



Draft Annual Report for the Toronto Transit Commission for 2018

Date: May 29, 2019
To: TTC Audit & Risk Management Committee
From: Chief Financial Officer

Summary

Each year, the TTC prepares an Annual Report which presents the consolidated financial statements of the TTC and its subsidiaries and non-financial statement information including the Chair's Letter, the CEO's statement and statistical information.

This report presents the non-financial statement information to be contained within the 2018 Annual Report.

Note that the 2018 financial statements are being submitted to the Audit & Risk Management Committee for approval at this meeting through a separate report.

Recommendations

It is recommended that the TTC Audit and Risk Management Committee:

1. Approve the report.

Implementation Points

This report must be approved at the May 29, 2019 TTC Audit & Risk Management Committee Meeting to ensure timely publication and distribution of the 2018 Annual Report.

Financial Summary

There are no financial implications resulting from the adoption of this report.

Equity/Accessibility Matters

Once approved, TTC will post an AODA-compliant version of the 2018 Annual Report on the TTC website.

Decision History

TTC's Corporate Policy 6.2.0 Financial Reporting to the Board, paragraph 4.1 states that annual audited financial statements must be included in the TTC's Annual Report.

Furthermore, at its meeting on February 9, 2017, the TTC Audit & Risk Management Committee approved that the terms of reference of the Audit & Risk Management Committee, which includes a requirement to "review other sections of the annual report before release and consider the accuracy and completeness of the information" as set out in item 2 at:

[https://www.ttc.ca/About the TTC/Commission reports and information/Committee meetings/Audit Risk Management/2017/February 9/Reports/2 TTC Audit %20and Risk Management Committee Terms Of Referenc.pdf](https://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Committee%20meetings/Audit%20Risk%20Management/2017/February%209/Reports/2%20TTC%20Audit%20and%20Risk%20Management%20Committee%20Terms%20Of%20Referenc.pdf)

Issue Background

The report presents the non-financial statement information to be contained within the 2018 Annual Report.

Comments

The attached 2018 Annual Report contains the following:

1. Chair's Letter
2. CEO's Statement
3. 10-Year Non-consolidated Financial and Operating Statistics
4. 2018 Annual Report Title Page
5. Management Directory

The 2018 Annual Report will be issued following approval of the consolidated financial statements at the June 12, 2019 TTC Board meeting.

Contact

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Signature

Dan Wright
Chief Financial Officer

Attachments

Attachment 1 - 2018 TTC Draft Annual Report



2018 Annual Report Toronto Transit Commission

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The TTC's Corporate Plan includes critical paths outlining areas of focus for the next five years to set ourselves up for the next 25 years.

Chair's Letter



An astounding 85 percent of all local transit trips in the Greater Toronto Area are taken on the TTC.

To: Mayor John Tory and Councillors of the City of Toronto

It is my privilege to submit the 2018 Annual Report for the Toronto Transit Commission.

The TTC carried more than 521 million riders and operated over 250 million kilometres of service in 2018. An astounding 85 percent of all local transit trips in the Greater Toronto Area are taken on the TTC.

The TTC moves more people daily on its streetcar network alone than any other transit system in the Greater Toronto and Hamilton Area.

We have a committed team of talented and dedicated employees working 24/7 to ensure the system runs safely and effectively. Moving 1.7 million customers every business day is no small feat and it is with a great sense of achievement that we plan to welcome our 32 billionth rider in 2019.

We are fortunate to have Rick Leary at the helm as the TTC's newest Chief Executive Officer. In 2018, the TTC Board unanimously recommended Rick for the permanent position of CEO following a very thorough process that included a long list of national and international candidates. The appointment became official last July and Rick stepped into the top job immediately, after serving as acting CEO since December 2017.

The TTC, with its professional and dedicated workforce, remains one of the most visible and vital public service organizations in all of the GTHA.

I would like to thank Mayor Tory and Toronto City Council for their continued support for the TTC and public transit in Toronto. I would also like to thank my fellow Commissioners who began the new term with me in December 2018: Vice-Chair Alan Heisey Q.C.; Councillor/Deputy Mayor Denzil Minnan-Wong (Ward 16 Don Valley East); and Councillors Shelley Carroll (Ward 17 Don Valley North), Brad Bradford (Ward 19 Beaches-East York), Jim Karygiannis (Ward 22 Scarborough-Agincourt), Jennifer McKelvie (Ward 25 Scarborough-Rouge Park), and citizen Commissioners Ron Lalonde and Joanne De Laurentiis. We all had the pleasure of welcoming our newest citizen Commissioner, Julie Osborne, to the TTC Board in April 2019.

Sincerely,

A handwritten signature in black ink that reads "Jaye Robinson". The signature is written in a cursive, flowing style with a large initial "J" and a long horizontal stroke at the end.

Jaye Robinson
TTC Chair
April 2019

The TTC Board

As at December 2018



Jaye Robinson
Chair



Alan Heisey Q.C.
Vice-Chair

Commissioners



Joanne De Laurentiis



Shelly Carroll



Brad Bradford



Jennifer McKelvie



Jim Karygiannis



Ron Lalonde



**Denzil
Minnan-Wong**



The TTC's Capital Investment Plan provides a full and clear view of what is required to keep transit in Toronto moving.

CEO's Statement



Our new Plan is organized into five Critical Paths, with safety and security as a cornerstone of everything we do.

To: TTC Chair and Commissioners, Mayor John Tory and Councillors of the City of Toronto

On January 25, 2018, the TTC Board unanimously approved the new TTC Corporate Plan 2018-2022. This Plan builds on the foundation laid by the inaugural blueprint introduced in 2013.

Its development was a direct result of listening to the needs of our employees, customers and partners. It reflects the direction of the Board and aligns with the City's Official Plan.

Our new Plan is organized into five Critical Paths, with safety and security as a cornerstone of everything we do. These Critical Paths are the areas we are focusing on over the next five years to set ourselves up for the next 25 years:

- Transform for financial sustainability.
- Enable our employees to succeed.
- Move more customers more reliably.
- Make taking public transit seamless.
- Innovate for the long-term.

We continue to build on the service improvements we've made over the past couple of years, improvements that have had real benefits to our customers, such as:

- Two-Hour Transfer
- Capacity Improvement Initiatives
- Kids Ride Free
- 10-Minute Network
- Expanded Express Bus and Nigh Bus Networks

In addition, at the beginning of 2019, we released "Making Headway," the TTC Capital Investment Plan 2019-2033, a 15-year look-ahead at the organization's capital needs.

Similar to the Corporate Plan, we engaged every part of the organization to put this Plan together, and the result is a clear overview of the state-of-good-repair and growth investments that the TTC needs to make over the next 15 years in the areas of subway, streetcar, bus, stations and Wheel-Trans, with the cornerstones of accessibility, safety and security, and sustainability.

On behalf of the TTC Executive Team, my sincere thanks to our new Chair, Jaye Robinson, and the TTC Board, which began its new term last December. We are looking forward to working with you to provide the citizens of Toronto with the level of fast, frequent and friendly transit service our great city needs and deserves to flourish in the future.

Sincerely,

A handwritten signature in black ink, appearing to read 'Richard J. Leary', written in a cursive style.

Richard J. Leary
Chief Executive Officer
April 2019

Executive Team



Rick Leary
Chief Executive Officer



Kirsten Watson
Deputy Chief Executive Officer –
Operations



Gary Downie
Chief Transit Expansion
Officer (Acting)



Collie Greenwood
Chief Service Officer



Brian Leck
Head of Legal & General
Counsel



**Kathleen
Llewelyn-Thomas**
Chief Customer Officer
(Acting)



Megan MacRae
Executive Director,
Human Resources



Fortunato Monaco
Chief Infrastructure &
Engineering Officer



John O'Grady
Chief Safety Officer,
Safety & Environment



Gemma Piemontese
Chief People Officer





Susan Sperling
Executive Director,
Corporate
Communications
(Acting)



Susan Reed Tanaka
Chief Capital Officer



Jim Ross
Chief Operating Officer



Joan Taylor
Chief of Staff



Rich Wong
Chief Vehicles Officer
(Acting)



Dan Wright
Chief Financial Officer



With 1.7 million customer journeys on a typical weekday, the TTC has one of the highest per-capita ridership rates in North America.

Supplementary Schedule (Unaudited)
Year ended December 31, 2018

CONVENTIONAL SYSTEM - 10 YEAR NON-CONSOLIDATED FINANCIAL & OPERATING STATISTICS (UNAUDITED)

	2018	2017	2016
OPERATING STATISTICS (regular service inside City)			
Revenue Passenger Trips (Millions)	521.4	533.2	538.1
Basic Adult Token Fare (at December 31) (\$)	3.00	3.00	2.90
Average Number of Employees (including TCTI)	14,812	14,389	14,095
Hourly Base Wage Rate & Benefits per Operator (\$)	51.65	51.68	50.81
Kilometres Operated (Millions)			
Bus	143.2	142.0	138.6
Subway Car	92.6	82.9	83.0
Streetcar	11.4	11.5	13.1
Scarborough RT	3.4	3.4	3.5
Total Kilometres Operated	250.6	239.8	238.2
OPERATING REVENUE STATISTICS			
Operating Revenue - including property rental, etc. (\$ Millions)	1,226.2	1,234.5	1,196.3
Operating Revenue per Passenger Trip (\$)	2.35	2.32	2.22
Operating Revenue per Kilometre (\$)	4.89	5.15	5.02
OPERATING EXPENSE STATISTICS¹			
Operating Expenses (\$ Millions)	1,803.1	1,696.2	1,712.6
Operating Expense per Passenger Trip (\$)	3.46	3.18	3.18
Operating Expense per Kilometre (\$)	7.20	7.07	7.19
OPERATING SUBSIDY STATISTICS			
Operating Subsidy (\$ Millions)	576.9 ¹¹	461.8 ¹⁰	516.3 ⁹
Operating Subsidy per Passenger Trip (\$)	1.11	0.86	0.96
Operating Subsidy per Kilometre (\$)	2.30	1.92	2.17
REVENUE/COST RATIO	68.0%	72.8%	69.9%
PASSENGER VEHICLE FLEET			
(Conventional & Wheel-Trans, owned or leased and in service December 31)			
Buses	2,010	1,920	1,926
Subway Cars	848	848	840
Streetcars (CLRV & ALRV)	128	184	219
Streetcars (LFLRV)	117	57	30
Scarborough RT Cars	28	28	28
Wheel-Trans Buses	263	212	199
Total Vehicle Fleet	3,394	3,249	3,242

See accompanying notes for conventional system - 10 Year Non-Consolidated Financial & Operating Statistics (Unaudited)

2015	2014	2013	2012	2011	2010	2009
537.6	534.8	525.2	514.0	500.2	477.4	471.2
2.80	2.70	2.65	2.60	2.50	2.50	2.25
13,651	13,209	12,920	12,739	12,674	12,553	12,324
50.33	49.01	47.94	47.35	46.07 ¹²	44.74 ¹²	43.27
131.6	131.3	129.6	125.0	123.6	124.0	123.7
82.2	80.8	79.3	78.6	76.1	75.7	75.5
13.9	12.8	12.5	12.6	13.1	12.7	12.3
3.4	3.5	3.5	3.1	3.3	3.3	3.3
231.1	228.4	224.9	219.3	216.1	215.7	214.8

1,179.1	1,157.5	1,120.2	1,087.3	1,026.4	987.5	886.4
2.19	2.16	2.13	2.11	2.05	2.07	1.88
5.10	5.07	4.98	4.96	4.75	4.58	4.13

1,695.7	1,589.5	1,491.7	1,472.4	1,460.0	1,385.9	1,328.7
3.15	2.97	2.84	2.86	2.92	2.90	2.82
7.34	6.96	6.63	6.71	6.76	6.43	6.19

516.6 ⁸	432.0 ⁷	371.5 ⁶	385.1 ⁵	433.6 ⁴	398.4 ³	442.3 ²
0.96	0.81	0.71	0.75	0.87	0.83	0.94
2.24	1.89	1.65	1.76	2.01	1.85	2.06
69.5%	72.8%	75.1%	73.8%	70.3%	71.3%	66.7%

1,861	1,869	1,851	1,857	1,819	1,811	1,782
796	724	704	708	712	676	678
235	247	247	247	247	247	248
13	3	0	0	0	0	0
28	28	28	28	28	28	28
205	221	221	246	217	227	188
3,138	3,092	3,051	3,086	3,023	2,989	2,924

NOTES for CONVENTIONAL SYSTEM - 10 Year Non-Consolidated Financial & Operating Statistics (Unaudited)

1. In 2011, the TTC adopted Public Sector Accounting Standards (PSAS) for its financial reporting. Prior to the adoption of PSAS, depreciation expense on subsidized assets was completely offset by the related capital subsidy and the accounting expense for the TTC Pension Fund was equal to the TTC's cash contributions. To maintain consistency with both the pre-2011 presentation in this schedule and the TTC's operating budget, beginning in 2011 the operating expenses exclude depreciation on subsidized assets, the TTC Pension Fund expense or income that is in excess of the TTC's cash contributions, and capital project write downs and environmental expenses that are funded through capital subsidy.
2. 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.
3. In 2010, the total subsidy paid by the City was \$278.2 million, consisting of \$306.8 million for the operating subsidy, \$3.0 million for the City special costs, less a \$17.3 million long-term payable for accident claims and a \$14.3 million long-term payable for employee benefits. The City allocated \$91.6 million of Provincial subsidy to the operating budget.
4. In 2011, the total subsidy paid by the City was \$317.7 million, consisting of \$342.0 million for the operating subsidy, \$3.4 million for the City special costs, less a \$14.6 million long-term payable for accident claims and a \$13.1 million long-term payable for employee benefits. The City allocated \$91.6 million of Provincial subsidy to the operating budget.
5. In 2012, the total subsidy paid by the City was \$278.4 million, consisting of \$293.5 million for the operating subsidy, \$3.5 million for the City special costs, less \$18.6 million long-term payable (employee benefits of \$23.3 million less accident claims of \$4.7 million). The City allocated \$91.6 million of Provincial subsidy to the operating budget.
6. In 2013, the total subsidy paid by the City was \$273.4 million, consisting of \$279.9 million for the operating subsidy, \$3.6 million for the City special costs, \$13.1 million for accident claims and less a \$23.2 million long-term payable for employee benefits. The City allocated \$91.6 million of Provincial subsidy to the operating budget.
7. In 2014, the total subsidy paid by the City was \$301.4 million, consisting of \$340.4 million for the operating subsidy, \$3.6 million for the City special costs, less \$42.6 million long-term payable (employee benefits of \$29.8 million less accident claims of \$12.8 million). The City allocated \$91.6 million of Provincial subsidy to the operating budget.
8. In 2015, the total subsidy paid by the City was \$373.8 million, consisting of \$427.0 million for the operating subsidy, \$19.2 million for capital from current, \$3.6 million for the City special costs, less \$26.6 million long-term payable for accident claims and \$40.1 million long-term payable for employee benefits, less \$9.0 million draw from the TTC Stabilization Reserve Fund and \$0.3 million draw from the City Tax Rate Stabilization Reserve. The \$427.0 million for operating subsidy includes \$2.0 million in funding for the Wheel-Trans deficit. The City allocated \$91.6 million of Provincial subsidy to the operating budget.
9. In 2016, the total subsidy paid by the City was \$396.0 million, consisting of \$426.4 million for the operating subsidy, \$3.7 million for the City special costs, \$6.3 million long-term payable for accident claims and less a \$40.4 million long-term payable for employee benefits. The \$426.4 million for operating subsidy includes \$1.7 million in funding for the Wheel-Trans deficit. The City allocated \$91.6 million of Provincial subsidy to the operating budget.
10. In 2017, the total subsidy paid by the City was \$383.5 million, consisting of \$370.2 million for the operating subsidy, \$14.2 million for contributions to Long-Term Liability Reserve, \$4.7 million for the City special costs, \$34.8 million long-term payable for accident claims and less a \$40.4 million long-term payable for employee benefits. The City allocated \$91.6 million of Provincial subsidy to the operating budget.
11. In 2018, the total subsidy paid by the City was \$491.6 million, consisting of \$485.3 million for the operating subsidy, \$6.9 million contribution to the TTC Stabilization Reserve, \$12.4 million for contributions to Long-Term Liability Reserve, \$5.1 million for the City special costs, and an \$11.8 million reduction in the long-term payable for accident claims and less a \$29.9 million increase in the long-term payable for employee benefits. The City allocated \$91.6 million of Provincial subsidy to the operating budget.
12. The 2011 and 2010 average hourly wages & benefits per operator amounts previously reported (2011 - \$45.05 and 2010 - \$44.50) have been updated to reflect negotiated improvements that were applied retroactively.

Management Directory

May 2019



Executive Team

Richard J. Leary

Chief Executive Officer

Kirsten Watson

Deputy Chief Executive Officer –
Operations

Gary Downie

Chief Transit Expansion Officer (Acting)

Collie Greenwood

Chief Service Officer

Brian Leck

Head of Legal & General Counsel

Kathleen Llewelyn-Thomas

Chief Customer Officer (Acting)

Megan MacRae

Executive Director, Human Resources

Fortunato Monaco

Chief Infrastructure & Engineering
Officer

John O'Grady

Chief Safety Officer, Safety &
Environment

Gemma Piemontese

Chief People Officer

Susan Sperling

Executive Director, Corporate
Communications (Acting)

Susan Reed Tanaka

Chief Capital Officer

James Ross

Chief Operating Officer

Joan Taylor

Chief of Staff

Rich Wong

Chief Vehicles Officer (Acting)

Dan Wright

Chief Financial Officer

Senior Management and Department Heads

Sedat Akkaya

Head, Project Management Office

Valerie Albanese

Head, Diversity & Human Rights

Michael Atlas

Associate General Counsel, Legal

Tony Baik

Deputy Chief Project Manager,
Spadina Subway Extension

Tara Bal

Head, Audit, Risk & Compliance

Pat Borrelli

Head, Streetcar Maintenance &
Infrastructure (Acting)

Deborah Brown

Head, Customer Communications

Glen Buchberger

Head, Plant Maintenance

Alan Cakebread

Head, Transit Enforcement

Bem Case

Head, Vehicle Programs

Salvatore Castiglione

Head, Operations Financial Control

Stephen Conforti

Head of Finance & Treasurer

Andrew Dixon

Head, Operations Training Centre

Silvano Florindi

Project Head, Yonge Subway Extension

Allan Foster

Head, Farecard Team

Sean Fuller

Head, Light Rail Transit Operations

Dwayne Geddes

Head, Wheel-Trans (Acting)

Dan Guna

Head, Information Technology Services

Claudio Caschera

Head, Subway Transportation (Acting)

Christine Jeffries

Director, Talent Management

Orest Kobylansky

Executive Director – Operations

Pam Kraft

Head, Property, Planning &
Development

Pierre Laurin

Head, Engineering

Kevin Lee

Head, Commission Services

Malcolm Mackay

Project Head, Relief Line

Sean Milloy

Director, Employee Relations

Sue Motahedin

Head, Customer Service Centre

Jane Murray

Chief Project Manager, Construction

Harpreet Nagi

Head, Rail Cars & Shops

Luigi Narduzzo

Head, Subway Infrastructure (Acting)

Albert Oliver

Head, Transit Control (Acting)

Mike Piemontese

Head, Materials & Procurement
(Acting)

Allan Pritchard

Head, Bus Maintenance & Shops

Christopher Salvador

Head, Revenue Operations

Susan Selfe

Head, Service Delivery Control

Robert Smith

Head, Bus Transportation

Ellen Stassen

Head, Stations

Chad Townsend

Litigation Counsel, Legal

Erin Wemyss

Head, Streetcar Transportation
(Acting)



BMO

BMO

King St

