

# TTC AUDIT COMMITTEE REPORT NO.

**MEETING DATE:** April 13, 2010

**SUBJECT:** Draft Annual Report Toronto Transit Commission 2009

## **ACTION ITEM**

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### **RECOMMENDATION**

It is recommended that the Audit Committee approve the draft Annual Report of the Toronto Transit Commission for the year 2009.

### **BACKGROUND**

The mandate and responsibilities of the Audit Committee include a requirement to review the Annual Report and consider the accuracy and completeness of the information.

### **DISCUSSION**

A draft copy of the 2009 Annual Report is hereby submitted for your review. The financial statements have been reviewed by the Audit Committee through a separate report.

The sections for your review at this time are:

- Letter from the Chair;
- 10-Year Non-consolidated Financial and Operating Statistics; and
- Management Directory – 2009.

The 2009 Annual Report will be issued following your review of the above and the approval of the consolidated financial statements at the May 6, 2010 Commission meeting.

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April 5, 2010

42-129

Attachment: 2009 Draft Annual Report

## **Draft**

**Letter from the Chair**

**Date: April, 2010**

**To: Mayor David Miller and Councillors of the City of Toronto**

**It is my privilege to submit the 2009 Annual Report for the Toronto Transit Commission.**

### **Ridership and Service**

**Transit customers in Toronto set a new ridership record in 2009, by making 471.2 million trips on the TTC, surpassing the previous record of 466.7 million trips set in 2008. The continued implementation of the TTC's *Ridership Growth Strategy* was the primary driver of the year-over-year increase in ridership.**

**The implementation of the TTC's *Ridership Growth Strategy* drives a year-by-year increase in ridership, taking more cars off the road and putting more people in buses, streetcars and subway trains by making public transit a more convenient, reliable and comfortable traveling option.**

**A bold new plan for improved service on key bus routes was adopted by the Commission in 2009. The Transit City Bus Plan calls for improved minimum service levels on 21 major bus routes that serve important corridors not directly impacted by the TTC's Transit City Light Rail Transit project. The bus plan includes the introduction of new or enhanced bus service on these routes, and further improvements to service reliability, customer information, and customer amenities.**

**During 2009, the York University Busway opened. This eight-kilometre-long facility, funded by the City of Toronto, the Province of Ontario, and the Government of Canada, is used by more than 20,000 customer-trips each day between Downsview Station and York University on the 196 University Rocket route. A bus ride that previously could take up to 25 minutes in traffic congestion is now reliably and regularly being made in less than 15 minutes.**

**Service continued to be improved across the TTC system throughout 2009. More than 50 service increases were made on 30 streetcar and bus routes to reduce crowding. Two bus routes were extended to serve growing areas, and three new express bus services were introduced to give customers new and faster travel options.**

### **Expansion**

Work continued in 2009 on the extension of the Yonge-University-Spadina Subway, which when completed in 2015, will see the subway cross the Toronto border, to the Vaughan Corporate Centre. A ground-breaking ceremony was held on November 27, as construction of a train track from Wilson Yard to Downsview Station commenced. The *Toronto-York Spadina Subway* Extension project is jointly funded by the Government of Canada, the Province of Ontario, the City of Toronto and The Regional Municipality of York. The total cost of the 8.6-kilometre, six-station extension is estimated at \$2.6 billion, and will create up to 20,000 jobs.

### **New Streetcars**

The Commission placed an order for 204 low-floor accessible Light Rail Vehicles in June, after the City of Toronto committed \$834 million towards the \$1.2 billion cost, with the Province of Ontario committing \$417 million. The delivery plan for the Light Rail Vehicles will result in a prototype vehicle being delivered to the TTC in 2011, with revenue service beginning in 2012. All 204 streetcars are scheduled to be delivered by 2018.

### **Transit City**

On April 1, the Province of Ontario announced funding for the Finch, Eglinton and SRT projects, and on May 15, a joint announcement was made by the Provincial and Federal Governments for a funding commitment for the Sheppard East LRT. In total, Transit City has received a 2009 funding commitment of \$8.15 billion. Construction on the Sheppard East LRT began in December 2009, marking the first ground breaking for the Transit City project.

Each Transit City project will bring quick and reliable transit that will enable residents to choose public transit over the use of the private automobile and will contribute to social inclusion and the physical mobility of residents in priority neighbourhoods including the poor, elderly people with mobility difficulties with access to employment centres and educational opportunities. Each light rail vehicle will feature easy step-free access from convenient and sheltered platforms enabling people with all levels of mobility to board and exit the vehicles with confidence.

### **Accessibility**

North York Centre Station became the twenty-ninth accessible TTC subway station, with step-free access from street to subway platforms. Twenty-six bus routes became accessible to customers using mobility devices, and bike rack service was added to 77 bus routes. At the end of 2009, 153 of the TTC's 168 bus routes were accessible, and 148 bus routes had bike-rack service.

### **eAlerts**

**In January, the TTC launched the e-Alert subscription service. With the introduction of e-Alerts, TTC customers receive subway/rt service disruption notifications by email. E-alerts are also issued for major surface route disruptions. Service delay information is also available on the TTC website and on display screens located on subway station platforms. Notifications are sent out if the delay is more than 15 minutes during peak periods, and 30 minutes during non-peak periods.**

### **Fare Increase**

**In November, Commissioners voted in favour of a TTC fare increase, which took effect on January 3, 2010. Adult cash fare increased by 25 cents to \$3.00. As a result of the fare increase announcement, the Commission faced a serious problem with token hoarding. As a result, temporary adult tickets were produced to ensure the TTC had sufficient tokens to meet normal demand in January. Without the introduction of the temporary adult tickets, the Commission could have lost more than \$5 million in 2010 revenues due to token hoarding.**

### **Work Safe-Home Safe**

**The TTC's Work Safe-Home Safe program entered its second year in 2009. Over a 12-month period, lost-time injuries dropped 22 per cent, a decline of 137 injuries. The downward trend is very good news for the health and safety of all TTC employees. Work Safe-Home Safe is making a significant difference in the pursuit of safety excellence. TTC employees have been eager to participate and change the way they approach their work. The TTC was named the 2009 GOLD award winner at the American Public Transportation Association (APTA) Bus Safety Awards in Seattle, Washington. The award recognizes the Commission's commitment to improving safety for its employees through the Work Safe-Home Safe initiative.**

**In 2009, the TTC continued its program to better protect customers and employees. Security cameras and protective barriers were installed on more buses and streetcars. The entire surface fleet will contain these safety features in 2010. The new subway cars, the *Toronto Rocket*, will be equipped with security cameras once the roll-out begins in 2010. The TTC also launched a Court Advocate program to assist employees who have been assaulted. If a person has been charged with assaulting a TTC employee, a Court Advocate helps the employee during the legal process.**

## **Transit That Cares**

**TTC employees and pensioners once again set a new record during the annual United Way campaign. Through payroll donations, pizza sales in the subway, and the very popular TTC Idol contest, \$1.3 million was raised in 2009, breaking the previous TTC record set in 2008. I would like to extend my congratulations to employees, pensioners and especially, the hundreds of dedicated volunteers who donated not just money, but their time, to help make the 2009 United Way campaign a great success.**

**A transit system as large and complex as Toronto's is only as good as the women and men who make it run each day. As Chair of the TTC, I am very proud of the more than 12,000 employees who make the TTC a great transit system. I look forward to working with the TTC's Chief General Manager, Gary Webster, in 2010, as the TTC embarks on another exciting year for transit in Toronto.**

**And finally, I would like to thank my fellow Commissioners for their hard work and dedication to transit in Toronto throughout 2009: Joe Mihevc (Vice-Chair), Sandra Bussin, Maria Augimeri, Suzan Hall, Peter Milczyn, Anthony Perruzza, Bill Saundercook and Ron Moeser.**

**Adam Giambrone  
Chair**

# TORONTO TRANSIT COMMISSION

## Conventional System:

### 10-Year Non-consolidated Financial and Operating Statistics

	2009	2008	2007
<b>OPERATING STATISTICS (regular service inside the City)</b>			
Passenger Trips (Millions)	471.2	466.7	459.8
Basic Adult Ticket Fare (at December 31) (\$)	2.25	2.25	2.25
Average Number of Employees (including TCTI)	12,324	11,679	11,233
Average Hourly Wages & Benefits per Operator (\$)	43.27	41.46	39.60
Kilometres Operated (Millions)			
Bus	123.7	114.2	107.6
Subway Car	75.5	74.9	74.5
Streetcar	12.3	12.1	11.8
Scarborough RT	3.3	3.3	3.7
<b>Total Kilometres Operated</b>	<b>214.8</b>	<b>204.5</b>	<b>197.6</b>
<b>OPERATING REVENUE STATISTICS</b>			
Operating Revenue – including property rental, etc. (\$ Millions)	886.4	891.8	825.8
Operating Revenue per Passenger Trip (\$)	1.88	1.91	1.80
Operating Revenue per Kilometre (\$)	4.13	4.36	4.18
<b>OPERATING EXPENSE STATISTICS</b>			
Operating Expenses (\$ Millions)	1,328.7	1,208.7	1,125.4
Operating Expense per Passenger Trip (\$)	2.82	2.59	2.45
Operating Expense per Kilometre (\$)	6.19	5.91	5.70
<b>OPERATING SUBSIDY STATISTICS</b>			
Operating Subsidy (\$ Millions) <sup>12</sup>	442.3 <sup>11</sup>	316.9 <sup>10</sup>	299.6 <sup>9</sup>
Operating Subsidy per Passenger Trip (\$)	0.94	0.68	0.65
Operating Subsidy per Kilometre (\$)	2.06	1.55	1.52
<b>OPERATING DEFICIT/(SURPLUS) STATISTICS (see Notes for details)</b>			
Operating Deficit/(Surplus) (\$ Millions)	-	-	-
Operating Deficit/(Surplus) per Passenger Trip (\$)	-	-	-
Operating Deficit/(Surplus) per Kilometre (\$)	-	-	-
<b>REVENUE/COST RATIO</b>	<b>66.7%<sup>1</sup></b>	<b>73.8%<sup>1</sup></b>	<b>73.4%<sup>1</sup></b>
<b>CAPITAL ASSETS (Conventional &amp; Wheel-Trans)</b>			
Investment in Capital Assets at December 31 (\$ Millions)			
Gross Investment (before contributions & depreciation)	8,801.9	8,069.0	7,434.2
City, Provincial, & Federal Contributions	(8,316.1)	(7,600.8)	(6,985.0)
<b>TTC Investment (before depreciation)</b>	<b>485.8</b>	<b>468.2</b>	<b>449.2</b>
<b>PASSENGER VEHICLE FLEET</b>			
(Conventional & Wheel-Trans, owned or leased and in service at December 31)			
Buses	1,782	1,737	1,545
Subway Cars	678	678	678
Streetcars	248	248	248
Scarborough RT Cars	28	28	28
Wheel-Trans Buses	188	147	145
<b>Total Vehicle Fleet</b>	<b>2,924</b>	<b>2,838</b>	<b>2,644</b>

#### NOTES:

- The 2002 to 2009 revenue/cost ratios were calculated as operating revenue/operating expenses (excluding capital from current). The 2000 to 2001 ratios were restated in 2002 to conform to the presentation adopted in 2002.
- In 2000, the total subsidy paid by the City was \$144.3 million, consisting of \$112.5 million for the operating subsidy, \$17.6 million for capital from current, \$2.1 million for the City special costs, and a \$12.1 million contribution to the TTC Stabilization Reserve Fund. The \$2.4 million net operating deficit reduced the Commission's accumulated equity.
- In 2001, the total subsidy paid by the City was \$147.6 million, consisting of \$126.6 million for the operating subsidy, \$18.1 million for capital from current, and \$2.9 million for the City special costs.
- In 2002, the total subsidy paid by the City was \$152.2 million, consisting of \$161.1 million for the operating subsidy, \$12.7 million for capital from current, and \$2.9 million for the City special costs, less a \$24.5 million draw from the TTC Stabilization Reserve Fund.
- In 2003, the total subsidy paid by the City was \$182.2 million, consisting of \$179.2 million for the operating subsidy and \$3.0 million for the City special costs. The \$16.8 million net operating deficit reduced the Commission's accumulated equity.
- In 2004, the total subsidy paid by the City was \$114.2 million, consisting of \$111.2 million for the operating subsidy and \$3.0 million for the City special costs. The City allocated \$90.3 million of Provincial subsidy to the operating budget – amount revised in 2006. In lieu of capital from current, \$6.3 million was placed by the City in a Capital Financing Reserve Fund, to fund capital purchases in 2005.
- In 2005, the total subsidy paid by the City was \$137.5 million, consisting of \$115.8 million for the operating subsidy, \$2.0 million for the City special costs, \$1.7 million for the TTC Land Acquisition Reserve Fund and \$24.4 million for the TTC Stabilization Reserve Fund, less a \$6.4 million long-term payable for employee benefits. The City allocated \$91.0 million of Provincial subsidy to the operating budget.

2006	2005	2004	2003	2002	2001	2000
444.5	431.2	418.1	405.4	415.5	420.0	410.6
2.10	2.00	1.90	1.90	1.80	1.80	1.70
10,905	10,669	10,553	10,450	10,356	10,191	10,095
38.39	37.02	35.79	34.79	33.45	32.29	31.25
105.9	102.9	100.7	99.8	100.4	97.7	95.0
77.7	77.7	78.4	77.5	76.2	75.5	74.4
11.6	11.7	12.2	11.8	11.3	11.7	11.3
4.1	4.3	4.4	4.1	4.3	4.4	4.2
199.3	196.6	195.7	193.2	192.2	189.3	184.9
782.6	753.4	731.2	703.0	687.8	670.6	630.2
1.76	1.75	1.75	1.73	1.66	1.60	1.53
3.93	3.83	3.74	3.64	3.58	3.54	3.41
1,042.3	960.2	932.7	899.0	848.9	797.2	745.1
2.34	2.23	2.23	2.22	2.04	1.90	1.81
5.23	4.88	4.77	4.65	4.42	4.21	4.03
259.7 <sup>8</sup>	206.8 <sup>7</sup>	201.5 <sup>6</sup>	179.2 <sup>5</sup>	161.1 <sup>4</sup>	126.6 <sup>3</sup>	112.5 <sup>2</sup>
0.58	0.48	0.48	0.44	0.39	0.30	0.27
1.30	1.05	1.03	0.93	0.84	0.67	0.61
-	-	-	16.8	-	-	2.4
-	-	-	0.04	-	-	0.01
-	-	-	0.09	-	-	0.01
75.1% <sup>1</sup>	78.5% <sup>1</sup>	78.4% <sup>1</sup>	78.2% <sup>1</sup>	81.0% <sup>1</sup>	84.1% <sup>1</sup>	84.6% <sup>1</sup>
6,999.3	6,541.8	6,216.5	5,948.7	5,733.5	5,514.5	5,230.3
(6,562.8)	(6,123.1)	(5,802.9)	(5,543.0) <sup>13</sup>	(5,337.2) <sup>13</sup>	(5,121.5) <sup>13</sup>	(4,925.4)
436.5	418.7	413.6	405.7	396.3	393.0	304.9
1,543	1,491	1,502	1,489	1,468	1,480	1,468
678	678	684	684	692	692	672
248	248	248	248	248	248	248
28	28	28	28	28	28	28
144	145	145	144	135	142	149
2,641	2,590	2,607	2,593	2,571	2,590	2,565

8. In 2006, the total subsidy paid by the City was \$270.8 million, consisting of \$168.1 million for the operating subsidy, \$2.7 million for the City special costs, and \$116.6 million for the TTC Stabilization Reserve Fund (including the \$24.4 million reported by the Commission in 2005) less a \$16.6 million long-term payable for employee benefits. The City allocated \$91.6 million of Provincial subsidy to the operating budget.
9. In 2007, the total subsidy paid by the City was \$98.3 million, consisting of \$208.0 million for the operating subsidy, \$2.8 million for the City special costs, less \$96 million drawn from the TTC Stabilization Reserve Fund and a \$16.6 million long-term payable for employee benefits. The City allocated \$91.6 million of Provincial subsidy to the operating budget.
10. In 2008, the total subsidy paid by the City was \$131.4 million, consisting of \$145.1 million for the operating subsidy, \$2.8 million for the City special costs, less a \$16.5 million long-term payable for employee benefits. The City allocated \$171.8 million of Provincial subsidy to the operating budget.
11. In 2009, the total subsidy paid by the City was \$302.7 million, consisting of \$350.7 million for the operating subsidy, \$3.0 million for the City special costs, less a \$30.4 million long-term payable for accident claims and a \$20.6 million long-term payable for employee benefits. The City allocated \$91.6 million of Provincial subsidy to the operating budget.
12. The operating subsidy amounts do not include the capital from current amounts. For 2000 to 2002, the operating subsidy and operating subsidy per passenger and per kilometre amounts have been adjusted.
13. In 2003, the process for recording the disposition of subsidized capital assets was revised. The 2001 to 2003 capital subsidy amounts have been restated to conform to the new presentation.

# Management Directory – December 31, 2009

## SENIOR MANAGEMENT

**Gary M. Webster**  
Chief General Manager

**Rick Cornacchia**  
General Manager Operations

**Vincent Rodo**  
General Secretary/  
General Manager  
Executive

**John A. Sepulis**  
General Manager  
Engineering & Construction

**Scott Blakey**  
Executive Director  
Human Resources

**Allen J. Chocorlan**  
Deputy General Manager – Bus

**Dave Dixon**  
Deputy General Manager – Rail

**Kathryn Dean**  
Manager  
Training & Support Services

**Derick Finn**  
General Superintendent  
Signals/Electrical/Communications

**James Fraser**  
General Superintendent  
Rail Transportation

**William G. Frost**  
General Superintendent  
Wheel-Trans

**Domenic Garisto**  
Manager  
Property Development

**Sameh Ghaly**  
Chief Project Manager  
Transit City

**Mario Guerra**  
General Superintendent  
Rail Cars and Shops

**Bob Hughes**  
Chief Project Manager  
TTC/GTA Farecard Project

**David Hughes**  
Manager  
Revenue Operations

**Orest Z. Kobylansky**  
General Superintendent  
Bus Maintenance

**Brian M. Leck**  
General Counsel

**Kevin Lee**  
Assistant General Secretary

**Sandy MacDonald**  
Manager  
Materials and Procurement

**John P. O'Grady**  
Chief Safety Officer

**Susan Reed Tanaka**  
Manager - Engineering

**Michael A. Roche**  
Chief Financial Officer

**Gary A. Shortt**  
General Superintendent  
Plant Maintenance

**Alice E. Smith**  
Chief Marketing Officer

**Mitch Stambler**  
Manager  
Service Planning

**Jim Teeple**  
General Superintendent  
Track & Structure

**Robert J. Thacker**  
General Superintendent  
Bus Transportation

## DEPARTMENT HEADS

**Terry A. Andrews**  
Chief Special Constable

**Tony Baik**  
Chief Project Manager  
Construction

**Dick G. Beecroft**  
Chief Auditor

**Andy G. Bertolo**  
Chief Project Manager  
Spadina Subway Extension

**John D. Cannell**  
Manager  
Pension Fund Society

**John D. Cannon**  
Chief Information Officer

## SUBSIDIARY COMPANIES

Toronto Coach Terminal Inc.  
**Gary M. Webster**  
President

Toronto Transit Consultants Limited  
**Vincent Rodo**  
Treasurer

TTC Insurance Company Limited  
**Vincent Rodo**  
President

For further information, please contact:

**Toronto Transit Commission**  
1900 Yonge Street, Toronto,  
Ontario, M4S 1Z2  
Telephone: (416) 393-4000  
Fax: (416) 485-9394  
Website: www.ttc.ca