

Item 3



For Action

Draft Annual Report for the Toronto Transit Commission for 2019

Date: June 3, 2020
To: TTC Audit & Risk Management Committee
From: Interim 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 materials other than the financial statements which will be included in the 2019 Annual Report.

Note that the 2019 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 materials to be published in the 2019 Annual Report.

Implementation Points

This report must be approved at the June 3, 2020 TTC Audit & Risk Management Committee Meeting to ensure timely publication and distribution of the 2019 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 2019 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 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 2019 Annual Report.

Comments

The attached 2019 Annual Report contains the following:

1. Chair's Letter
2. CEO's Statement
3. 10-Year Non-consolidated Financial and Operating Statistics
4. Management Directory

The 2019 Annual Report will be issued following approval of the consolidated financial statements at the June 17, 2020 TTC Board meeting.

Contact

Alex Cassar, Director – Budgets, Costing and Financial Reporting
(416) 393-3647
Alex.Cassar@ttc.ca

Signature

Josie La Vita
Interim Chief Financial Officer

Attachments

Attachment 1 - 2019 TTC Draft Annual Report



2019
Annual Report
Toronto Transit Commission



Chair's Letter



In 2019, the TTC moved more than 530 million riders and reached a major milestone, our 32 billionth rider.

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

It is my privilege to submit the 2019 Annual Report for the Toronto Transit Commission.

In 2019, the TTC moved more than 530 million riders and reached a major milestone, our 32 billionth rider.

The start of a new decade is an important opportunity to reflect on the organization's many achievements. Over the last year, we have:

- Improved Key Performance Indicators, including on-time performance, customer satisfaction, and started the Service Reliability Program;
- Introduced the first-ever Capital Investment Plan to inventory our long-term capital needs – identifying a \$33.5-billion base capital requirement over the next 15 years;
- Successfully negotiated a new Toronto-Ontario transit partnership, maintaining TTC ownership of our existing integrated transit network;
- Significantly advanced the State of Good Repair program;
- Hosted the American Public Transit Association International Rail Rodeo and Conference;
- Launched the eBus Program and welcomed the TTC's first 60 fully-electric buses;
- Completed Phase 3 of the Automatic Train Control resignalling program; and
- Published the Five-Year Service Plan – a proactive, multi-year outlook in-line with industry standards.

In addition to these accomplishments, the significant transit investments secured by the TTC Board and supported by Toronto City Council are a major step forward for our organization and the city as a whole.

Unfortunately, the beginning of the new decade has faced us with an unprecedented global challenge – the coronavirus (COVID-19) pandemic. Borders have been closed, air travel has been curtailed, and both the Government of Ontario and City of Toronto have declared a State of Emergency in an effort to contain the virus. As a result, all non-essential businesses, playgrounds and community centres have been shut down.

As the number of coronavirus cases continues to grow, the safety of our customers and employees remains the TTC's top priority. Every business, large and small, is doing its best to get through this global crisis – the TTC included. While ridership is down more than 80%, we continue to maintain

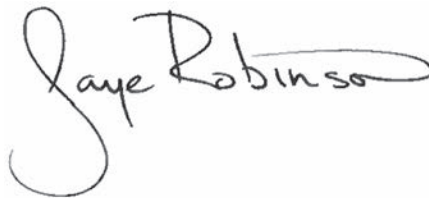
service levels to provide passengers with space to practice physical distancing as recommended by the Chief Medical Officer of Health.

At the end of March, the Ontario Government ordered all non-essential workplaces to close for 14 days, or possibly longer, to contain the spread of COVID-19. As a public service, we recognize that working from home is not an option for everyone. All sectors of the essential workforce, from manufacturers to frontline healthcare providers, count on TTC employees to deliver the transit service they need. We also know public transit is the only option for many people across our city to travel to work, medical appointments, and shop for groceries.

On behalf of my fellow Commissioners, I would like to sincerely thank all TTC employees for keeping Toronto moving in these uncertain times. Employees have my assurance that the TTC Board's highest priority is their safety and well-being as they continue to serve the citizens of Toronto, on the front lines and behind the scenes. We are working very hard to get through this and together, we will rebound.

I want to thank Mayor John Tory and Toronto City Council for their continued support of the TTC and the vital role our network plays in connecting every corner of the city. I would also like to acknowledge the expertise and advice I receive from my fellow Commissioners: **Councillor/Deputy Mayor Denzil Minnan-Wong** (Ward 16 – Don Valley East), **Councillor Shelley Carroll** (Ward 17 – Don Valley North), **Councillor Brad Bradford** (Ward 19 – Beaches-East York), **Councillor Jim Karygiannis** (Ward 22 – Scarborough-Agincourt), **Councillor Jennifer McKelvie** (Ward 25 – Scarborough-Rouge Park), and **citizen Commissioners Alan Heisey Q.C., Joanne De Laurentiis, Ron Lalonde, and Julie Osborne**. Thank you all for your continued support.

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'.

Jaye Robinson
TTC Chair, April 2020

Contents

Chair's Letter	3
The TTC Board	5
CEO's Statement	7
Executive Team	9
Consolidated Financial Statements of Toronto Transit Commission Year ended December 31, 2019	11
Notes to the Consolidated Financial Statements for the Year ended December 31, 2019	21
Supplementary Schedules (Unaudited) Year ended December 31, 2019	51
Management Directory – April 2020	55



The TTC Board

As at December 2019



Jaye Robinson
Chair



Alan Heisey Q.C.
Vice-Chair

Commissioners



Brad Bradford



Shelley Carroll



Joanne De Laurentiis



Jim Karygiannis



Ron Lalonde



Jennifer McKelvie



Denzil Minnan-Wong



Julie Osborne



3728

6 BAY

ElectricBus
ttc.ca/green

TTC Green

CEO's Statement



Our Capital Investment Plan is a realistic assessment of the projects and programs that need to be funded to meet future challenges.

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

At the start of 2019, the TTC released *Making Headway – the TTC Capital Investment Plan (2019-2033)*, a 15-year look-ahead at the organization's capital needs.

As we did with the TTC Corporate Plan one year earlier, we engaged every part of the organization to put this Plan together. The result is a clear overview of the state-of-good-repair and growth investments 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.

Our Capital Investment Plan is a realistic assessment of the projects and programs that need to be funded if we are to meet the challenges presented by aging assets, a growing city and new and emerging mobility options for our customers. It is established business planning for asset life-cycle replacement and minor growth.

The Plan covers key infrastructure projects and an accelerated vehicle procurement program. We're talking about the safety and state of good repair of:

- Existing subway infrastructure (subway track, tunnel liners, asbestos removal, fire ventilation, drainage);
- Resignalling and capacity enhancement programs for Lines 1 and 2; and
- Hundreds of bus and subway train replacements and streetcar fleet expansion.

In all honesty, we never imagined after releasing a document advising the City of a \$33.5-billion need, that within 10 months the first \$4 billion would come through.

Last February, City Council overwhelmingly passed the City's 2020 Budget and 10-year Capital Budget & Plan. The 2020 Budget included the most significant investment of upgrades to our transit system in the city's history – nearly doubling our 10-year Capital Budget & Plan to \$11.9 billion.

City Council's decision followed our Board's approval of the TTC's 2020 Operating and 2020-2029 Capital Budget & Plan and key capital investment priorities. Our 10-year Capital Budget, with the infusion of \$4.23 billion in City Building Funds, significantly addresses a backlog of state-of-good-repair works, capacity enhancements and vehicle procurements.

Both the Board's and Council's decisions are an important vote of confidence in the tremendous work done by our staff across the property.

I'm grateful to all of our employees for their continued diligence and tireless dedication, to our Commissioners for their guidance on our transit plans and to our City Council for recognizing the importance of the TTC as a city building service and connector of multicultural communities.

After all, making connections for people is our core business. Yet, we are serving the citizens of Toronto in the most challenging of times.

From the outset of the coronavirus crisis, the TTC has been participating in daily conference calls with the Toronto Medical Officer of Health, and receiving the most relevant and up-to-date information available about the COVID-19 pandemic.

The TTC has been embedded in the City's Emergency Operations Centre while Safety and Operations staff work actively on the Pandemic Planning Task Force.

The TTC has been following the sage advice from Toronto's Chief Medical Officer of Health, Dr. Eileen de Villa, and Toronto Public Health regarding what precautions and controls should be implemented to protect the well-being of our employees and customers.

Since the beginning of the year, we stepped up cleaning and disinfecting efforts across shared workspaces and public spaces, including vehicles. We also increased our end-of-line cleaning practices and began using a hospital-grade disinfectant for daily sanitizing and wipe-downs of handrails and straps on vehicles and numerous touch points throughout our stations.

Wheel-Trans buses undergo extra attention as they transport directly to hospitals and medical buildings. Wheel-Trans Operators received additional Personal Protective Equipment, including masks and safety glasses. All Operators who choose to wear their own masks while working are permitted to do so.

The TTC and Toronto Public Health have been asking riders to exercise all reasonable precautions, practice social distancing and use common sense when commuting.

The TTC is often described as the lifeblood of Toronto. It's an essential service that keeps our great city moving, morning, noon and night. Our employees have carried the city through SARS, major blackouts and all kinds of extreme weather conditions. Working together with our unions, we will carry the city through this stressful time as well.

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 2020

Executive Team



Richard J. Leary
Chief Executive Officer



Kirsten Watson
Deputy Chief Executive Officer –
Operations



Gary Downie
Chief Major
Projects Officer



Betty Hasserjian
Chief Safety Officer
(Acting)



Josie La Vita
Chief Financial Officer
(Interim)



Brian Leck
Head of Legal &
General Counsel



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



Megan MacRae
Executive Director,
Business Transformation



Fortunato Monaco
Chief Infrastructure &
Engineering Officer



Gemma Piemontese
Chief People Officer

Executive Team



Natalie Poole-Moffatt
Chief Corporate
Affairs Officer



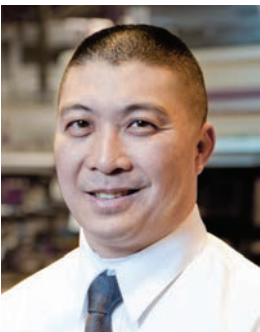
Susan Reed Tanaka
Chief Capital Officer



James Ross
Chief Operating Officer



Joan Taylor
Chief of Staff



Rich Wong
Chief Vehicles Officer



Supplementary Schedules (Unaudited)
Year ended December 31, 2019

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

	2019	2018	2017
OPERATING STATISTICS (regular service inside City)			
Revenue Passenger Trips (Millions)	525.5	521.4	533.2
Basic Adult Token/PRESTO Fare (at December 31) (\$)	3.10	3.00	3.00
Average Number of Employees (including TCTI)	15,251	14,812	14,389
Hourly Base Wage Rate & Benefits per Operator (\$)	53.50	51.65	51.68
Kilometres Operated (Millions)			
Bus	145.1	143.2	142.0
Subway Car	93.5	92.6	82.9
Streetcar	11.9	11.4	11.5
Scarborough RT	3.5	3.4	3.4
Total Kilometres Operated	254.0	250.6	239.8
OPERATING REVENUE STATISTICS			
Operating Revenue - including property rental, etc. (\$ Millions)	1,253.9	1,226.2	1,234.5
Operating Revenue per Passenger Trip (\$)	2.39	2.35	2.32
Operating Revenue per Kilometre (\$)	4.94	4.89	5.15
OPERATING EXPENSE STATISTICS¹			
Operating Expenses (\$ Millions)	1,918.2	1,803.1	1,696.2
Operating Expense per Passenger Trip (\$)	3.65	3.46	3.18
Operating Expense per Kilometre (\$)	7.55	7.20	7.07
OPERATING SUBSIDY STATISTICS			
Operating Subsidy (\$ Millions)	661.3 11	576.9 10	461.8 9
Operating Subsidy per Passenger Trip (\$)	1.26	1.11	0.86
Operating Subsidy per Kilometre (\$)	2.62	2.30	1.92
REVENUE/COST RATIO	65.4%	68.0%	72.8%
PASSENGER VEHICLE FLEET			
(Conventional & Wheel-Trans, owned and in service December 31)			
Buses	2,096	2,010	1,920
Subway Cars	848	848	848
Streetcars (CLRV & ALRV)	0	128	184
Streetcars (LFLRV)	198	117	57
Scarborough RT Cars	28	28	28
Wheel-Trans Buses	266	263	212
Total Vehicle Fleet	3,436	3,394	3,249

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

2016	2015	2014	2013	2012	2011	2010
------	------	------	------	------	------	------

538.1	537.6	534.8	525.2	514.0	500.2	477.4
2.90	2.80	2.70	2.65	2.60	2.50	2.50
14,095	13,651	13,209	12,920	12,739	12,674	12,553
50.81	50.33	49.01	47.94	47.35	46.07 ¹²	44.74 ¹²

138.6	131.6	131.3	129.6	125.0	123.6	124.0
83.0	82.2	80.8	79.3	78.6	76.1	75.7
13.1	13.9	12.8	12.5	12.6	13.1	12.7
3.5	3.4	3.5	3.5	3.1	3.3	3.3

238.2	231.1	228.4	224.9	219.3	216.1	215.7
--------------	--------------	--------------	--------------	--------------	--------------	--------------

1,196.3	1,179.1	1,157.5	1,120.2	1,087.3	1,026.4	987.5
2.22	2.19	2.16	2.13	2.11	2.05	2.07
5.02	5.10	5.07	4.98	4.96	4.75	4.58

1,712.6	1,695.7	1,589.5	1,491.7	1,472.4	1,460.0	1,385.9
3.18	3.15	2.97	2.84	2.86	2.92	2.90
7.19	7.34	6.96	6.63	6.71	6.76	6.43

516.3 ⁸	516.6 ⁷	432.0 ⁶	371.5 ⁵	385.1 ⁴	433.6 ³	398.4 ²
0.96	0.96	0.81	0.71	0.75	0.87	0.83
2.17	2.24	1.89	1.65	1.76	2.01	1.85
69.9%	69.5%	72.8%	75.1%	73.8%	70.3%	71.3%

1,926	1,861	1,869	1,851	1,857	1,819	1,811
840	796	724	704	708	712	676
219	235	247	247	247	247	247
30	13	3	0	0	0	0
28	28	28	28	28	28	28
199	205	221	221	246	217	227

3,242	3,138	3,092	3,051	3,086	3,023	2,989
--------------	--------------	--------------	--------------	--------------	--------------	--------------

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 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.
3. 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.
4. 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.
5. 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.
6. 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.
7. 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.
8. 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.
9. 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.
10. 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.
11. In 2019, the calculated subsidy of \$664.3 million is reduced to \$661.3 million in the 10 Year Non-consolidated Financial Statistics to reflect expenses funded by liquidated damages. This amount is further reduced by \$91.6 million to reflect the provincial subsidy allocated to the operating budget to total of \$569.7 million.

The total conventional system funding provided by the City was \$529.6 million, consisting of \$569.7 million for the operating subsidy, \$3.5 million for the City special costs, \$3.7 million long-term payable for accident claims, less a \$7.0 million draw from the TTC Stabilization Reserve, less a \$15.7 million draw from Long-Term Liability Reserve and less \$24.6 million increase in long-term payable for employee benefits.

The WT deficit of \$1.5 million is added to the \$661.3 million to total \$662.8 million as the reported subsidy in the consolidated financial statements.

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

April 2020



Executive Team

Richard J. Leary

Chief Executive Officer

Kirsten Watson

Deputy Chief Executive Officer – Operations

Gary Downie

Chief Major Projects Officer

Betty Hasserjian

Chief Safety Officer (Acting)

Josie La Vita

Chief Financial Officer (Interim)

Brian Leck

Head of Legal & General Counsel

Kathleen Llewellyn-Thomas

Chief Customer Officer (Acting)

Megan MacRae

Executive Director,
Business Transformation

Fortunato Monaco

Chief Infrastructure &
Engineering Officer

Gemma Piemontese

Chief People Officer

Natalie Poole-Moffatt

Chief Corporate Affairs Officer

Susan Reed Tanaka

Chief Capital Officer

James Ross

Chief Operating Officer

Joan Taylor

Chief of Staff

Rich Wong

Chief Vehicles Officer

Senior Management and Department Heads

Sedat Akkaya

Head, Project Management Office

Valerie Albanese

Head, Diversity & Human Rights

Michael Atlas

Associate General Counsel

Tony Baik

Deputy Chief Project Manager,
TYSSE Closeout Project

Tara Bal

Head, Audit, Risk & Compliance

Pat Borrelli

Head, Streetcar Maintenance (Acting)

Deborah Brown

Head, Customer Communications

Glen Buchberger

Head, Plant Maintenance

Claudio Caschera

Head, Subway Transportation (Acting)

Bem Case

Head, Vehicle Programs

Sam Castiglione

Head, Operations Financial Control

Adelio DiStefano

Senior Project Manager

Andrew Dixon

Head, Operations Training Centre

Shabnum Durrani

Head, Corporate Communications

Silvano Florindi

Project Director

Allan Foster

Head, Farecard Team

Sean Fuller

Head, Light Rail Transit Operations

Dwayne Geddes

Head, Wheel-Trans

Scott Haskill

Head, Project Development & Planning

Peter Hrovat

Head, Streetcar Infrastructure

Michelle Jones

Head, Revenue Protection

Orest Kobylansky

Executive Director, Operations

Pam Kraft

Head, Property, Planning & Development

Jay Lawrence

Head, Special Constable Service (Acting)

Deborah Lyon

Head, Streetcar Transportation (Acting)

Les MacDermid, P.Eng.

Project Director, Automatic Train Control

Sean Milloy

Director, Employee Relations

Mark Mis

Head, Service Planning & Schedules

Sue Motahedin

Head, Customer Service Centre

Jane Murray

Chief Project Manager, Construction

Harpreet Nagi

Head, Rail Cars & Shops

David Nagler

Head, Community &
Stakeholder Relations

Lou Narduzzo

Head, Subway Infrastructure

Predrag Petrovic

Head, Engineering (Acting)

Mike Piemontese

Head, Materials & Procurement (Acting)

Allan Pritchard

Head, Bus Maintenance & Shops

Anne Prybyla

Director, Talent Management

Robert Ricciuti

Head, Service Delivery Control (Acting)

Rob Rush

Head, Materials Management

Chris Salvador

Head, Revenue Operations

Dhaksayan Shanmuganayagam

Head, Information Technology Services

Robert Smith

Head, Bus Transportation

Ellen Stassen

Head, Stations

Chad Townsend

Litigation Counsel

W500





Wheel-Trans

