

City of Toronto Annual Report 2018

Narrative

Administrative Agreement on the Federal Gas Tax Fund (March 2014)

Executive Summary

The federal Gas Tax Fund (GTF) is a crucial source of infrastructure funding for the City of Toronto. As an allocation based program, the federal GTF contributes to the national outcomes of providing permanent, predictable and flexible funding to Toronto that incrementally supports investments in state of good repair. Ultimately, investments contribute to Toronto's economic growth and vitality while improving access to sustainable transportation options.

Since the inception of the federal Gas Tax Fund in 2005, Toronto City Council has directed GTF funds towards investments in the Toronto Transit Commission (TTC) which contributes to safe, efficient and reliable service for over 521 million riders each and every year. In total, the City of Toronto has leveraged more than \$4 billion of investments in public transit, due to the approximately \$1.8 billion contribution made by the Government of Canada.

Background

Toronto's strengths lie in the diversity and experience of its people, and continued innovation of its businesses. In total, businesses and communities in the city generated approximately \$185.96 billion (2018) in GDP which accounts for slightly over half of the GDP generated in the Toronto Census Metropolitan Area (CMA). Further, the Toronto CMA generates half of the GDP of Ontario and one-fifth of the GDP of Canada.

A key driver of this success is the availability of infrastructure that is needed to accommodate and spur employment growth and create a supportive and efficient business environment. Investments in Toronto result in a broad range of benefits ranging from short-term job creation, long-term gains in productivity and benefits for the environment, as well as a steady stream of ongoing revenues for provincial and federal governments.

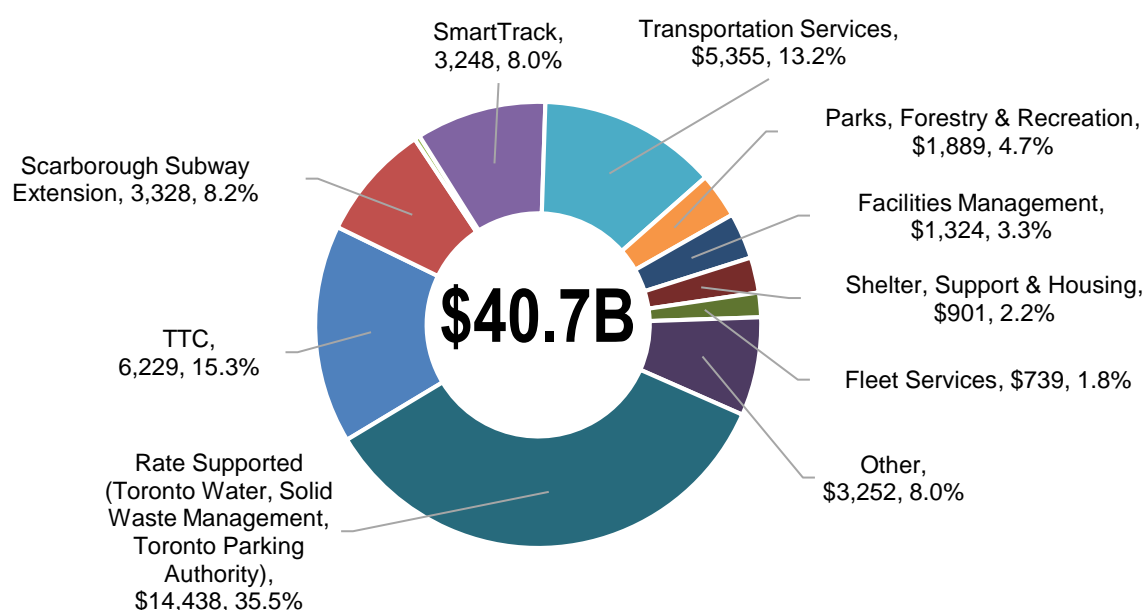
Over the next twenty years, the City's population is projected to grow by about 960,000 people. By 2041, the City's population will be more than 3,900,000, exceeding the Provincial Growth Plan forecasts by more than 500,000. Toronto is also expected to meet Growth Plan 2041 employment targets of 1,720,000 jobs long before 2041; 2018 employment is more than 1,523,180 jobs, with growth over the past decade of 22,999 jobs per year. This growth will add pressure to Toronto's transit infrastructure, resulting in the need for significant investment by all orders of government. These investments will be critical to maintain the safety and reliability of the existing transit system as well as grow the system to meet mobility demands of the City and region.

City of Toronto's 10-year Capital Budget and Plan

Toronto has a 10-year \$40.7 billion Capital Budget and Plan (Figure 1) that addresses key infrastructure needs, including the repair and replacement of aging infrastructure, addressing congestion and safety, tackling the impacts of climate change, and maintaining existing and building new social and affordable housing. The City is doing its part by growing its investments in public infrastructure, while supporting services that reduce poverty, improve quality of life and continue to keep Toronto a desirable place to live, work, play and invest.

Infrastructure investments are mainly supported by the City's property tax, rates and debt, but also include critical cost sharing funds from other orders of government. The GTF is a crucial federal investment that plays a key role within this plan by providing more than \$1.8 billion in long-term, predictable and stable investments over the next 10 years (4% of the total 10-year plan).

Figure 1 – 2019-2028 Capital Budget and Plan
Where the Money Goes (\$40.7 billion)



More than \$12.8 billion of the City's 10-year Capital Budget and Plan will go towards transit, both for the maintenance and expansion of the existing base TTC capital program and for transit expansion. The City is responsible for the TTC capital program and funding for the TTC's capital program from other governments flows through the City.

Of the City's \$94 billion in assets (replacement value), the TTC has an estimated \$16.3 billion in assets (replacement value) and its base capital program is focused on meeting three key objectives:

- the replacement of existing vehicles and the addition of growth vehicles to meet ridership demand,
- the associated facility construction and improvements to accommodate those vehicles, and
- maintaining track, tunnels, bridges and buildings in a state of good repair.

From 2019-2028 the base TTC Capital Budget & Plan (excluding carry-forward) is \$6.23 billion and is prioritized in keeping the system in a state of good repair, complying with legislative requirements and replacing fleet and building capacity to increase ridership.

The 10-year base program is financed by \$184.4 million from Reserve/Reserve funds, \$663.7 million from Development Charges, \$3.5 billion from Federal/Provincial sources (including the GTF), \$149.2 million from other revenues including capital from current, and \$1.7 billion of debt/cash from current (excluding carry-forward). Significant federal contributions include the GTF as well as Phase 1 of the Public Transit Infrastructure Fund (PTIF).

The City continues to implement federal funding under the Public Transit Infrastructure Fund – Phase 1 (PTIF1) towards transit and active transportation projects. Of the roughly \$856 million in federal funds allocated to Toronto, approximately 90% has been invested in the TTC which will significantly contribute to improving the City's transit network. The remainder is supporting investments in active transportation and planning and design for transit expansion.

While Toronto's transit system is the largest in Canada, the City continues to experience significant population growth with expansion of rapid transit necessary to catch up with latent demand and to meet new pressures of growth. In particular, the TTC's Capital Investment Plan (CIP) released in 2019 has identified \$33.5 billion in capital funding requirements over the next 15 years, of which roughly \$24 billion is currently unfunded. These are critical investments required to modernize existing TTC assets across all modes.

To leverage federal transit funding under the Investing in Canada Infrastructure Program (ICIP), in 2019, Toronto City Council endorsed four transit expansion priority projects for its federal funding allocation under the Public Transit Infrastructure Fund-Phase 2 (PTIF2). These projects include the SmartTrack Stations Program, the Bloor-Yonge Capacity Improvement Program, the Ontario Line and the three-stop Line 2 East Extension, the latter two of which are subject to entering into a Preliminary Agreement with the Province of Ontario and in anticipation of the realization of the City's project expectations including project benefits as set out in Toronto City Council Report EX9.1 – Toronto-Ontario Transit Update.

The City looks forward to working with the Province of Ontario and the Government of Canada to advance these priority transit expansion projects, subject to the terms and conditions set by Toronto City Council. These transit projects as currently envisioned will

be critical to maintaining the safety and reliability of the existing system and growing the system to meet the mobility demands of the City.

The federal Gas Tax Fund in Toronto

The allocation based GTF helps the City plan over the long term due to its stable allocation and flexible terms and conditions that allows the City to invest in its priority infrastructure projects. GTF investments are determined by City Council through the City's 10-year capital budget planning process which prioritizes health and safety, legislated obligations and maintaining assets in a state of good repair.

The focus on state of good repair (asset management) is a key capital strategic priority for the City and critical to ensuring that limited resources are allocation in a manner that maximizes the utility of the City's capital assets. Work is also underway to implement best practice asset management strategies to undertake effective capital planning that ensures funding is in place to support reliable service delivery.

City Council determines its priorities as part of an accountable, open, and transparent process that encourages and enables public participation. Through this process, the City continues to prioritize GTF investments in public transit which serves residents and also plays a key role in moving people around the region.

In 2018 the City received an allocation of \$167.4 million under the federal GTF. The GTF represents an efficient mechanism to flow such funds to municipal governments. The City appreciates both the GTF's focus on providing long-term, predictable investment that grows over time and the flexibility which allows the federal government to get investments made in an urgent manner.

Figure 2 – City of Toronto Capital Budget and
Federal Gas Tax Fund Investments (2005-2018)

\$millions

Year	Approved Annual Capital Budget ⁽¹⁾		Federal Gas Tax Fund ⁽²⁾		GTF as a % of City Capital Budget (Annual)	Amount Leveraged (Total GTF Project Costs)
	Total City (Tax & Rate)	TTC ⁽³⁾	Annual	Cumulative Total		
2005	1,058.9	385.6	48.9	48.9	4.6%	137.2
2006	1,601.6	552.4	48.9	97.80	3.1%	254.3
2007	1,796.4	717.3	65.2	163.0	3.6%	177.5
2008	1,930.9	697.2	81.4	244.4	4.2%	317.2
2009	2,151.4	692.5	162.9	407.3	7.6%	311.1
2010	3,191.4	1,127.6	154.4	561.7	4.8%	422.0
2011	2,709.0	615.5	154.4	716.1	5.7%	299.1
2012	3,037.2	989.9	154.4	870.5	5.1%	366.0

2013	2,903.9	813.4	154.4	1,024.9	5.3%	334.0
2014	2,814.0	916.1	152.2	1,177.1	5.4%	238.1
2015	2,825.2	819.8	152.2	1,329.3	5.4%	236.7
2016	3,182.9	879.5	159.8	1,489.1	5.0%	482.4
2017	3,708.4	1,100.3	162.6 ⁽⁴⁾	1,651.7	4.4%	308.7
2018	3,659.0	1,078.0	167.4	1,819.1	4.6%	315.9

Notes

(1) Excludes carry forwards.

(2) Agreement for the Transfer of Federal Gas Tax Fund Revenues (2009-2014) & Administrative Agreement on the Federal Gas Tax Fund (2014-2024).

(3) Excludes Toronto-York Spadina Subway Extension and the Scarborough Subway Extension.

(4) Includes \$159.8 in annual allocation, plus \$2.8 million from legacy infrastructure programs made available through the Gas Tax Fund.

Since 2005, the City has received more than \$1.8 billion from the GTF, which has leveraged over \$4 billion of investments in the City's transit system for projects such as fleet replacement (e.g. light rail vehicles), signal systems, and facilities. The City views the GTF as a vital base fund that allows for planned investments that keeps Toronto moving.

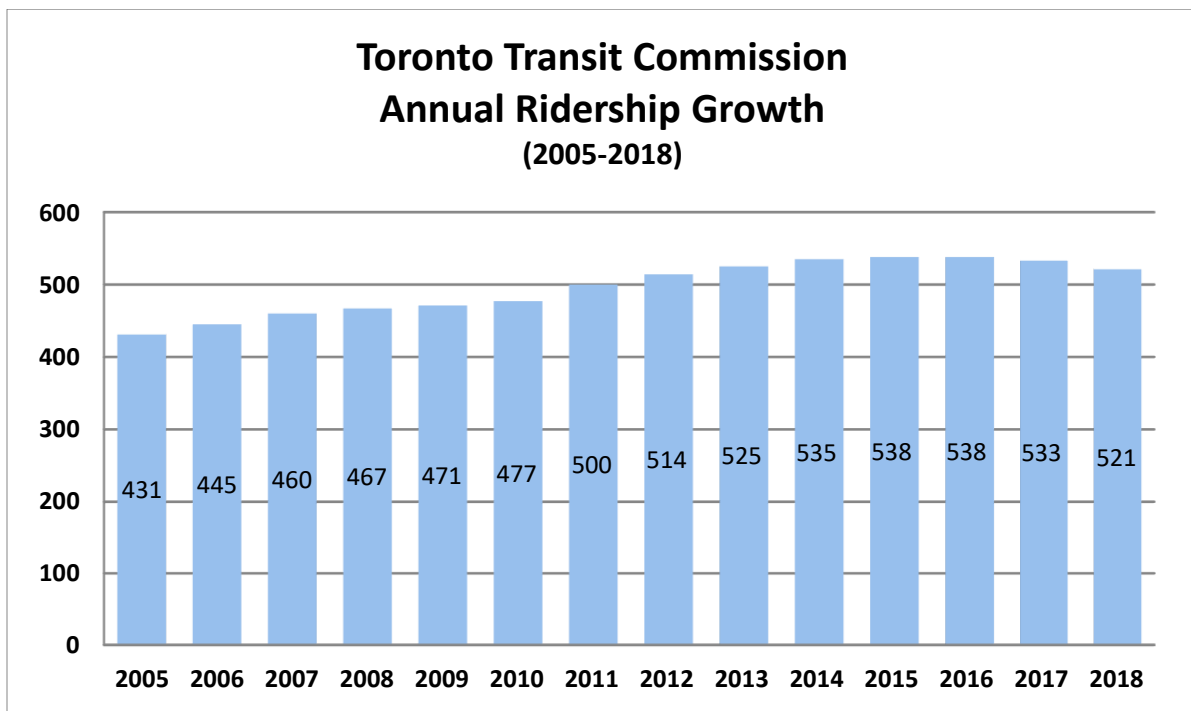
2018 Milestones and Project Outcomes

A key investment in 2018 under the GTF was roughly \$101 million for fleet, specifically for the purchase of 204 new light rail vehicles (LRV). The new vehicles improve reliability, customer service, and result in more service. At the end of 2018, 117 new LRVs were in service. The City's new LRVs are fully accessible, larger, and air conditioned, providing passengers with a quieter, more comfortable ride.

In addition, significant amounts of federal GTF has been invested in buildings and structures including \$34.8 million for facility renewal and upgrades, as well as \$10.3 million for the design and construction of a new bus garage (McNicol Bus Garage).

The benefit of GTF investments is partially reflected in Figure 3. Funding has sustained a network that has seen transit ridership increase by roughly 21% from 2005 to 521 million trips in 2018. In 2019, the TTC introduced its Ridership Growth Strategy which outlines focused initiatives the TTC will pursue over the next five years in order to grow its ridership.

Figure 3 – TTC Annual Ridership Growth (2005-2018)



As GTF funding sustains the base network, its contribution supports more than just ridership. The TTC collects and publishes a number of indicators to measure system performance in an annual period including number of revenue vehicles, kilometers of routes and kilometers operated by mode and system accessibility. Detailed operating statistics for 2018 and prior years can be found at:

https://www.ttc.ca/About_the_TTC/Operating_Statistics/index.jsp.

The TTC's annual report outlines broader achievements including major projects and initiatives for the past year. Annual reports, including for 2018, can be found here:

https://www.ttc.ca/About_the_TTC/Annual_reports.jsp

City of Toronto's Commitments

The Administrative Agreement between the City and Canada provides for enhanced communications requirements, facilitates program evaluations and audits, and requires annual reporting and outcomes reporting.

Communications

As an ongoing practice, in 2018, the City and Canada continued to implement the joint communications approach as agreed to in 2016, shared upfront project information and

monitored communications performance. During the calendar year, the City updated its federal Gas Tax [website](#) and the TTC issued a number of operational news releases regarding federally funded projects such as the arrival and launch of the TTC's new hybrid electric buses.

Joint federal and City communications in 2018 primarily focused on projects funded through the federal Public Transit Infrastructure Fund – Phase 1, which included announcements of transit expansion, active transportation and state of good repair projects.

Evaluations and Audits

A number of federal evaluation and audit reports (which are separate from the City's annual FGT audit) have been issued for the Gas Tax Fund nationally (most recently in [2015](#) and [2016](#)) reflecting on the benefits of direct federal-municipal collaboration and its efficient delivery. Among its efficiency is the speed at which the City, and other municipalities, can take federal dollars and invest them in immediate local improvements. A continued area of focus for collaboration is performance measurement. In 2018 the City continued to work with other federal Gas Tax Fund signatories to develop frameworks for outcomes reporting. This includes participation in the National Gas Tax Workshop. Collaboration among all orders of government is necessary to develop and implement programs which are efficient, effective and result in positive outcomes for Canadians.

Outcomes Reporting

As noted above, the City's investments of the federal Gas Tax Fund have a direct and incremental contribution to the City's public transit system. Outcomes reporting is embedded throughout this annual report. The GTF's allocation provides the City of Toronto with a predictable source of funding which is incorporated into the 10-year Capital Budget and Plan. This planning framework supports and encourages strong asset management practices by prioritizing investments in state of good repair.

Ongoing Collaboration

The City will continue to collaborate with Canada and other signatories to ensure the Agreement's commitments are met. As Toronto receives federal funding from a number of sources, there is also an opportunity to align reporting across all federal programs including the Investing in Canada Infrastructure Program.



2018 ANNUAL REPORT -GTF PROJECT LIST

Project ID	Ultimate Recipient	Project Title	Project Description	Investment Category	Total Project Cost (\$000)	2018 Funds (GTF) Spent (\$000)	Completed
CTT002-Various	City of Toronto	Surface Track - Various	Russel Yard south end track improvement and; streetcar carstop replacement	Public Transit	536,352	0	No
CTT003-Various	City of Toronto	Traction Power - Various	Maintenance of traction power distribution system which provides the electrical power to move subway trains and streetcars. The intent of this program is to bring the distribution equipment to a state of good repair to ensure reliable revenue service and maintain safe working conditions.	Public Transit	427,176	0	No
CTT005-Various	City of Toronto	Power Distribution/Electric Systems - Various	The Commission operates a vast, multi-faceted AC distribution system which provides power for various subsystems at facilities such as subway stations, tunnels, garages/carhouses and office buildings. Much of this system is old and the intent of this program is to bring the old equipment to a state of good repair to ensure reliable and safe operation of the AC electrical system.	Public Transit	174,885	0	No
CTT006-Various	City of Toronto	Communications - Various	Numerous varied communication systems are used in the day-to-day operation of the Commission. Much of these systems are old, making it increasingly difficult to maintain, while in others requires newer technology for safer, more efficient operation. The intent of this program is to upgrade or replace these systems.	Public Transit	211,974	0	No
CTT008-Various	City of Toronto	Signal Systems - Various	State of Good Repair: design, project management, engineering, installation and testing of signal systems and equipment. Includes renewals to maintain the status quo of the subway system by replacing life-expired equipment or items highlighted to have a safety issue, upgrades to improve the reliability, safety or capacity of the system and provision of new systems.	Public Transit	247,325	8,275	No
CTT010-Various	City of Toronto	Finishes - Various	Station Modernization Program; Subway Station Ceiling Replacement Program; Station finish Renewal Program; Masonry Structure Restoration and; Overhead Speed Doors	Public Transit	292,890	0	No
CTT012-Various	City of Toronto	Equipment - Various	Escalator Replacement Program; Elevator Overhaul; Subway Machine Rooms Air Conditioning Systems; Montgomery Escalator Refurbishment and; Fall Prevention Systems	Public Transit	408,148	0	No
CTT020-Various	City of Toronto	Bridges and Tunnels - Various	State of good repair maintenance of bridges and tunnels to ensure safety and reliability.	Public Transit	819,067	0	No
CTT110-Various	City of Toronto	Buildings and Structures Projects - Various	Facility renewal and upgrades; design and construction	Public Transit	4,075,895	34,784	No
CTT024-577x	City of Toronto	Fire Ventilation Upgrade	Upgrade the subway ventilation system and constructing second exits to reduce risk and enhance customer and employee safety.	Public Transit	1,985,183	3,124	No
CTT145-6339	City of Toronto	Leslie Barns	LRT Replacement Maintenance & Storage Facility	Public Transit	523,489		No
CTT148-6078	City of Toronto	McNicol Bus Garage	Design and construction of a new bus garage	Public Transit	181,000	10,321	No
CTT056-7737	City of Toronto	Turnstile Replacement	The complete replacement of existing fareline equipment with Faregate devices that are equipped with PRESTO card readers.	Public Transit	68,606	3,657	No
CTT141-6385	City of Toronto	Fare System	Automated Fare Collection Integrated Ticketing System	Public Transit	47,612	0	No

CTT061-Various	City of Toronto	Corporate Systems	Systems to support the Service, Financial, Rsk, Customer, Asset and Service Delivery				
CTT046-6002	City of Toronto	Purchase of Subway Cars	Management of the organization.	Public Transit	510,929	0	No
CTT046-6278	City of Toronto	Purchase of Subway Cars	Replacement of Subway Cars (126) - 126 cars	Public Transit	292,196	4,686	No
CTT122-6437	City of Toronto	Purchase of Streetcars	Purchase of 60 New Subway Cars	Public Transit	234,138	0	No
CTT051-Various	City of Toronto	Subway Car Overhaul	Purchase of 204 New LRT Cars	Public Transit	1,186,503	101,041	No
CTT002-6715/6716	City of Toronto	Surface Track	Subway Car Overhaul	Public Transit	902,998	1,532	No
CTT010-6963	City of Toronto	Finishes	Surface Track	Public Transit	566,095	0	No
CTT015-6394	City of Toronto	Yards and Roads	Roofing Rehabilitation	Public Transit	218,920	0	No
CTT020-6759/6813	City of Toronto	Bridges and Tunnels	Streetcar Network Upgrades for LRV	Public Transit	78,157	0	No
CTT028-566x	City of Toronto	Buildings and Structures Projects	Structure Rehabilitation Program	Public Transit	281,337	0	No
CTT110-6097	City of Toronto	Buildings and Structures Projects	Easier Access Phase III	Public Transit	774,315	0	No
CTT110-6670	City of Toronto	Buildings and Structures Projects	LRV Carhouse Facility Renewal Program	Public Transit	90,640	0	No
CTT110-6663	City of Toronto	Buildings and Structures Projects	Revenue Operations Facility	Public Transit	38,150	0	No
CTT110-6969	City of Toronto	Buildings and Structures Projects	CNE Streetcar Loop Barrier	Public Transit	7,300	0	No
CTT110-6195	City of Toronto	Buildings and Structures Projects	Union Station New Platform	Public Transit	18,000	0	No
CTT110-6196	City of Toronto	Buildings and Structures Projects	Bus Garage/Shop Facility Renewal Program	Public Transit	44,656	0	No
CTT110-7873	City of Toronto	Buildings and Structures Projects	Subway Carhouse/Shop Facility Renewal Program	Public Transit	40,535	0	No
CTT142-7733	City of Toronto	Buildings and Structures Projects	Office Space Management/Renewal Program	Public Transit	34,913	0	No
CTT146-6559	City of Toronto	Buildings and Structures Projects	YUS ATC Re-Signalling (1)	Public Transit	562,836	0	No
CTT111-6761	City of Toronto	Purchase of Buses	Toronto Rocket/T1 Yard Rail Accomodation	Public Transit	973,050	0	No
CTT111-6274	City of Toronto	Purchase of Buses	Purchase of 108 40' LF Clean Diesel Buses	Public Transit	65,419	0	No
CTT111-6750	City of Toronto	Purchase of Buses	Purchase of 55 Low Floor 40ft Diesel Buses	Public Transit	33,491	0	No
			Purchase of 50 40' LF Diesel Buses for Customer service Initiatives (2015-18)	Public Transit	30,522	0	No
					<u><u>167,421</u></u>		

Note: Total Project Cost is based on the Council Approved 2019-2028 Capital Budget and Plan

City of Toronto

Annual Expenditure Report for the Federal Gas Tax Fund For the year ended December 31, 2018



Independent auditor's report

To the Council of the City of Toronto

Our opinion

In our opinion, the accompanying Annual Expenditure Report (the Report) for the Federal Gas Tax Fund of the City of Toronto (the City) for the year ended December 31, 2018, is prepared, in all material respects, in accordance with the basis of accounting described in the note to the Report.

What we have audited

The Report comprises the summary of expenditures and funding for the year ended December 31, 2018, and the related note, which includes a summary of significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial information* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the financial information in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter – basis of accounting and restriction on distribution and use

We draw attention to the note to the Report, which describes the basis of accounting. The Report is prepared to assist the City with the financial reporting requirements as described in the note. As a result, the Report may not be suitable for another purpose. Our report is intended solely for management of the City and the Minister of Infrastructure and Communities (the Minister), and it should not be distributed to or used by parties other than management of the City and the Minister. Our opinion is not modified in respect of this matter.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215

PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Responsibilities of management and those charged with governance for the Report

Management of the City (management) is responsible for the preparation of the Report in accordance with the basis of accounting described in the note, and for such internal control as management determines is necessary to enable the preparation of the Report that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing management's financial reporting process over the Report.

Auditor's responsibilities for the audit of the financial information

Our objectives are to obtain reasonable assurance about whether the Report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Report.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of management's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
October 8, 2019



Audited
City of Toronto Annual Expenditure Report 2018
Federal Gas Tax Revenues Received to December 31, 2018
"Administrative Agreement on the Federal Gas Tax Fund" (March 2014)

	Current Fiscal Year to Dec 31, 2018	Cumulative from 2014
City of Toronto		
Opening Balance	-	-
Received from Canada	167,421,424	794,261,783
Interest Earned	-	-
Administrative Cost	-	-
Transferred to Toronto Transit Commission	(167,421,424)	(794,261,783)
Closing Balance of unspent funds		
Toronto Transit Commission		
Opening Balance	2,815,049	-
Received from Toronto	167,421,424	794,261,783
Interest Earned	-	-
Spent on Eligible Projects	(167,421,000)	(791,446,310)
Closing Balance of unspent funds	2,815,473	2,815,473

City of Toronto

Note to Annual Expenditure Report for the Federal Gas Tax Fund For the year ended December 31, 2018

Basis of accounting

The Report includes the funding and expenditures in relation to the Federal Gas Tax Fund of the City of Toronto. The Report has been prepared in accordance with the significant accounting policies set out below in order to assist the City of Toronto with the financial reporting requirements of the Administrative Agreement dated April 1, 2014 and the 2018 funding letter dated April 30, 2018 (collectively, the Agreement) between the Ministry of Infrastructure and Communities (Canada), the Ministry of Municipal Affairs and Housing (Ontario), the Association of Municipalities of Ontario and the City of Toronto.

Funding recognition

Funding is recognized when received or receivable.

Eligible expenditures

Eligible expenditures are recorded in the year incurred on the accrual basis of accounting. Eligible expenditures comprise the following expenditures, as outlined in Schedule C of the Agreement:

- a) the expenditures associated with acquiring, planning, constructing or renovating a tangible capital asset, as defined by Public Sector General Accepted Accounting Principles (GAAP), and any related debt financing charges especially identified with that asset;
- b) for the capacity building category only, the expenditures related to strengthening the ability of municipalities to improve local and regional planning including capital investment plans, integrated community sustainability plans, life-cycle cost assessments and Asset Management Plans. The expenditures could include developing and implementing:
 - i. studies, strategies or systems related to asset management, which may include software acquisition and implementation;
 - ii. training directly related to asset management planning; and
 - iii. long-term infrastructure plans.
- c) the expenditures directly associated with joint federal communication activities and with federal project signage.

City of Toronto

Note to Annual Expenditure Report for the Federal Gas Tax Fund For the year ended December 31, 2018

Employee and equipment costs

The incremental costs of the Toronto Transit Commission (Ultimate Recipient)'s employees or leasing of equipment may be included as Eligible Expenditures under the following conditions:

- a) the Ultimate Recipient is able to demonstrate that it is not economically feasible to tender a contract;
- b) the employee or equipment is engaged directly in respect of the work that should have been the subject of the contract; and
- c) the arrangement is approved in advance and in writing by the Government of Canada and Toronto's Executive Leads.

Administration costs

Administration expenses of the Association of Municipalities of Ontario and the City of Toronto related to program delivery and implementation of the Agreement, in accordance with Section 5 (Administration Expenses) of Annex B (Terms and Conditions), are eligible expenditures.

Finance and Treasury Services
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www.toronto.ca

November 13, 2019

Mr. Marc Fortin
Assistant Deputy Minister, Program Operations
Infrastructure Canada
1100 – 180 Kent Street
Ottawa, Ontario
K1P 0B6

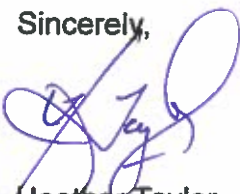
Dear Mr. Fortin:

Re: 2018 Annual Report on the Federal Gas Tax Fund

As per Schedule D, under the Administrative Agreement on the Federal Gas Tax Fund (GTF) (executed in March 2014), we the undersigned attest that based on the appended Audited Financial Report:

- a) the information submitted in the Financial Report Table is accurate; and
- b) GTF funding and Unspent Funds, and any interest earned thereon, were expended for the purposes intended.

Sincerely,



Heather Taylor
Chief Financial Officer and Treasurer
City of Toronto



Josie LaVita
Interim Chief Financial Officer
Toronto Transit Commission

Finance and Treasury Services
City Hall
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4 Floor East Tower
Toronto, Ontario M5H 2N2

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Fax: 416-397-5236
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www.toronto.ca

December 2, 2019

Mr. Marc Fortin
Assistant Deputy Minister, Program Operations
Infrastructure Canada
1100 – 180 Kent Street
Ottawa, ON K1P 0B6

Dear Mr. Fortin:

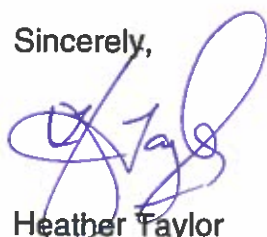
Re: 2018 Annual Report on the Federal Gas Tax Fund

Please find attached the City of Toronto's 2018 Annual Report as required under the Administrative Agreement on the Federal Gas Tax Fund (executed in March 2014).

The City's 2018 Annual Report includes the following:

- Audited Financial Report for the year ended 2018
- Attestation based on the Audited Financial Report
- Annual Project List
- Narrative on the benefits of federal Gas Tax Fund investments in Toronto, and on the progress made in meeting the City's commitments under the Administrative Agreement.

Sincerely,

A handwritten signature in blue ink, appearing to read "H. Taylor", written over a circular stamp.

Heather Taylor
Chief Financial Officer and Treasurer
City of Toronto

- c: Marie-Pier Nassif, Director, Ontario Region, Infrastructure Canada
Jeff Fielding, Chief of Staff, City of Toronto
Josie LaVita, Acting Chief Financial Officer, Toronto Transit Commission
Stephen Conforti, Executive Director, Financial Planning
Sandra Rodriguez, Director, Corporate Intergovernmental and Agency Relations