

**Canada Community Building Fund
Annual Expenditure and Outcomes Report - 2023
City of Toronto**

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Executive Summary

The Canada Community Building Fund (CCBF - formerly the Federal Gas Tax) is a crucial source of infrastructure funding for the City of Toronto. As an allocation-based program, the CCBF provides permanent, predictable, and flexible funding that incrementally supports investments in state of good repair and has greatly benefited the country and the City of Toronto. Ultimately, CCBF 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 CCBF funds towards investments in the Toronto Transit Commission (TTC) which contributes to safe, efficient, and reliable service in the City of Toronto and surrounding region. In 2023, the CCBF fund supported several key projects aimed at improving the TTC's infrastructure and services. These included the continuous enhancement of the rail and surface traction power distribution systems for the subway, ensuring the state of good repair. The fund also contributed to repairs and improvements to various bridges and tunnels to enhance structural reliability, mitigate damage, and improve service efficiency. Accessibility was further improved through the installation of elevators and other measures at multiple stations. Additionally, the purchase of gasoline Wheel-Trans buses improved the fleet's accessibility, reliability, safety, and overall performance. Finally, ongoing maintenance of bus overhauls helped prevent breakdowns, ensuring efficient and effective bus operations. As a result, ridership in 2023 increased to 396.3 million riders, a growth of 24.3% from 2022 ridership levels of 318.9 million riders.

Since 2005, the City of Toronto has leveraged more than \$6.6 billion of investments for public transit, due to approximately \$3.0 billion in contributions made by the Government of Canada; this includes the 2023-2024 CCBF allocation of \$181.7 million. While these investments have provided much-needed capital funding to support Toronto's transit system, the TTC has approximately \$35.5 billion in unfunded capital needs identified through its 15-Year Capital Investment Plan.¹

Background

Toronto is Canada's leading economic engine and one of the world's most diverse and livable cities. As the fourth largest city in North America, Toronto's strengths lie in the diversity and experience of its people, and continued innovation of its businesses. Canada's largest city is among the most economically successful places in the world, with a population and GDP that have grown rapidly for decades. Toronto accounts for 20% of the national economic output as well as 52% of Ontario's. Since 2009, Toronto's GDP has increased by 2.2% annually, more than the national average of 1.8% over the same period.

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

¹ https://cdn.ttc.ca/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2023/Dec-20/6_TTCs_2024_2038_Capital_Investment_Plan_A_Review_of_Unfunded_Capital_Needs.pdf?rev=1ef4b6b519b34559b1487aea4808d176&hash=105C587A0F9F0D23A734FA925C37F91A

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.

The provincial, federal and municipal governments are investing to expand Toronto's transit system and in existing assets to maintain them in a state of good repair (including to replace transit fleet). The Greater Toronto Area (GTA) will see the largest increase in population, adding 3.3 million residents to 2046, with growth of 45.9 per cent. This growth both within Toronto and more broadly the GTA will add pressure to Toronto's public transit infrastructure, resulting in an immediate 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

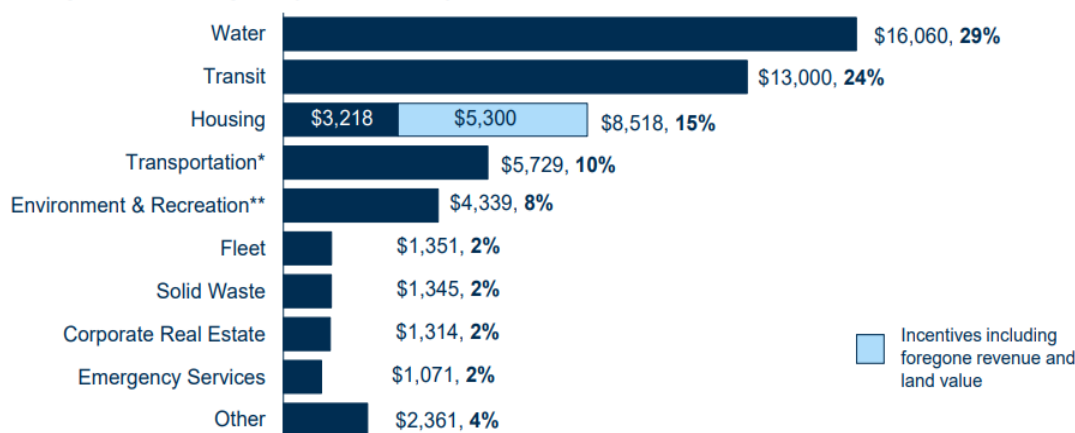
The City employs a financial planning and budgeting process that is transparent, accessible, and focused on service outcomes and accountability. It accounts for the public's needs as translated by Council in its approved strategies and priorities and ensures that value is achieved through the efficient use of resources for the most effective delivery of City services and stewardship of City assets. Grounded in good governance, the City's financial planning and budgeting practices are aimed to garner the public's trust and confidence in the management of public resources.

The 2024 Operating Budget and the 2024 – 2033 Capital Budget and Plan are built on the foundation of the City's Long Term Financial Plan (LTFP) and the Ontario-Toronto New Deal Agreement, which set the City on a path of financial sustainability. The Capital Budget and Plan addresses \$49.8 billion 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.

Figure 1 – Tax & Rate Supported 10-Year Capital Plan

How the Capital Plan is spent (\$49.8 billion):

\$ millions

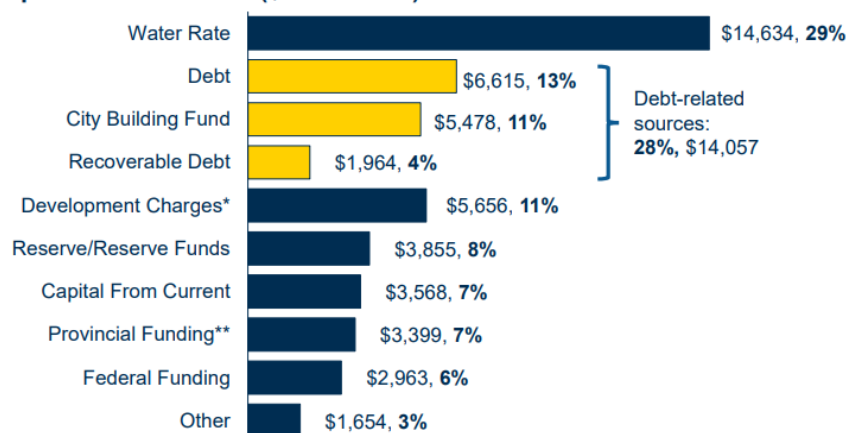


* The 2024 Budget for Transportation Services includes the F.G. Gardiner & DVP while the provincial due diligence process is underway.

** Projects that support Council-approved sustainability outcomes are included in all spending categories

How the Capital Plan is funded (\$49.8 billion):

\$ millions



* Reflects initial reductions in expected DC funding, while discussions with the Province on impacts of Bill 23 are ongoing

** The 2024 Capital Plan includes \$1.9 billion for the F.G. Gardiner & DVP while the provincial due diligence process is underway.

Approximately \$13.0 billion² of the City's 10-year Capital Budget and Plan will go towards transit, both for the maintenance and expansion of the existing 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 \$181.0³ billion in assets (replacement value), the TTC has an estimated \$26.4 billion in assets (replacement value) and its capital program is focused on meeting three key objectives:

² \$0.8 billion being related to Transit Expansion Office's budget for transit expansion projects (Please see [Appendix 2: 2024 – 2033 Capital Budget and Plan \(toronto.ca\)](#) for more details)

³ [Briefing Note 9 - 2024 Capital Budget Briefing Note - State of Good Repair \(SOGR\) Backlog \(toronto.ca\)](#)

- 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.

For the 10-year planning period of 2024-2033, the TTC Capital Budget and Plan (excluding carry-forward funding) is \$12.2 billion and is prioritized in keeping the system in a state of good repair, complying with legislative requirements, replacing aging fleet and building capacity to increase ridership. These investments in public transit help contribute to the achievement of climate goals by the City and the Government of Canada.

The 10-year capital program is funded from \$1.3 billion in Development Charge revenue, \$4.1 billion in Federal/Provincial funding (including \$1.8 billion in CCBF funding), \$6.5 billion of debt/ recoverable debt and \$0.3 billion of other funding. Significant federal contributions include the CCBF as well as the Zero Emission Transit Fund (ZETF).

TTC's Capital Investment Plan

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 current demand and to meet new pressures of growth. In particular, the TTC's Capital Investment Plan (CIP) released in 2024 has identified over \$47.9 billion in capital funding requirements over the next 15 years for asset renewal and replacement.⁴

To date the TTC has been the recipient of funding and/or funding commitments totaling \$10.6 billion to fund critical capital projects that otherwise would have remained unfunded. This new funding has enabled the TTC to achieve the following results during 2023 as a direct result of this new funding:

- The TTC formerly received approval principle for the Bloor-Yonge Capacity Improvement Project.
- The TTC formerly received funding approval from Housing, Infrastructure, Communities Canada under the ZETF program, which includes the procurement of 340 e-buses and 248 charge points.
- The City of Toronto's tax levy increase to raise funds in the City Building Fund for the TTC's capital needs between 2019 and 2023.

As recommended by the TTC Board and as directed by City Council, the CIP is updated annually as part of the budget process. As a rolling plan, the CIP will continue to be updated on an annual basis to reflect refined estimates, changes to the plan as well as

⁴ https://cdn.ttc.ca/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2023/Dec-20/6_TTCs_2024_2038_Capital_Investment_Plan_A_Review_of_Unfunded_Capital_Needs.pdf?rev=1ef4b6b519b34559b1487aea4808d176&hash=105C587A0F9F0D23A734FA925C37F91A

provide an update on the progress being made on addressing the Commission's SOGR backlog and unmet capital needs.

The CCBF in Toronto and Asset Management

The allocation-based CCBF helps the City plan over the long term due to its stable allocation and flexible terms and conditions that allow the City to invest in its priority infrastructure projects. CCBF 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 allocated 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 CCBF investments in public transit which serves residents, reduces congestion, improves the environment and also plays a key role in moving people around the region.

In 2023, the City received an allocation of \$181.7 million under the federal CCBF. The CCBF represents an efficient mechanism to flow such funds to municipal governments. The City appreciates both the CCBF'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 Canada Community Building Fund Investments (2005-2023)

\$millions

Year	Approved Annual Capital Budget ⁽¹⁾		Canada Community-Building Fund ⁽²⁾		CCBF as a % of City Capital Budget (Annual)	Amount Leveraged (Total CCBF 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
2019	4,067.0	1,490.0	334.0 ⁽⁵⁾	2,153.1	8.2%	487.0
2020	3,631.0	871.0	166.6	2,319.7	4.6%	351.0
2021	4,292.0	1,267.5	340.7 ⁽⁶⁾	2,660.4	7.9%	460.3
2022	4,542.8	1,227.03	174.1	2,834.5	3.8%	598.6
2023	4,446.1	1,274.7	181.7	3,016.2	4.1%	454.0

Notes

(1) Excludes budgeted 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, Scarborough Subway Extension, and Waterfront Transit from 2005-2019. As of 2020 (3) includes Toronto-York Spadina Subway Extension, Scarborough Subway Extension and Waterfront Transit.

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

(5) Includes \$166.6 in annual allocation, plus \$167.4 million from the special one-time top up of CCBF funds provided under Budget 2019.

(6) Includes \$174.1 in annual allocation, plus \$166.6 million from the one-time payment of CCBF (utilized by the City of Toronto).

Since 2005, the City has received roughly \$3.01 billion from the CCBF, which has leveraged over \$6.6 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 CCBF allows for planned investments that increase the reliability of TTC service and keeps Toronto moving.

2023 Milestones and Project Outcomes in the last 5 Years

Key investments in the last 5 years (2019-2023) under the CCBF were:

The Easier Access III project, funded with \$162.3 million from the CCBF and a total project cost of \$312.3 million, aims to enhance accessibility across the TTC subway network. The project involves installing elevators, ramps, wide fare gates, automatic sliding doors, improved signage, and making necessary architectural, structural, mechanical, and electrical modifications to all stations. This initiative supports the TTC's 2018-2022 Corporate Plan and 2019-2023 Multi-Year Accessibility Plan, in alignment with the Accessibility for Ontarians with Disabilities Act (AODA). As of January 2024, 54 of 70 subway stations are accessible, with 10 completed in the past three years. Elevator construction is currently underway at 15 stations, with work expected to begin at Old Mill station in 2024.

The Purchase of 204 New LRT Cars project, with a total cost of \$259.6 million and \$115.7 million funded by the CCBF, replaced the legacy streetcar fleet with fully accessible, low-floor vehicles. This upgrade significantly improved the reliability of the streetcar fleet, reducing breakdowns and increasing overall availability to better serve customers. The new streetcars also enhance safety and security with features such as sensitive edge doors, exterior cameras, call points, ramps for accessibility, and CCTV systems, ensuring a safer environment for both passengers and employees. Financially, the project is expected to reduce operational costs due to the increased efficiency and reliability of the new vehicles, contributing to the long-term financial sustainability of the transit system. Designed for a 30-year lifespan, the new streetcars incorporate modern, proven designs used globally, making them a long-term investment. Additionally, the new vehicles will feature a dedicated cab area for operators, minimizing distractions and improving focus, while also contributing to further reductions in greenhouse gas emissions.

The "Bus Overhaul" project, with a total cost of \$176.5 million and \$74.4 million funded by the CCBF, focuses on mid-life rebuilds and scheduled maintenance for the bus fleet. The program involves overhauling key mechanical systems, including the engine, transmission, suspension, and door systems, as well as addressing structural components, exterior body panels, and interior items such as flooring, passenger seating, and the operator cab. The Scheduled Maintenance Plan (SMP) services air, electrical, mechanical, coolant, HVAC, ramp, and engine components to meet the specific needs of each bus. The expected benefits include extending the lifespan of the buses, as the optimal design life for mechanical components is around 12-13 years. The rebuilds occur at the mid-life point (around the 6th year), ensuring buses undergo only one rebuild during

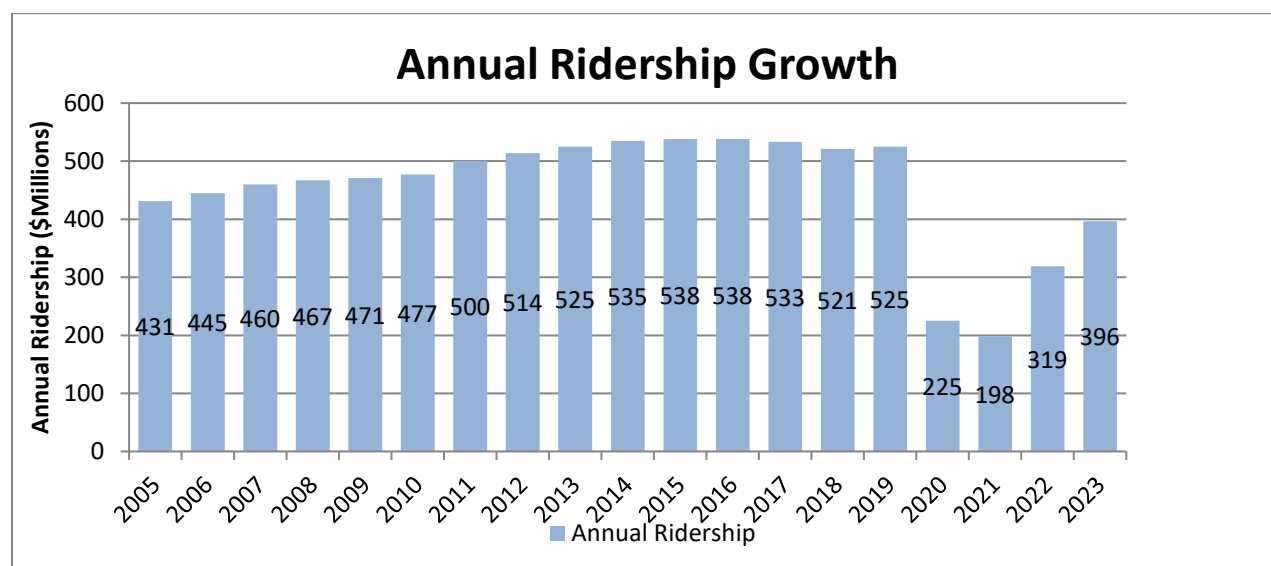
their lifecycle, while the SMP ensures ongoing maintenance and performance throughout their service life.

The Fire Ventilation Upgrade Program, with a total cost of \$99.4 million and \$54.2 million funded by the CCBF, aims to enhance subway ventilation systems for improved safety and risk reduction. The project includes two main components: upgrading the existing subway ventilation system to increase capacity and improve safety during major fire or smoke incidents, and replacing aging ventilation equipment that is nearing the end of its service life. Many of the current systems lack sufficient capacity to handle large-scale fire or smoke events. The expected benefits include reducing risks to TTC customers and employees by upgrading ventilation to provide adequate protection during emergencies, as studies have shown the current system cannot meet safety requirements. The equipment replacement ensures the continued operation of critical systems while enhancing the overall ventilation capacity to address safety concerns and improve subway operations.

The "Subway Car House/Shop/Garage Facility Renewal" project, funded with \$57.6 million of the \$106.2 million total cost, focuses on renewing and replacing systems at the TTC's aging Subway Car house and Shop, which are over 40 years old. Key upgrades at the Wilson Garage include anti-slip flooring in fueling lanes, a non-potable water supply system for hose reels, and air compressor replacement. These improvements address safety concerns, such as slippery floors that pose a risk of injury, and ensure proper bus cleaning, which had been hindered by outdated systems. The expected benefits include improved safety by reducing slipperiness in fueling bays, which could otherwise lead to injury, and ensuring proper cleaning of buses, addressing a long-standing issue from the inability to adequately clean their interiors due to outdated systems.

The CCBF's investments have supported the TTC in operating a safe, efficient, and reliable service by contributing to the state of good repair of assets, while ensuring that it can accommodate the needs of a growing and diverse ridership. The positive impact of CCBF funding is reflected in the steady growth in ridership, which increased by roughly 22% from 2005 to 525 million trips in 2019 (Figure 3). Although ridership declined during the COVID-19 pandemic in 2020 and 2021, the TTC saw a significant rebound in 2022 as schools reopened and in-office work resumed, signaling a return to growth and a promising outlook for future ridership expansion.

Figure 3 – TTC Annual Ridership Growth (2005-2023)



As CCBF 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. TTC's conventional system increased from 2022 to 2023 by 77.7M trips including an increase of 843.3 kilometers in bus routes and 72 kilometers in streetcar routes from 2022 to 2023. In 2023, Wheel-Trans services saw significant growth across several key metrics. Passenger trips increased by 740,050, reaching a total of 3,002,002 compared to 2,261,952 in 2022. The average number of daily trips also rose by 2,028, totaling 8,225, up from 6,197 the previous year. The total kilometers operated grew by 4,535,612, reaching 25,089,795 km in 2023, compared to 20,554,183 km in 2022. Scheduled vehicle service hours increased by 348,605, totaling 1,113,153 hours in 2023, up from 764,548 in 2022. Additionally, the number of revenue vehicles grew by 222, bringing the total to 1,906. The number of active registrants also saw an increase of 4,839, reaching 39,166 in 2023, up from 34,327 in 2022.⁵

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 2022, the City and Canada continued to implement the joint communications approach as agreed to in 2016, shared upfront project information and

⁵ <https://www.ttc.ca/transparency-and-accountability#section-reports>.

monitored communications performance. As per the recommendation in the last Oversight Committee meeting, a communications sub-working group has been formed in December 2022 to collectively enhance the communications strategy and efforts for projects funded by CCBF. This group meets regularly and will continue to work together to determine the milestone events/projects that have the greatest communications potential.

Evaluations and Audits

A number of federal evaluation and audit reports (which are separate from the City's annual CCBF 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 2023, the City continued its participation in the CCBF Workshop and the Canada-Toronto-AMO-Ontario Oversight Committee. 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 CCBF have a direct and incremental contribution to the City's public transit system. Outcomes reporting is embedded throughout this annual report. The CCBF'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 along with the rest of the country continue to manage the impacts of COVID-19, there continues to be a need for ongoing collaboration and discussion with the federal government on a new model for funding public transit including permanent and sustainable funding to address the capital and operating needs of the TTC.