$431.081 million.
- City Council directed that TTC staff report back to Budget Committee during the Spring of 2014 to specify permanent sustainable savings of \$3.0 million.

Base Revenue Changes: (Revenue of \$23.0 million)*5 Cent Fare Increase*

- On December 14, 2011, the Commission approved-in-principle a standard 10 cent fare increase on the adult token (and a pro-rata increase on all other fare media) in each of 2013, 2014 and 2015 as part of a multi-year financing strategy required to balance the Operating Budget.
- At its meeting of November 20, 2013 the Commission approved a standard 5 cent fare increase on the adult token (and a pro-rata increase on all other fare media) effective January 1, 2014 that will generate \$23.0 million in additional revenue in 2014. This average weighted fare increase of 1.7% is lower than the current forecasted level of inflation of 2.0% for 2014 for the City of Toronto.
- The 2014 fare increase is also below the approved-in-principle 10 cent fare increase which could potentially compromise TTC's ability to balance future year operating budgets.
- City Council approved that the Toronto Transit Commission continue to work with the City to develop a multi-year funding framework that includes projected City funding, non-earned revenue and a fare policy that considers increased ridership and the rate of inflation and accounts for cost-cutting initiatives, customer service improvements and key performance indicators.

**2014 Base Budget
Wheel-Trans
(In \$000s)**

| (In \$000s) | 2013 Budget | 2014 Base | Change 2014 Base vs. 2013 Budget | | Incremental Change | | | |
|---------------------------|----------------|--------------|----------------------------------------|-------------|--------------------|------|-----------|------|
| | | | | | 2015 Plan | | 2016 Plan | |
| By Service | \$ | \$ | \$ | % | \$ | % | \$ | % |
| Wheel-Trans | | | | | | | | |
| Gross Expenditures | 102,369.3 | 112,161.9 | 9,792.6 | 9.6% | 9,236.6 | 8.2% | 8,245.6 | 6.8% |
| Revenue | 5,546.2 | 5,738.8 | 192.6 | 3.5% | 252.9 | 4.4% | 273.5 | 4.6% |
| Net Expenditures | 96,823.1 | 106,423.1 | 9,600.0 | 9.9% | 8,983.7 | 8.4% | 7,972.1 | 6.9% |
| Approved Positions | 531.0 | 557.0 | 26.0 | 4.9% | | | | |

The 2014 Base Budget of \$112.162 million gross and \$106.423 million net is \$9.600 million or 9.9% over the 2013 Budget of \$96.823 million net.

The 2014 Base Budget provides \$9.968 million in funding for base budget increases which have been offset by \$0.368 million in budget reductions.

Key cost drivers resulting in base budget pressures of \$9.968 million are detailed in the table below:

**Key Cost Drivers
Wheel-Trans
(In \$000s)**

| (In \$000s) | 2014 Base Budget |
|--------------------------------------------------------------------------|---------------------|
| Gross Expenditure Changes | |
| Prior Year Impacts | |
| Annualization of 2013 Staff Additions | 32.1 |
| Collective Bargaining Agreement Impact (Including Benefits from Jan-Mar) | 227.5 |
| Economic Factors | |
| Diesel Fuel (Futures Prices) | 406.4 |
| Inflation | 179.8 |
| Taxi Contracts | (39.7) |
| Base Changes | |
| To Maintain Service Levels (Demand Increase) | 7,030.7 |
| Impact of AODA (2% Unaccommodated Rate to 0.9%) | 1,330.5 |
| Impact to Transform Customer Satisfaction (Call Centre Staff Increase) | 437.9 |
| Increase in Employee Benefits Costs | 186.6 |
| Other (Net) | 257.6 |
| Total Changes | 10,049.4 |
| Revenue Changes | |
| Increase in Trips (regular demand increase) | (294.4) |
| Increase in Trips (AODA impact) | (70.1) |
| Higher Average Fare | (10.7) |
| Revenue Loss - Mandatory Escorts (AODA) | 294.0 |
| Total Changes | (81.2) |
| Net Expenditures | 9,968.2 |

- 2014 Service and AODA Impact: \$8.362 million – Increase for additional service (including additional workforce, associated employee benefits and diesel fuel) required to satisfy AODA requirements. An additional 189,100 trips will be carried on both the Wheel-Trans operated buses and contracted taxis.
- In order to offset the above pressures, base expenditure savings of \$0.368 million were implemented as noted in the following table:

2014 Service Change Summary by Program
Wheel-Trans
(In \$000s)

| Description (\$000s) | 2014 Service Changes | | | | Net Incremental Impact | | | |
|---------------------------------|----------------------|------------|-------------|---------------------------|------------------------|------|-------------|------|
| | Position Change | Gross Exp. | Net Expense | % Change over 2014 Budget | 2015 | | 2016 | |
| | | | | | Net Expense | Pos. | Net Expense | Pos. |
| | # | \$ | \$ | % | \$ | # | \$ | # |
| Base Changes: | | | | | | | | |
| Base Expenditure Changes | | | | | | | | |
| <i>Diesel Price Savings</i> | | (256.8) | (256.8) | -0.3% | | | | |
| Base Expenditure Change | - | (256.8) | (256.8) | -0.3% | - | - | - | - |
| Base Revenue Changes | | | | | | | | |
| <i>5 Cent Fare Increase</i> | | | (111.4) | -0.1% | | | | |
| Base Revenue Change | - | - | (111.4) | -0.1% | - | - | - | - |
| Sub-Total | - | (256.8) | (368.2) | -0.4% | - | - | - | - |
| Total Changes | - | (256.8) | (368.2) | -0.4% | - | - | - | - |

The 2014 service changes consist of base expenditure and revenue changes of \$0.368 million net bringing the 2014 Base Budget to \$9.600 million or 9.9% over the 2013 Budget of \$96.823 million.

The 2014 service changes are discussed below:

Base Expenditure Changes: (Savings of \$0.257 million gross, \$0.257 million net)

Diesel Price Savings (Hedging/Spot Market)

- The Wheel-Trans' preliminary 2014 Budget resulted in a pressure of \$0.406 million and was based on costs comprised of:
 - 52 million litres or 58% of TTC's estimated diesel volume required at the City of Toronto's budget guideline of a \$1.25 per litre diesel price; and
 - 38 million litres or 42% of TTC's estimated diesel volume required at an average budgeted price of \$1.08 per litre based on hedging contracts the TTC has already negotiated.
- The TTC will continue to monitor 2014 futures prices and could hedge another 48% of the 2014 diesel requirements. The strategy to hedge an additional 48% of the diesel volume

and/or anticipated lower diesel costs on the spot market will reduce the anticipated pressure for TTC by \$0.257 million in 2014.

Base Revenue Changes: (Revenue of \$0.111 million)

5 Cent Fare Increase

- Approval of a standard 5 cent fare increase on the adult token (and a pro-rata increase on all other fare media) effective January 1, 2014 will generate \$0.111 million in additional revenue in 2014 for Wheel-Trans.

2014 New / Enhanced Service Priority Actions

TTC Conventional

(In \$000s)

| Description | 2014 | | | Net Incremental Impact | | | |
|---------------------------------------|--------------------|------------------|---------------|------------------------|-------------|------------------|-------------|
| | Gross Expenditures | Net Expenditures | New Positions | 2015 Plan | | 2016 Plan | |
| | | | | Net Expenditures | # Positions | Net Expenditures | # Positions |
| Enhanced Services Priorities | | | | | | | |
| Group Station Management | 4,591.1 | 4,591.1 | 45.0 | | | | |
| Facility Maintenance | 5,141.7 | 5,141.7 | 24.0 | | | | |
| Signal/Track/Substation Reliability | 1,307.2 | 1,307.2 | 10.0 | | | | |
| Point of Sale Solution for Collectors | 1,000.0 | 1,000.0 | | | | | |
| Sub-Total | 12,040.0 | 12,040.0 | 79.0 | - | - | - | - |
| New Service Priorities | | | | | | | |
| Metropass Price Adjustment | | (8,000.0) | | | | | |
| Sub-Total | - | (8,000.0) | - | - | - | - | - |
| Total | 12,040.0 | 4,040.0 | 79.0 | - | - | - | - |

Enhanced Service Priorities

The TTC submitted new/enhanced service requests totalling \$12.040 million, requiring 79 positions in order to improve customer service by improving reliability and functionality of the subway system.

Based on the City's affordability, these enhanced service priorities were approved along with an increase to the Metropass price, effective January 1, 2014, to increase passenger revenues.

Group Station Management

- In 2013, TTC launched the introduction of Group Station Managers by adding six supervisors to oversee and manage each subway station. This program creates single-point accountability and a mandate to transform the management of TTC subway stations and bus interchanges.
- Implementation of the new station management model will continue in 2014 and the 2014 Operating Budget includes funding for 45 additional positions effective January 1, 2014 (most of which are Station Supervisors) to support this initiative. With ever-increasing

ridership, these positions will ensure that customer throughput within the existing, increasingly crowded stations will be more carefully managed.

- These positions enhance management visibility and manage safety at subway stations by promptly addressing customer concerns.
- City Council approved that funds of \$4.591 million be provided to enable TTC to enhance its customer service improvements at all subway stations.

Point of Sale Solution for Collectors

- As part of the TTC's ongoing effort to ease fare purchases, this service priority allows for the modernization of sales transactions at Collectors' booths.
- To enhance customer service, TTC plans on contracting with a service provider to introduce point of sale terminals into collector booths. The service provider will also be responsible for providing all required hardware and software as well as storing data and providing full service and maintenance support.
- City Council approved that \$1.0 million be provided to fund a contract for a provider of point of sale terminals in subway stations.

Facility Maintenance

- As part of the overall system cleanliness initiatives, TTC will increase efforts on cleaning vent/fan shafts and track level flushing in the subway with the objective of improving subway service reliability by reducing delays. As well, preventative maintenance of the TTC's various heating, ventilation and air conditioning systems will be enhanced to address the growing inventory and complexity of these systems.
- There are 200 vent/fan shafts and 100 kilometres of invert in the subway tunnel system. The shafts will be cleaned four times and the invert will be flushed once per year. These cleaning activities are currently being performed on an ad-hoc basis.
- TTC requires an increase of 24 positions effective February 1, 2014 for this initiative to improve customer service and asset reliability.
- City Council approved that \$5.142 million be provided for the enhancement of facility maintenance in order to improve customer service by reducing subway service delays.

Signal/Track/Substation Reliability

- As identified in the TTC's Capital Budget, an additional seven new electrical substations (beginning with Leslie Barns in 2014) will become operational by 2016. Additional personnel will be required to maintain them and a plan is in place to ensure that the electrical apprentices hired in 2014 are fully trained over that period. For improved signal system reliability, a 2-year plan calls for increased weekday morning peak period and 7 day per week night shift coverage as well as improved data acquisition and analysis of root causes of delays attributable to the signal system. Track engineering reliability initiatives are geared towards improving the timely delivery of goods and services in order to reduce repair times associated with restricted speed zones.

- Signal incident response coverage will be reconfigured to 8 Zones from the current 6 Zones in the AM. Signal maintenance supervision coverage will be enhanced and reconfigured to all shifts on weekends as well as additional coverage on afternoons and nights. Track material delivery and design and construction reviews were performed by various positions on an ad-hoc basis and took away from other track engineering reliability activities.
- TTC requires an increase of 10 positions effective February 1, 2014 for this initiative.
- City Council approved that \$1.307 million be provided for enhanced Signal/Track/Substation Reliability to improve customer service by reducing subway service delays.

New Service Priorities

Metropass Price Adjustment

- TTC will adjust the adult-based Metropass prices, effective January 1, 2014, generating revenues of \$8.0 million with no material resultant decrease in ridership from the 540 million forecast. This revenue change is discussed in greater detail in section V (page 28).

2015 and 2016 Plan TTC Conventional (In \$000s)

| Description (\$000s) | 2015 - Incremental Increase | | | | | 2016 - Incremental Increase | | | | |
|----------------------------------------------------------------|-----------------------------|-----------------|-----------------|--------------|-------------|-----------------------------|-----------------|-----------------|--------------|-------------|
| | Gross Expense | Revenue | Net Expense | % Change | # Positions | Gross Expense | Revenue | Net Expense | % Change | # Positions |
| Anticipated Impacts: | | | | | | | | | | |
| Service Increase | 21,000.0 | | 21,000.0 | 4.9% | | 21,000.0 | | 21,000.0 | 4.1% | |
| Other Employee Costs | 17,000.0 | | 17,000.0 | 4.0% | | 18,000.0 | | 18,000.0 | 3.5% | |
| Energy (Diesel, Hydro, Utilities) | 13,000.0 | | 13,000.0 | 3.0% | | 4,000.0 | | 4,000.0 | 0.8% | |
| Inflation / Accident Claims | 13,000.0 | | 13,000.0 | 3.0% | | 8,000.0 | | 8,000.0 | 1.6% | |
| Vehicle Parts (new Artic Buses, Hybrids, LRVs, Toronto Rocket) | 15,000.0 | | 15,000.0 | 3.5% | | 10,000.0 | | 10,000.0 | 2.0% | |
| Leslie Barns | 11,000.0 | | 11,000.0 | 2.6% | | | | | | |
| TYSSE | 1,000.0 | | 1,000.0 | 0.2% | | 10,000.0 | | 10,000.0 | 2.0% | |
| Security & Fare Enforcement | 4,000.0 | | 4,000.0 | 0.9% | | 4,000.0 | | 4,000.0 | 0.8% | |
| Signal, Track and Substation reliability | 2,000.0 | | 2,000.0 | 0.5% | | | | | | |
| Other | 3,541.0 | | 3,541.0 | 0.8% | | 3,400.0 | | 3,400.0 | 0.7% | |
| Fare Increase/Adjustment | | TBD | TBD | | | | TBD | TBD | | |
| Passenger Revenues | | 17,000.0 | (17,000.0) | -4.0% | | | 16,000.0 | (16,000.0) | -3.1% | |
| Other Revenues | | (700.0) | 700.0 | 0.2% | | | 2,500.0 | (2,500.0) | -0.5% | |
| Total Incremental Impact | 100,541.0 | 16,300.0 | 84,241.0 | 19.7% | | 78,400.0 | 18,500.0 | 59,900.0 | 11.7% | |

The 2014 Base Budget for the TTC Conventional Service will result in a 2014 incremental cost of \$20.130 million and a 2015 and 2016 incremental increase of \$84.2 million and \$59.9 million respectively to maintain the 2014 level of service.

Future year incremental costs are preliminary and TTC staff continue to refine the 2015 and 2016 impacts. Future year incremental costs are primarily attributable to the following:

Anticipated Impacts

- An increase in passenger revenue of \$17.0 million in 2015 and \$16.0 million in 2016, and service adjustments to maintain current service standards to meet the ridership forecast of

551 million in 2015 and 564 million in 2016. The net increased costs of \$21.0 million in 2015 and \$21.0 million in 2016 for additional service include an offset for the implementation of articulated buses and new LRVs.

- Inflationary provisions for goods and services and accident claim settlements (\$13.0 million in 2015 and \$8.0 million in 2016), forecasted increase on energy costs (\$13.0 million in 2015 and \$4.0 million 2016) and 5.5% on other employee costs (\$17.0 million in 2015 and \$18.0 million in 2016). All other costs are estimated to increase in line with current experience or based on actual or anticipated contractual commitments.
- Provisions of \$15.0 million in 2015 and \$10.0 million in 2016 for higher costs for parts associated with new fleet (articulated buses, hybrid buses, LRVs and Toronto Rocket trains).
- Provisions for the cost impacts resulting from the completion of capital projects including the Leslie Barns Streetcar Maintenance and Storage Facility (\$11.0 million in 2015) and the Toronto-York Spadina Subway Extension (\$1.0 million in 2015 and \$10.0 million in 2016).
- Not included in the forecasted costs are impacts for the impending Collective Bargaining Agreement (CBA) with the TTC's unions.
- The 2015 and 2016 incremental revenue does not include a fare increase/adjustment impact however TTC will continue to review potential fare changes based on the rate of inflation and adjustments necessary to mitigate lower average fares and increasing costs.

2015 and 2016 Plan Wheel-Trans (In \$000s)

| Description (\$000s) | 2015 - Incremental Increase | | | | | 2016 - Incremental Increase | | | | |
|-------------------------------------|-----------------------------|--------------|----------------|-------------|-------------|-----------------------------|--------------|----------------|-------------|-------------|
| | Gross Expense | Revenue | Net Expense | % Change | # Positions | Gross Expense | Revenue | Net Expense | % Change | # Positions |
| Anticipated Impacts: | | | | | | | | | | |
| Service Increase | 7,134.5 | 354.0 | 6,780.5 | 6.4% | | 6,512.5 | 370.3 | 6,142.2 | 5.3% | |
| Other Employee Costs | 831.4 | | 831.4 | 0.8% | | 921.1 | | 921.1 | 0.8% | |
| Energy (Diesel, Hydro, Utilities) | 618.1 | | 618.1 | 0.6% | | 20.8 | | 20.8 | 0.0% | |
| Vehicle Maintenance | 400.0 | | 400.0 | 0.4% | | 400.0 | | 400.0 | 0.3% | |
| Inflation & Accident Claim Expenses | 251.0 | | 251.0 | 0.2% | | 304.8 | | 304.8 | 0.3% | |
| WTIS Maintenance & Enhancements | | | | | | 100.7 | | 100.7 | 0.1% | |
| Other Net Changes | 1.6 | | 1.6 | 0.0% | | (14.3) | | (14.3) | 0.0% | |
| Fare Increase/Adjustment | | TBD | TBD | | | | TBD | TBD | | |
| Change in Average Fare | | (77.7) | 77.7 | 0.1% | | | (77.8) | 77.8 | 0.1% | |
| Revenue Loss (Mandatory Escorts) | | (23.4) | 23.4 | 0.0% | | | (19.0) | 19.0 | 0.0% | |
| Total Incremental Impact | 9,236.6 | 252.9 | 8,983.7 | 8.4% | | 8,245.6 | 273.5 | 7,972.1 | 6.9% | |

The 2014 Base Budget for Wheel-Trans will result in a 2014 incremental cost of \$9.6 million and a 2015 and 2016 incremental increase of \$8.984 million and \$7.972 million respectively to maintain the 2014 level of service.

Future year incremental costs are preliminary and Wheel-Trans staff continue to refine the 2015 and 2016 impacts. The incremental costs are primarily attributable to the following:

Anticipated Impacts

- Service to accommodate demand based on annual growth rates of 6% per annum (2014 trips: 3.066 million; 2015 trips: 3.246 million; 2015 trips: 3.436 million).
- Inflationary provisions of \$0.556 million (combined 2015 and 2016) for goods and services and accident claim settlements and increases of \$2.391 million (combined 2015 and 2016) for energy costs and other employee costs. All other costs are estimated to increase in line with current experience or based on actual or anticipated contractual commitments.
- Provisions of \$0.8 million (combined 2015 and 2016) for higher maintenance costs associated with Wheel-Trans buses.
- Not included in the forecasted costs are impacts for the impending Collective Bargaining Agreement (CBA) with the TTC's unions.
- The 2015 and 2016 incremental revenue does not include a fare increase/adjustment impact however TTC will continue to review potential fare changes based on the rate of inflation and adjustments necessary to mitigate lower average fares and increasing costs.

V: ISSUES FOR DISCUSSION

2014 Issues

TTC Conventional Service

City Funding Increase

- The 2014 Operating Budget directions require that all 2014 Program and Agency Operating Budgets be equivalent to the 2013 Net Operating Budget, resulting in a 0% increase over the 2013 Net Budget.
- Despite increasing costs due to continuous ridership growth, TTC has reduced or maintained City funding levels in 2011, 2012 and 2013 through various cost saving and revenue measures.
- TTC can no longer continue to maintain existing service standards and improve customer service with existing funding levels as funding per rider erodes due to increasing operating costs and ridership. In 2014, TTC and Wheel-Trans will be receiving increased funding in order to accommodate growing ridership and to improve customer service.
 - TTC will receive \$431.081 million in funding to support the 2014 TTC Conventional service delivery and \$106.4 million for the Wheel-Trans service, reflecting increases of \$20.130 million and \$9.6 million, over the 2013 budgeted levels for TTC and Wheel-Trans, respectively.
- It should be noted that salary increases included in the 2014 TTC and Wheel-Trans budgets are only up until March 31st 2014 when the collective bargaining contract expires. In all bargaining years, the City makes a separate provision in the City's operating budget which is not reflected in the 2014 TTC and Wheel-Trans Operating Budgets identified above. The impending Collective Bargaining Agreement (CBA) settlement is discussed on page 29 of this report.

Ridership and Revenue

- Actual TTC ridership in 2013 is projected to be 526 million by year-end, representing a 12 million rider increase over the 2012 actual ridership, and a 2 million rider decrease from the 2013 budgeted ridership of 528 million riders. Although the economic environment remains uncertain and TTC will be implementing a 5 cent fare increase, ridership is expected to continue to grow in 2014 to 540 million riders.
- TTC is confident in their ridership projections, as in 2010 and 2012, ridership grew despite an economic recession and a 25 and 10 cent fare increase, respectively. Also, in 2013, fares were increased by 5 cents and ridership is expected to grow by 12 million from the 2012 actual ridership. The TTC's 2014 Operating Budget forecasts an increase of 14 million riders from the 2013 projected actual and a 12 million rider increase from the 2013 budget for a total of 540 million riders in 2014.
- A 5 cent fare increase was approved to partially offset inflationary increases in costs, however the impact of lower average fares (\$17.0 million) and the TTC's implementation of

various customer service initiatives (\$12.040 million) cannot be afforded without additional revenues. Therefore, the TTC presented the Commission with two fare change options that would each generate \$8.0 million in additional revenue. At its meeting of November 20, 2013, the Commission considered approval of one of these two revenue changes to offset service enhancements. These options are identified as follows:

- In addition to the 5 cent fare increase, if cash fares in all categories are increased (Adult: from \$3.00 to \$3.25; Senior/Student: from \$2.00 to \$2.15; Child: from \$0.75 to \$0.80), revenues will increase by a further \$8.0 million. However, ridership is expected to decrease by 2 million from the 540 million forecast to 538 million.
 - ✓ Cash fares have been frozen since 2010 and the proposed fare increases are in line with the average annual rate of inflation from 2011 to 2014. Toronto inflation since then has been 8.1% and that compares to the cash increases of 8.3% (Adult), 7.5% (Senior/Student) and 6.7% (Child).
- In addition to the 5 cent fare increase, if additional adjustments are made to adult-based Metropass prices, \$8.0 million in additional revenues will be generated with no material resultant decrease in ridership from the 540 million forecast.
 - ✓ While the selling price of the Metropass has increased with the rate of inflation, the increase in the price per ride taken has been well below the rate of inflation because the actual rides taken on average per pass has increased 5% from about 70 rides to 74. In effect, fares on a per ride basis for Metropass users have actually decreased relative to inflation.
 - ✓ To compensate, the price per average ride taken could be increased by the forecast rate of inflation, which will result in an increase in the pass price multiple of 1 (from 48.5 equivalent tokens to 49.5).
 - ✓ It should be noted that when the Metropass was originally established, the pass price multiple was 52 trips. It was set to capture high volume users. With the improved value of the pass (transferability, Federal tax credit, increased rides taken per pass), it is now attractive to the average commuters with an effective (after tax) pass price multiple of about 40 trips. Since adult Metropass riders make up 40% of TTC ridership, it is not economically sustainable to carry an ever-increasing number of trips without the associated revenue to cover the cost of providing those trips.

| | | | | | 2014 Fare Increase Scenarios | | |
|----------------------------|----------|-------|----------|---------|------------------------------|--------|-------------|
| Millions | 2010 | 2011 | 2012 | 2013 | 2014 | 2014 | 2014 |
| Budgeted Ridership | 462.1 | 487.0 | 502.8 | 528.0 | 540.0 | 538.0 | 540.0 |
| Actual Ridership/Projected | 477.4 | 500.2 | 514.0 | 526.0 | 540.0 | 538.0 | 540.0 |
| Variance | 15.3 | 13.2 | 11.2 | (2.0) | 0.0 | 0.0 | 0.0 |
| Fare Increase | 25 cents | None | 10 cents | 5 cents | 5 cents | + cash | + Metropass |

- At its meeting of November 20, 2013, the Commission approved a Metropass price adjustment, effective January 1, 2014, that will result in \$8.0 million of additional revenues in 2014.
- Based on ridership alone, the 2014 increase in revenue from increased volume is estimated at \$24.0 million however due to a lower average fare experienced by TTC, the expected revenue increase will only be \$7.0 million, as TTC suffers a revenue loss of \$17.0 million.
 - The TTC's 2014 Operating Budget includes an increase in gross costs of \$11.010 million and an increase in revenue of \$7.0 million for a net \$4.010 million to accommodate and reflect the increase in ridership.
- In addition to the Metropass adjustment for \$8.0 million, the TTC's 2014 Operating Budget also reflects a revenue increase from 2013 due to the following factors:
 - Farebox revenues are expected to increase by \$23.0 million resulting from a 5 cent fare increase.
 - Other revenue will decrease by \$1.045 million as a result of lower contracted services provided to York region.
 - Rent, Commuter Parking and other revenue will decrease by \$0.474 million due to lower subway concession rent and parking lot closures.

Collective Bargaining Settlement Funding

- The current collective bargaining agreement (CBA) between TTC and its unions was arbitrated on June 4, 2012. The agreement covers the 3 year period from April 1, 2011 to March 31, 2014 and requires a 2% wage increase in each year.
- The City and TTC have funded the 2011, 2012 and 2013 CBA impacts which were included in TTC's 2013 Operating Budget. The incremental budget pressure for January to March 2014 is \$4.798 million, which is funded in the TTC's 2014 Operating Budget. The impact of future CBA settlements, beyond March 31, 2014, is subject to future negotiations/arbitration and is unknown at this time.

Stable Provincial Funding

- Funding received from the Provincial government is currently provided on an ad-hoc basis. For 2007 and 2008, \$100 million was received from the Provincial government for TTC and Wheel-Trans operations. This funding did not recur in 2009. The City replaced it in 2009 with \$92 million in funding from closed capital accounts. However, the City's 2009 Operating Budget did include \$238 million in one-time Provincial funding to offset capital debt service costs for transit projects which the City funds in its operating budget to repay the interest and principal costs of debt issued to fund TTC capital project costs.
- Since 2009, there has been no specific Provincial funding received for the TTC's service operations. Again, there are no Provincial funding provisions for the TTC's 2014 service operations.

- While the Province has made a significant contribution to the funding of TTC operations in the past, the ad-hoc nature of this funding creates uncertainty, making planning and budgeting for future year transit operations difficult.
- City Council directed that the Chief Executive Officer of the Toronto Transit Commission and the City Manager continue discussions on partnering with the Province for permanent sustainable funding in order to return the TTC's provincial funding for operations to the 50% level of the mid-1990s.

Wheel-Trans

Accessibility for Ontarians with Disabilities Act (AODA) Requirements for 2014

- Wheel-Trans will continue to see an increase in demand each year resulting in increased budget pressures. Additionally, Wheel-Trans will be subject to new AODA (Accessibility for Ontarians with Disabilities Act) requirements effective January 1, 2014, which will exert more strain on the budget and service delivery.
- As a result of this legislation, service has been extended to a 24-hour operation. In 2014, Wheel-Trans will accommodate all trips requested within 3 hours of notice and accept booking requests for next day service, which will decrease the unaccommodated rate to 0.9% from 2%, and increase the cost of service.

Increased Trip Demand

- During 2013, customer demand increased at higher than anticipated levels and this increase is expected to continue in the forecast years. Specifically, customer trips are expected to increase from 2.9 million (2013 budget) to 3.1 million due to a forecasted increase of 6.1%, a portion of which is driven by new accommodation requirements under AODA legislation effective January 1, 2014. This increase in demand growth reflects a rapidly expanding registrant base, an aging population, the increased availability of programs such as day programs, workshops and sports programs for persons with limited mobility, the ongoing impact of health care restructuring that causes increased demand for outpatient trips, and increased special event programming.
 - The target for the unaccommodated rate (the number of passengers who requested a ride but were not able to be accommodated) was 2% in 2013 and the 2014 Operating Budget reduces the 2% target to 0.9% for the year, which will translate into 26,800 passengers being unaccommodated during 2014 based on a demand of 3.0 million trips (not including non-registered Community Bus trips). The phase-in of Wheel-Trans service over 2014 to comply with AODA legislation will achieve a 0.5% unaccommodated rate by December 31, 2014.
- As in 2014, projections reflect that trips will increase in 2015 and 2016. This trend will continue in the future and the rate of growth is expected to accelerate as the "baby boom" cohort ages. The current trend is unsustainable for Wheel-Trans; therefore the service is faced with the need to change its method of service delivery and to seek efficiencies in the way it runs its operation.

- Wheel-Trans will continue to meet increased demand for service by fully integrating its new scheduling system with AVL/GPS technology installed on its bus fleet. This will provide the benefits of ascertaining the vehicle location, navigation, capabilities of address and street look-up, together with the ability to have real-time scheduling, improved operator communications plus metrics to evaluate on-time performance and fleet information. The newly expanded fleet of 201 Wheel-Trans buses will be fully utilized for service.

Service Ratio

- Wheel-Trans is currently operating at the optimal levels with roughly 62% of the delivery of service contracted to accessible taxis or sedan taxis. The other 38% of service is delivered by Wheel-Trans buses.
- Wheel-Trans service is provided to eligible members of the public using two methods: the Commission's own Wheel-Trans buses; and taxis that are under contract with the Commission. There are two different types of taxi service: accessible cabs capable of carrying certain scooters and wheelchairs, and conventional sedans. The Commission's vehicles are operated by TTC employees and the taxis are operated by third-party contractors.
- Approximately 10% of the passengers that use the Wheel-Trans service can only be transported in the Commission's vehicles. This is because these passengers use large assistive devices that cannot currently be placed into an accessible taxi due to the size constraints of the vehicle. Consequently, when these passengers require transportation, the Commission will dispatch a Commission vehicle out of necessity. These passengers travel at various hours of the day and seven days per week. Due to the random nature of customer travel times, direction of travel and the numerous locations to which these customers travel, Wheel-Trans requires a large fleet of vehicles and operators to provide transportation.
- The remaining 90% of Wheel-Trans passengers can be transported by either the Commission's own vehicles, or by taxi. However, in order to make efficient use of the Commission's vehicles that are used to transport the 10% of passengers who can only be transported in the Commission's vehicles, the Commission will use the available capacity of these same vehicles to transport other passengers, provided that doing so does not unduly interfere with the transportation of those who require a Commission vehicle.
 - Experience has shown that 25% of passengers can be transported efficiently, alongside those who must use the Commission's vehicles as a matter of accessibility. A larger percentage of additional passengers cannot reasonably be transported in this manner without interfering with the trip patterns of customers whose only option is a Commission vehicle.
 - The Commission also operates several of its vehicles within specific zones in the City of Toronto, which typically handle a high volume of customer requests for short-distance trips which can easily be grouped together and make efficient use of the vehicle capacity. The vehicles in these specific zones handle another 5% of Wheel-Trans

passengers in a cost effective manner, since trips within these specific zones are comparatively short and multiple passengers can generally be accommodated without sacrificing trip efficiency due to overcrowding or unduly extending trip lengths.

- The remaining 60% of Wheel-Trans passengers can be transported most efficiently through the use of taxis. If a greater percentage is required to utilize the Commission's vehicles, increased costs will result because trips cannot be grouped in an efficient manner; therefore the capacity of the Commission vehicle is not fully utilized. The costs per customer trip on a Commission vehicle and on contracted services are dependent on the number of customers using the vehicle during each hour. The lower the number of customers using the vehicle the higher the operating cost.

Future Year Issues

TTC Conventional

Operating Impacts of Capital Projects

- As the TTC replaces older fleet, adds vehicles and expands or builds facilities, there is an associated operating cost as well as some savings that TTC will experience as a result. The transit system growth has impacted and will continue to impact the operating costs with no corresponding funds in place.
- Each year TTC will experience increased costs due to capital projects and each year the pressure will continue to grow. For example, in 2014, TTC has operating budget pressures as well as some efficiencies due to:
 - Vehicle Maintenance: The cost of maintaining the TTC's revenue vehicle fleet is expected to rise by \$9.426 million above the 2013 budgeted level of \$263.5 million as the warranty coverage for more hybrid buses expires, requirements are added for the new LRVs, and increased seat replacement work is planned to improve the customers' experience.
 - Hydro: Increased power consumption by the expanding Toronto Rocket subway fleet (owing to its increased weight, passenger load and higher-capacity ventilation system) accounts for an increased budgetary requirement of \$4.016 million to a total hydro cost of \$59.974 million in 2014.
 - Leslie Barns: Staffing and set-up activities for this storage and maintenance facility for the new LRVs will commence during the second half of 2014 at a cost of \$2.122 million in 2014. The annual cost in 2015 will be approximately \$12.0 million.
 - Proof of Payment (POP): With the introduction of new LRVs on individual streetcar routes, the entire route will be converted to Proof of Payment. Funding for additional enforcement personnel (20) has been included in the 2014 Operating Budget workforce to conduct sufficient fare checks to minimize potential revenue losses. 2014 will be a "proof of concept" year to determine the effectiveness of the plan. The total resource requirement to cover the overall network is estimated to be 100 inspectors, with an

additional 20 positions required per year to 2018 with corresponding funding of \$1.8 million per year.

- Introduction of LRV streetcars and Articulated Buses: Efficiencies achieved through the introduction of articulated buses and new larger streetcars will reduce operating costs by \$2.355 million based on a reduced number of operators required for service.
- For some capital projects, like Leslie Barns, staffing will be phased in over 2014 and 2015 which results in incremental impacts. Also the POP impacts will continue to grow as the new LRVs are delivered from 2014 to 2019. Furthermore, as more subway trains and LRVs are put into service, hydro cost will continue to increase.
- Additional funding is required for TTC on an annual basis as the City cannot afford the rate of funding growth required for TTC services. For this reason, a multi-year fare strategy must be in place so that fares are continuously increased to help offset the increasing pressures. This is separate and distinct from the funding pressures arising from transit expansion.

Transit Expansion Operating Costs

- There are three major transit expansion projects currently underway in Toronto, the Toronto-York Spadina Subway Extension (TYSSE), the Light Rail Transit (LRT) lines and the Scarborough Subway. Once these projects are completed, TTC will be operating additional subway service covering 8.6 kilometres to six new stations, three new light rail transit lines and additional subway service covering 7.6 kilometres to three new stations.
- The TYSSE project is planned to be completed in the fall of 2016, the LRT lines are estimated to be completed by 2020 and the Scarborough Subway is planned to be completed by 2023. These new lines will require significant funding increases to operate these service expansions as they come on stream over the next 10 years.
- There is currently no funding strategy in place to address these forecasted operating costs that will be significant.

Service Efficiency Study Implementation – Status Update

- At its meeting of April 12, 2011, City Council approved the report from the City Manager titled 'Service Review Program, 2012 Budget Process and Multi-Year Financial Planning Process,' dated March 8, 2011. The report indicated that, in addition to other reviews, a service efficiency review be undertaken for TTC and Wheel-Trans.
- Through the Service Efficiency Study, which was completed in late 2011, the City and TTC are examining ways to improve the business model used by the TTC and Wheel-Trans that can help maximize the savings that can be realized from its operation on a sustainable basis.
- Numerous strategies have been employed to improve operating efficiency in recent years with a view to containing the impact of normal cost increases on the operating budget. The following is an update of cost saving initiatives implemented over the course of the past year which have already or will otherwise reduce or avoid costs in the order of \$50 million per annum:

- *Contracting Out:* In 2013, the contracting out of bus servicing and cleaning activities at all 7 TTC garages will be fully implemented, reducing 144 positions and saving \$2.2 million annually. The 2014 Operating Budget includes incremental savings from this initiative of \$1.190 million.
- *Procurement of Articulated Buses:* Plans are proceeding to acquire a fleet of 153 articulated buses that will reduce annual operating costs by approximately \$5.4 million once all of these vehicles are introduced into service, beginning in 2014.
- *Shared Services with City:* The TTC continues to participate in a long list of joint purchases with the City including: telephone and data telecommunications (including cellular and blackberry) services (approximate annual savings of \$1 million), IT technical assistance contracts, purchasing card, rock salt, administrative services regarding employee and pensioner benefits, and electricity. Both the TTC and the City are able to take advantage of lower prices/rates for these goods and services as a result of volume discounts. In addition, TTC also shares pricing schedules for various IT licenses with the City and/or Province.

Issues Referred to the 2014 Operating Budget Process

- At its meeting of January 15, 2013, City Council directed that the City work with all City agencies to establish service standards and service levels in time for the 2014 Budget process.
- TTC is in the process of developing service standards and service levels with City staff and therefore this information is not yet available for the 2014 Budget Process.
- City Council directed that TTC continue to work with City staff to establish service standards and service levels for both the TTC Conventional Service and Wheel-Trans Service.

Appendix 1

2013 Service Accomplishments

2013 Key Accomplishments

In 2013, TTC Conventional achieved the following results:

- ✓ Projecting all-time record ridership of 526 million
- ✓ Carried 29th billion rider in late September
- ✓ Customer Service Enhancements completed include:
 - Launch of new Customer Charter
 - Continued roll out of debit and credit card acceptance
 - Pilot newly designed bus stop poles and shelter maps
 - Implemented group station management model and station maintenance blitz
 - Enhanced frequency of public washroom cleaning
- ✓ Continued expansion of Toronto Rocket fleet
- ✓ Acceptance testing of new accessible streetcars and articulated buses
- ✓ PRESTO smartcard project moving forward
- ✓ Contracting out of bus servicing line to all TTC garages
- ✓ Issued Five-Year Corporate Plan – outlining objectives and a delivery strategy in 7 key areas
- ✓ New Service Delivery Group created to provide better focus on “front of house” (i.e. things customers see) activities – station management, transit enforcement, bus and streetcar operators, and janitors

In 2013, Wheel-Trans achieved the following results:

- ✓ Projecting ridership of 2.9 million
- ✓ Implemented 24-hour service
- ✓ Utilized AVL system to improve on-time performance
- ✓ Enhanced internet trip-booking feature

2013 Financial Performance

2013 Budget Variance Analysis
TTC Conventional
(In \$000s)

| | 2011 Actuals | 2012 Actuals | 2013 Budget | 2013 Projected Actuals* | 2013 Budget vs. Projected Actual Variance | |
|--------------------|-----------------|-----------------|----------------|-------------------------------|----------------------------------------------|-------|
| (\$000s) | \$ | \$ | \$ | \$ | \$ | % |
| Gross Expenditures | 1,435,462.0 | 1,457,059.0 | 1,540,948.4 | 1,533,348.4 | (7,600.0) | (0.5) |
| Revenues | 1,026,192.0 | 1,087,062.0 | 1,129,997.4 | 1,122,397.4 | (7,600.0) | (0.7) |
| Net Expenditures | 409,270.0 | 369,997.0 | 410,951.0 | 410,951.0 | - | - |
| Approved Positions | 10,599.0 | 10,614.0 | 10,882.0 | 10,882.0 | - | - |

* Based on the 3rd Quarter Operating Budget Variance Report

2013 Experience

- As of October 5th, the TTC has projected that net expenditures will be equal to budget and that no net variance will occur at year-end. TTC is projecting a ridership level of 526 million riders, compared to the budgeted ridership of 528 million riders, although expected lower revenues of \$7.6 million are projected to be offset by lower expenditures of \$7.6 million as discussed below.
- Passenger revenue is projected to be \$9.0 million lower than budgeted revenues due to lower ridership as well as higher than anticipated monthly pass sales, which continue to cause a slight decline in the average fare.
- Diesel fuel expenditures will be lower than budget by \$4.4 million based on lower market prices and utility expenditures will be lower than budget by \$1.8 million due to lower natural gas rates.
- 2013 accident claim expenditures will be \$9.0 million higher than budget due to several large settlements.
- Lower utilization of certain healthcare benefits accounts for a projected favourable variance of \$5 million for other employee costs.
- Workforce gapping will save \$6.8 million due to delays in filling positions.

Impact of 2013 Operating Variance on the 2014 Budget

- The 2014 Operating Budget includes reductions based on the TTC's 2013 experience.
- For 2014, diesel fuel costs have been reduced by \$5.0 million based on hedging and anticipated lower market prices as 2013 diesel fuel expenditures will be lower than budget based on lower market prices.
- Accident claim expenditures have been increased by \$4.0 million in 2014 based on TTC's 2013 experience with settlements.

- TTC is experiencing lower benefits expenses in 2013 and these savings are projected to continue in 2014.
- TTC is experiencing a lower average fare in 2013 and this revenue trend is projected to continue in 2014.

**2013 Budget Variance Analysis
Wheel-Trans
(In \$000s)**

| | 2011 Actuals | 2012 Actuals | 2013 Budget | 2013 Projected Actuals* | 2013 Budget vs. Projected Actual Variance | |
|--------------------|-----------------|-----------------|----------------|-------------------------------|----------------------------------------------|-----|
| (\$000s) | \$ | \$ | \$ | \$ | \$ | % |
| Gross Expenditures | 93,950.2 | 100,634.0 | 102,369.3 | 102,707.6 | 338.3 | 0.3 |
| Revenues | 5,112.5 | 5,567.0 | 5,546.2 | 5,697.0 | 150.8 | 2.7 |
| Net Expenditures | 88,837.7 | 95,067.0 | 96,823.1 | 97,010.6 | 187.5 | 0.2 |
| Approved Positions | 532.0 | 529.0 | 531.0 | 531.0 | - | - |

* Based on the 3rd Quarter Operating Budget Variance Report

2013 Experience

- It is currently projected that the Wheel-Trans' net expenditures will be \$0.187 million or 0.2% over budget at year-end.
- The projected year-end shortfall reflects a 3% higher demand for service, which is expected to drive up sedan taxi service requirements. Partially offsetting this increase are reduced accessible taxi service costs because more trips can be accommodated on the less-expensive sedan taxis, savings from lower diesel fuel costs, workforce gapping as well as associated benefits in the administrative areas.

Impact of 2013 Operating Variance on the 2014 Budget

- The 2014 Operating Budget includes reductions based on the Wheel-Trans' 2013 experience.
- For 2014, Wheel-Trans diesel fuel costs have been reduced by \$0.257 million based on hedging and anticipated lower market prices as 2013 diesel fuel expenditures will be lower than budget based on lower market prices.
- Wheel-Trans is experiencing lower benefits expenses in 2013 and these savings are projected to continue in 2014.

Appendix 2

2014 Total Operating Budget by Expenditure Category

Program Summary by Expenditure Category

TTC Conventional

(In \$000s)

| Category of Expense | 2011 Actual | 2012 Actual | 2013 Budget | 2013 Projected Actual | 2014 Budget | 2014 Change from 2013 Budget | | 2015 Plan | 2016 Plan |
|------------------------------------|--------------------|--------------------|--------------------|-----------------------------|--------------------|---------------------------------|-------------|--------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | % | \$ | \$ |
| Salaries and Benefits | 1,073,487.0 | 1,079,730.1 | 1,127,908.2 | 1,119,208.2 | 1,147,115.1 | 19,206.9 | 1.7% | 1,196,615.1 | 1,242,315.1 |
| Materials and Supplies | 256,027.0 | 256,008.9 | 289,808.9 | 281,908.9 | 311,374.8 | 21,565.9 | 7.4% | 353,415.8 | 382,215.8 |
| Equipment | 19,293.0 | 26,420.7 | 30,638.2 | 30,638.2 | 31,906.7 | 1,268.5 | 4.1% | 32,806.7 | 32,806.7 |
| Services & Rents | 45,014.0 | 45,713.3 | 58,337.7 | 58,337.7 | 69,401.4 | 11,063.7 | 19.0% | 69,401.4 | 69,401.4 |
| Contributions to Capital | | | | | | | | | |
| Contributions to Reserve/Res Funds | | | | | | | | | |
| Other Expenditures | 38,264.0 | 45,709.6 | 30,766.4 | 39,766.4 | 34,194.3 | 3,427.9 | 11.1% | 42,294.3 | 46,194.3 |
| Interdivisional Charges | 3,377.0 | 3,474.0 | 3,489.0 | 3,489.0 | 3,566.8 | 77.8 | 2.2% | 3,566.8 | 3,566.8 |
| Total Gross Expenditures | 1,435,462.0 | 1,457,056.6 | 1,540,948.4 | 1,533,348.4 | 1,597,559.1 | 56,610.7 | 3.7% | 1,698,100.1 | 1,776,500.1 |
| Interdivisional Recoveries | | | | | | | | | |
| Provincial Subsidies | | | | | | | | | |
| Federal Subsidies | | | | | | | | | |
| Other Subsidies | | | | | | | | | |
| User Fees & Donations | 1,026,192.0 | 1,087,061.0 | 1,129,997.4 | 1,122,397.4 | 1,166,478.1 | 36,480.7 | 3.2% | 1,182,778.1 | 1,201,278.1 |
| Transfers from Capital Fund | | | | | | | | | |
| Contribution from Reserve Funds | | | | | | | | | |
| Contribution from Reserve | | | | | | | | | |
| Sundry Revenues | | | | | | | | | |
| Required Adjustments | | | | | | | | | |
| Total Revenues | 1,026,192.0 | 1,087,061.0 | 1,129,997.4 | 1,122,397.4 | 1,166,478.1 | 36,480.7 | 3.2% | 1,182,778.1 | 1,201,278.1 |
| Total Net Expenditures | 409,270.0 | 369,995.6 | 410,951.0 | 410,951.0 | 431,081.0 | 20,130.0 | 4.9% | 515,322.0 | 575,222.0 |
| Approved Positions | 10,599.0 | 10,692.0 | 10,882.0 | 10,882.0 | 11,179.0 | 297.0 | 2.7% | | |

2014 Key Cost Drivers

Salaries and benefits represent the largest expenditures category and account for 71.8% of the total expenditures for TTC, followed by materials and supplies at 19.5%, services and rents at 4.3%, other expenditures at 2.1%, equipment at 2.0%, and interdivisional charges at 0.2%.

Salaries and Benefits

- TTC's actual annual salary and benefits costs have increased by 0.6% in 2012; they are projected to increase by 3.7% in 2013 and are budgeted to increase by \$19.207 million or 1.7% in 2014. The increase for salaries and benefits includes the following key cost drivers:
 - **Increased Service for Ridership Growth:** Salary and benefit costs have historically increased along with increases in service to accommodate ridership growth. \$8.309 million is included in 2014 to fund 238 positions for the service increase to accommodate the projected growth in ridership of 14 million riders from the 2013 projected ridership of 526 million.

- **Collective Bargaining Agreement:** Salary and benefit costs are increasing in 2014 by \$4.798 million due to the arbitrated award, which included a 2% increase in each year of the three year agreement.
- **Other Employee Costs:** These costs are expected to increase in total by \$2.1 million mainly due to the impact of inflationary and utilization increases for both healthcare and dental benefits, changes to workforce requirements and associated labour costs. Offsetting these costs are savings from the contracting out of bus servicing and cleaning activities.

Materials and Supplies

- Inflationary increases and fluctuations in diesel fuel costs are continuing to result in significant increases in material and supplies expenses. These costs, which represent 19.5% of TTC's gross expenditures, decreased by 0.01% in 2012, costs are projected to increase by 10.1% in 2013 and are budgeted to increase by 7.4% or \$21.566 million in 2014 due to:
 - **Fuel Costs:** There is a \$6.5 million increase in diesel fuel costs in the 2014 budget on the basis of increased volume requirements to service the higher ridership level in 2014 and reflects set prices for hedged quantities (about 42% of total volume) and forecasted futures prices for the balance.
 - **Vehicle and Facility Maintenance:** \$7.659 million was approved to fund increased vehicle maintenance costs as the warranty coverage for more hybrid buses expires and added requirements for the new LRVs. \$2.342 million increase for facilities maintenance involving overall system cleanliness initiatives as well as preventative maintenance of the TTC's various heating, ventilation and air conditioning systems.
 - **Increased Service for Ridership Growth:** \$2.701 million increase for associated materials and supplies to accommodate increased service.

Revenue

- Actual revenues increased by 5.9% in 2012, 3.3% in 2013 and are budgeted to increase by 3.2% or \$36.481 million in 2014. The increase in 2014 arises from the following key drivers:
 - **Fare Revenue:** The expenditure pressures have been partially offset by fare revenues of \$38.0 million. TTC estimates that, in 2014, \$7.0 million in increased revenues will be generated due to ridership growth and the current fare structure and mix. Fare revenue will also increase by \$23.0 million due to the 5 cent fare increase and \$8.0 million as a result of a Metropass price adjustment.
 - **Other Revenue:** Rent, commuter parking and outside City services are decreasing in 2014 by \$1.574 million due to lower rent revenues, lower commuter parking lot fees and a reduction in bus service requested by York region.

Program Summary by Expenditure Category
Wheel-Trans
(In \$000s)

| Category of Expense | 2011 Actual | 2012 Actual | 2013 Budget | 2013 Projected Actual | 2014 Budget | 2014 Change from 2013 Budget | | 2015 Plan | 2016 Plan |
|------------------------------------|-----------------|------------------|------------------|-----------------------------|------------------|---------------------------------|-------------|------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | % | \$ | \$ |
| Salaries and Benefits | 50,835.5 | 52,173.5 | 54,483.9 | 53,379.8 | 57,676.4 | 3,192.5 | 5.9% | 62,582.7 | 66,840.2 |
| Materials and Supplies | 11,148.1 | 12,979.2 | 13,792.3 | 12,607.0 | 14,873.1 | 1,080.8 | 7.8% | 16,371.8 | 17,336.8 |
| Equipment | | | | | | | | | |
| Services & Rents | 31,424.1 | 33,912.3 | 33,516.4 | 36,133.0 | 38,931.6 | 5,415.2 | 16.2% | 41,697.6 | 44,651.7 |
| Contributions to Capital | | | | | | | | | |
| Contributions to Reserve/Res Funds | | | | | | | | | |
| Other Expenditures | 542.5 | 1,568.5 | 576.7 | 587.8 | 680.8 | 104.1 | 18.1% | 746.4 | 815.4 |
| Interdivisional Charges | | | | | | | | | |
| Total Gross Expenditures | 93,950.2 | 100,633.5 | 102,369.3 | 102,707.6 | 112,161.9 | 9,792.6 | 9.6% | 121,398.5 | 129,644.1 |
| Interdivisional Recoveries | | | | | | | | | |
| Provincial Subsidies | | | | | | | | | |
| Federal Subsidies | | | | | | | | | |
| Other Subsidies | | | | | | | | | |
| User Fees & Donations | 5,112.5 | 5,567.1 | 5,546.2 | 5,697.0 | 5,738.8 | 192.6 | 3.5% | 5,991.7 | 6,265.2 |
| Transfers from Capital Fund | | | | | | | | | |
| Contribution from Reserve Funds | | | | | | | | | |
| Contribution from Reserve | | | | | | | | | |
| Sundry Revenues | | | | | | | | | |
| Required Adjustments | | | | | | | | | |
| Total Revenues | 5,112.5 | 5,567.1 | 5,546.2 | 5,697.0 | 5,738.8 | 192.6 | 3.5% | 5,991.7 | 6,265.2 |
| Total Net Expenditures | 88,837.7 | 95,066.4 | 96,823.1 | 97,010.6 | 106,423.1 | 9,600.0 | 9.9% | 115,406.8 | 123,378.9 |
| Approved Positions | 517.0 | 511.0 | 531.0 | 531.0 | 557.0 | 26.0 | 4.9% | | |

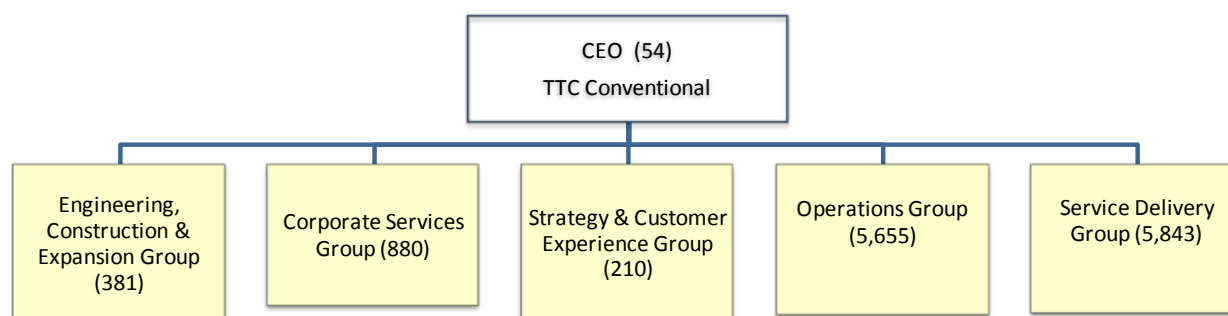
2014 Key Cost Drivers

Salaries and benefits comprise the largest expenditure category and account for 51.4% of the total expenditures, followed by services and rents at 34.7% and then materials and supplies at 13.3%.

- The expenditures in Wheel-Trans' 2014 Operating Base Budget is comprised of 2014 service changes, wage increases, economic factors, as well as other base changes. The funding covers the following:
 - Full year impact of the arbitrated award adding \$0.228 million to salaries and benefits.
 - Increased service costs due to increased demand and AODA adding \$8.361 million to the base budget for salaries, benefits, taxi contracts and fuel.
 - Increased costs of \$0.438 million for call centre staffing requirements.
 - Increased fuel costs for increased mileage in service adding \$0.150 million.
 - Increased employee benefits costs of \$0.187 million.

Appendix 2 - Continued

2014 Organization Chart TTC Conventional

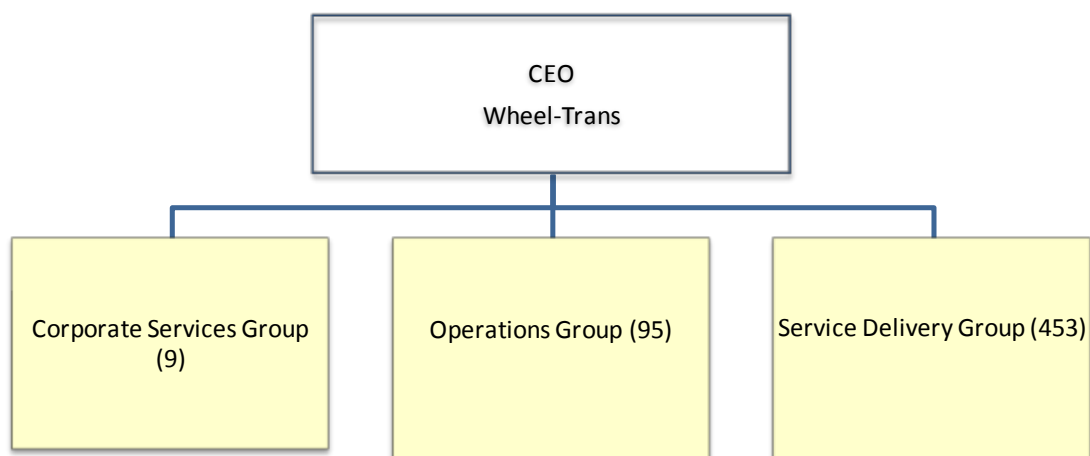


2014 Full and Part Time Staff

| Category | Management & Supervisory | Clerical | Union | Total |
|-----------|--------------------------|----------|----------|----------|
| Full-Time | 2,566.0 | 329.0 | 10,128.0 | 13,023.0 |
| Part-Time | | | | - |
| Total | 2,566.0 | 329.0 | 10,128.0 | 13,023.0 |

Appendix 2 - Continued

2014 Organization Chart Wheel-Trans



2014 Full and Part Time Staff

| Category | Management & Supervisory | Clerical | Union | Total |
|-----------|--------------------------|----------|-------|-------|
| Full-Time | 41.0 | 1.0 | 515.0 | 557.0 |
| Part-Time | | | | - |
| Total | 41.0 | 1.0 | 515.0 | 557.0 |

Appendix 4

Summary of 2014 New / Enhanced Service Changes

2014 Operating Budget - Council Approved New and Enhanced Services

Summary by Service

(\$000s)

| Form ID | | Agencies - Cluster Program: Toronto Transit Commission - Conventional | Adjustments | | | | 2015 Plan Net Change | 2016 Plan Net Change |
|----------|----------|-----------------------------------------------------------------------------|----------------------|---------|-----|-----------------------|-------------------------|-------------------------|
| Category | Priority | | Gross Expenditure | Revenue | Net | Approved Positions | | |

3127 Group Station Management

72 1 Description:

In 2013, TTC launched the introduction of Group Station Managers by adding six supervisors to oversee and manage each subway station. This program creates single-point accountability and a mandate to transform the management of TTC subway stations and bus interchanges.

Service Level Impact:

Implementation of the new station management model will continue in 2014 and the 2014 Operating Budget includes funding for 45 additional positions effective January 1, 2014 (most of which are Station Supervisors) to support this initiative. With ever-increasing ridership, these positions will ensure that customer throughout within the existing, increasingly crowded stations will be more carefully managed. These positions enhance management visibility and manage safety at subway stations by promptly addressing customer concerns.

Service: Conventional Service

| | | | | | | |
|--------------------------------|----------------|------------|----------------|-------------|------------|------------|
| Staff Recommended: | 4,591.1 | 0.0 | 4,591.1 | 45.0 | 0.0 | 0.0 |
| BC Recommended Change: | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EC Recommended Change: | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| CC Recommended Change: | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Council Approved: | 4,591.1 | 0.0 | 4,591.1 | 45.0 | 0.0 | 0.0 |

Category:

- 71 - Operating Impact of New Capital Projects
- 72 - Enhanced Services-Service Expansion
- 74 - New Services
- 75 - New Revenues

2014 Operating Budget - Council Approved New and Enhanced Services

Summary by Service

(\$000s)

| Form ID | | Agencies - Cluster Program: Toronto Transit Commission - Conventional | Adjustments | | | | 2015 Plan Net Change | 2016 Plan Net Change |
|----------|----------|-----------------------------------------------------------------------------|----------------------|---------|---------|-----------------------|-------------------------|-------------------------|
| Category | Priority | | Gross Expenditure | Revenue | Net | Approved Positions | | |
| | | Staff Recommended: | 4,591.1 | 0.0 | 4,591.1 | 45.0 | 0.0 | 0.0 |
| | | Budget Committee Recommended: | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | | Executive Committee Recommended: | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | | City Council Approved: | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | | Council Approved New/Enhanced Services: | 4,591.1 | 0.0 | 4,591.1 | 45.0 | 0.0 | 0.0 |

Category:

- 71 - Operating Impact of New Capital Projects
- 72 - Enhanced Services-Service Expansion
- 74 - New Services
- 75 - New Revenues

2014 Operating Budget - Council Approved New and Enhanced Services

Summary by Service

(\$000s)

| Form ID | | Agencies - Cluster Program: Toronto Transit Commission - Conventional | Adjustments | | | | 2015 Plan Net Change | 2016 Plan Net Change |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|---------|---------|-----------------------|-------------------------|-------------------------|
| Category | Priority | | Gross Expenditure | Revenue | Net | Approved Positions | | |
| 3128 | | Point of Sale Solution for Collectors | | | | | | |
| 72 | 2 | Description: As part of the TTC's ongoing effort to ease fare purchases, this service priority allows for the modernization of sales transactions at Collectors' booths. | | | | | | |
| Service Level Impact: To enhance customer service, TTC will be contracting with a service provider to introduce point of sale terminals into collector booths. The service provider will also be responsible for providing all required hardware and software as well as | | | | | | | | |
| Service: Conventional Service | | | | | | | | |
| Staff Recommended: | | | 1,000.0 | 0.0 | 1,000.0 | 0.0 | 0.0 | 0.0 |
| BC Recommended Change: | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EC Recommended Change: | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| CC Recommended Change: | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Council Approved: | | | 1,000.0 | 0.0 | 1,000.0 | 0.0 | 0.0 | 0.0 |
| Staff Recommended: | | | 1,000.0 | 0.0 | 1,000.0 | 0.0 | 0.0 | 0.0 |
| Budget Committee Recommended: | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Executive Committee Recommended: | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| City Council Approved: | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Category:

- 71 - Operating Impact of New Capital Projects
- 72 - Enhanced Services-Service Expansion
- 74 - New Services
- 75 - New Revenues

2014 Operating Budget - Council Approved New and Enhanced Services

Summary by Service

(\$000s)

| Form ID | | Agencies - Cluster Program: Toronto Transit Commission - Conventional | Adjustments | | | | 2015 Plan Net Change | 2016 Plan Net Change |
|-----------------------------------------|----------|-----------------------------------------------------------------------------|----------------------|---------|---------|-----------------------|-------------------------|-------------------------|
| Category | Priority | | Gross Expenditure | Revenue | Net | Approved Positions | | |
| Council Approved New/Enhanced Services: | | | 1,000.0 | 0.0 | 1,000.0 | 0.0 | 0.0 | 0.0 |

Category:

- 71 - Operating Impact of New Capital Projects
- 72 - Enhanced Services-Service Expansion
- 74 - New Services
- 75 - New Revenues

2014 Operating Budget - Council Approved New and Enhanced Services

Summary by Service

(\$000s)

| Form ID | | Agencies - Cluster Program: Toronto Transit Commission - Conventional | Adjustments | | | | 2015 Plan Net Change | 2016 Plan Net Change |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-----------------------------------------------------------------------------|----------------------|------------|----------------|-----------------------|-------------------------|-------------------------|
| Category | Priority | | Gross Expenditure | Revenue | Net | Approved Positions | | |
| 3129 | | Facility Maintenance | | | | | | |
| 72 | 0 | Description: | | | | | | |
| <p>As part of the overall system cleanliness initiatives, TTC will increase efforts on cleaning vent/fan shafts and track level flushing in the subway with the objective of improving subway service reliability by reducing delays. As well, preventative maintenance of the TTC's various heating, ventilation and air conditioning systems will be enhanced to address the growing inventory and complexity of these systems.</p> <p>Service Level Impact:</p> <p>There are 200 vent/fan shafts and 100 kilometres of invert in the subway tunnel system. The shafts will be cleaned four times and the invert will be flushed once per year. These cleaning activities are currently being performed on an ad-hoc basis. TTC requires an increase of 24 positions effective February 1, 2014 for this initiative to improve customer service and asset reliability.</p> <p>Service: Conventional Service</p> | | | | | | | | |
| Staff Recommended: | | | 5,141.7 | 0.0 | 5,141.7 | 24.0 | 0.0 | 0.0 |
| BC Recommended Change: | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EC Recommended Change: | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| CC Recommended Change: | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Council Approved: | | | 5,141.7 | 0.0 | 5,141.7 | 24.0 | 0.0 | 0.0 |
| Staff Recommended: | | | 5,141.7 | 0.0 | 5,141.7 | 24.0 | 0.0 | 0.0 |
| Budget Committee Recommended: | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Executive Committee Recommended: | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Category:

- 71 - Operating Impact of New Capital Projects
- 72 - Enhanced Services-Service Expansion
- 74 - New Services
- 75 - New Revenues

2014 Operating Budget - Council Approved New and Enhanced Services

Summary by Service

(\$000s)

| Form ID | | Agencies - Cluster Program: Toronto Transit Commission - Conventional | Adjustments | | | | 2015 Plan Net Change | 2016 Plan Net Change |
|-----------------------------------------|----------|-----------------------------------------------------------------------------|----------------------|---------|---------|-----------------------|-------------------------|-------------------------|
| Category | Priority | | Gross Expenditure | Revenue | Net | Approved Positions | | |
| City Council Approved: | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Council Approved New/Enhanced Services: | | | 5,141.7 | 0.0 | 5,141.7 | 24.0 | 0.0 | |

Category:

- 71 - Operating Impact of New Capital Projects
- 72 - Enhanced Services-Service Expansion
- 74 - New Services
- 75 - New Revenues

2014 Operating Budget - Council Approved New and Enhanced Services

Summary by Service

(\$000s)

| Form ID | | Agencies - Cluster Program: Toronto Transit Commission - Conventional | Adjustments | | | | 2015 Plan Net Change | 2016 Plan Net Change |
|----------|----------|-----------------------------------------------------------------------------|----------------------|---------|-----|-----------------------|-------------------------|-------------------------|
| Category | Priority | | Gross Expenditure | Revenue | Net | Approved Positions | | |

3130 **Signal/Track/Substation Reliability**

72 0 **Description:**

As identified in the TTC's Capital Budget, an additional seven new electrical substations (beginning with Leslie Barns in 2014) will become operational by 2016. Additional personnel will be required to maintain them and a plan is in place to ensure that the electrical apprentices hired in 2014 are fully trained over that period. For improved signal system reliability, a 2-year plan calls for increased weekday morning peak period and 7 day per week night shift coverage as well as improved data acquisition and analysis of root causes of delays attributable to the signal system. Track engineering reliability initiatives are geared towards improving the timely delivery of goods and services in order to reduce repair times associated with restricted speed zones.

Service Level Impact:

Signal incident response coverage will be reconfigured to 8 Zones from the current 6 Zones in the AM. Signal maintenance supervision coverage will be enhanced and reconfigured to all shifts on weekends as well as additional coverage on afternoons and nights. Track material delivery and design and construction reviews were performed by various positions on an ad-hoc basis and took away from other track engineering reliability activities. TTC requires an increase of 10 positions effective February 1, 2014 for this initiative.

Service:Conventional Service

| | | | | | | |
|------------------------|---------|-----|---------|------|---------|-----|
| Staff Recommended: | 1,307.2 | 0.0 | 1,307.2 | 10.0 | 1,900.0 | 0.0 |
| BC Recommended Change: | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EC Recommended Change: | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| CC Recommended Change: | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Category:

- 71 - Operating Impact of New Capital Projects
- 72 - Enhanced Services-Service Expansion
- 74 - New Services
- 75 - New Revenues

2014 Operating Budget - Council Approved New and Enhanced Services
Summary by Service
(\$000s)

| Form ID | | Agencies - Cluster Program: Toronto Transit Commission - Conventional | Adjustments | | | | 2015 Plan Net Change | 2016 Plan Net Change |
|-----------------------------------------|----------|-----------------------------------------------------------------------------|----------------------|---------|---------|-----------------------|-------------------------|-------------------------|
| Category | Priority | | Gross Expenditure | Revenue | Net | Approved Positions | | |
| Total Council Approved: | | | 1,307.2 | 0.0 | 1,307.2 | 10.0 | 1,900.0 | 0.0 |
| Staff Recommended: | | | 1,307.2 | 0.0 | 1,307.2 | 10.0 | 1,900.0 | 0.0 |
| Budget Committee Recommended: | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Executive Committee Recommended: | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| City Council Approved: | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Council Approved New/Enhanced Services: | | | 1,307.2 | 0.0 | 1,307.2 | 10.0 | 1,900.0 | 0.0 |

Category:

71 - Operating Impact of New Capital Projects
72 - Enhanced Services-Service Expansion
74 - New Services
75 - New Revenues

2014 Operating Budget - Council Approved New and Enhanced Services

Summary by Service

(\$000s)

| Form ID | | Agencies - Cluster Program: Toronto Transit Commission - Conventional | Adjustments | | | | 2015 Plan Net Change | 2016 Plan Net Change |
|----------|----------|-----------------------------------------------------------------------------|----------------------|---------|-----|-----------------------|-------------------------|-------------------------|
| Category | Priority | | Gross Expenditure | Revenue | Net | Approved Positions | | |

3151 Metropass Price Adjustment

74 1 Description:

The price of an Adult Metropass will be increased by one additional trip, effective January 1, 2014, generating revenues of \$8.0 million.

Service Level Impact:

While the selling price of the Metropass has increased with the rate of inflation, the increase in the price per ride taken has been well below the rate of inflation because the actual rides taken on average per pass has increased 5% from about 70 rides to 74. In effect, fares on a per ride basis for Metropass users have actually decreased relative to inflation. To compensate, the price per average ride taken will be increased by the forecast rate of inflation, which will result in an increase in the pass price multiple of 1 (from 48.5 equivalent tokens to 49.5) and no material resultant decrease in ridership from the 540 million forecast.

Service:Conventional Service

| | | | | | | |
|--------------------------------------|------------|----------------|------------------|------------|------------|------------|
| Staff Recommended: | 0.0 | 8,000.0 | (8,000.0) | 0.0 | 0.0 | 0.0 |
| BC Recommended Change: | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EC Recommended Change: | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| CC Recommended Change: | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Council Approved: | 0.0 | 8,000.0 | (8,000.0) | 0.0 | 0.0 | 0.0 |
| Staff Recommended: | 0.0 | 8,000.0 | (8,000.0) | 0.0 | 0.0 | 0.0 |
| Budget Committee Recommended: | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Category:

- 71 - Operating Impact of New Capital Projects
- 72 - Enhanced Services-Service Expansion
- 74 - New Services
- 75 - New Revenues

2014 Operating Budget - Council Approved New and Enhanced Services

Summary by Service

(\$000s)

| Form ID | | Agencies - Cluster Program: Toronto Transit Commission - Conventional | Adjustments | | | | 2015 Plan Net Change | 2016 Plan Net Change |
|-----------------------------------------|----------|-----------------------------------------------------------------------------|----------------------|---------|-----------|-----------------------|-------------------------|-------------------------|
| Category | Priority | | Gross Expenditure | Revenue | Net | Approved Positions | | |
| Executive Committee Recommended: | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| City Council Approved: | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Council Approved New/Enhanced Services: | | | 0.0 | 8,000.0 | (8,000.0) | 0.0 | 0.0 | 0.0 |

Category:

- 71 - Operating Impact of New Capital Projects
- 72 - Enhanced Services-Service Expansion
- 74 - New Services
- 75 - New Revenues

2014 Operating Budget - Council Approved New and Enhanced Services

Summary by Service

(\$000s)

| Form ID | | Agencies - Cluster Program: Toronto Transit Commission - Conventional | Adjustments | | | | 2015 Plan Net Change | 2016 Plan Net Change |
|----------|----------|-----------------------------------------------------------------------------|----------------------|---------|-----|-----------------------|-------------------------|-------------------------|
| Category | Priority | | Gross Expenditure | Revenue | Net | Approved Positions | | |

Summary:

| | | | | | | |
|-----------------------------------------|----------|---------|---------|------|---------|-----|
| Staff Recommended: | 12,040.0 | 8,000.0 | 4,040.0 | 79.0 | 1,900.0 | 0.0 |
| Budget Committee Recommended: | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Executive Committee Recommended: | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| City Council Approved: | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Council Approved New/Enhanced Services: | 12,040.0 | 8,000.0 | 4,040.0 | 79.0 | 1,900.0 | 0.0 |

Category:

- 71 - Operating Impact of New Capital Projects
- 72 - Enhanced Services-Service Expansion
- 74 - New Services
- 75 - New Revenues

2014 Operating Budget - Council Approved New and Enhanced Services

Summary by Activity

(\$000s)

| Form ID | | Agencies - Cluster Program: Toronto Transit Commission - Conventional | Adjustments | | | | 2015 Plan Net Change | 2016 Plan Net Change |
|----------|----------|-----------------------------------------------------------------------------|----------------------|---------|-----|-----------------------|-------------------------|-------------------------|
| Category | Priority | | Gross Expenditure | Revenue | Net | Approved Positions | | |

3127 Group Station Management

72 1 Description:

In 2013, TTC launched the introduction of Group Station Managers by adding six supervisors to oversee and manage each subway station. This program creates single-point accountability and a mandate to transform the management of TTC subway stations and bus interchanges.

Service Level Impact:

Implementation of the new station management model will continue in 2014 and the 2014 Recommended Operating Budget includes funding for 45 additional positions effective January 1, 2014 (most of which are Station Supervisors) to support this initiative. With ever-increasing ridership, these positions will ensure that customer throughput within the existing, increasingly crowded stations will be more carefully managed. These positions enhance management visibility and manage safety at subway stations by promptly addressing customer concerns.

Service/Activity: Toronto Transit Commission - Conventional Service / NA

| | | | | | | |
|--------------------------------|----------------|------------|----------------|-------------|------------|------------|
| Staff Recommended: | 4,591.1 | 0.0 | 4,591.1 | 45.0 | 0.0 | 0.0 |
| BC Recommended Change: | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EC Recommended Change: | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| CC Recommended Change: | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Council Approved: | 4,591.1 | 0.0 | 4,591.1 | 45.0 | 0.0 | 0.0 |

Category:

- 71 - Operating Impact of New Capital Projects
- 72 - Enhanced Services-Service Expansion
- 74 - New Services
- 75 - New Revenues

2014 Operating Budget - Council Approved New and Enhanced Services

Summary by Activity

(\$000s)

| Form ID | | Agencies - Cluster Program: Toronto Transit Commission - Conventional | Adjustments | | | | 2015 Plan Net Change | 2016 Plan Net Change |
|-----------------------------------------|----------|-----------------------------------------------------------------------------|----------------------|---------|---------|-----------------------|-------------------------|-------------------------|
| Category | Priority | | Gross Expenditure | Revenue | Net | Approved Positions | | |
| Staff Recommended: | | | 4,591.1 | 0.0 | 4,591.1 | 45.0 | 0.0 | 0.0 |
| Budget Committee Recommended: | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Executive Committee Recommended: | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| City Council Approved New/Enhanced: | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Council Approved New/Enhanced Services: | | | 4,591.1 | 0.0 | 4,591.1 | 45.0 | 0.0 | 0.0 |

Category:

- 71 - Operating Impact of New Capital Projects
- 72 - Enhanced Services-Service Expansion
- 74 - New Services
- 75 - New Revenues

2014 Operating Budget - Council Approved New and Enhanced Services

Summary by Activity

(\$000s)

| Form ID | | Agencies - Cluster Program: Toronto Transit Commission - Conventional | Adjustments | | | | 2015 Plan Net Change | 2016 Plan Net Change |
|--------------------------------------------------------------------------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|---------|---------|-----------------------|-------------------------|-------------------------|
| Category | Priority | | Gross Expenditure | Revenue | Net | Approved Positions | | |
| 3128 | | Point of Sale Solution for Collectors | | | | | | |
| 72 | 2 | Description: As part of the TTC’s ongoing effort to ease fare purchases, this recommended service priority allows for the modernization of sales transactions at Collectors’ booths. Service Level Impact: To enhance customer service, TTC will be contracting with a service provider to introduce point of sale terminals into collector booths. The service provider will also be responsible for providing all required hardware and software as well as storing data and providing full service and maintenance support. | | | | | | |
| Service/Activity: Toronto Transit Commission - Conventional Service / NA | | | | | | | | |
| Staff Recommended: | | | 1,000.0 | 0.0 | 1,000.0 | 0.0 | 0.0 | 0.0 |
| BC Recommended Change: | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EC Recommended Change: | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| CC Recommended Change: | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Council Approved: | | | 1,000.0 | 0.0 | 1,000.0 | 0.0 | 0.0 | 0.0 |
| | | | | | | | | |
| Staff Recommended: | | | 1,000.0 | 0.0 | 1,000.0 | 0.0 | 0.0 | 0.0 |
| Budget Committee Recommended: | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Executive Committee Recommended: | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| City Council Approved New/Enhanced: | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Category:

- 71 - Operating Impact of New Capital Projects
- 72 - Enhanced Services-Service Expansion
- 74 - New Services
- 75 - New Revenues

2014 Operating Budget - Council Approved New and Enhanced Services
Summary by Activity
(\$000s)

| Form ID | | Agencies - Cluster Program: Toronto Transit Commission - Conventional | Adjustments | | | | 2015 Plan Net Change | 2016 Plan Net Change |
|-----------------------------------------|----------|-----------------------------------------------------------------------------|----------------------|---------|---------|-----------------------|-------------------------|-------------------------|
| Category | Priority | | Gross Expenditure | Revenue | Net | Approved Positions | | |
| Council Approved New/Enhanced Services: | | | 1,000.0 | 0.0 | 1,000.0 | 0.0 | 0.0 | 0.0 |

Category:

- 71 - Operating Impact of New Capital Projects
- 72 - Enhanced Services-Service Expansion
- 74 - New Services
- 75 - New Revenues

2014 Operating Budget - Council Approved New and Enhanced Services

Summary by Activity

(\$000s)

| Form ID | | Agencies - Cluster Program: Toronto Transit Commission - Conventional | Adjustments | | | | 2015 Plan Net Change | 2016 Plan Net Change |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-----------------------------------------------------------------------------|----------------------|------------|----------------|-----------------------|-------------------------|-------------------------|
| Category | Priority | | Gross Expenditure | Revenue | Net | Approved Positions | | |
| 3129 | | Facility Maintenance | | | | | | |
| 72 | 0 | Description: | | | | | | |
| <p>As part of the overall system cleanliness initiatives, TTC will increase efforts on cleaning vent/fan shafts and track level flushing in the subway with the objective of improving subway service reliability by reducing delays. As well, preventative maintenance of the TTC's various heating, ventilation and air conditioning systems will be enhanced to address the growing inventory and complexity of these systems.</p> <p>Service Level Impact:</p> <p>There are 200 vent/fan shafts and 100 kilometres of invert in the subway tunnel system. The shafts will be cleaned four times and the invert will be flushed once per year. These cleaning activities are currently being performed on an ad-hoc basis. TTC requires an increase of 24 positions effective February 1, 2014 for this initiative to improve customer service and asset reliability.</p> <p>Service/Activity: Toronto Transit Commission - Conventional Service / NA</p> | | | | | | | | |
| Staff Recommended: | | | 5,141.7 | 0.0 | 5,141.7 | 24.0 | 0.0 | 0.0 |
| BC Recommended Change: | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EC Recommended Change: | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| CC Recommended Change: | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Council Approved: | | | 5,141.7 | 0.0 | 5,141.7 | 24.0 | 0.0 | 0.0 |
| Staff Recommended: | | | 5,141.7 | 0.0 | 5,141.7 | 24.0 | 0.0 | 0.0 |
| Budget Committee Recommended: | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Executive Committee Recommended: | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Category:

- 71 - Operating Impact of New Capital Projects
- 72 - Enhanced Services-Service Expansion
- 74 - New Services
- 75 - New Revenues

2014 Operating Budget - Council Approved New and Enhanced Services

Summary by Activity

(\$000s)

| Form ID | | Agencies - Cluster Program: Toronto Transit Commission - Conventional | Adjustments | | | | 2015 Plan Net Change | 2016 Plan Net Change | |
|-----------------------------------------|----------|-----------------------------------------------------------------------------|----------------------|---------|---------|-----------------------|-------------------------|-------------------------|--|
| Category | Priority | | Gross Expenditure | Revenue | Net | Approved Positions | | | |
| City Council Approved New/Enhanced: | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Council Approved New/Enhanced Services: | | | 5,141.7 | 0.0 | 5,141.7 | 24.0 | 0.0 | 0.0 | |

Category:

- 71 - Operating Impact of New Capital Projects
- 72 - Enhanced Services-Service Expansion
- 74 - New Services
- 75 - New Revenues

2014 Operating Budget - Council Approved New and Enhanced Services

Summary by Activity

(\$000s)

| Form ID | | Agencies - Cluster Program: Toronto Transit Commission - Conventional | Adjustments | | | | 2015 Plan Net Change | 2016 Plan Net Change |
|----------|----------|-----------------------------------------------------------------------------|----------------------|---------|-----|-----------------------|-------------------------|-------------------------|
| Category | Priority | | Gross Expenditure | Revenue | Net | Approved Positions | | |

3130 **Signal/Track/Substation Reliability**

72 0 **Description:**

As identified in the TTC's Capital Budget, an additional seven new electrical substations (beginning with Leslie Barns in 2014) will become operational by 2016. Additional personnel will be required to maintain them and a plan is in place to ensure that the electrical apprentices hired in 2014 are fully trained over that period. For improved signal system reliability, a 2-year plan calls for increased weekday morning peak period and 7 day per week night shift coverage as well as improved data acquisition and analysis of root causes of delays attributable to the signal system. Track engineering reliability initiatives are geared towards improving the timely delivery of goods and services in order to reduce repair times associated with restricted speed zones.

Service Level Impact:

Signal incident response coverage will be reconfigured to 8 Zones from the current 6 Zones in the AM. Signal maintenance supervision coverage will be enhanced and reconfigured to all shifts on weekends as well as additional coverage on afternoons and nights. Track material delivery and design and construction reviews were performed by various positions on an ad-hoc basis and took away from other track engineering reliability activities. TTC requires an increase of 10 positions effective February 1, 2014 for this initiative.

Service/Activity: Toronto Transit Commission - Conventional Service / NA

| | | | | | | |
|------------------------|---------|-----|---------|------|---------|-----|
| Staff Recommended: | 1,307.2 | 0.0 | 1,307.2 | 10.0 | 1,900.0 | 0.0 |
| BC Recommended Change: | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EC Recommended Change: | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| CC Recommended Change: | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Category:

- 71 - Operating Impact of New Capital Projects
- 72 - Enhanced Services-Service Expansion
- 74 - New Services
- 75 - New Revenues

2014 Operating Budget - Council Approved New and Enhanced Services

Summary by Activity

(\$000s)

| Form ID | | Agencies - Cluster Program: Toronto Transit Commission - Conventional | Adjustments | | | | 2015 Plan Net Change | 2016 Plan Net Change |
|-----------------------------------------|----------|-----------------------------------------------------------------------------|----------------------|---------|---------|-----------------------|-------------------------|-------------------------|
| Category | Priority | | Gross Expenditure | Revenue | Net | Approved Positions | | |
| Total Council Approved: | | | 1,307.2 | 0.0 | 1,307.2 | 10.0 | 1,900.0 | 0.0 |
| Staff Recommended: | | | 1,307.2 | 0.0 | 1,307.2 | 10.0 | 1,900.0 | 0.0 |
| Budget Committee Recommended: | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Executive Committee Recommended: | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| City Council Approved New/Enhanced: | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Council Approved New/Enhanced Services: | | | 1,307.2 | 0.0 | 1,307.2 | 10.0 | 1,900.0 | 0.0 |

Category:

- 71 - Operating Impact of New Capital Projects
- 72 - Enhanced Services-Service Expansion
- 74 - New Services
- 75 - New Revenues

2014 Operating Budget - Council Approved New and Enhanced Services

Summary by Activity

(\$000s)

| Form ID | | Agencies - Cluster Program: Toronto Transit Commission - Conventional | Adjustments | | | | 2015 Plan Net Change | 2016 Plan Net Change |
|----------|----------|-----------------------------------------------------------------------------|----------------------|---------|-----|-----------------------|-------------------------|-------------------------|
| Category | Priority | | Gross Expenditure | Revenue | Net | Approved Positions | | |

3151 **Metropass Price Adjustment**

74 1 **Description:**

The price of an Adult Metropass will be increased by one additional trip, effective January 1, 2014, generating revenues of \$8.0 million.

Service Level Impact:

While the selling price of the Metropass has increased with the rate of inflation, the increase in the price per ride taken has been well below the rate of inflation because the actual rides taken on average per pass has increased 5% from about 70 rides to 74. In effect, fares on a per ride basis for Metropass users have actually decreased relative to inflation. To compensate, the price per average ride taken will be increased by the forecast rate of inflation, which will result in an increase in the pass price multiple of 1 (from 48.5 equivalent tokens to 49.5) and no material resultant decrease in ridership from the 540 million forecast.

Service/Activity: Toronto Transit Commission - Conventional Service / NA

| | | | | | | |
|--------------------------------------|------------|----------------|------------------|------------|------------|------------|
| Staff Recommended: | 0.0 | 8,000.0 | (8,000.0) | 0.0 | 0.0 | 0.0 |
| BC Recommended Change: | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EC Recommended Change: | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| CC Recommended Change: | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Council Approved: | 0.0 | 8,000.0 | (8,000.0) | 0.0 | 0.0 | 0.0 |
| | | | | | | |
| Staff Recommended: | 0.0 | 8,000.0 | (8,000.0) | 0.0 | 0.0 | 0.0 |
| Budget Committee Recommended: | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Category:

- 71 - Operating Impact of New Capital Projects
- 72 - Enhanced Services-Service Expansion
- 74 - New Services
- 75 - New Revenues

2014 Operating Budget - Council Approved New and Enhanced Services

Summary by Activity

(\$000s)

| Form ID | | Agencies - Cluster Program: Toronto Transit Commission - Conventional | Adjustments | | | | 2015 Plan Net Change | 2016 Plan Net Change |
|-----------------------------------------|----------|-----------------------------------------------------------------------------|----------------------|---------|-----------|-----------------------|-------------------------|-------------------------|
| Category | Priority | | Gross Expenditure | Revenue | Net | Approved Positions | | |
| Executive Committee Recommended: | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| City Council Approved New/Enhanced: | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Council Approved New/Enhanced Services: | | | 0.0 | 8,000.0 | (8,000.0) | 0.0 | 0.0 | 0.0 |

Category:

- 71 - Operating Impact of New Capital Projects
- 72 - Enhanced Services-Service Expansion
- 74 - New Services
- 75 - New Revenues

2014 Operating Budget - Council Approved New and Enhanced Services
Summary by Activity
(\$000s)

| Form ID | | Agencies - Cluster Program: Toronto Transit Commission - Conventional | Adjustments | | | | 2015 Plan Net Change | 2016 Plan Net Change |
|----------|----------|-----------------------------------------------------------------------------|----------------------|---------|-----|-----------------------|-------------------------|-------------------------|
| Category | Priority | | Gross Expenditure | Revenue | Net | Approved Positions | | |

Summary:

| | | | | | | |
|------------------------------------------------|-----------------|----------------|----------------|-------------|----------------|------------|
| Staff Recommended: | 12,040.0 | 8,000.0 | 4,040.0 | 79.0 | 1,900.0 | 0.0 |
| Budget Committee Recommended: | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Executive Committee Recommended: | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| City Council Approved: | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Council Approved New/Enhanced Services: | 12,040.0 | 8,000.0 | 4,040.0 | 79.0 | 1,900.0 | 0.0 |

Category:

- 71 - Operating Impact of New Capital Projects
- 72 - Enhanced Services-Service Expansion
- 74 - New Services
- 75 - New Revenues