

# Toronto 2018 BUDGET



## OPERATING PROGRAM SUMMARY



## Toronto Transit Commission

### 2018 OPERATING BUDGET OVERVIEW

The TTC provides Conventional Transit service for an estimated 539 million rides with service that spans 247 million kilometres and 9.2 million hours in 2018. Wheel-Trans provides door-to-door accessible transit service on 4.8 million rides for riders with physical disabilities.

### 2018 Budget Summary

The total cost to deliver Conventional and Wheel Trans services to Toronto residents is \$1.978 billion gross and \$722.266 million net as shown below:

TTC - Conventional (in \$000's)	2017 Budget	2018 Budget	Change	
			\$	%
Gross Expenditures	1,804,282.3	1,826,421.4	22,139.1	1.2%
Revenues	1,257,436.4	1,247,579.6	(9,856.8)	(0.8%)
<b>Net Expenditures</b>	<b>546,845.9</b>	<b>578,841.8</b>	<b>31,995.9</b>	<b>5.9%</b>

TTC - Wheel Trans (in \$000's)	2017 Budget	2018 Budget	Change	
			\$	%
Gross Expenditures	151,169.3	152,055.2	885.9	0.6%
Revenues	8,491.5	8,631.1	139.6	1.6%
<b>Net Expenditures</b>	<b>142,677.8</b>	<b>143,424.1</b>	<b>746.3</b>	<b>0.5%</b>

TTC - Total (in \$000's)	2017 Budget	2018 Budget	Change	
			\$	%
Gross Expenditures	1,955,451.6	1,978,476.6	23,025.0	1.2%
Revenues	1,265,927.9	1,256,210.7	(9,717.2)	(0.8%)
<b>Net Expenditures</b>	<b>689,523.7</b>	<b>722,265.9</b>	<b>32,742.2</b>	<b>4.7%</b>

The 2018 Operating Budget includes increased funding of \$23.025 million gross and \$32.742 million net primarily the result of operations related to the opening of the TYSSE line, continued PRESTO implementation, legislative changes related to Bill 148 Fair Workplace Act and the loss of \$4.6 million in revenues.

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## FAST FACTS

- TTC is the largest City transit service in Canada and third largest in North America.
- TTC operates 800 subway cars, 260 streetcars/ LRVs and 1,900 buses to transport 539 million riders with a staff of 5,700 operators.
- The Yonge-University-Spadina subway line is the busiest TTC route carrying 780,000 riders per day, followed by the Bloor-Danforth subway line carrying 550,000 riders per day.
- Wheel-Trans operates 201 accessible buses to transport 4.1 million riders projected in 2017 with a staff of 351 operators.

## TRENDS

- The budgeted ridership for 2018 is 539 million rides, representing a 3.4 million increase over the 2017 projection but a decrease of 4.4 million rides from the 2017 budget of 543.8 million.
  - The total projected ridership growth of 0.6% for 2018 is not as aggressive in comparison to the ridership forecasts in the 2016 and 2017 budgets. The forecast is impacted by economic growth, service improvements including Go Co-Fare, TYSSE new ridership, subway closures, elimination of Public Tax Credit, and changing fare media including decreasing Metropass/Day Pass sales.
- Future year ridership projections will be updated in 2018 pending completion of the Ridership Growth Strategy.

## KEY SERVICE DELIVERABLES FOR 2018

TTC and Wheel-Trans are responsible for providing transit service to the people of Toronto.

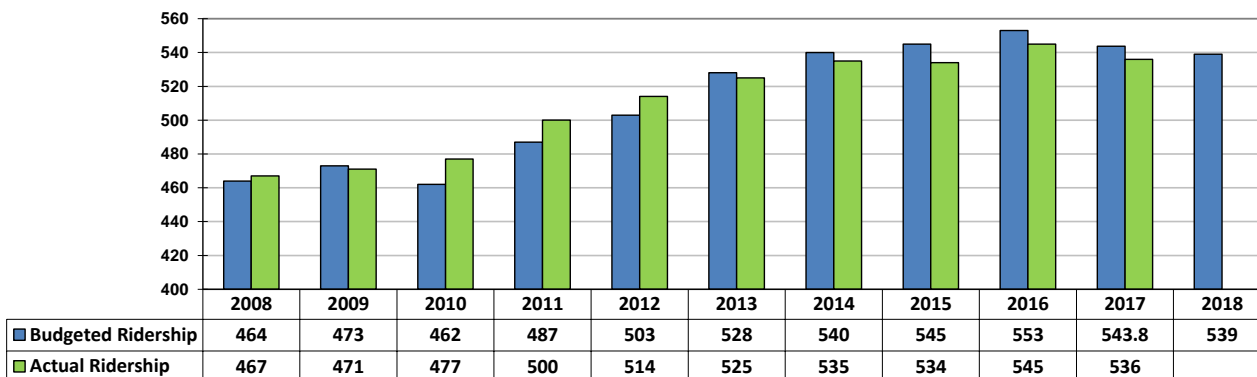
The 2018 Operating Budget will enable the TTC Program to continue to:

- Provide transit service to an anticipated 539.4 million riders, representing a 3.4 million, or 0.6% increase over the 2017 ridership projected year-end ridership of 536 million rides.
- Provide rail, streetcar and bus service spanning 247 million kilometers and 9.25 million hours of service.
- Operating the new Toronto York Spadina Subway Extension (TYSSE).
- Maintain 2017 Service levels with no fare increase.

Wheel-Trans Service:

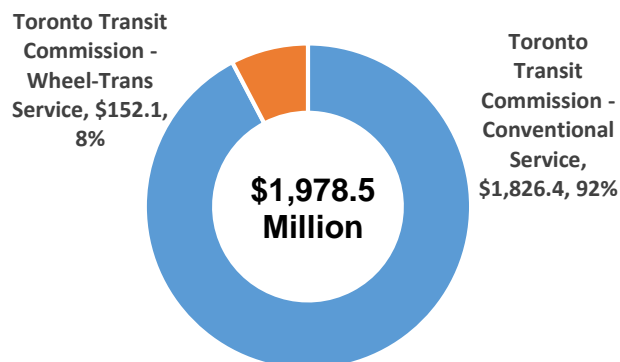
- Accommodate an 11.5% increase in ridership over 2017 projected year-end ridership incorporating new AODA classifications on disabilities and eligibility criteria.
- Improve customer service telephone performance by reducing wait times and call abandonment rates to industry standards.
- Prepare for evolving service delivery methods, and increase efficiency on Wheel-Trans Buses

**TTC Conventional Ridership 2008 - 2018**

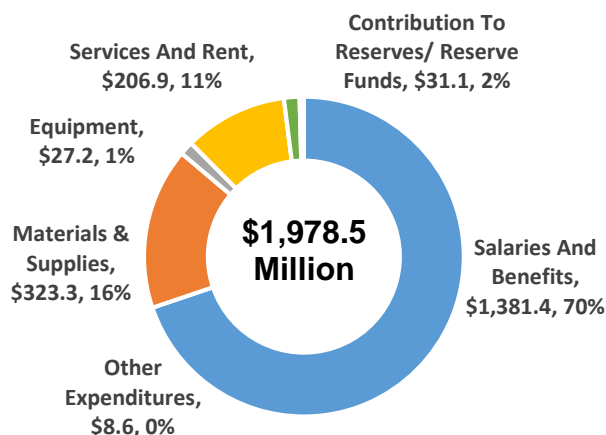


## Where the money goes:

### 2018 Budget by Service

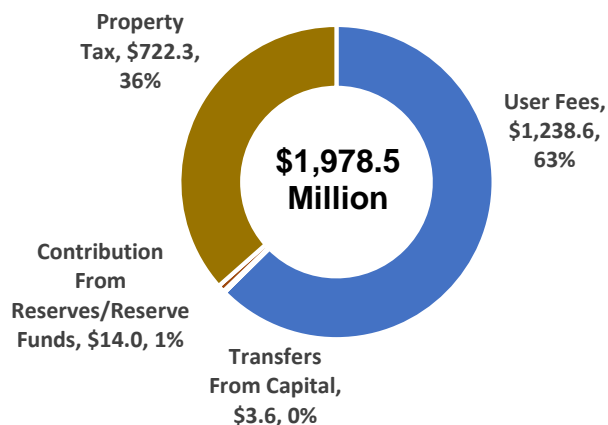


### 2018 Budget by Expenditure Category



## Where the money comes from:

### 2018 Budget by Funding Source



## OUR KEY ISSUES & PRIORITY ACTIONS

- **Maintain service levels and accommodating growing ridership demand.**
  - ✓ Budgeting for an anticipated 539 million rides in 2018.
  - ✓ Maintaining 2017 service levels provided to customers.
  - ✓ Operating TYSSE
  - ✓ No fare increase proposed for 2018.
- **Modernization Investment and Impacts on Service Delivery-**
  - ✓ Implementation of Presto and impacts on fare media offerings, installation of gates and adoption rates in 2018.
    - Assumed average 2018 adoption rates of 45% in 2018 - 2% increase in average adoption rates will result in additional 2018 transitional costs of \$1.1 million.
    - 1% change in average fare results in \$5.4 million pressure.
  - ✓ Implementation of ATC and One Person Train Operations..
  - ✓ SAP Financial and Vision System enhancements to improve service delivery

## 2018 OPERATING BUDGET HIGHLIGHTS

- The 2018 Operating Budget for TTC is \$1,978.5 billion gross and \$722.266 million net representing an increase of \$32.742.2 million or 4.7% to the 2017 Approved Operating Budget. The TTC could not meet the budget target largely due to impacts from prior year decisions.
  - ✓ Opening of the Toronto York Spadina Subway Extension (TYSSE) - \$25.3 million (Net)
  - ✓ Continued implementation of PRESTO - \$8.2 million
  - ✓ Bill 148: payment of 2 Emergency Leave days - \$4.1 million
- The 2018 Operating Budget provides funding for:
  - ✓ TYSEE - An additional 96,000 hours of service to operate the TYSSE.
  - ✓ The operation and maintenance of 6 new subway stations.
  - ✓ Bill 148 –Address emergency leave provisions in the act.
  - ✓ VISION – the system will enhance route management to improve on-time performance and reliability.

## Council Approved Budget

City Council approved the following recommendations:

1. City Council approve the 2018 Operating Budget for Toronto Transit Commission (TTC) Conventional of \$1.826 billion gross, \$578.842 million net for the following service:

<u>Service:</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
TTC - Conventional	1,826,421.4	578,841.8
Total Program Budget	<u>1,826,421.4</u>	<u>578,841.8</u>

2. City Council approve the staff complement of 14,423 positions, comprising 2,321 capital project delivery positions and 12,102 operating service delivery positions.
3. City Council direct TTC staff to continue to work with City staff on establishing its Service-Based budgets for TTC (Conventional and Wheel-Trans), and associated service levels and performance measures during 2018 for the 2019 Budget process.
4. City Council approve the 2018 Operating Budget for TTC Wheel-Trans Service of \$152.055 million gross, \$143.424 million net for the following service:

<u>Service:</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
Toronto Transit Commission - Wheel-Trans Service	152,055.2	143,424.1
Total Program Budget	<u>152,055.2</u>	<u>143,424.1</u>

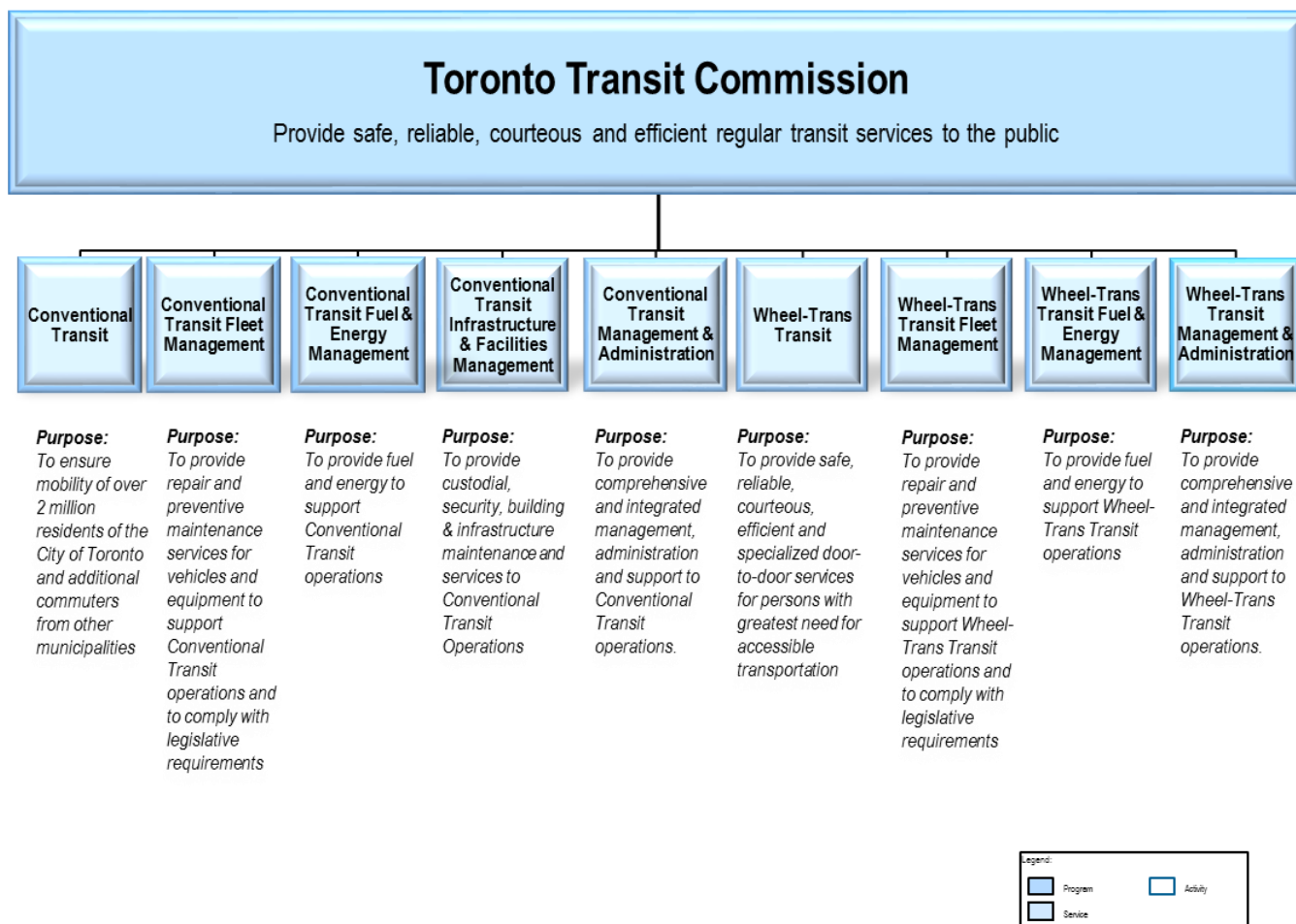
5. City Council approve the 2018 staff complement for TTC Wheel-Trans Service of 588 operating service delivery positions
6. City Council direct the Chief Executive Officer of the TTC and the City Manager to continue discussions on partnering with the Province for permanent sustainable funding for impacts of legislated requirements of Wheel-Trans Services such as the impacts of the Accessibility for Ontarians with Disabilities Act (AODA).



# Part 1

## 2018 - 2020 Service Overview and Plan

## Program Map



Service Customer

### Conventional Transit

- Riders
- Businesses
- Employers
- Neighbouring Municipalities

#### Indirect (Beneficial)

- Residents
- Staff – City Divisions
- Staff – Agencies & Boards
- Mayor & City Council
- City Manager & DCMs

### Wheel-Trans Transit

- Riders
- Businesses
- Employers
- Neighbouring Municipalities

#### Indirect (Beneficial)

- Residents
- Staff – City Divisions
- Staff – Agencies & Boards
- Mayor & City Council
- City Manager & DCMs



**Table 1**  
**TTC & Wheel-Trans**  
**2018 Operating Budget and Plan by Service**

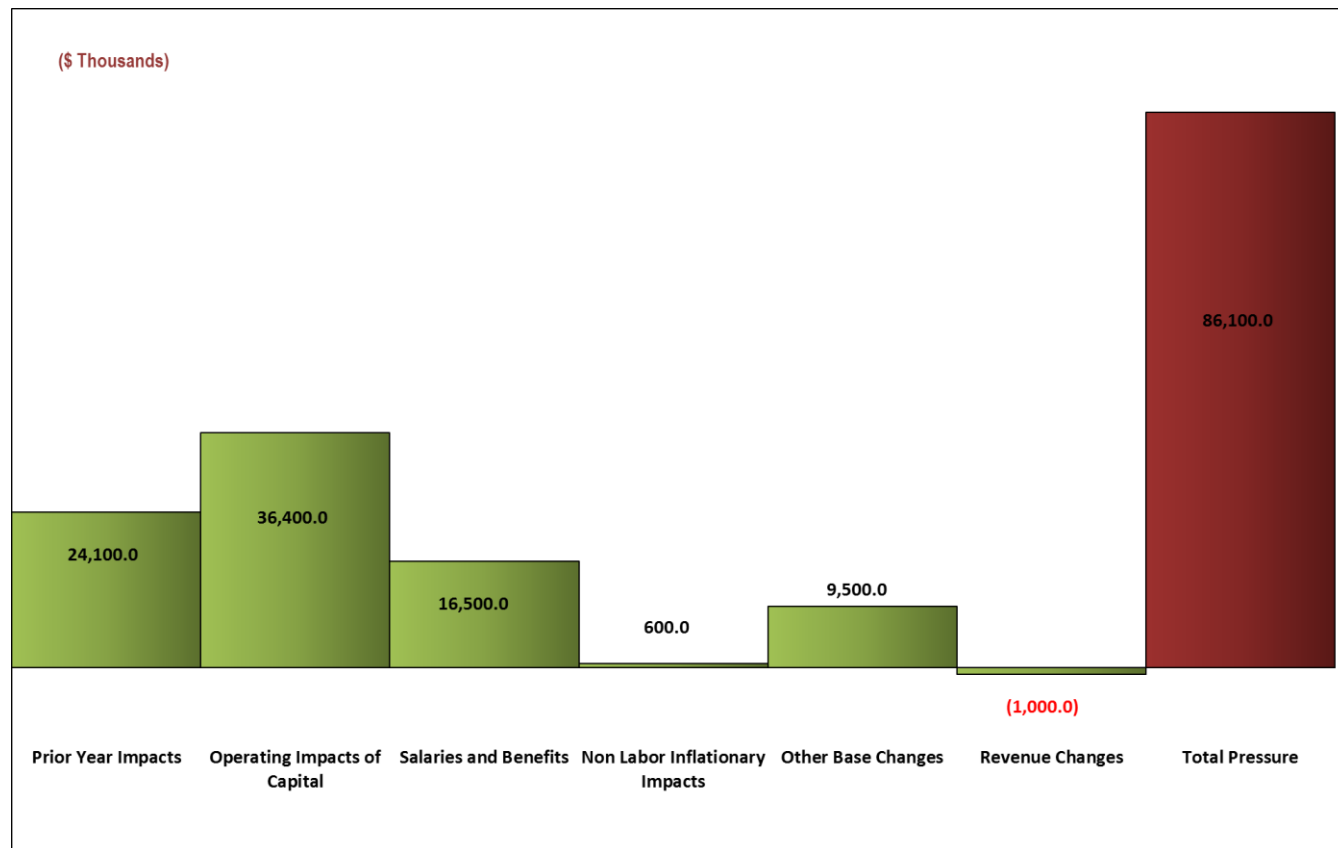
(In \$000s)	2017		2018 Operating Budget			2018 Budget vs. 2017 Budget Change		Incremental Change			
	Budget	Projected Actual	Base	New/Enhanced	Total Budget			2019 Plan		2020 Plan	
By Service	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
<b>Toronto Transit Commission - Wheel-Trans Service</b>											
Gross Expenditures	1,955,451.6	1,884,202.6	1,974,476.6	4,000.0	1,978,476.6	23,025.0	1.2%	90,293.8	4.6%	52,314.5	2.5%
Revenue	1,265,927.9	1,244,013.4	1,261,310.7	(5,100.0)	1,256,210.7	(9,717.2)	(0.8%)	4,106.0	0.3%	38,580.0	3.1%
<b>Net Expenditures</b>	<b>689,523.7</b>	<b>640,189.2</b>	<b>713,165.9</b>	<b>9,100.0</b>	<b>722,265.9</b>	<b>32,742.2</b>	<b>4.7%</b>	<b>86,187.8</b>	<b>11.9%</b>	<b>13,734.5</b>	<b>1.7%</b>
<b>Total</b>											
Gross Expenditures	1,955,451.6	1,884,202.6	1,974,476.6	4,000.0	1,978,476.6	23,025.0	1.2%	90,293.8	4.6%	52,314.5	2.5%
Revenue	1,265,927.9	1,244,013.4	1,261,310.7	(5,100.0)	1,256,210.7	(9,717.2)	(0.8%)	4,106.0	0.3%	38,580.0	3.1%
<b>Total Net Expenditure:</b>	<b>689,523.7</b>	<b>640,189.2</b>	<b>713,165.9</b>	<b>9,100.0</b>	<b>722,265.9</b>	<b>32,742.2</b>	<b>4.7%</b>	<b>86,187.8</b>	<b>11.9%</b>	<b>13,734.5</b>	<b>1.7%</b>
<b>Approved Positions</b>	<b>14,996.0</b>		<b>14,984.0</b>	<b>27.0</b>	<b>15,011.0</b>	<b>15.0</b>	<b>0.1%</b>	<b>151.0</b>	<b>1.0%</b>	<b>(78.0)</b>	<b>(0.5%)</b>

The TTC 2018 Operating Budget is \$1.978 billion gross and \$722.266 million net, representing a 4.7% increase to the 2017 Approved Net Operating Budget. The TTC did not meet the reduction target of 0% as set out in the 2018 Operating Budget Directions approved by Council and is over the reduction target by \$32.742 million or 4.7%.

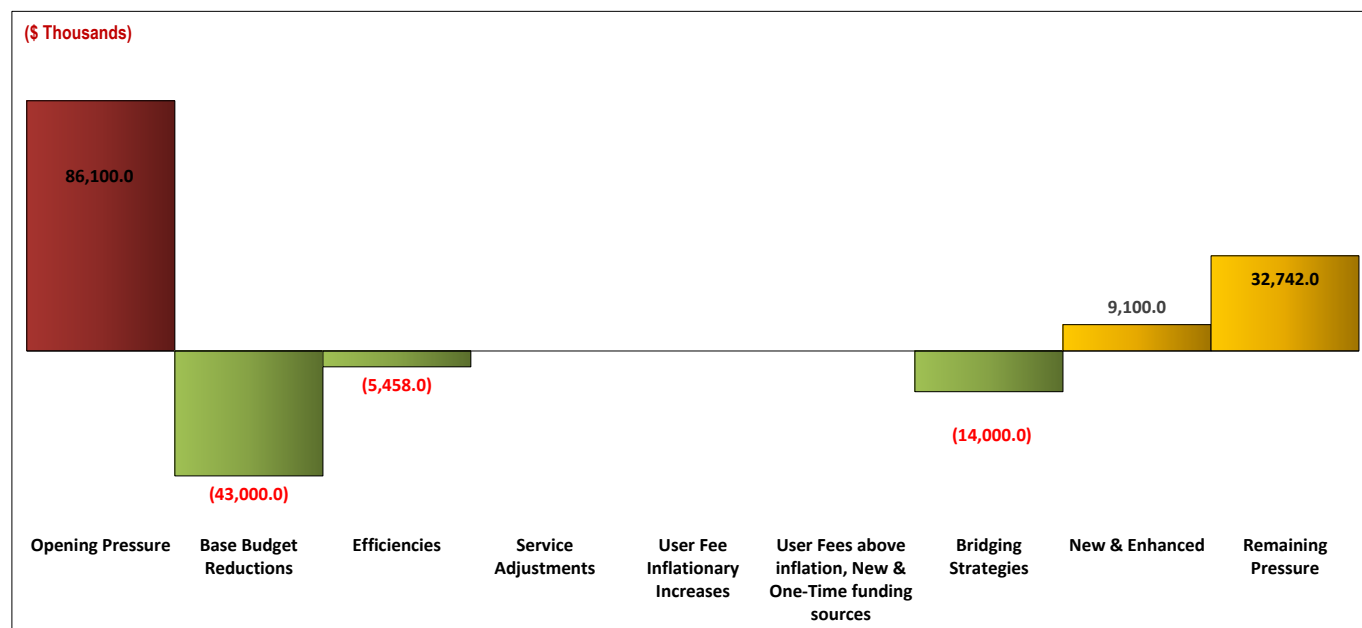
- TTC's submitted base pressure totaled \$86.1 million, mainly attributable to the impacts from prior year decisions, as well as costs arising from legislative changes.
- To help mitigate the above pressure, following the June 2017 preliminary submission to the City, extensive budget and line-by-line reviews were conducted together with Financial Planning and the TTC which has led to reductions totalling \$48.5 million.
- Included within the reductions is \$5.458 million in service efficiency savings. The TTC was able to achieve service efficiency savings through initiatives predominately undertaken in the Material and Procurement department.
- Approval of the 2018 Operating Budget will result in TTC increasing its total staff complement by 15 positions from 14,996 (Inclusive of In-Year Adjustment for Collectors) to 15,011.
- The 2019 and 2020 Plan increases are attributable to Inflationary increases in (energy, benefits, and material prices) as well as PRESTO fees, partially offset by an inflationary fare increase. It is important to note that the outlooks do not include the financial impact of the Collective Bargaining Agreements which be negotiated in 2018.

The following graphs summarize the operating budget pressures for Toronto Transit Commission and the actions taken to offset/reduce these pressures to meet the budget reduction target.

### Key Cost Drivers - TTC & Wheel-Trans



### Actions to Achieve Budget Reduction Target





**Table 2**  
**TTC & Wheel-Trans**  
**Key Cost Drivers**

(In \$000s)	2018 Base Operating Budget	Total	
	TTC Conventional & Wheel-Trans		
	\$	\$	Position
Gross Expenditure Changes			
Prior Year Impacts			
Reversal of Stabilization Reserve	14,000.0	14,000.0	
Annualization of faregate contract cost	1,800.0	1,800.0	
Annualization of 2017 workforce and service changes	1,600.0	1,600.0	
Operating Impacts of Capital			
TYSSE Operation	29,500.0	29,500.0	26.0
PRESTO Implementation	13,100.0	13,100.0	(48.0)
Fleet Replacement (BUS & LFLRVs)	(12,600.0)	(12,600.0)	(35.0)
All other Changes (Net)	3,700.0	3,700.0	
Salaries and Benefits			
Benefit Inflation & Utilization	9,500.0	9,500.0	
Employee Benefit Budget Reductions	(4,000.0)	(4,000.0)	
Collective Bargaining Agreements (CBA to March 31, 2018)	7,000.0	7,000.0	
Bill 148 - Emergency Leave (Minimal costs)	4,100.0	4,100.0	
Economic Factors			
Inflationary increases	6,100.0	6,100.0	
Diesel Price Change	1,600.0	1,600.0	
All other Changes (Net)	2,000.0	2,000.0	
Other Base Expenditure Changes			
Maintenance (Vehicles and Facilities)	6,700.0	6,700.0	6.0
Adjustment to align with increased ridership	3,900.0	3,900.0	(69.0)
Other Base Expenditure Changes	(900.0)	(900.0)	
Total Gross Expenditure Changes	87,100.0	87,100.0	(120.0)
Revenue Changes			
Base Revenue Changes			
Passenger Revenue: Average Fare offsetting ridership decrease	(3,500.0)	(3,500.0)	
Commuter Parking Revenue (excluding TYSSE lots)	2,500.0	2,500.0	
Total Revenue Changes	(1,000.0)	(1,000.0)	
Net Expenditure Changes	86,100.0	86,100.0	(120.0)

Key cost drivers for TTC are discussed below:

## Gross Expenditure Changes

- Prior Year Impacts:
  - The 2017 TTC Operating Budget included a \$14 million one-time draw from the TTC Stabilization Reserve as a bridging strategy to reduce the 2017 Operating Budget. The funds however, given the under spend in 2017, were not required and the 2018 budget reverses this one-time funding source. As this was a one-time measure in 2017, a resulting \$14 million pressure exists.
- Operating Impacts of Capital:
  - Operation of the Toronto York Spadina Subway Extension (TYSSE) - \$29.5 million

- An additional 96,000 hours of service to operate the TYSSE
- Operating an additional 10 trains to service the extension
- The operation and maintenance of 6 new subway stations
- The maintenance of 17.2 kilometers of revenue service track
- Required traction power & utilities to operate the extension
- Additional \$13.1 million for PRESTO to Metrolinx fees based on projected adoption timing with full adoption anticipated by year end (excluding cash) 2018.
- The retirement of the Orion VII diesel bus fleet made possible by leveraging the Public Transit Infrastructure Fund (PTIF) program enabled the TTC to acquire more fuel efficient replacement buses requiring less maintenance and realize savings of \$12.6 million.
- The budget assumes that a sufficient number of LRV vehicles will be received from Bombardier to convert the 504, 505 and 512 routes to full LRV operation resulting in reduced operating expenditures.
- Salaries and Benefits
  - The inflationary increase for Benefit costs are expected to increase by \$9.5 million or 3%, partially offset by a reduction in claims. Based on early benefit cost trends specifically health and dental benefits claims, \$4 million was reduced from the TTC 2018 Operating Budget.
  - The TTC Operating Budget does not include the impact of the Collective Bargaining Agreements beyond March 31, 2018 which will be negotiated in 2018.
  - Impact of Bill 148 (Fair Workplaces, Better Jobs Act) incorporates impact of 2 paid emergency leave \$4.1 million.
- Economic Factors:
  - Inflationary increases for general expenditures have been absorbed by the TTC while inflationary costs to fund specific contract price increases for software Licenses and Energy price increase generate a pressure of \$9.7 million in 2018.

## Other Base Changes

- The key driver in this category is maintenance requirements for both facility and vehicle maintenance. Specifically related to increased maintenance requirements for vehicles coming of warranty.

## Revenue Changes

- Passenger revenue is expected to increase by \$3.5 million overall as a result of increased TYSSE ridership and average fare revenue.
  - \$3.5 million increase in average fare revenue - 3.2 cent increase in average fare, based on the experience in 2017, has been incorporated into the 2018 budget to offset the impact of a reduction in passenger rides. As pass products become increasingly available on PRESTO, the improvement in the average fare experienced to date, may not continue in future. Each 1 cent reduction in average fare results in a budget pressure of \$5.4 million.
  - (\$2.5) million reduction in commuter parking due to anticipated lot closures.

As a result of key drivers from prior year decisions the TTC was not able to achieve the budget reduction target. The TTC's 2018 Operating Budget does include base expenditure savings of \$42.9 million net, base revenue changes of \$14.0 million, service efficiency savings of \$5.5 million net while maintaining 2017 service level standards and expanding service, for a total of \$62.5 million net as detailed below.

**Table 3**  
**TTC & Wheel-Trans**  
**Actions to Achieve Budget Reduction Target**  
**2018 Service Change Summary**

Description (\$000s)	Service Changes		Total Service Changes			Incremental Change			
	TTC - Conventional		\$		#	2019 Plan		2020 Plan	
	Gross	Net	Gross	Net	Pos.	Net	Pos.	Net	Pos.
<b>Base Expenditure Changes</b>									
<b>Identified Following Original Submission:</b>									
Vehicle and Facility Maintenance	(8,300.0)	(8,300.0)	(8,300.0)	(8,300.0)					
Benefits	(6,200.0)	(6,200.0)	(6,200.0)	(6,200.0)					
Diesel consumption rate and hedging	(5,900.0)	(5,900.0)	(5,900.0)	(5,900.0)					
Accident Claims	(3,000.0)	(3,000.0)	(3,000.0)	(3,000.0)					
Streetcar Leslie Barns gapping - LRV delay	(1,400.0)	(1,400.0)	(1,400.0)	(1,400.0)					
Utility Price Adjustments	(1,000.0)	(1,000.0)	(1,000.0)	(1,000.0)					
VIP Program: Transition to MDP	(500.0)	(500.0)	(500.0)	(500.0)					
Service requirements commensurate with demand	(1,600.0)	(1,600.0)	(1,600.0)	(1,600.0)					
Functional Assessments and Appeals	(300.0)	(300.0)	(300.0)	(300.0)					
All Other Changes	(2,910.0)	(2,910.0)	(2,910.0)	(2,910.0)					
<b>Reductions based on 2018 forecasted pressure</b>									
PRESTO	(4,700.0)	(4,700.0)	(4,700.0)	(4,700.0)		31,300.0	(32.0)	1,700.0	(5.0)
TYSSE & LRV delivery	(4,200.0)	(4,200.0)	(4,200.0)	(4,200.0)		4,000.0	43.0		
Impact of Vehicles Coming off Warranty	(2,100.0)	(2,100.0)	(2,100.0)	(2,100.0)					
Other Adjustments	(800.0)	(800.0)	(800.0)	(800.0)					
<b>Sub-Total Base Expenditure Change</b>	<b>(42,910.0)</b>	<b>(42,910.0)</b>	<b>(42,910.0)</b>	<b>(42,910.0)</b>		<b>35,300.0</b>	<b>11.0</b>	<b>1,700.0</b>	<b>(5.0)</b>
<b>Base Revenue Changes</b>									
TTC - Stabilization Reserve (Bridging Strategy)		(14,000.0)		(14,000.0)					
<b>Sub-Total Base Revenue Change</b>		<b>(14,000.0)</b>		<b>(14,000.0)</b>					
<b>Sub-Total</b>	<b>(42,910.0)</b>	<b>(56,910.0)</b>	<b>(42,910.0)</b>	<b>(56,910.0)</b>		<b>35,300.0</b>	<b>11.0</b>	<b>1,700.0</b>	<b>(5.0)</b>
<b>Service Efficiencies</b>									
Optimize procurement operations and accounts payable functions.	(2,458.0)	(2,458.0)	(2,458.0)	(2,458.0)					
Wheel-Trans Efficiency Savings	(3,090.0)	(3,090.0)	(3,090.0)	(3,090.0)	2.0				
<b>Sub-Total Service Efficiencies</b>	<b>(5,548.0)</b>	<b>(5,548.0)</b>	<b>(5,548.0)</b>	<b>(5,548.0)</b>	<b>2.0</b>				
<b>Total Changes</b>	<b>(48,458.0)</b>	<b>(62,458.0)</b>	<b>(48,458.0)</b>	<b>(62,458.0)</b>	<b>2.0</b>	<b>35,300.0</b>	<b>11.0</b>	<b>1,700.0</b>	<b>(5.0)</b>

TTC did not meet the budget target but was able to partially offset budget pressures with the following measures:

### Base Expenditure Changes (Savings of \$43.0 million gross & net)

#### Vehicle and Facility Maintenance

- A comprehensive review was completed of all vehicle and facility maintenance requirements with a number of cost adjustments made totalling \$8.3 million including:
  - Alignment of 2018 budget for hybrid bus battery replacements and facility maintenance requirements based on actual experience in 2017.
  - Identification of budget savings made possible as a result of lower streetcar track maintenance requirements following recent installations and replacements.
  - Reduced requirements related to various track and electrical contracts.
  - Adjustments to T1 maintenance costs to reflect lower contract pricing and refinements to requirements.

*Benefits*

- Based on trends in benefit costs and actions taken to eliminate fraudulent claims, an additional \$6.2 million in savings could be realized, reducing the benefit pressure from \$9.5 million to \$3.3M

*Diesel*

- A comprehensive review of diesel costs was undertaken, resulting in \$5.9 million in savings through:
  - 2018 anticipated vehicle replacements new and remaining fleet is expected to be more fuel efficient than the existing fleet, resulting in anticipated consumption savings.
  - Hedging 84% of the 2018 diesel fuel requirements, at an average price below the 2017 budgeted price.

*Accident Claims*

- Due to improved video evidence in certain cases, and the impact of previously enacted legislated reforms, accident claim cash payments have declined, resulting in a \$3 million reduction in the budget.

*Streetcar Leslie Barns gapping – LRV delay*

- As a result of the delay in LRV vehicle deliveries, the hiring of certain positions at Leslie Barns can be deferred to 2019. The \$1.4 million in savings for 108 will be required in 2019.

*Utility price adjustments*

- Updated price forecasts for utility costs have enabled the TTC to reduce the budget by \$1.0 million.

*Other*

- Other budget reductions identified and implemented were primarily based on 2017 year-to-date results for various material requirements.

**Revenue Changes***VIP Program: Transition to MDP*

- The Volume Incentive Plan (VIP) customers will be transitioned to the Metropass Discount Plan (MDP) Program in 2018. The VIP Program will not be supported under PRESTO and as such this transition would need to occur when legacy fare media is eliminated upon full implementation of PRESTO. This transition is expected to generate an additional \$0.5 million in passenger revenue in 2018.

*TTC Stabilization Reserve – One-Time Withdrawal (Increased Revenue of \$14.0 million)*

- TTC's 2018 Operating Budget includes a one-time withdrawal from the TTC Stabilization Reserve Fund in the amount of \$14.0 million.
- This draw reflects a one-time bridging strategy to reduce 2018 expenditure pressures.
- This funding will not be available in 2019 and will result in a \$14.0 million pressure in the 2019 Outlook.

**Service Efficiencies (Savings of \$5.5 million gross & net)***Material and Procurement*

- As a result of initiatives predominately undertaken in the Material and Procurement department, efficiency savings estimated at \$3.0 million are included as follows:
  - Increased use of blanket orders to achieve more competitive pricing on material requirements.
  - Enhancements to aftermarket parts warranty programs to enable increased use of warranty claims when premature part failures occur.
  - Improved core management processes to ensure that wherever possible part cores are returned to suppliers to yield savings on high dollar value part replacements.
  - Comprehensive review of invoicing to ensure special terms secured through procurement process are reflected on supplier invoices

**Table 4**  
**TTC & Wheel-Trans**  
**2018 New & Enhanced Service Priorities**

Description (\$000s)	New/Enhanced		Total			Incremental Change			
	TTC		\$		Position	2019 Plan		2020 Plan	
	Gross	Net	Gross	Net	#	Net	Pos.	Net	Pos.
<b>New Services Priorities</b>									
Enhanced service Priorities:									
Relieve Overcrowding	3,000.0	3,000.0	3,000.0	3,000.0	27.0	3,000.0			
<b>Sub-Total</b>	<b>3,000.0</b>	<b>3,000.0</b>	<b>3,000.0</b>	<b>3,000.0</b>	<b>27.0</b>	<b>3,000.0</b>	<b>-</b>		
New Service Priorities:									
Time Based Transfers	1,000.0	6,100.0	1,000.0	6,100.0		14,400.0		400.0	
<b>Sub-Total</b>	<b>1,000.0</b>	<b>6,100.0</b>	<b>1,000.0</b>	<b>6,100.0</b>		<b>14,400.0</b>	<b>-</b>	<b>400.0</b>	
<b>Total New / Enhanced Services</b>	<b>4,000.0</b>	<b>9,100.0</b>	<b>4,000.0</b>	<b>9,100.0</b>	<b>27.0</b>	<b>17,400.0</b>	<b>-</b>	<b>400.0</b>	<b>-</b>

### New & Enhanced (\$4.0 million gross & \$9.1 million net)

#### *Relieve Overcrowding*

- At its December 18, 2017 meeting, the City Budget Committee requested the Toronto Transit Commission to provide briefing notes on the following topics:
  - Options to address bus overcrowding, noting costs and ridership/crowding benefits.
  - The adequacy of the current bus fleet and garages to accommodate modest ridership growth and to address overcrowding.
- The objective is to bring bus overcrowding to 30% above current overcrowding standard for off-peak.

#### *Two-Hour Transfer Policy*

- At the TTC's November 28, 2017 meeting the report introducing a Two-Hour Transfer Policy was approved. The report includes the following recommendations:
  - Approve the TTC fare policy change to adopt a Two-hour Transfer on PRESTO from August, 2018.
  - Approve the addition of off-peak service hours from September 2018 and in subsequent years to support the estimated ridership increase resulting from recommendation
  - Amend the TTC's 2018 Operating Budget endorsed by the TTC Budget Committee to include a new/enhanced request to adopt a Two-hour Transfer on PRESTO from August, 2018 with an increased 2018 subsidy requirement of \$11.1 million and additional incremental impacts of \$9.4 million in 2019 and a further \$0.4 million in 2020.
- Based on a policy implementation date of August 2018, the expected net cost in 2018 is \$6.1 million and is comprised of the following:
  - A revenue loss of \$5.1 million resulting from a projected 4% (2.3 million revenue trips) of PRESTO e-purse fare payments that would become free under the new policy;
  - A net cost of \$1.0 million in PRESTO fees, mainly attributable to accelerated switching to PRESTO e-purse by existing TTC customers; and
- The annual net cost of a two-hour time-based transfer, upon full implementation in 2020, is \$20.9 million and is comprised of the following:
  - A revenue loss of \$22.4 million resulting from a projected 4% (8.1 million revenue trips) of PRESTO e-purse fare payments that would become free under the new policy;

- A revenue gain of \$4.2 million resulting from a projected 0.75% (1.5 million revenue trips) increase in PRESTO e-purse fare payments by existing and new TTC customers attracted by the new policy;  
A net savings of \$0.9 million in PRESTO fees; and cost of \$3.6 million for additional service hours

**Table 5**  
**TTC & Wheel-Trans**  
**2019 and 2020 Plan by Program**

Description (\$000s)	2019 - Incremental Change					2020 - Incremental Change				
	Gross Expense	Revenue	Net Expense	% Change	Position	Gross Expense	Revenue	Net Expense	% Change	Position
<b>Known Impacts:</b>										
<b>Prior Year</b>										
Reversal of Stabilization Reserve		(14,000.0)	14,000.0	2.0%						
PRESTO Fees	31,300.0		31,300.0	4.4%	(32.0)	1,700.0		1,700.0	0.2%	(5.0)
One Person Train Operation	200.0		200.0	0.0%		(12,400.0)		(12,400.0)	(1.6%)	
New Bus Garage/Maintenance Facilities	3,600.0		3,600.0	0.5%		11,300.0		11,300.0	1.4%	
Relieve Overcrowding	3,000.0		3,000.0	0.4%						
Time Based Transfers	14,400.0		14,400.0	2.0%		400.0				
<b>Other Base Revenue Changes</b>										
Economic Factors (Energy, Benefits, Material Price	34,600.0		34,600.0	4.9%		27,710.0		27,710.0	3.5%	
Legacy Fare Media Elimination	(13,000.0)		(13,000.0)	(1.8%)						
New Station Model	(4,100.0)		(4,100.0)	(0.6%)	(9.0)					
Deferral reversal (re LRV & TYSSE)	4,000.0		4,000.0	0.6%	43.0					
Cost Recovery Positions										
All other changes (net)	30,783.0		30,783.0	4.3%	149.0	22,157.0		22,157.0	2.8%	(73.0)
<b>Other Base Revenue Changes</b>										
VIP Program: Transition to MDP		1,000.0	(1,000.0)	(0.1%)						
Other Base Revenue Changes		1,900.0	(1,900.0)	(0.3%)		1,600.0		(1,600.0)	(0.2%)	
<b>Sub-Total Known Impacts</b>	104,783.0	(11,100.0)	115,883.0	16.2%	151.0	50,867.0	1,600.0	48,867.0	6.1%	(78.0)
<b>Anticipated Impacts:</b>										
Passenger Revenue (Ridership Growth)		9,695.2	(9,695.2)	(1.4%)		15,565.0		(15,565.0)	(1.9%)	
Passenger Revenue (5 cent fare increase)		20,000.0	(20,000.0)	(2.8%)		20,000.0		(20,000.0)	(2.5%)	
<b>Sub-Total Anticipated Impacts</b>		29,695.2	(29,695.2)	(4.2%)		35,565.0		(35,565.0)	(4.4%)	
<b>Total</b>	104,783.0	18,595.2	86,187.8	12.1%	151.0	50,867.0	37,165.0	13,302.0	1.7%	(78.0)

Future year incremental costs are primarily attributable to the following:

### Prior Year:

The key items are below:

- The 2019 and 2020 plans reflect inflationary cost increases to energy, benefits, utilities and material price increases.
- The one time bridging strategy will create \$14 million pressure in 2019. The TTC stabilization Reserve will be depleted in 2018.
- Annualization of Overcrowding and Time Based Transfers \$17.4 million.

### Base Changes:

- Based on projected full PRESTO adoption by year-end 2018, PRESTO Fees are expected to be approximately \$55 million in 2019, resulting in an incremental \$31.3 million 2019 pressure in the first full year of PRESTO adoption.
- Legacy Fare Media Elimination - 51 Revenue Operations positions were required to be added back in 2018 due to the delay of the legacy fare media phase-out as it was anticipated PRESTO would be fully adopted and implemented by the end of 2017. It is anticipated that these positions will be permanently deleted in early 2019.

### Anticipated Impacts:

- Projected ridership growth and an inflationary fare increase will account for \$29.7 million for 2019 and \$35.6 million in 2020 respectively.

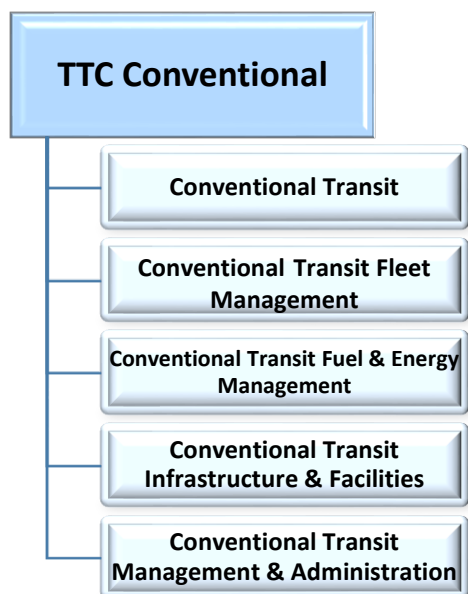


## Part 2

### 2018 Operating Budget by Service



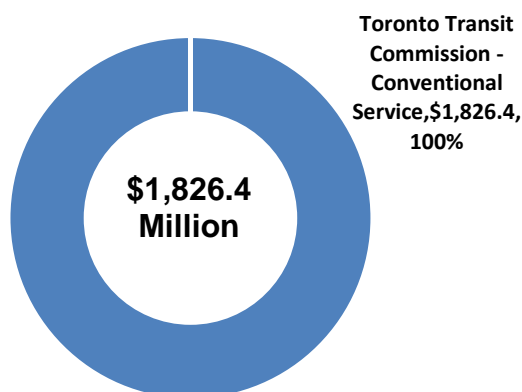
## TTC Conventional



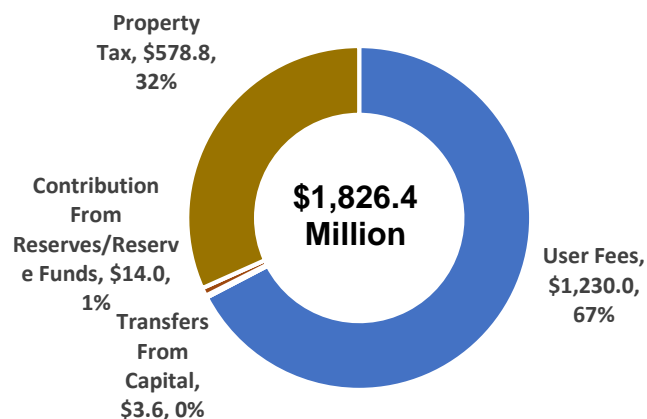
## What We Do

- TTC Conventional Service provides transit bus, streetcar, subway and rapid transit to 539 million riders with service that spans 248 million kilometers and 9.2 million hours.
- Ensures mobility of approximately 2.8 million residents of the City of Toronto and additional commuters from other municipalities.
- Provides repair and preventative 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.

2018 Service Budget by Activity (\$Ms)



2018 Service by Funding Source (\$Ms)



## 2018 Service Levels

### TTC Conventional

Service	Activity	Type	Sub-Type	Service Level 2017
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
Conventional Transit Infrastructure & Facilities Management	Track & Structure Management	Hydro		TBD
		Tunnels		TBD
		Bridges		TBD
		Rail		TBD
	Stations & Buildings Management	Right-of way		TBD
		Custodial Care		TBD
		Safety & Security		TBD
		Facilities Maintenance		TBD
	Signals/Electrical/Communications Management	Signals		TBD
		Switches		TBD
Conventional Transit Management & Administration		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 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.

**Table 6**  
**2018 Service Budget by Activity**

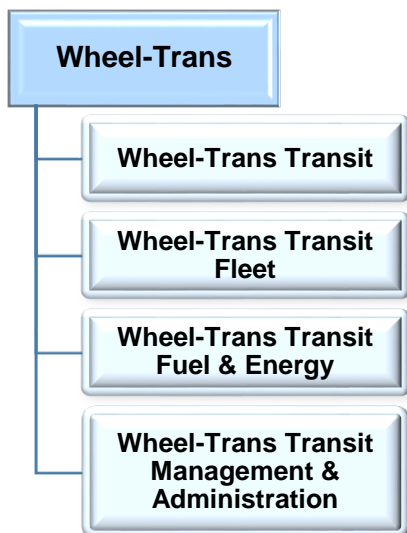
(\$000s)	2017	2018 Operating Budget							Incremental Change					
	Approved Budget	Base Budget	Service Changes	Base Budget vs. 2017			New/Enhanced	Budget	2018 Budget vs. 2017 Budget		2019 Plan		2020 Plan	
	\$			Base	Budget	% Change								
		\$	\$	\$	\$	%	\$	\$	\$	%	\$	%	\$	%
<b>GROSS EXP.</b>														
Toronto Transit Commission - Conventional Service	1,804,282.3	1,825,511.4	(3,090.0)	1,822,421.4	18,139.1	1.0%	4,000.0	<b>1,826,421.4</b>	22,139.1	1.2%	79,086.6	4.3%	43,331.8	2.3%
<b>Total Gross Exp.</b>	1,804,282.3	1,825,511.4	(3,090.0)	1,822,421.4	18,139.1	1.0%	4,000.0	<b>1,826,421.4</b>	22,139.1	1.2%	79,086.6	4.3%	43,331.8	2.2%
<b>REVENUE</b>														
Toronto Transit Commission - Conventional Service	1,257,436.4	1,238,679.6	14,000.0	1,252,679.6	(4,756.8)	(0.4%)	(5,100.0)	<b>1,247,579.6</b>	(9,856.8)	(0.8%)	3,100.0	0.2%	37,600.0	3.0%
<b>Total Revenues</b>	1,257,436.4	1,238,679.6	14,000.0	1,252,679.6	(4,756.8)	(0.4%)	(5,100.0)	<b>1,247,579.6</b>	(9,856.8)	(0.8%)	3,100.0	0.2%	37,600.0	2.9%
<b>NET EXP.</b>														
Toronto Transit Commission - Conventional Service	546,845.9	586,831.8	(17,090.0)	569,741.8	22,895.9	4.2%	9,100.0	<b>578,841.8</b>	31,995.9	5.9%	75,986.6	13.1%	5,731.8	0.9%
<b>Total Net Exp.</b>	546,845.9	586,831.8	(17,090.0)	569,741.8	22,895.9	4.2%	9,100.0	<b>578,841.8</b>	31,995.9	5.9%	75,986.6	13.1%	5,731.8	0.9%
<b>Approved Positions</b>	14,010.0	14,394.0	2.0	14,396.0	386.0	2.8%	27.0	<b>14,423.0</b>	413.0	2.9%	151.0	1.0%	(78.0)	(0.5%)

The **TTC Conventional Service** provides transit bus, streetcar, subway, and rapid transit to 539.4 million riders and provides repair and preventative maintenance services for vehicles and equipment to support Conventional transit operations and compliance with legislative requirements.

The TTC Conventional Service's 2018 Operating Budget of \$1.826 billion gross and \$578.8 million net is \$31.996 million or 5.9% over the 2017 Approved Net Budget.

- In addition to the base budget pressures common to all TTC services, this service is experiencing the impacts from prior year decisions, as well as costs arising from legislative changes, which in total creates a \$37.6 million full year pressure including:
  - Operation of the newly opened Toronto York Spadina Subway Extension (TYSSE) - \$29.5 million
  - Continued implementation of PRESTO - \$8.2 million
  - Bill 148: payment of 2 Emergency Leave days - \$4.1 million
- To mitigate these pressures, the 2018 Operating Budget includes expenditure reductions of \$39.8 million and \$3.0 million in service efficiency savings arising from materials and procurement efficiencies.
- The TTC has also included a one-time draw from the Stabilization Reserve of \$14.0 million in the 2018 Budget.
- Anticipated future year incremental costs of \$58.6 million in 2019 and \$5.3 million in 2020 are primarily attributable to inflationary increases to both labour and non-labour costs, PRESTO fees cost increase, Station Transformation and service increases to accommodate planned ridership growth.

## Wheel-Trans

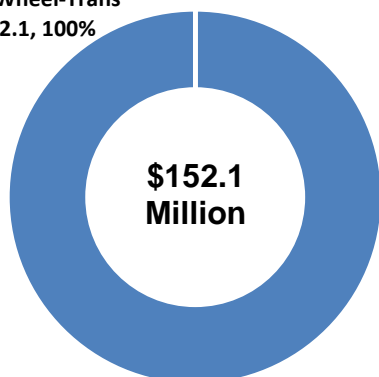


## What We Do

- TTC Wheel-Trans Service provides door-to-door accessible transit service for 4.808 million rides for riders with physical disabilities using accessible buses, contracted accessible and sedan taxis.
- Provides repair and preventative 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.

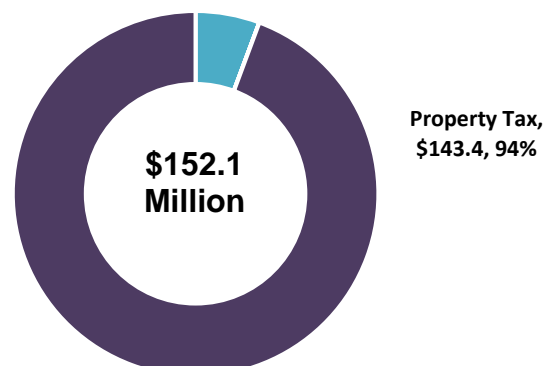
### 2018 Service Budget by Activity (\$Ms)

Toronto Transit  
Commission - Wheel-Trans  
Service, \$152.1, 100%



### 2018 Service by Funding Source (\$Ms)

User Fees, \$8.6, 6%



**Table 6**  
**2018 Service Budget by Activity**

(\$000s)	2017	2018 Operating Budget							Incremental Change					
	Approved Budget	Base Budget	Service Changes	Base Budget vs. 2017	Base Budget	% Change	New/Enhanced	Budget	2018 Budget vs. 2017 Budget		2019 Plan		2020 Plan	
	\$	\$	\$	\$	\$	%	\$	\$	\$	%	\$	%	\$	%
<b>GROSS EXP.</b>														
Toronto Transit Commission - Wheel-Trans Service	151,169.3	154,513.2	(2,458.0)	152,055.2	885.9	0.6%		152,055.2	885.9	0.6%	11,207.2	7.4%	8,982.7	5.5%
<b>Total Gross Exp.</b>	151,169.3	154,513.2	(2,458.0)	152,055.2	885.9	0.6%		152,055.2	885.9	0.6%	11,207.2	7.4%	8,982.7	5.2%
<b>REVENUE</b>														
Toronto Transit Commission - Wheel-Trans Service	8,491.5	8,631.1		8,631.1	139.6	1.6%		8,631.1	139.6	1.6%	1,006.0	11.7%	980.0	10.2%
<b>Total Revenues</b>	8,491.5	8,631.1		8,631.1	139.6	1.6%		8,631.1	139.6	1.6%	1,006.0	11.7%	980.0	9.2%
<b>NET EXP.</b>														
Toronto Transit Commission - Wheel-Trans Service	142,677.8	145,882.1	(2,458.0)	143,424.1	746.3	0.5%		143,424.1	746.3	0.5%	10,201.2	7.1%	8,002.7	5.2%
<b>Total Net Exp.</b>	142,677.8	145,882.1	(2,458.0)	143,424.1	746.3	0.5%		143,424.1	746.3	0.5%	10,201.2	7.1%	8,002.7	5.0%
<b>Approved Positions</b>	571.0	591.0	(3.0)	588.0	17.0	3.0%		588.0	17.0	3.0%		0.0%		

**The Wheel-Trans Service** provides door-to-door accessible transit service for 4.808 million rides for users with physical disabilities using accessible buses, contracted accessible and sedan taxis. The service provides repair and preventative maintenance services for vehicles and equipment to support Wheel-Trans operations and complies with legislative requirements.

The Wheel-Trans Service's 2018 Operating Budget of \$152.055 million gross and \$143.424 million net is \$0.746 million or 0.5% over the 2017 Approved Net Budget.

- In addition to the base budget pressures common to services, the key driver for this service is the growing ridership levels. Efforts to mitigate against the financial impact of growing ridership are being established through the Family of Services initiative.
  - A Family of Services trip is when a Wheel-Trans customer uses conventional transit (subway, bus or Community Bus) for part of, or all of, their journey.
  - Beginning in early 2018 Wheel-Trans will move to Phase 4 of the Family of Service pilot and have customer drop-offs and pick-ups at subway station.
- In order to offset these pressures, the 2018 Operating Budget includes \$5.7 million in reductions of which is achieved through \$1.6 million in base budget reductions and line-by-line reviews, \$4.1 million resulting from a revised ridership forecast.



## Part 3

### Issues for Discussion

## Issues Impacting the 2018 Budget

### ***Budget Reduction Target***

- City Council, on May 24, 2017, approved the report EX25.18 2018 Budget Process – Budget Directions and Schedule. In doing so, Council directed that all City Programs and Agencies prepare their 2018 net operating budgets equal to the 2017 Approved Net Operating Budget. This directive established a 2018 target for the TTC and Wheel-Trans Operating Budget of a subsidy increase of 0%.
- The TTC Board at its meeting on November 21, 2016 also endorsed a fare freeze for 2018. These combined directions, coupled with an objective to preserve the level of service provided to TTC customers in 2017, resulted in limiting the options available to offset \$51.6 million in cost pressures resulting from the impact of key prior year decisions and legislative changes.
- In June 2017, a combined \$86.1 million operating pressure (\$79.7 million for TTC, \$6.4 million Wheel-Trans) was initially reported to the City for TTC Conventional and Wheel-Trans services. TTC's conventional pressure was comprised primarily of increased costs related to TYSSE, PRESTO, impacts of prior year decisions and inflation.
- Following the June 2017 preliminary submission to the City, extensive budget and line-by-line reviews were conducted that has reduced the TTC Conventional budget pressure by an additional \$42.8 million. This was achieved through \$31 million in line-by-line base budget reductions, and efficiencies savings while:
  - Maintaining 2017 service levels provided to customers
  - Avoiding a fare increase
  - Not drawing upon the TTC Stabilization reserve
- In addition to reviewing the base budget for reductions, all 2018 forecasted pressures were reviewed for potential reductions, identifying an additional \$11.8 million in reductions.
- Wheel-Trans's reduction of \$5.7 million was achieved through \$1.6 million in base budget reductions and line-by-line reviews, with the balance of \$4.1 million resulting from a revised ridership forecast.
- The outstanding combined pressure for both TTC Conventional and Wheel-Trans is \$37.6 million.
- At the TTC's Board meeting on November 28, 2017, a motion passed to enable the TTC to draw \$14.0 million from the TTC Stabilization reserve.
- This has reduced TTC's operating pressure to \$23.6 million.

### **Bill 148 – Fair Workplace, Better Job Act**

- On May 30, 2017 the Provincial government announced the introduction of the Fair Workplaces, Better Jobs Act, 2017, ("Bill 148"), which included a broad range of legislative proposals and amendments to Ontario's Employment Standards Act.
- Included in the changes is the requirement to pay workers for the first 2 Emergency Leave days taken in a year, previously any Emergency Leave days taken were unpaid.
- The Program has incorporated 2 paid emergency leave (\$4.1 million) based on actual experience of staff that have taken unpaid days in the past. No provision has been made for any increased use of emergency leave.

City Council adopted *Support in Principle for Bill 148, The Fair Workplaces, Better Jobs Act, 2017*

<https://www.toronto.ca/legdocs/mmis/2017/mm/bgrd/backgroundfile-105885.pdf>

### **PRESTO Transaction Fees**

- The 2018 Budget assumes a gradual increase in the adoption of Presto with the intent of reaching 100% adoption by year end 2018. The Program assumed an average 45% adoption throughout the year. Any shift (increasing the average adoption rate over the course of the year) will result in higher PRESTO transaction fees with every 2% increase in average adoption rates resulting in additional \$1.1 million in transaction costs.



**Impact of Average Fare**

- A 3.2 cent increase in average fare, based on the experience in 2017, has been incorporated into the 2018 budget to offset the impact of a reduction in passenger rides. As pass products become increasingly available on PRESTO, the improvement in the average fare experienced to date, may not continue to trend upwards. Each 1 cent reduction in average fare assumptions results in a budget pressure of \$5.4 million.

**LRV Deliveries**

- The 2018 Operating budget assumes that a sufficient number of LRV vehicles will be received from Bombardier to convert in 2018 the 504, 505 and 512 routes to full LRV operation. In the event that Bombardier fails to deliver on its commitment, additional operating expenses will be incurred as more vehicles will be required to service these routes than currently budgeted.

**Wheel-Trans Ridership**

- Upgrades to reservations systems and the introduction of a wireless solution for booking trips will improve customer service performance by reducing wait times and call abandonment rates. This in turn can result in an increase in ridership demand, which has not been incorporated into the ridership growth forecast. Each 1% increase in Wheel-Trans demand can increase expenditures by \$1 million.

**Issues Impacting Future Years*****Collective Bargaining Agreement/Ridership Growth Strategy***

- The outlooks do not include the impact of the Collective Bargaining Agreements which will be negotiated in 2018, or the impact of the Ridership Growth Strategy which is currently under development. Any direction resulting in future year pressures will need to be added to these outlooks.

***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 funding.
  - Each year TTC will experience increased costs due to the completion of capital projects and each year the pressure will continue to grow.

***Transition To Presto***

- PRESTO payments have been enabled on all TTC buses, streetcars and subway stations. The 5.25% fee on PRESTO transactions is now being paid and will increase as more customers adopt this new payment method. An additional \$8.3 million is budgeted for fees, which will reach a total of \$25.6 million in 2018, based on projected adoption timing, which anticipates full adoption (excluding cash) by year-end 2018. Fees are expected to be approximately \$55 million in 2019 – the first full year with PRESTO fully implemented and adopted.
- As PRESTO is fully adopted and fare media is phased out there are savings that are anticipated to be realised including reduced cash handling and in the reduction of station collectors that can offset processing costs associated with full adoption. These transition savings need to be identified through the 2019 Budget process.

***Transit Expansion Operating Costs***

- There are three major transit expansion projects currently underway in Toronto: these include Eglinton Crosstown and Finch West LRTs and the Scarborough Subway Extension.

Once completed, these new lines will require significant funding increases to operate these service expansions as they come on stream over the next 10 years. An operating funding strategy will be needed to accommodate these transit expansion costs in future years.



# Appendices

## Appendix 1

### 2017 Service Performance

#### Key Service Accomplishments

In 2017, TTC made significant progress and/or accomplished the following:

- ✓ TTC named North America's best transit agency for 2017 by APTA
- ✓ Open the Line 1 Toronto-York Spadina Subway Extension with six new fully accessible modern stations
- ✓ Install 200 passenger information displays in shelters to provide real time information on vehicle arrivals
- ✓ Commence fully accessible streetcar service on 514 Cherry route
- ✓ Enable new Presto fare gates at 43 subway station entrances
- ✓ Launch a Safety and Security app as another tool for customers to report related incidents
- ✓ Rollout new Wheel-Trans eligibility processes and expand eligibility criteria
- ✓ Introduce Wheel-Trans Family of Services pilot

## Appendix 2

### 2018 Operating Budget by Expenditure Category

#### Program Summary by Expenditure Category

Category of Expense (\$000's)	2015 Actual	2016 Actual	2017 Budget	2017 Projected Actual *	2018 Budget	2018 Change from 2017 Approved Budget		Plan	
	\$	\$	\$	\$	\$	\$	%	2019 \$	2020 \$
Salaries And Benefits	1,264,408.4	1,229,228.0	1,366,036.3	1,282,606.3	1,381,420.5	15,384.2	1.1%	1,348,001.6	1,363,108.1
Materials & Supplies	317,455.7	291,406.2	329,483.4	298,994.5	323,330.1	(6,153.3)	(1.9%)	321,347.6	345,268.4
Equipment	30,144.0	27,985.0	28,998.8	26,998.8	27,185.9	(1,812.9)	(6.3%)	27,185.9	27,185.9
Service And Rent	117,742.3	89,939.4	188,939.1	104,329.1	206,893.7	17,954.6	9.5%	181,482.1	180,562.1
Contribution To Capital				40,963.3			-		
Contribution To Reserves/Reserve Funds					31,050.0	31,050.0	-	30,200.0	30,200.0
Other Expenditures	33,915.5	39,819.0	41,994.0	40,963.3	8,596.4	(33,397.6)	(79.5%)	8,498.0	11,498.0
Inter-Divisional Charges	3,608.0	3,688.0					-		
<b>Total Gross Expenditures</b>	<b>1,767,273.9</b>	<b>1,682,065.6</b>	<b>1,955,451.6</b>	<b>1,794,855.3</b>	<b>1,978,476.6</b>	<b>23,025.0</b>	<b>1.2%</b>	<b>1,916,715.2</b>	<b>1,957,822.5</b>
User Fees & Donations	1,185,206.7	1,196,160.0	1,246,113.4	1,236,321.9	1,238,610.6	(7,502.8)	(0.6%)	1,248,085.6	1,285,659.6
Transfers From Capital			5,800.0	5,800.0	3,600.0	(2,200.0)	(37.9%)	3,600.0	3,600.0
Contribution From Reserves/Reserve Funds			14,014.5		14,000.0	(14.5)	(0.1%)	0.0	0.0
<b>Total Revenues</b>	<b>1,185,206.7</b>	<b>1,196,160.0</b>	<b>1,265,927.9</b>	<b>1,242,121.9</b>	<b>1,256,210.6</b>	<b>(9,717.3)</b>	<b>(0.8%)</b>	<b>1,251,685.6</b>	<b>1,289,259.6</b>
<b>Total Net Expenditures</b>	<b>582,067.2</b>	<b>485,905.6</b>	<b>689,523.7</b>	<b>552,733.4</b>	<b>722,266.0</b>	<b>32,742.3</b>	<b>4.7%</b>	<b>665,029.6</b>	<b>668,562.9</b>
<b>Approved Positions</b>	<b>13,681.0</b>	<b>14,540.0</b>	<b>14,581.0</b>	<b>14,698.0</b>	<b>15,011.0</b>	<b>430.0</b>	<b>2.9%</b>	<b>15,162.0</b>	<b>15,084.0</b>

For additional information regarding the 2017 Q3 operating variances and year-end projections, please refer to the attached link for the report entitled "Operating Variance Report for the Nine-Month Period Ended September 30, 2017" that goes to Budget Committee on November 27, 2017.:

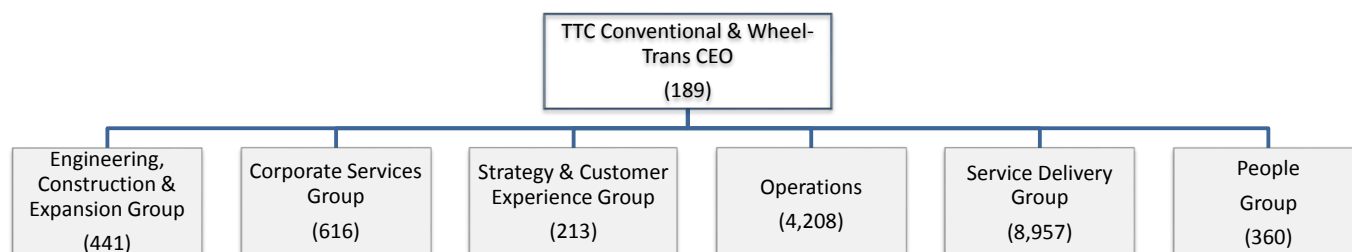
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.BU37.2>

### Impact of 2017 Operating Variance on the 2018 Operating Budget

- In addition to reviewing the base budget for reductions, all 2018 forecasted pressures were reviewed for potential reductions, \$11.8 million in reductions identified with the following items:
  - PRESTO
  - TYSSE
  - Impact of Vehicles Coming off Warranty
  - Other Adjustments
  - Total Revised Forecast/Cost Estimate

## Appendix 3

### 2018 Organization Chart



### 2018 Total Complement

Budget	Category	Officials	Management with Direct Reports	Management without Direct Reprots / Exempt Professional & Clerical	Union	Total
Operating	Permanent Pos	48	900	1,281	10,440	12,669
	Temporary Pos		4	15	2	21
	<b>Total Operating</b>	<b>48</b>	<b>904</b>	<b>1,296</b>	<b>10,442</b>	<b>12,690</b>
Capital	Permanent Pos	23	279	880	999	2,181
	Temporary Pos		11	29	100	140
	<b>Total Capital</b>	<b>23</b>	<b>290</b>	<b>909</b>	<b>1,099</b>	<b>2,321</b>
<b>Total</b>	<b>Total</b>	<b>71</b>	<b>1,194</b>	<b>2,205</b>	<b>11,541</b>	<b>15,011</b>

## **Appendix 4**

### **Summary of 2018 Service Changes**

## 2018 Operating Budget - Council Approved Service Changes Summary by Service (\$000's)

Form ID		Agencies - Cluster	Adjustments				2019 Plan Net Change	2020 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		
		Program - Toronto Transit Commission - Conventional						
<b>2018 Council Approved Base Budget Before Service Change:</b>			<b>1,825,511.4</b>	<b>1,238,679.6</b>	<b>586,831.8</b>	<b>14,394.00</b>	<b>67,286.6</b>	<b>25,331.8</b>

15169	Efficiencies
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51	0	<b>Description:</b>
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To support the Auditor General's recommendations in the report titled Audit of Toronto Transit Commission Materials and Procurement Department, Phase One: Improving Controls to Safeguard Inventory. May 12, 2016. The Board request the Chief Executive Officer to improve the current core parts retrieval process at Toronto Transit Commission garages to account for and track the return of core parts for rebuild purposes.5. The Board request the Chief Executive Officer to take steps to improve access controls to safeguard inventory at all Toronto Transit Commission satellite stores including:a. Assessing the costs and benefits of converting open stores to the 24/7 model b. Increasing staff compliance with the requirement to accurately record all inventory items removed from stores, and c. Exploring other options that can improve access controls to inventory at open stores

### Service Level Impact:

### Service: Toronto Transit Commission - Conventional Service

Preliminary Service Changes:	(3,090.0)	0.0	(3,090.0)	2.00	(2,700.0)	0.0
BC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
EC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
CC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
Total Council Recommended	(3,090.0)	0.0	(3,090.0)	2.00	(2,700.0)	0.0
<b>Total Preliminary Service Changes::</b>	<b>(3,090.0)</b>	<b>0.0</b>	<b>(3,090.0)</b>	<b>2.00</b>	<b>(2,700.0)</b>	<b>0.0</b>
<b>Budget Committee Recommended:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>
<b>Executive Committee Recommended:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>
<b>City Council Approved:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Council Approved Service Changes:</b>	<b>(3,090.0)</b>	<b>0.0</b>	<b>(3,090.0)</b>	<b>2.00</b>	<b>(2,700.0)</b>	<b>0.0</b>

		<b>Description:</b>
--	--	---------------------



## 2018 Operating Budget - Council Approved Service Changes Summary by Service (\$000's)

Form ID		Agencies - Cluster	Adjustments				2019 Plan Net Change	2020 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		

### Service Level Impact:

There will be no change to service levels/standards while TTC reduces costs through: - Increased Use of Blanket Orders to achieve more competitive pricing - Increased use of aftermarket part warranty programs - Improved tracking/return of all part cores - Ensuring consistency of contract terms and invoice charges - Optimisation of diesel logistics and pricing

<b>Total Preliminary Service Changes::</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>
<b>Budget Committee Recommended:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>
<b>Executive Committee Recommended:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>
<b>City Council Approved:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>

15371	TTC Stabilization Reserve Draw
52	0

### Description:

### Service Level Impact:

### Service: Toronto Transit Commission - Conventional Service

Preliminary Service Changes:	0.0	14,000.0	(14,000.0)	0.00	14,000.0	0.0
BC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
EC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
CC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
Total Council Recommended	0.0	14,000.0	(14,000.0)	0.00	14,000.0	0.0
<b>Total Preliminary Service Changes::</b>	<b>0.0</b>	<b>14,000.0</b>	<b>(14,000.0)</b>	<b>0.00</b>	<b>14,000.0</b>	<b>0.0</b>
<b>Budget Committee Recommended:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>
<b>Executive Committee Recommended:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>
<b>City Council Approved:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Council Approved Service Changes:</b>	<b>0.0</b>	<b>14,000.0</b>	<b>(14,000.0)</b>	<b>0.00</b>	<b>14,000.0</b>	<b>0.0</b>

## 2018 Operating Budget - Council Approved Service Changes

### Summary by Service (\$000's)

Form ID		Agencies - Cluster	Adjustments				2019 Plan Net Change	2020 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		
15167		Program - Toronto Transit Commission - Conventional						
52		<b>Description:</b>						

#### Service Level Impact:

#### Service: Toronto Transit Commission - Conventional Service

Preliminary Service Changes:	0.0	0.0	0.0	0.00	(20,000.0)	(20,000.0)
BC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
EC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
CC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
Total Council Recommended	0.0	0.0	0.0	0.00	(20,000.0)	(20,000.0)
<b>Total Preliminary Service Changes::</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>(20,000.0)</b>	<b>(20,000.0)</b>
<b>Budget Committee Recommended:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>
<b>Executive Committee Recommended:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>
<b>City Council Approved:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Council Approved Service Changes:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>(20,000.0)</b>	<b>(20,000.0)</b>

#### Summary:

Preliminary Service Changes:	(3,090.0)	14,000.0	(17,090.0)	2.00	(8,700.0)	(20,000.0)
Budget Committee Recommended:	0.0	0.0	0.0	0.00	0.0	0.0
Executive Committee Recommended:	0.0	0.0	0.0	0.00	0.0	0.0
City Council Approved:	0.0	0.0	0.0	0.00	0.0	0.0
<b>Council Approved Service Changes:</b>	<b>(3,090.0)</b>	<b>14,000.0</b>	<b>(17,090.0)</b>	<b>2.00</b>	<b>(8,700.0)</b>	<b>(20,000.0)</b>

#### Category:

51 - Efficiency Change    52 - Revenue Change    59 - Service Change

## 2018 Operating Budget - Council Approved Service Changes Summary by Service (\$000's)

Form ID		Agencies - Cluster	Adjustments				2019 Plan Net Change	2020 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		
		Program - Toronto Transit Commission - Conventional						
<b>Total Council Approved Base Budget:</b>			1,822,421.4	1,252,679.6	569,741.8	14,396.00	58,586.6	5,331.8

## 2018 Operating Budget - Council Approved Service Changes Summary by Service (\$000's)

Form ID		Agencies - Cluster	Adjustments				2019 Plan Net Change	2020 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		
		Program - Toronto Transit Commission - Wheel Trans						
2018 Council Approved Base Budget Before Service Change:			154,513.2	8,631.1	145,882.1	591.00	12,909.1	9,903.8


### Description:

To support the Auditor General's recommendations in the report titled Audit of Toronto Transit Commission Materials and Procurement Department, Phase One: Improving Controls to Safeguard Inventory. May 12, 2016. The Board request the Chief Executive Officer to improve the current core parts retrieval process at Toronto Transit Commission garages to account for and track the return of core parts for rebuild purposes.5. The Board request the Chief Executive Officer to take steps to improve access controls to safeguard inventory at all Toronto Transit Commission satellite stores including:a. Assessing the costs and benefits of converting open stores to the 24/7 model b. Increasing staff compliance with the requirement to accurately record all inventory items removed from stores, and c. Exploring other options that can improve access controls to inventory at open stores

### Service Level Impact:

<b>Total Preliminary Service Changes::</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>
<b>Budget Committee Recommended:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>
<b>Executive Committee Recommended:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>
<b>City Council Approved:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>

15181
51    0

Base Expenditure reductions

### Description:

### Service Level Impact:

There will be no change to service levels/standards while TTC reduces costs through: - Increased Use of Blanket Orders to achieve more competitive pricing - Increased use of aftermarket part warranty programs - Improved tracking/return of all part cores - Ensuring consistency of contract terms and invoice charges - Optimisation of diesel logistics and pricing

**Service:** Toronto Transit Commission - Wheel-Trans Service

## 2018 Operating Budget - Council Approved Service Changes Summary by Service (\$000's)

Form ID		Agencies - Cluster	Adjustments				2019 Plan Net Change	2020 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		
		Program - Toronto Transit Commission - Wheel Trans						
		Preliminary Service Changes:	(2,458.0)	0.0	(2,458.0)	(3.00)	(2,707.9)	(1,901.1)
		BC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
		EC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
		CC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
		Total Council Recommended	(2,458.0)	0.0	(2,458.0)	(3.00)	(2,707.9)	(1,901.1)
		<b>Total Preliminary Service Changes::</b>	<b>(2,458.0)</b>	<b>0.0</b>	<b>(2,458.0)</b>	<b>(3.00)</b>	<b>(2,707.9)</b>	<b>(1,901.1)</b>
		<b>Budget Committee Recommended:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>
		<b>Executive Committee Recommended:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>
		<b>City Council Approved:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>
		<b>Total Council Approved Service Changes:</b>	<b>(2,458.0)</b>	<b>0.0</b>	<b>(2,458.0)</b>	<b>(3.00)</b>	<b>(2,707.9)</b>	<b>(1,901.1)</b>


Description:

Service Level Impact:

Total Preliminary Service Changes::	0.0	0.0	0.0	0.00	0.0	0.0
Budget Committee Recommended:	0.0	0.0	0.0	0.00	0.0	0.0
Executive Committee Recommended:	0.0	0.0	0.0	0.00	0.0	0.0
City Council Approved:	0.0	0.0	0.0	0.00	0.0	0.0

Summary:

Preliminary Service Changes:	(2,458.0)	0.0	(2,458.0)	(3.00)	(2,707.9)	(1,901.1)
Budget Committee Recommended:	0.0	0.0	0.0	0.00	0.0	0.0
Executive Committee Recommended:	0.0	0.0	0.0	0.00	0.0	0.0
City Council Approved:	0.0	0.0	0.0	0.00	0.0	0.0

Category:

51 - Efficiency Change    52 - Revenue Change    59 - Service Change

## 2018 Operating Budget - Council Approved Service Changes

### Summary by Service (\$000's)

Form ID		Agencies - Cluster	Adjustments				2019 Plan Net Change	2020 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		
		Program - Toronto Transit Commission - Wheel Trans						
Council Approved Service Changes:			(2,458.0)	0.0	(2,458.0)	(3.00)	(2,707.9)	(1,901.1)
Total Council Approved Base Budget:			152,055.2	8,631.1	143,424.1	588.00	10,201.2	8,002.7

## Appendix 6

### Inflows/Outflows to/from Reserves & Reserve Funds

#### Program Specific Reserve / Reserve Funds

TTC Stabilization (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2017 \$	Withdrawals (-) / Contributions (+)		
			2018 \$	2019 \$	2020 \$
<b>Projected Beginning Balance</b>		<b>15,391.4</b>	<b>15,391.4</b>	<b>1,376.9</b>	<b>1,376.9</b>
TTC Stabilization	XQ1056				
<i>Proposed Withdrawals (-)</i>			(14,014.5)		
<i>Contributions (+)</i>					
<b>Total Reserve / Reserve Fund Draws / Contributions</b>		<b>15,391.4</b>	<b>1,376.9</b>	<b>1,376.9</b>	<b>1,376.9</b>
<b>Other Program / Agency Net Withdrawals &amp; Contributions</b>					
<b>Balance at Year-End</b>		<b>15,391.4</b>	<b>1,376.9</b>	<b>1,376.9</b>	<b>1,376.9</b>

\* Based on 9-month 2017 Reserve Fund Variance Report

#### Corporate Reserve / Reserve Funds

Long Term Liability (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2017 * \$	Withdrawals (-) / Contributions (+)		
			2018 \$	2019 \$	2020 \$
<b>Projected Beginning Balance</b>			<b>41,987.9</b>	<b>41,987.9</b>	<b>41,987.9</b>
Long Term Liability	XR1728	<b>10,937.9</b>			
<i>Proposed Withdrawals (-)</i>					
<i>TTC - Contributions (+)</i>		30,200.0			
<i>WT - Contributions (+)</i>		850.0			
<b>Total Reserve / Reserve Fund Draws / Contributions</b>		<b>41,987.9</b>	<b>41,987.9</b>	<b>41,987.9</b>	<b>41,987.9</b>
<b>Other Program / Agency Net Withdrawals &amp; Contributions</b>					
<b>Balance at Year-End</b>		<b>41,987.9</b>	<b>41,987.9</b>	<b>41,987.9</b>	<b>41,987.9</b>

\* Based on 9-month 2017 Reserve Fund Variance Report

Draws, equivalent to 2018 actual accident claim cash payments will be made from the Long Term Liability Reserve Fund.