MEETING DATE: November 28, 2005

SUBJECT: 2006-2010 TTC Capital Program and 10-Year Capital Forecast

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RECOMMENDATION

It is recommended that the Commission:

(1) Approve the 2006 Capital Program in the amount of $589.296 million as described in this report (and summarized in Appendix A) and the accompanying documents:

- TTC 2006-2010 Capital Program Overview
- TTC 2006-2010 Capital Program (Blue Books)

(2) Approve the 2006-2010 Capital Program in the amount of $3.672 billion as shown in this report and the accompanying documents.

(3) Approve the 10-Year Capital Forecast in the amount of $5.734 billion as shown in this report and the accompanying documents.

(4) Consider this report in concert with the following:

(a) the TTC 2006 Operating Budget
(b) the TTC 2006 Wheel-Trans Operating Budget
(c) the TTC 2006 Departmental Goals and Objectives
(d) the TTC 2006 Organization Charts

(5) Request the City Chief Financial Officer/Deputy City Manager to confirm that City Transportation has budgeted for City costs associated with the St. Clair right-of-way project; failing which, the TTC will include the City costs for this project ($20 million) in the TTC budget subject to a corresponding increase in City debt target funding to the TTC's Capital Program.

(6) Forward this report to the City of Toronto for Council approval of the 2006-2010 Capital Program and approval of the 10 year forecast.

(7) Receive the City of Toronto Analyst Briefing notes (Appendix B), which include a series of recommended changes to the TTC 2006-2010 Capital Budget as described in the section entitled "City Recommendations" starting on page 4 of this report. These changes, together with draft Budget Advisory Committee recommendations (Appendix C), will be considered by the Policy & Finance Committee on November 24th.

(8) Forward this report to the Ontario Ministry of Transportation, the Honourable Harinder Takhar, the Ontario Ministry of Public Infrastructure Renewal, the Honourable David Caplan, and to the Ontario Ministry of Finance, the Honourable Dwight Duncan for information.

(9) Forward this report to the Minister of Transportation of Canada, the Honourable Jean-

C. Lapierre and to the Minister of State (Infrastructure and Communities), the Honourable John Ferguson Godfrey, for information.

PART 1: BUDGET HIGHLIGHTS

The highlights of the 2006-2010 TTC Capital Program are as follows:

- $589 million is budgeted in 2006:

▪ $317 million for vehicles, including $153 million for the procurement of 230 buses (150 hybrids and 80 diesel), $111 million toward the purchase of 232 subway cars and $41 million for various revenue vehicle overhaul programs.

▪ $272 million for infrastructure and related projects, including $59 million for trackwork, $41 million for signal/electrical/communication projects, $75 million for various facility, equipment, yard, bridges and tunnels projects, $25 million toward the construction of Mt. Dennis bus garage and $14 million for fire ventilation upgrades.

▪ Sufficient capital funding is available to meet the TTC's capital needs in 2006, provided all federal and provincial funds flow as expected.

- $3.672 billion is budgeted for the five years from 2006 to 2010, including $2.180 billion for the procurement and overhaul of revenue vehicles and $1.492 billion for infrastructure and related projects.

- A high level summary of expenditures is included as Appendix A to this report.

The TTC's 2006-2010 Capital Program is described in detail in the following:

- The accompanying document entitled "TTC 2006-2010 Capital Program Overview", which provides an overview of the budget, highlights key changes from last year, discusses funding issues and provide the operating impacts of the programs.

- The "Blue Books", which comprehensively describe every project in detail, including project justifications.

PART 2: FUNDING

The City of Toronto is ultimately responsible for funding 100% of the TTC's Capital Program. Several Provincial and Federal programs are in various stages of being rolled out. These include funding under the five-year tri-partite Canada Strategic Infrastructure Fund (CSIF), the Ontario

Transit Vehicle Replacement Program (OTVP), the Ontario Transit Technology and Infrastructure Program (TTIP), the Provincial gas tax (up to two-cents per litre by October 2006), the Federal base gas tax (up to five-cents per litre by 2009) and the additional support for public transit gas tax (one-cent per litre in each of 2005 and 2006).

After the inclusion of contributions from TTC depreciation charges (charged to the TTC Operating Budget), City reserves and development charges, net City funding for the remainder is financed as best determined by the City. City funding may be in the form of current charges in the City's operating budget (capital from current) or through the issuance of long-term debt instruments. City Council has approved multi-year debt targets for the TTC's capital program, including $237 million in 2005 and $200 million in 2006.

Table 1 summarizes the projected funding sources for the TTC's capital program as compared to budgeted expenditures.

TABLE 1

FUNDING SOURCES

($ Millions)

The table shows that:

- Provincial funding of $1.150 billion is projected over the five-years from 2006 to 2010, including $179 million in 2006 (net of $91 million gas tax applied to operating by the City).

- Federal funding of $918 million is projected over the five years from 2006 to 2010, including $218 million in 2006.

- After factoring in TTC depreciation, City reserves and development charges and the Council approved City debt targets, there is a $648 million funding deficiency over the five years from 2006 to 2010. However, there is a surplus of at least $98 million in 2005 and a further surplus of $29 million in 2006.

- Compared to the combined approved City debt targets for 2005 and 2006 ($437 million), the City contribution to the TTC Capital Budget for those 2 years will be about $310 million; a combined $127 million less than as approved by City Council.

Finally, during its approval of the TTC's 2005-2009 Capital Program, Council approved a motion that requested the Deputy City Manager and Chief Financial Officer to review the impact of extending the debenture period beyond 10 years (at least for subway car procurements). While this work has yet to be completed, it is anticipated that it will have a favourable impact with regard to the City's financing of the TTC's capital program.

Additional details on funding are available in the Capital Program Overview document.

PART 3: CITY RECOMMENDATIONS

It is currently anticipated that the overall City capital program, including the TTC, will be presented for approval at a special meeting of City Council scheduled for December 8 and 9. Consequently, several review sessions of the TTC Capital Program have been held with the TTC Budget Committee, Budget Advisory Committee representatives and the City Manager, Deputy City Manager and Chief Financial Officer and City Finance department staff.

At this time, the following changes to the TTC's capital budget are recommended by the City:

(1) Inclusion of the rebuild of 96 CLRVs and the corresponding elimination of the plan to purchase 64 LRT streetcars (96 CLRVs) and the new LRT facility to accommodate them.

(2) Deferral of the cost to purchase 44 SRT cars and the yard modification work necessary to accommodate them.

(3) Inclusion of $20 million of City of Toronto costs related to the St. Clair Right-of-Way project (without any additional funding) and revision of the anticipated cash flow for TTC costs on this project.

(4) Inclusion of a $33 million unspecified budget deferral in 2006.

Table 2 summarizes the impact of these changes on the TTC requested budget.

TABLE 2

CITY RECOMMENDED ADJUSTMENTS

($ Millions)

	2006	**2007**	**2008**	**2009**	**2010**	**2006 to 2010**
TTC Request	589	752	726	830	776	3,672
City Adjustments*:						
(1) CLRVs	(1)	(73)	(95)	(110)	(116)	(395)
(2) SRT Cars			(1)	(90)	(21)	(112)
(3) St. Clair						
- TTC Costs	(3)	15				12
- City Costs	20					20
(4) Reduction	(33)					(33)
Total Change	(17)	(58)	(96)	(200)	(137)	(508)
City Proposed	572	694	629	630	639	3,164

*Additional details on these proposed amendments are included in the City Budget Analyst Briefing Note attached as Appendix B.

While these proposed adjustments would reduce the level of proposed capital expenditures by $17 million to $572 million in 2006 (and by $508 million to $3.164 billion for the years 2006 to 2010), the following should be noted:

(1) CLRVs - only $800,000 is required in 2006 to commence the design work for a new low-flow, articulated LRT car (and a further $100,000 to commence design work on a new facility to accommodate them). A decision to procure new streetcars will not be made before the 2007 budget cycle which will allow time to determine the vehicle design, assess infrastructure needs, review life cycle cost/ benefit analysis, confirm interest rate assumptions, and to review available funding sources and other City LRT initiatives (especially along the waterfront corridor).

(2) SRT Cars - no funds are budgeted before 2008 for the procurement of new SRT cars. This plan will be reviewed upon completion of the study currently underway entitled: Strategic Plan for the Future of the Scarborough RT. For budgeting purposes, the money shown in the budget is based on replacing the existing fleet and adding expansion vehicles similar in size to the current fleet. Should the study determine another option to be appropriate for this transit corridor, the 2007-2011 TTC Capital Budget will be amended accordingly.

(3) St. Clair - inclusion of City Transportation costs in the TTC capital budget will require further review with City staff (Transportation and Finance). TTC costs in 2006 are under review and will require adjustment following the outcome of the judicial process currently underway; however, it is anticipated that the level of funds proposed by the City will be sufficient to meet 2006 requirements.

(4) Unspecified Reduction Target - the inclusion of a $33 million unspecified budget reduction target on the TTC's capital program was based on advice from TTC staff to City Budget Advisory Committee based on capital spending levels over the past several years. It assumes a 10% underspending on 2006 projects, excluding subway car purchases and bus purchases on order.

PART 4: OVERALL BUDGET CONCLUSIONS

The following conclusions can be made:

(1) The proposed 2006 budget is affordable within the City approved debt guidelines.

(2) Major policy issues that must be considered as part of the 2007 capital budget process include:

(a) Confirming the plans to either procure 64 new articulated low-floor light rail vehicles to replace 96 CLRVs which are reaching the end of their 30 year life or to rebuild the remaining 96 to extend their operational life. New vehicles will also ensure that the requirements of the Accessibility for Ontarians with Disabilities Act (AODA) are met. The Act requires that the transit system be fully accessible no later than January 1st 2025.

(b) Addressing the future of the Scarborough Rapid Transit (SRT) line. Pending the outcome of the study currently underway, the budget to replace the current fleet of aging SRT cars (28) and acquire additional cars (16) to address capacity constraints may need to be revisited.

(3) The cash flow for the St. Clair right-of-way project must be confirmed following the outcome of the judicial process currently underway.

(4) As shown in Table 1, City funding is expected to decline over time (from $237 million 2005 to $135 million in 2009).

(5) A funding deficiency for the State-of-Good Repair budget or base capital program remains over the longer term. It will be necessary to secure successor funding to the Canada Strategic Infrastructure Fund (CSIF) agreement. It will also be necessary to ensure that flexible rules are in place for the gas tax funding.

(6) Additional funds (beyond those for State-of-Good-Repair) must be secured in order to proceed with several “below-the-line” (i.e. not budgeted) initiatives that have been identified to help build a transit City. These include:

- Ridership Growth Strategy
- Subway Expansion Plans
- Other TTC Recommended Projects
- Waterfront Initiatives

PART 5: BUDGET CONTEXT

Following is a brief synopsis of recent periods in TTC history.

During the 1970’s and 1980’s the population of the City of Toronto grew by 9%. In those same two decades, TTC ridership grew from 275 million riders in 1970 to almost 465 million – a 70% increase. This growth was achieved through continuous investment in transit capacity and expansion. The Yonge Subway Line was extended north, the Bloor/ Danforth Line went further east and west and, the Spadina Subway and Scarborough RT Lines were built. In addition, a significant investment in revenue vehicles was made: subway cars (400 cars purchased), streetcars (196 CLRVs and 52 ALRVs), SRT cars (28) and a 70% increase in the size of the bus fleet. Predictable long-term funding, fare increases in line with inflation and steady expansion of the system resulted in large shifts of commuters from the automobile to public transit.

During the 1990’s a recession hit. By 1996, City of Toronto employment had fallen by almost 15%. TTC operating subsidies were cut in half in real terms. Fares were increased in real terms by about 50% over the rate of inflation. Large service cuts were made (reducing the bus fleet by 22% and closing two operating garages). As a result, ridership fell to 372 million in 1996 – over 90 million (or 20%) from the late 1980’s highs. This is the classic transit downward spiral. Transit in Toronto was cheaper for governments, however, there was, and continues to be, a lot less of it.

The latter half of the 1990’s was somewhat better than the first half. City of Toronto employment had recovered almost to pre-recession levels. However, TTC ridership had recovered less than half of what was lost. For the decade, City of Toronto population grew by 9%, yet TTC ridership was down by 11%. A significant contrast to the 1970’s and 1980’s.

Since the terrorist attacks on September 11, 2001, the TTC has had to deal with a very uncertain operating environment where many non-controllable events have impacted ridership. Labour strikes in 2002 (OPSEU, CUPE) and the SARS outbreak and hydro blackout in 2003 all had an immediate effect on ridership. 2005 ridership is currently projected at about 427 million rides and the 2006 budget is projected at 437 million rides.

Additional details on ridership are available in the 2006 Operating Budget report.

The Future

What does the future hold for the TTC? The City of Toronto's New Official Plan calls for an 18% growth in City of Toronto population by 2031, but virtually no new arterial road capacity is planned during this time. This growth can only occur if the TTC is not only able to maintain what it has, but, is able to expand. The TTC has a capital plan to address this including (1) the State-of-Good-Repair Budget and (2) a Ridership Growth Strategy.

PART 6: TTC 2006-2010 CAPITAL PROGRAM

The capital plan must be pursued in the context of the Commission's long-term standing capital budget priorities which remain:

1. State-of-Good-Repair and Safety
2. Legislative
3. Capacity Enhancement
4. Improvement
5. Expansion

In establishing these budgets, a life-cycle approach is used. Detailed system inventories of each class of capital asset are maintained. Budgets are set to replace or rehabilitate assets based on condition assessments, engineering standards, legislative requirements or safety/environmental implications. Five and ten-year programs are developed: all designed to keep the estimated $9 billion in TTC Capital assets in proper working order. A high level summary, by project classification, is attached as Appendix A. The companion report entitled "TTC 2006-2010 Capital Program Overview" and the Capital Program "Blue Books" describe each project in detail.

The components of the TTC's capital plan are discussed below.

(1) State-of-Good-Repair Budget

The State of Good Repair Budget or Base Capital Program as outlined in the 2006-2010 Capital Program and 10 Year Forecast is a planned approach to the reinvestment and rehabilitation of physical plant (the original Yonge-Subway celebrated its 50th anniversary in 2004), as well as the replacement of revenue vehicles (rail cars have a useful life of 30 years, while buses have a useful life of 18 years). In addition, it is important to remember that the price of transit vehicles has increased significantly faster than the normal rate of inflation. For example, an H2 subway car cost about $165,000 in 1971. Assuming a normal rate of inflation, a subway car could cost about $800,000 in today's dollars. The recently completed order for T1 subway cars cost in excess of $2 million each. Approximately $5.7 billion in investment will be needed over the next 10 years for the base capital program as shown in Table 3.

TABLE 3

($Millions)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2006 - 2015
Infrastructure	272	308	285	308	318	292	255	206	207	227	2,678
Vehicles	317	444	441	522	457	303	62	70	250	190	3,056
TOTAL	589	752	726	830	775	595	317	276	457	417	5,734

Figure 1 shows the expenditure profile for the Commission's State-of-Good-Repair program from 1991-2015.

FIGURE 1

EXPENDITURE PROFILE

1991 TO 2015

Expenditures for the next decade are dominated by (i) the need to rebuild and replace aging buses and subway cars ($2.209 billion), (ii) the need to rebuild and replace streetcars ($520 million) and construct a new LRT facility ($200 million) and undertake over $260 million in streetcar track rehabilitation, (iii) major structural rehabilitation of the Commission bridges, tunnels, buildings and structures and (iv) the need to update the Commission's IT assets. In addition, several major projects requiring significant investment over the next 10 years will be undertaken including: the installation of elevators in the subway system ($250 million), the construction of two new bus garages to meet fleet capacity requirements ($140 million) and the upgrade of fire ventilation equipment and installation of second exits in the subway ($200 million).

Expenditures for the next five years (2006-2010) are budgeted in the order of $3.7 billion as shown in Table 4.

TABLE 4

BASE CAPITAL PROGRAM

FIVE YEAR ENVELOPE
By Major Category

($ Millions)

As can be seen from the chart, over 80% of the capital budget for the next five years (almost 86% for 2006) is committed to State-of-Good Repair/Safety and Legislative projects. In addition, almost 60% of budgeted expenditures for the next five years (54% in 2006) is for vehicle procurement or overhauls.

For 2006, the $589 million budget includes the following major components: $153 million for the delivery of 230 buses (including 150 diesel/electric hybrids); $111 million for initial costs and the first milestone payment for the order of 232 subway cars; $53 million for other vehicle replacements or overhauls; $59 million for subway and surface track replacement (including the St. Clair right-of-way); $41 million for various signal, electrical and communication projects; $25 million toward the construction of Mt. Dennis bus garage; $23 million for various bridges and tunnels projects; $14 million toward fire ventilation and; $8 million toward elevator installations.

(2) Building a Transit City

In November, 2002, the City of Toronto adopted a new Official Plan which calls for the City to take measures which will make transit a more attractive and competitive travel option and which will, therefore, cause a larger portion of the travel market to use transit rather than private automobiles. The Plan also calls for the addition of up to one million more residents, and a significant increase in employment, and states that these increases in population and employment must be accommodated mostly through improvements to the TTC system, rather than by private automobiles. In support of the new Official Plan, the Commission, in March 2003, adopted its Ridership Growth Strategy (RGS) which contains a number of initiatives to improve the quality, reliability, and availability of transit service. The strategy focuses largely on improving the quality and availability of the TTC's existing bus and streetcar routes on the basis that this would be the most practical and cost-effective means of increasing transit use.

The major service components of the Ridership Growth Strategy are:

- increasing the frequency of service, during peak periods, on all busy bus and streetcar routes – typically those operating on major arterial roads in Toronto. This requires that the bus fleet be expanded by 100 vehicles, and that the timing of construction of the TTC's next bus garage be expedited in order to accommodate these vehicles;

- increasing the frequency of service, during off-peak periods, on all major bus and streetcar routes;

- adding additional periods of off-peak service throughout Toronto in order to ensure that the off-peak service network has complete coverage throughout the City;

- an ongoing staged program of construction of surface rapid transit rights-of-way on major transit corridors, beginning in 2004, as the major means by which to improve the speed, reliability, and efficiency of bus and streetcar routes.

- adding more commuter parking through the construction of additional at-grade surface lots;

- increasing the capacity of the Scarborough RT in order to accommodate both existing demand which cannot be carried on the RT and projected increases in ridership in that corridor;

- a continuous long-term program of incremental subway expansion, based on a capital investment of $175 million per year.

The first steps of implementing the Ridership Growth Strategy took place in 2004 and 2005 through the introduction of improved off-peak service on a large number of routes throughout Toronto. Also in 2004, environmental assessments were started for three of the surface transit rights-of-way recommended in the RGS, specifically for the 512 St. Clair streetcar, the Bus Rapid Transit between Downsview Subway Station and York University/Steeles Avenue, and the Yonge Street Bus Rapid Transit between Finch Subway Station and Steeles Avenue. As well, an order has been placed for the delivery of 100 buses in 2007 in support of the RGS.

Subsequent to the Commission's adoption of the Ridership Growth Strategy, certain aspects of the RGS have been expanded upon in initiatives which flowed from the RGS. These are:

(a) Strategic Plan for the Future of the Scarborough RT

The Ridership Growth Strategy highlighted the fact that the Scarborough RT is operating at its maximum capacity during peak periods but, owing to the fact that no additional RT cars are available, cannot be expanded to accommodate the demand which currently exists for travel in this corridor nor the increases in demand which have been projected. The RGS recommended that a study commence immediately to identify the best option available to increase the capacity of this line. That study, called the Strategic Study for the Future of the Scarborough RT, started in 2005 and will be completed in the spring of 2006. In the interim, given that the TTC will have to take some measure to increase the capacity of the Scarborough RT and to replace the aging RT cars which are coming to the end of their useful lives, the Capital Program currently contains $264 million for the acquisition of 44 new SRT cars. The plan and budget will be reviewed upon completion of the study for inclusion in the 2007-2011 Capital Program.

(b) Building a Transit City

The Ridership Growth Strategy advocated that, in order to improve the quality, reliability and efficiency of the TTC's major transit routes, transit-only rights-of-way be established on a number of arterial roads throughout Toronto. This right-of-way concept was further expanded, in consultation with City of Toronto Planning, to ensure greater network connectivity and coverage throughout Toronto. This initiative, called Building a Transit City, was endorsed by the Commission at its meeting of January, 2005. Building a Transit City expands the number of roads and corridors in which transit-only rights-of-way would be established, introduces such proposals for Toronto's hydro corridors, and incorporates right-of-way proposals for some of Toronto's fastest-growing development areas, including;

- the Waterfront redevelopment areas including East Bayfront, West Don Lands and expansion of Union Station;

- Bremner Boulevard, between Union Station and Exhibition Place;

- expansion of the Harbourfront (Waterfront West) streetcar line broken into four phases: Fleet Street between Bathurst Street and Exhibition Place, the connecting link between Exhibition Place Loop and Dufferin/King Street; the connecting link between Dufferin/King and Roncesvalles/King; and an upgrading of the line on the Queensway immediately west of Roncesvalles Avenue.

Environmental assessments are necessary for the Harbourfront (Waterfront West) streetcar upgrades, transit improvements in the Eastern Waterfront and the Bremner streetcar project.

(c) Subway Expansion Plan

The Ridership Growth Strategy recommended that, subject to funding availability for high-priority initiatives such as the State-of-Good-Repair program, the TTC embark on a long-term plan of incremental subway expansion. This was explained in more detail in a report entitled, the Subway Expansion Plan (SEP) which was adopted by the Commission at its meeting of April 9, 2003. The plan confirmed that the TTC's top priorities for future subway expansion are:

1. The Spadina Subway, from Downsview Station to York University/Steeles Avenue. The SEP states that this project would take approximately seven years to build, at an estimated cost of $1.5 billion;

2. The Sheppard Subway, from Don Mills Station to Scarborough City Centre. The SEP states that this subway expansion would take approximately nine years to build, and would cost approximately $2.4 billion.

The SEP states that these two subway expansion projects would likely proceed sequentially, with the Spadina Subway starting first, and the Sheppard Subway expansion following, and with some overlap between the two. These two projects will require in excess of $2.4 billion in capital investment during the next ten years, all of which will be over and about the TTC's base capital needs.

The update of the environmental assessment for the extension of the Spadina Subway was started in 2004 and will be completed in late 2005/ early 2006, costing approximately $3 million.

Capital Cost Implications of the Ridership Growth Strategy

Table 5 identifies the project cash flows for the Base Capital Program and the projects listed above grouped as follows: Ridership Growth Strategy, Subway Expansion program, other TTC recommended projects, Waterfront initiatives (TWRC).

<u>TABLE 5</u>

BASE CAPITAL PROGRAM
+ OTHER TTC RECOMMENDED
2006 TO 2015

The Capital Program contains $330 million over the next ten years in the “Ridership Growth Strategy” category. These investments coupled with the service frequency initiatives of the Ridership Growth Program, when fully completed and in operation, would add approximately 35 million riders per year to the TTC system. The service initiatives would require approximately $42 million in additional annual operating costs and additional capital investments of, on average, approximately $60 million per year.

The Subway Expansion Plan is premised on subway construction averaging $175 million per year for the duration of construction of the extensions of the Spadina and Sheppard Subway lines. The Capital Program would require over $2.4 billion during the next ten years which would be over and above the TTC’s base capital needs.

“Other TTC Recommended” projects, at an estimated cost of $723 million, are capital expansion elements identified in the Building a Transit City program including the expansion of, and upgrades to the Harbourfront (Waterfront West) streetcar line including $69 million for the section between the Exhibition Place Loop and Dufferin/King, and $297 million for the section between Dufferin/King and Roncesvalles/King. Also included is the Bremner Streetcar project for $170 million, the purchase of more streetcars for use on the new streetcar lines for $130 million and $56 million for the TTC’s Station Modernization program.

The “Waterfront Initiatives (TWRC)” category, which is also part of the Building a Transit City program, includes $341 million over the next ten years for the East Bayfront streetcar line and associated station expansion ($150 million), the West Don Lands streetcar extension ($20 million), the purchase of 16 more streetcars ($80 million) and construction of a second platform at Union Station ($91 million). The second platform at Union Station is currently at the design stage. The cost of these projects are expected to be covered by the Toronto Waterfront Revitalization Corporation which is funded by all three levels of government.

In total, these additional programs, for which funding is not yet available (other than Union Station), would require an investment of a further $3.8 billion over the next 10 years – on top of the Commission's base capital program requirement of $5.7 billion during the same time frame. The expenditure profile for these investments is shown in Figure 2 below.

Figure 2

EXPENDITURE PROFILE
1991 TO 2015 (Base + Expansion)

PART 7: BUDGET COMPARISON WITH LAST YEAR'S APPROVED BUDGET

Tables 6 and 7 show the change in the Commission's Base Capital Program from that approved by City Council in February 2005 (with two subsequent amendments approved by Council for buses of $6.3 million and $1.8 million for the purchase of the property for a future bus garage).

TABLE 6

($ Millions)

	2005	2006	2007	2008	2009	2005-2009
Approved	394	636	705	604	516	2,855
Proposed	411	589	752	726	830	3,308
Change	18	(47)	46	121	314	453

Expenditures over the 5 year period from 2005 to 2009 are estimated to increase by $453 million compared to last year's approved program. The single largest component of the overall increase is $212 million associated with the procurement of 64 new LRT cars ($352 million in total) to replace 96 of the TTC's aging CLRVs. A further $68 million is required in this timeframe ($200 million in total) to construct a new LRT facility to accommodate the new LRT vehicle configuration. An additional $106 million is required ($264 million in total) for the purchase of 44 SRT cars and a further $5 million for modifications to McCowan Yard to accommodate them. Approximately $27 million more has been included to allow for the advancement and increased complexity of Easier Access III (installation of elevators at all remaining subway stations). A further $13 million has been included for the BRT on Yonge (Finch to Steeles) to permit roadway widening requested by the City. Other increases of note include surface track cost increases ($9 million), continuous speed control system ($8 million), facility modifications at various operating locations ($10 million) and costs associated with system security/safety ($4 million) and safety cameras/stop announcements ($6 million). These increases are partially offset by a $90 million deferral in costs in the GTA Fare Card Project until post 2009.

The remainder of the change represents about a 3% increase ($85 million) on the balance of the program. Much of this increase relates to a reassessment of needs and priorities, and is based on more current information on costs and condition assessments for programs including Streetcars, Buses, Bus Garages, as well as cost increases based on refined estimates or scope for safety critical requirements.

Table 7 highlights the specific cash flows for the period 2010 to 2014 and the totals for the 10-year period 2005 to 2014.

TABLE 7
($ Millions)

						2010-	2005-

	2010	2011	2012	2013	2014	2014	2014
Approved	545	281	246	246	527	1,844	4,699
Proposed	776	595	317	276	457	2,420	5,728
Change	231	314	71	30	(70)	576	1,029

As can be seen from the table, capital expenditures over the 10-year period 2005-2014 are increasing by $1,029 million. Approximately 47% of this increase ($480 million) relates to the purchase of 64 new LRT cars (to replace 96 CLRVs) and the new facility for them offset by the costs previously budgeted to rebuild these cars. $169 million is for the advanced cash flow to purchase 44 SRT cars. A further $138 million relates to the Easier Access III project (elevator installation) to make all subway stations accessible by 2020. Other changes include SRT Train Radio Control ($17 million), future resignalling on the Spadina-University line ($19 million), Victoria Park Bus Terminal Replacement ($9 million), various facility renewal initiatives ($25 million) and increased costs for the BRT on Yonge Street ($15 million). The balance ($157 million) represents an increase of about 3% on the existing program and includes: catching up on a back-log of roofing and on-grade paving, facility modifications. Further background of the specific changes is contained in the "TTC 2006-2010 Capital Program Overview".

PART 8: CAPITAL WORKFORCE

In order to deliver the projects within the TTC's capital program a combination of internal and external resources is utilized taking into account consideration of operational constraints, safety concerns and the need to minimize costs. Resources are adjusted as necessary in order to meet individual project plans and the TTC's capital workforce fluctuates accordingly.

Based on the 2006-2010 Capital Program, the Commission's 2006 capital workforce will reflect a net increase of 22 additional positions. The largest increase of 25 positions (in the Engineering and Construction Branch) is required to address the project delivery plan established to meet the increased capital workload in the coming years. (The annual volume of project work in the base capital program for this group has climbed from approximately $53 million in 1999 to $91 million in 2004 and will rise to over $200 million in 2009 - these additional positions, supplemented by consultants, will allow the Engineering and Construction Branch to deliver project work in the order of $150 million per year).

In addition the following increases are required:

14 temporary Track & Workforce personnel reclassified as regular positions; 6 positions related to the purchase of T2 subway cars and LRT cars; 6 positions for CIS Project Network Infrastructure and DOSS; 4 positions for the ALRV Mid-Life Overhaul Program; 4 positions for the CCTV Program and; 14 other positions for various other capital projects. These increases are partially offset by reductions in the Bus Overhaul Program (34) and the Yonge-University-Spadina / Bloor-Danforth Subway Re-insulation Program (17).

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November 17, 2005
42-107-34

Attachment: Appendix A 2005-2009 Capital Program Summary
Appendix B City of Toronto Analyst Briefing Notes
Companion Reports: TTC 2006-2010 Capital Program Overview
TTC 2006-2010 Detailed Blue Books