

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: MAY 30, 2012

SUBJECT: CHIEF EXECUTIVE OFFICER'S REPORT
PERIOD 3
FEBRUARY 26 to MARCH 31, 2012

ACTION ITEM

RECOMMENDATION

It is recommended that the Commission forward a copy of this report to (1) each City of Toronto Councillor and (2) the City Deputy Manager and Chief Financial Officer, for information.

DISCUSSION

The attached report provides a corporate-level focus on the organization's key performance indicators (KPI).

These KPIs are presented in a performance "dashboard" format that allows the reader to view periodic performance in all of these areas at a glance. Targets for each KPI are provided although some are yet to be finalized. In addition, a "traffic light" indicates whether the organization is ahead of target (green), at risk (yellow) or below target (red) for the KPI in question and the trend arrows show whether performance is trending up or down.

In the balance of the report, detailed comments are provided highlighting and explaining issues concerning each of the KPIs.

May 16, 2012

42-47

Attachment: Chief Executive Officer's Report



TORONTO TRANSIT COMMISSION

CHIEF EXECUTIVE OFFICER'S REPORT



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TORONTO TRANSIT COMMISSION – MONTHLY SCORECARD



Key Performance Indicator	Description	Frequency	Latest Measure	Current	Target	Current Status	Trend	Ref. #
CSS	Customer Satisfaction Survey	1/4ly	Q1	76%	TBD			2.2
Customer Journeys	Customer Trips	Period	P4	38.9M	37.9M			2.3
Subway Punctuality								
Yonge-University-Spadina	On schedule +/- 3 minutes	Period	P4	95.3%	96.0%			2.4
Bloor-Danforth	On schedule +/- 3 minutes	Period	P4	98.5%	96.0%			2.4
Sheppard	On schedule +/- 3 minutes	Period	P4	99.0%	96.0%			2.4
Reliability								
Scarborough Rapid Transit	Scheduled Vehicle Trips Operated	Period	P4	83.8%	80.0%			2.5.1
Bus	Headway +/- 3 minutes	Period	P4	66.3%	65.0%			2.5.2
Streetcar	Headway +/- 3 minutes	Period	P4	70.1%	70.0%			2.5.3
Safety + Security								
Lost Time Injuries	Injury / 100 Employees	Period	P4	4.12	TBD			2.6.1
Customer Injuries	Injury incidents/1M Vehicle Boardings	Period	P3	1.91	NA			2.6.2
Behavioural Safety Index	Safety Focused Behaviour	Period						2.6.3
Offences against customers	Serious offences	Period	P2	35	NA			2.6.4
Offences against staff	Operator Physical Assaults	Period	P4	16	NA			2.6.5
People								
Attendance	Employee Absence	Period	P3	6.9%	< 6.5%			2.7.1
Operator Hires	Actual versus budget	Period	P3	62	52			2.7.2

TORONTO TRANSIT COMMISSION – MONTHLY SCORECARD



Key Performance Indicator	Description	Frequency	Latest Measure	Current	Target	Current Status	Trend	Ref. #
Device Availability								
Elevators	% Elevators Available	Period	P4	98.9%	97%			2.8.1
Escalators	% Escalators Available	Period	P4	96.4%	97%			2.8.2
Fare Purchase Opportunity	PVM Machine Reliability	Period						2.8.3
Mystery Shopping and Audits								
Station Cleanliness	Cleanliness Audit Score	1/4ly	Q1	72%	70%			2.9.1
Vehicle Cleanliness	Cleanliness Audit Score	1/4ly						2.9.2
Information MSS	Customer Announcements Score	1/4ly						
Staff Helpfulness MSS	Welcoming Staff Score	1/4ly						
Financials								
TTC Revenue	Actual vs. Budget	Period	P1-3	\$270.1M	\$267.0M			4.1
TTC Operating Expenditure	Actual vs. Budget	Period	P1-3	\$350.0M	\$353.4M			4.1
Wheel-Trans Revenue	Actual vs. Budget	Period	P1-3	\$1.35M	\$1.38M			4.2
W-T Operating Expenditure	Actual vs. Budget	Period	P1-3	\$23.7M	\$25.3M			4.2
Capital Expenditure	Actual vs. Budget	Period	P1-3	\$261M	\$363M			4.3

Key to Symbols



On target



Target at risk at current trend



Off target



Positive up from last



Positive down from last



Negative up from last



Negative down from last



No change from last

Part 2 – Commentary and Current Issues

2.1 – Chief Executive Officer’s Update

Customer journeys (ridership) continue to exceed budget and are projected to surpass the 2012 target of 503 million by 9 million. A separate report dealing with the operating and capital requirements needed to accommodate these additional customer journeys this year will be submitted to the Commission for its consideration. Subway punctuality is generally ahead of target with the exception of the Yonge-University-Spadina line which fell slightly below. Reliability for the SRT, streetcar lines and the bus system are ahead of target. Under the measures for Safety and Security, it is worth noting that the moving annual customer injury rate remained 7% lower than the rate from a year ago, making the TTC a very safe mode of travel for customers. Attendance (absenteeism) is running below target but continues to show improvement over results to the end of 2011. Device availability is almost at target. For the Mystery Shopping and Audit key performance indicators (KPIs), only the station cleanliness measure has been developed and it is better than target and improving reflecting the increased focus on cleanliness. On the financial side, TTC conventional system revenues were slightly better than target while operating expenses were below budget as explained in Sections 4.1 and 4.2 of this report. Capital expenditures are currently tracking below budget for a host of reasons as discussed in Section 4.3.

2.2 – Customer Satisfaction Survey

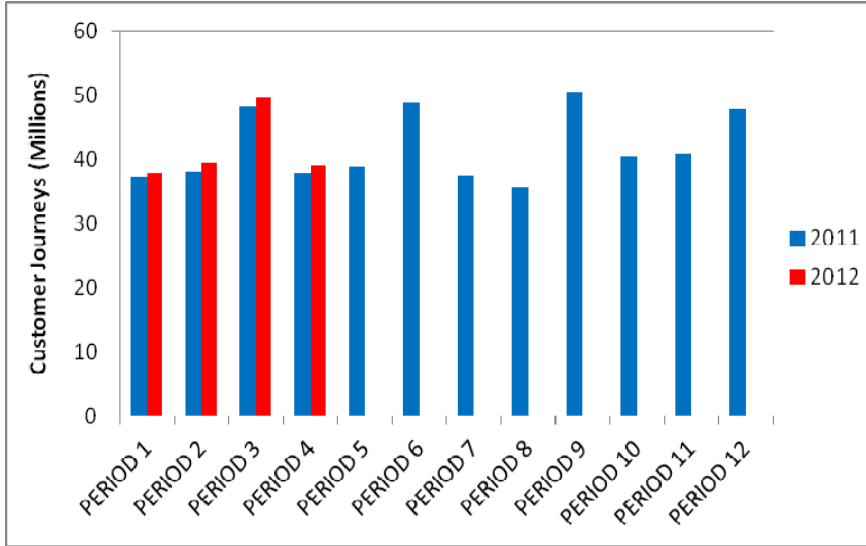
The TTC completed its first quarter of a new Customer Satisfaction Survey (CSS). The CSS measures customer perception of twelve station and ten vehicle attributes ranging from the quality of information, personal safety and security, value for money and help and appearance of staff. Data for the CSS survey will be gathered continuously and reported on a quarterly basis.

Averages are reported separately for vehicle and station measures in addition to an *overall average*, which is a numerical average of the measures.

Additionally, an *overall evaluation* score is also reported. The overall evaluation question allows for self-weighting of individual measures. The overall evaluation score, as reported on the CEO scorecard, was 76/100 with 78% of respondents scoring 7 or above on this measure. The CSS will typically include 1100 interviews on a quarterly basis although Quarter 1 contained about half this amount due to time constraints .

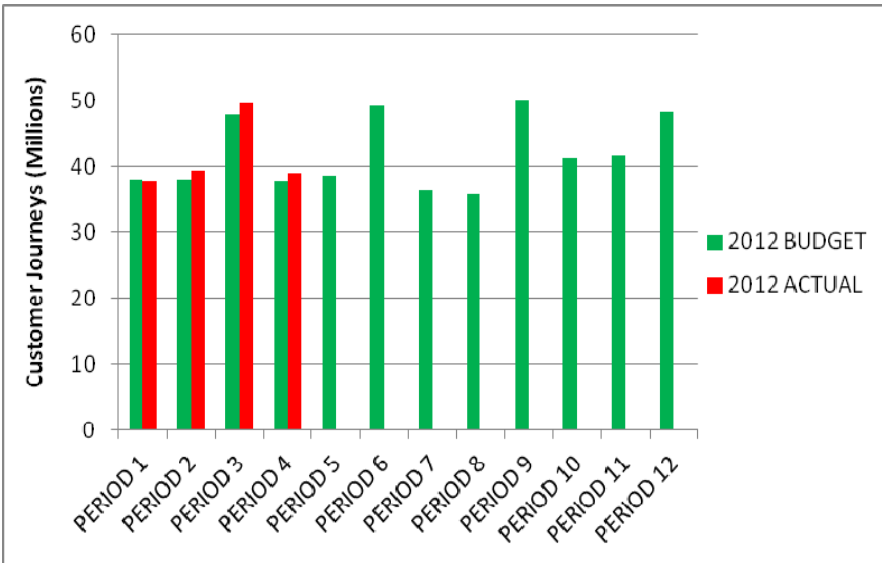
An appropriate target for this KPI will be developed over the course of 2012 as more data becomes available and appropriate analysis can be conducted.

2.3 - Customer Journeys



There were 38.9M customer journeys (ridership) taken during Period 4, 2012, which was 1.0M (+3%) more than the 37.9M journeys taken during Period 4, 2011.

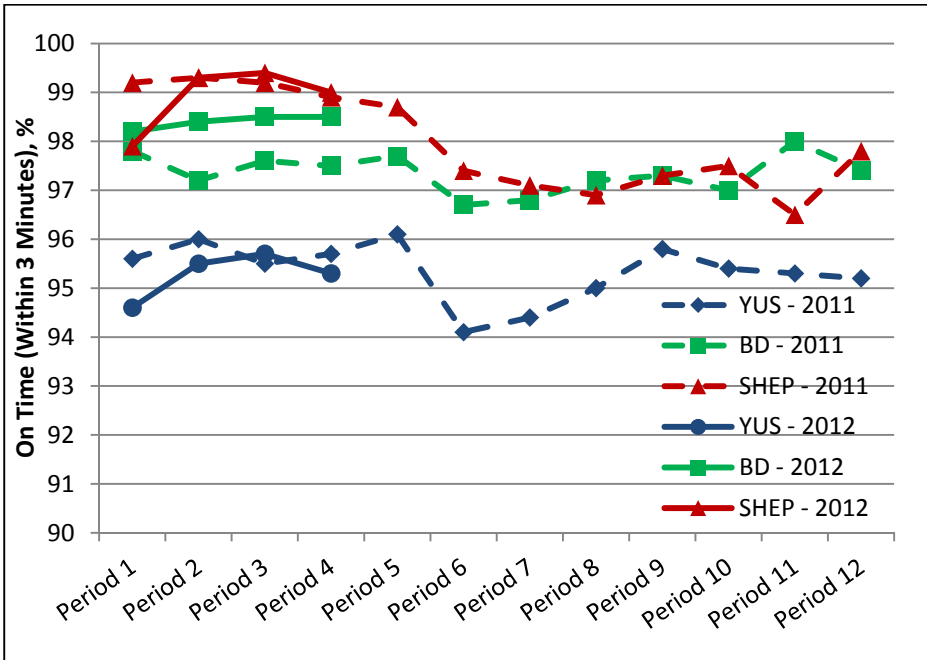
The annual number of customer journeys to the end of Period 4, 2012 was 506.0M, which was 19.2M (+4%) more than the 486.8M annual journeys taken to the end of Period 4, 2011.



There were 38.9M customer journeys taken during Period 4, 2012, which was 1.0M (+3%) more than the budget of 37.9M journeys.

The number of customer journeys taken year-to-date to the end of Period 4, 2012 was 165.7M, which was 3.9M (+2%) more than the budget of 161.8M journeys.

2.4 - Subway Punctuality

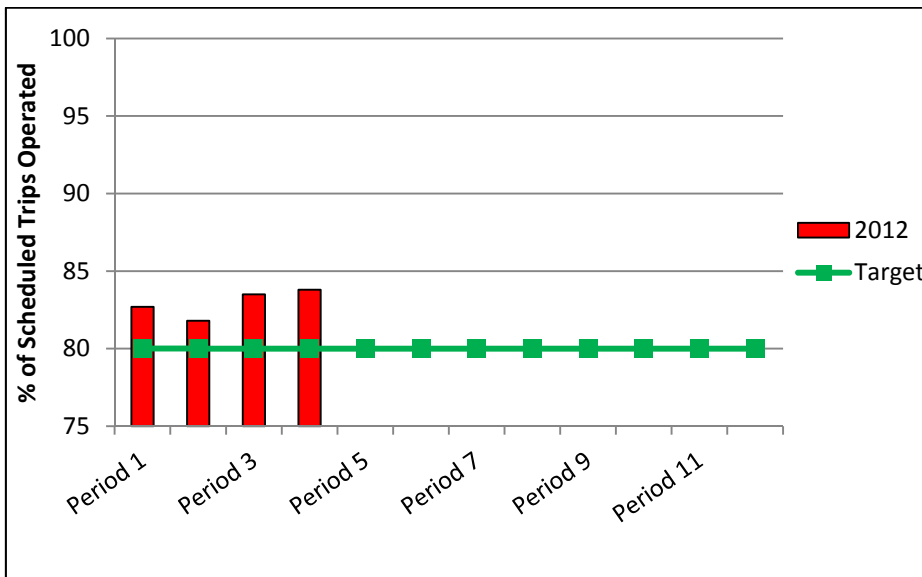


A large number of YUS service delays stem from the “passenger assistance alarms”. A customer education campaign has been developed to promote correct use of the alarm. In addition, passenger incurred door delays resulted in lower than targeted punctuality.

Recent meetings with Bombardier report positive progress towards identification of root causes of door failure and other teething problems with the Toronto Rocket fleet.

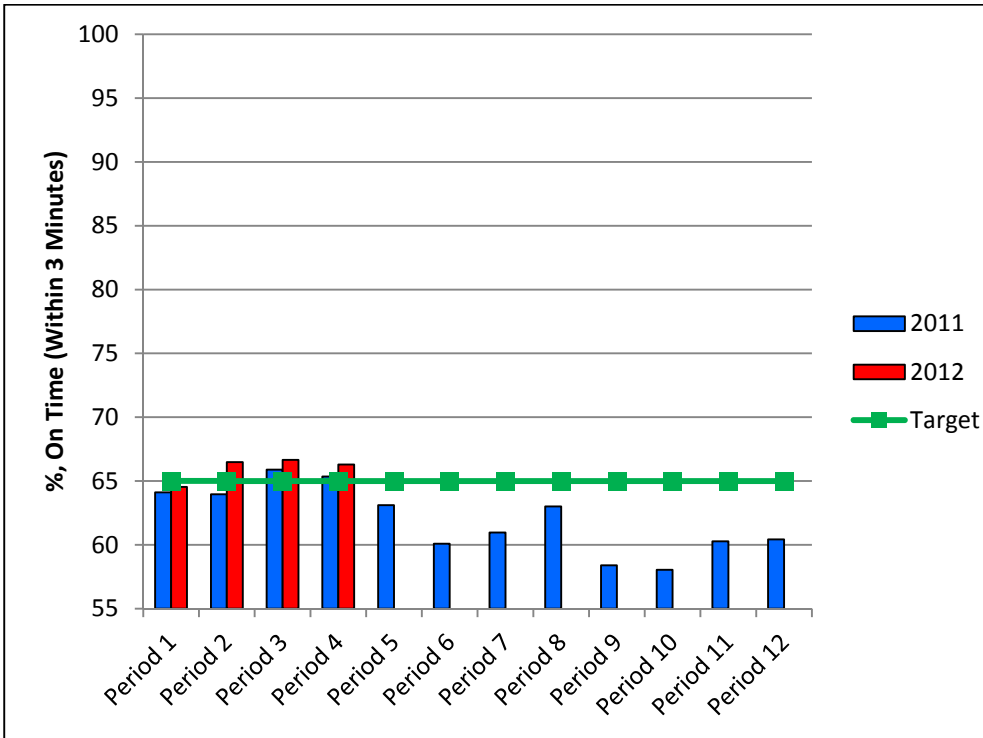
2.5 - Reliability

2.5.1 –Scarborough Rapid Transit Reliability



Due to the age of the system, service is being operated in a degraded ATO mode to mitigate against in-service system failures, ensure consistency of operation and a more reliable service to SRT customers.

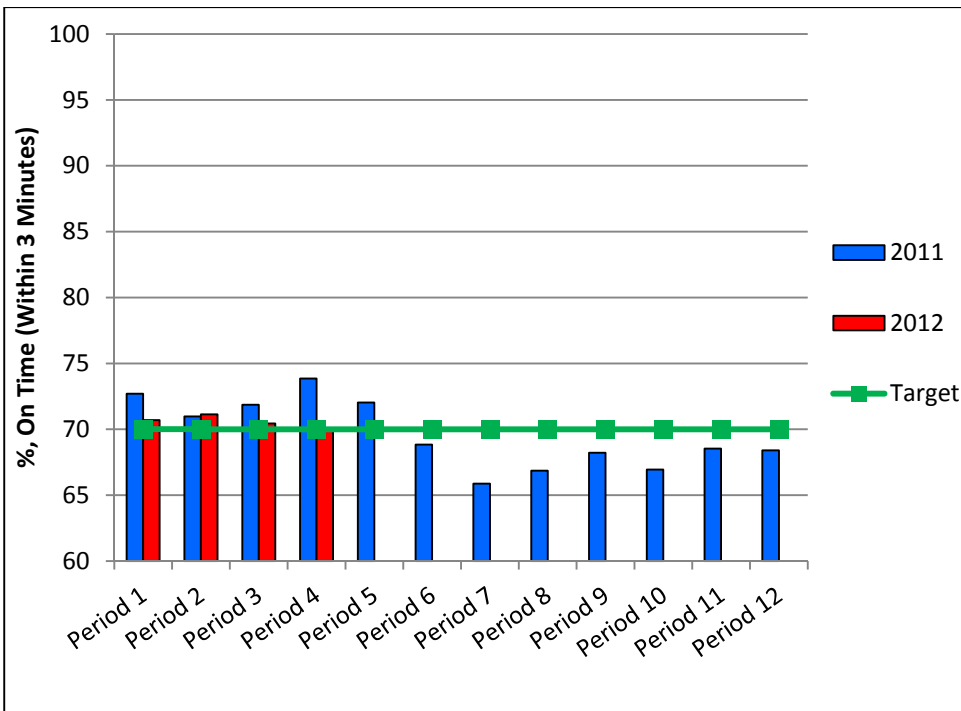
2.5.2 – Bus Punctuality



Bus Reliability exceeded target in Period 4.

Key issues impacting reliability continue to be identified and dealt with. While there was a modest deterioration compared to Period 3, current results exceed those of 2011. The challenge as we move into periods 5 and beyond is to reduce the downturn that took place during these periods in prior years.

2.5.3 – Streetcar Punctuality



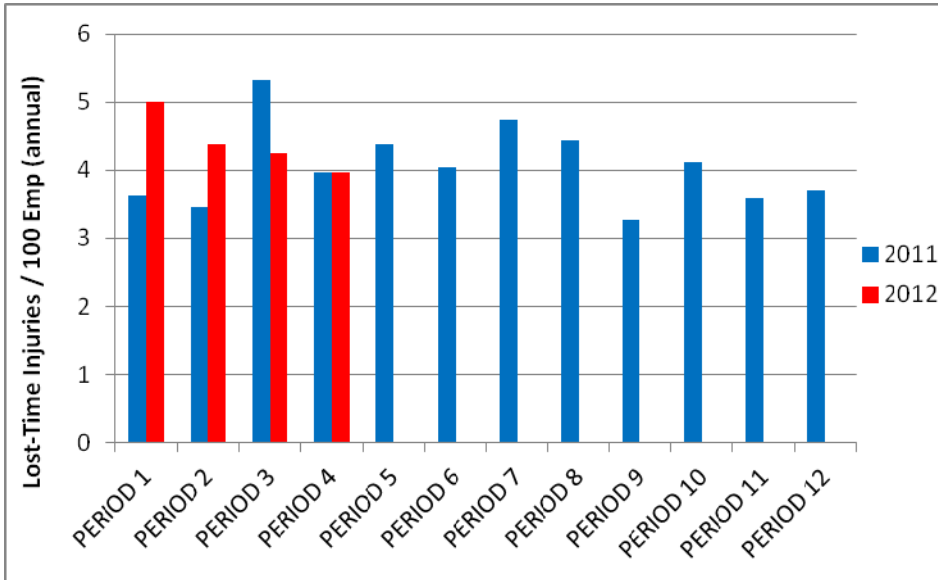
The new fleet of LRV cars replacing the existing aging fleet should improve performance.

In the meantime, staff are reviewing the causes of underperformance to search for improvements. Detailed route performance is scrutinized to tackle route specific causes of delay.

Particular focus is being applied to active route supervision on under-performing routes.

2.6 – Safety

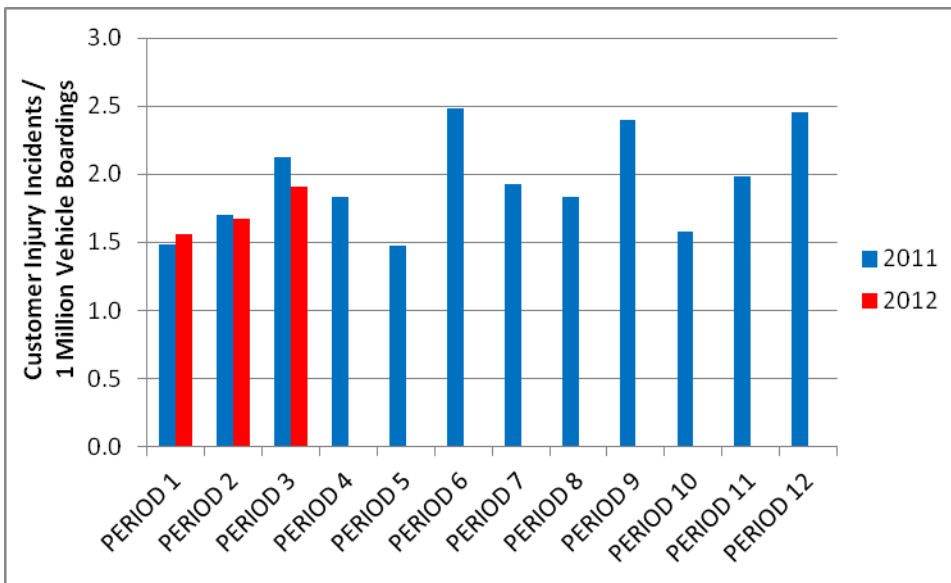
2.6.1 – Lost Time Injuries (Annual Injuries / 100 Employees)



The annualized lost-time injury rate (LTIR) for Period 4, 2012 was 3.96 lost-time injuries per 100 employees, which was 0.3% lower than the LTIR of 3.97 for Period 4, 2011.

The moving annual LTIR to the end of Period 4, 2012 was 4.12, which was 8% higher than the corresponding rate of 3.83 to the end of Period 4, 2011.

2.6.2 – Customer Injuries (Incidents / 1 million Vehicle Boardings)



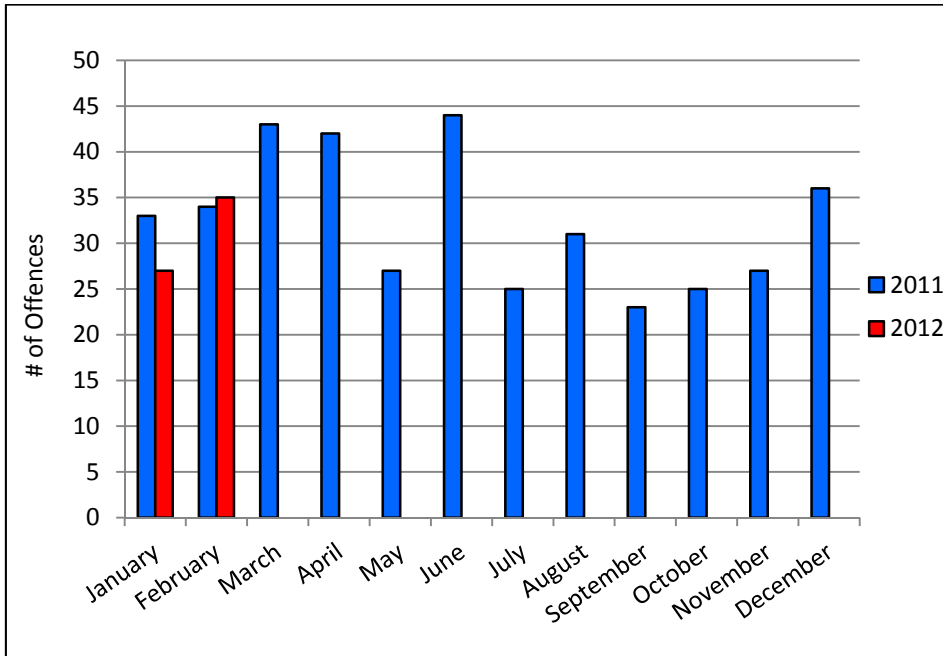
The customer injury incident rate for Period 3, 2012 was 1.91 injury incidents per 1 million vehicle boardings, which was 10% lower than the corresponding rate of 2.12 for Period 3, 2011.

The moving annual customer injury incident rate to the end of Period 3, 2012 was 1.94, which was 7% lower than the corresponding rate of 2.08 to the end of Period 3, 2011.

2.6.3 - Behavioural Safety Index

The data for this index is being gathered and calculated. This information will be presented in a future CEO report.

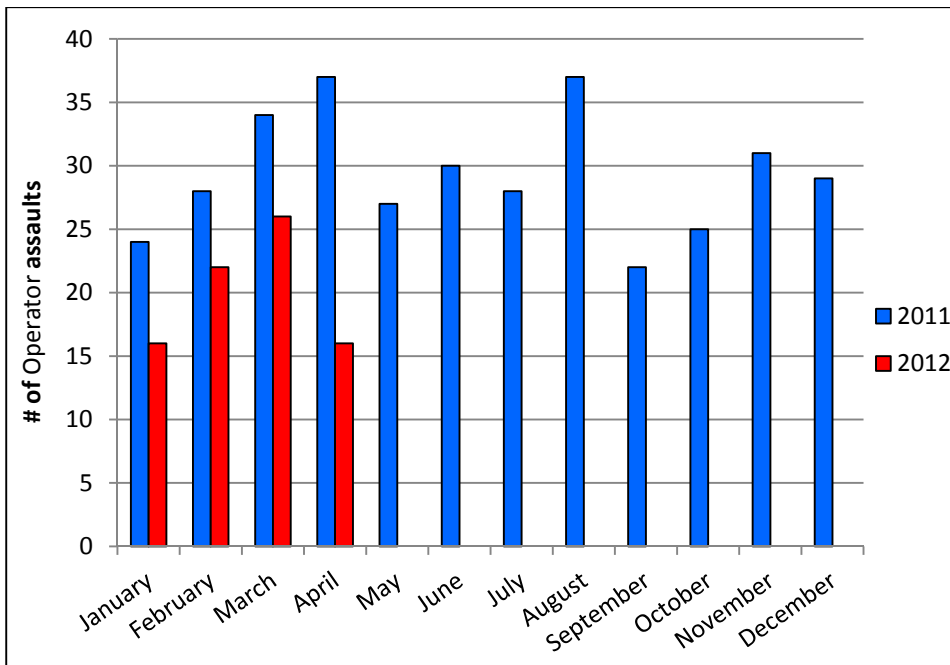
2.6.4 - Offences against Customers



Occurrences of offences against customers include thefts, assaults, threats and incidents that occur in commuter parking lots.

The number of occurrences in February 2012 increased by about 3% from the same month in 2011.

2.6.5 - Offences against Staff

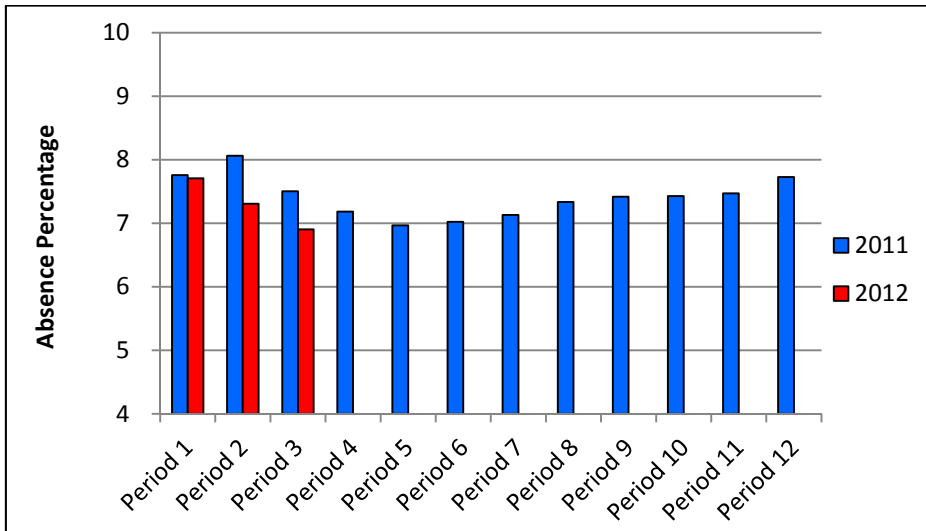


This graph represents operator assaults. There are other categories of employee assaults that are not included here.

To the end of April, there were 35% fewer operator assaults in 2012 compared to the same period in 2011.

2.7 - People

2.7.1 - Attendance

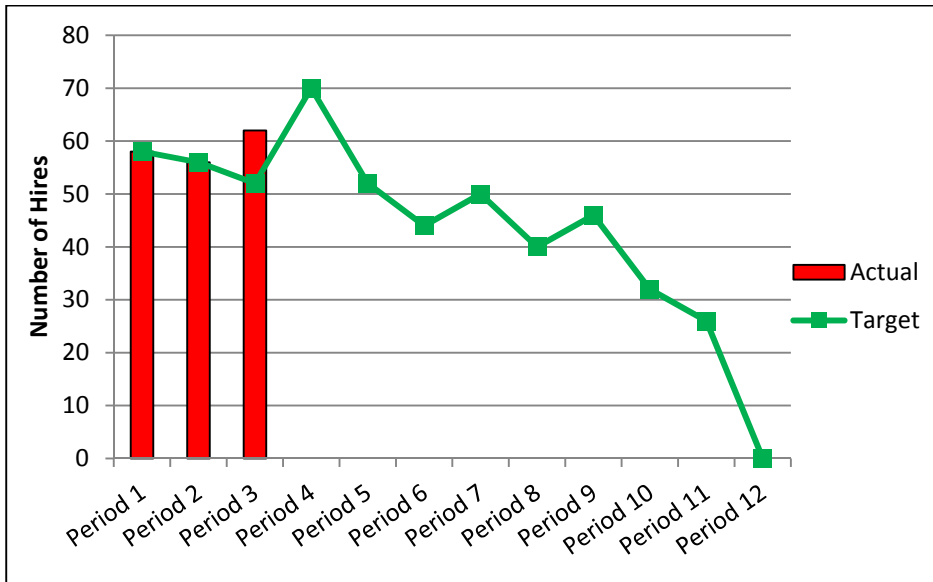


The Period 3 absence rate is 6.90%, a 5.6% reduction from Period 2.

Training continues in support of work location attendance management goals/targets.

The CEO has identified attendance management as a key area for improvement throughout 2012.

2.7.2 – Operator Hires

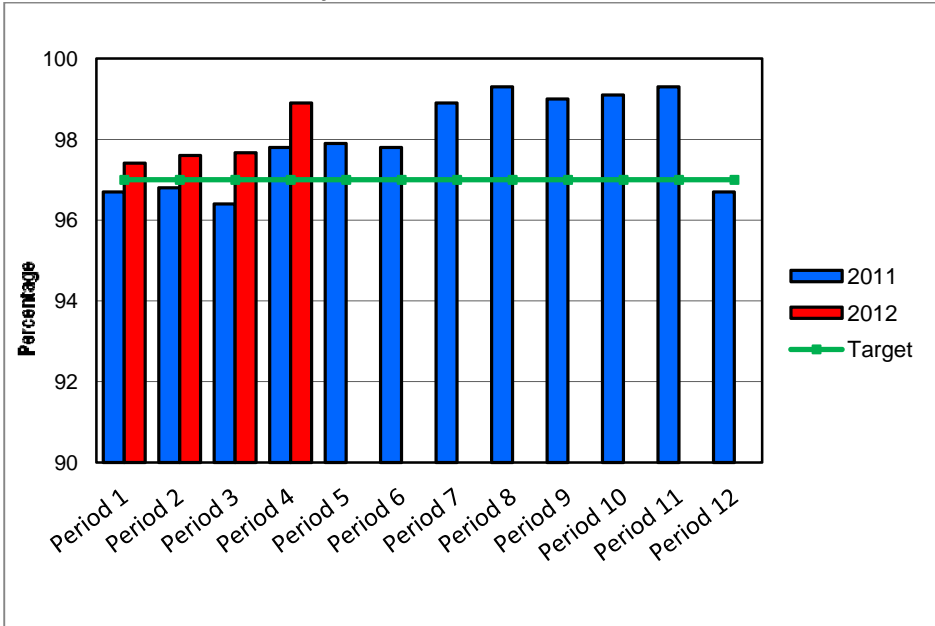


A total of 176 Operators have been hired so far this year.

The Period 3 target was exceeded by 19.3%.

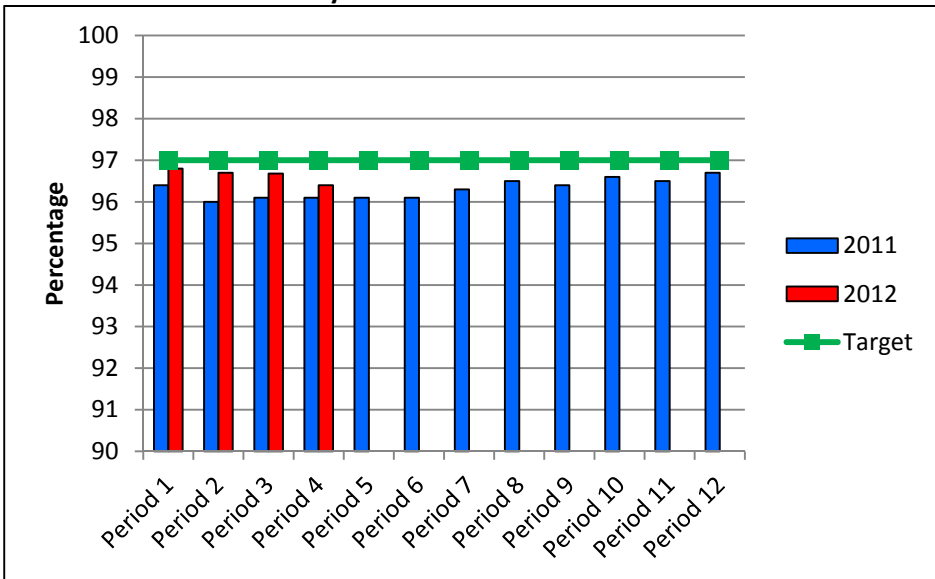
2.8 - Device Availability

2.8.1 – Elevator Availability



Elevator Availability exceeded the 97% target in 8 of the 12 months in 2011, and, in all 4 periods of 2012.

2.8.2 – Escalator Availability



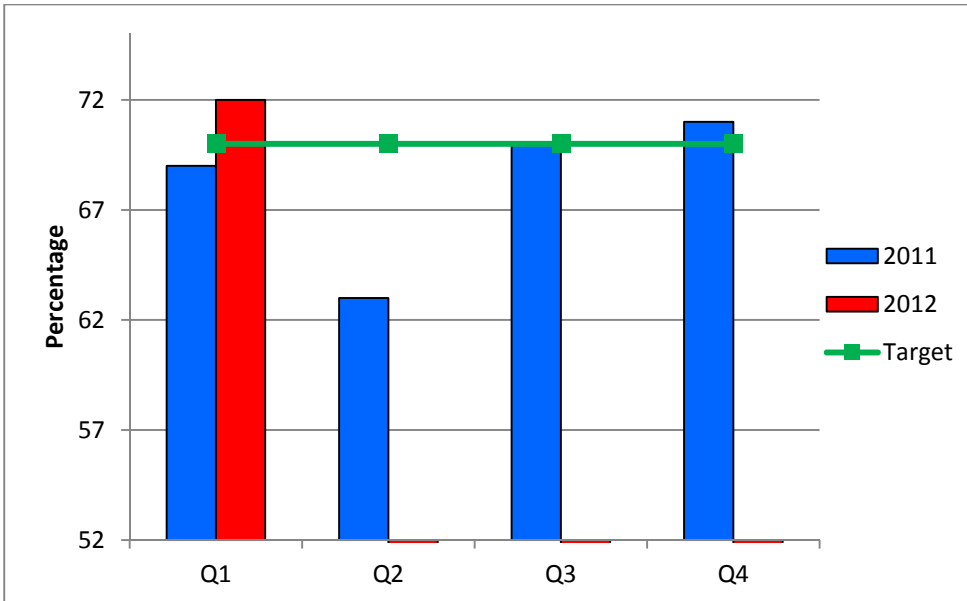
Escalator availability target was not met in Period 4 due to a higher number of unplanned maintenance (EM) hours as well as several uncontrollable events (flooding and non-maintenance parts failures).

2.8.3 – Fare Purchase Opportunity

Data is being gathered and performance targets are being developed to monitor fare purchase opportunity. This information will be presented in a future CEO report.

2.9 - Mystery Shopping and Audits

2.9.1 – Station Cleanliness



In 2012, station cleanliness has improved with the level of cleanliness at or above target.

Focus continues to be applied to areas such as trackside wall cleanliness and washroom cleaning.

The station washroom refurbishment program remains on course for the end of July.

2.9.2 – Vehicle Cleanliness

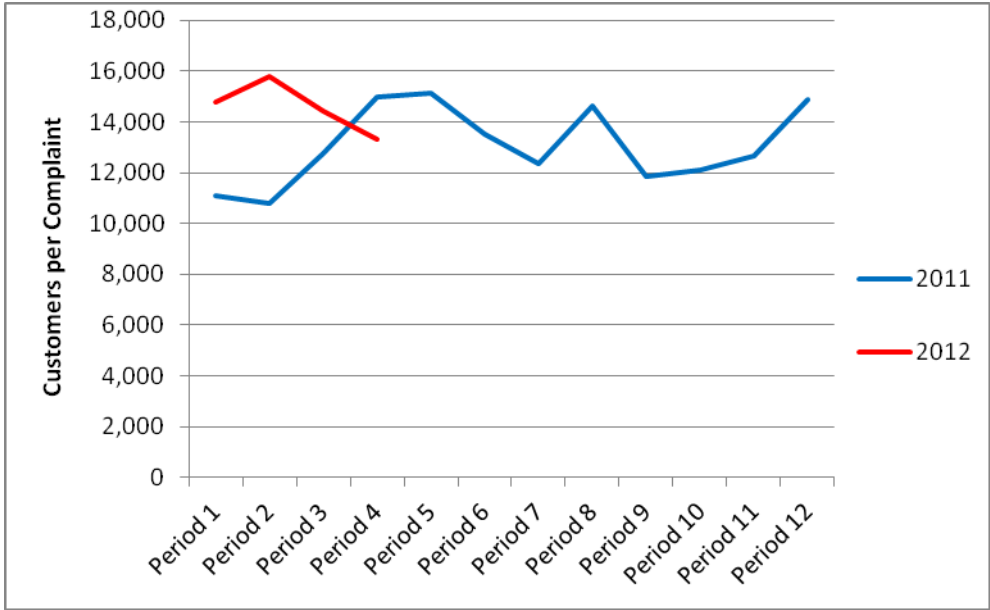
Data is being gathered and performance targets are being developed to monitor vehicle cleanliness. This information will be presented in a future CEO report.

In the meantime, work is progressing on extending end of line subway litter picks to the post PM peak period. In addition, attention is being given to streetcar and bus cleanliness and a team is looking at ways to achieve in-service litter picks at key locations.

Part 3 - Customer Measures

This section provides additional information on a series of customer-related issues such as major upcoming events and specific results for customer complaints and compliments.

3.1 - Customers / Complaint

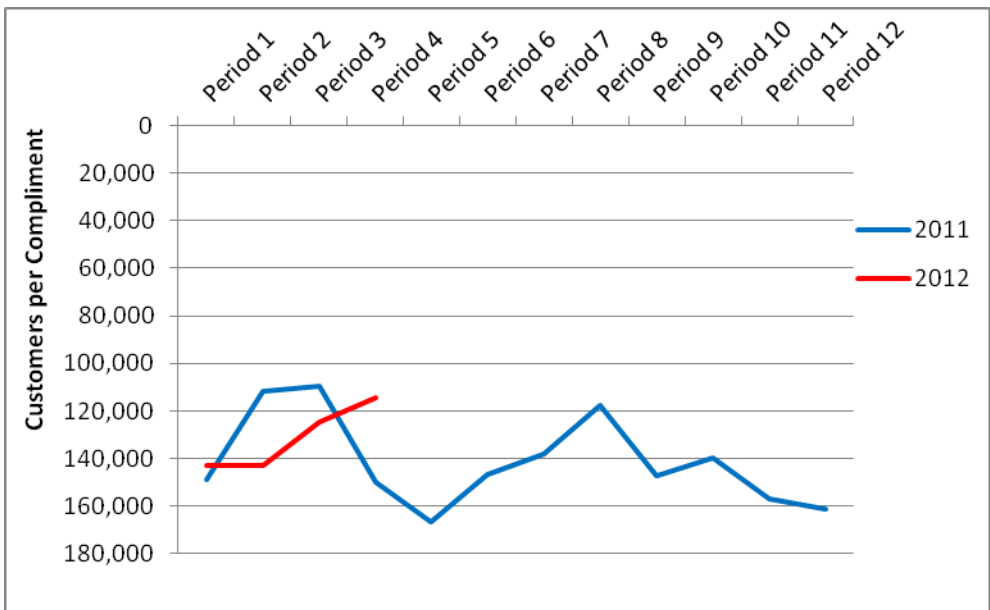


Customers per complaint continued to trend adversely. Period 4, 2012 was slightly worse than the same period in 2011.

The total number of complaints was below Period 3 but this was negated by lower customer numbers overall thus accounting for a move in the wrong direction.

The TTC has extended the hours of the Customer Service Centre to make it easier for customers to give feedback.

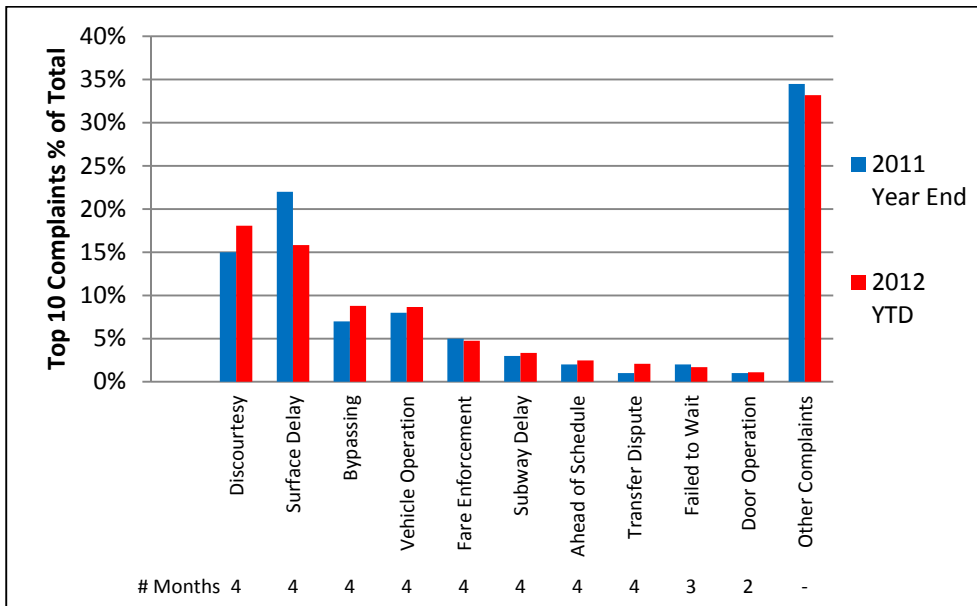
3.2 - Customers / Compliment



Customers per compliment continued to improve in Period 4 with the total number of compliments up by about 40% over previous years.

In general, there tends to be a relatively high correlation between compliments and complaints.

3.3 - Top Ten Complaints



Eight of the ten top ten categories in the first four periods of the year are unchanged. “Discourtesy” complaints as a proportion of all complaints are higher than the same period last year.

While “Surface Delay” as a proportion was lower in Period 4, significant closures on Queen due to track replacement and water main work, are likely to see an increased number of complaints.

3.4 - Commentary on Customer Satisfaction Improvement

The next Town Hall takes place Saturday, June 9th from 1pm-3pm at the Scarborough Civic Centre.

The trial of handheld credit and debit card devices continued at Union Station during the busy Metropass purchasing period at the end of April and beginning of May. The trial allowed further tweaks to be made to the back-end processes that support fare purchase as well as the technical functionality of the cellular devices. The future expansion of the initiative is being evaluated given the Quarter 1 Customer Satisfaction Survey made clear that customers, in general, find it difficult to purchase fare media.

In addition, an increase in the number of Pass Vending Machines and Token Vending Machines at Union, including one of each in the GO concourse, has proven effective in helping to minimise customer disruption and delay as a result of the significant construction work associated with the second platform at Union. A close eye is being kept on purchase queue time at this station given the variety of new initiatives and work.

The washroom refurbishment project continued with 6 washrooms finished (Finch, Bloor-Yonge, Kipling, Kennedy and Wilson and Don Mills) and all other washrooms expected to be refurbished by the end of June.

May 3rd saw the annual increase in service to accommodate customers attending the wide variety of summer events in Toronto and to ensure that the service provided is commensurate with demand.

3.5 - Current Major Closures / Diversions

Y-U-S Service North of Eglinton – Revenue subway service on the Yonge Subway north of Eglinton Station will end early at night, at approximately 12:30 a.m., Sunday through Friday service, for necessary tunnel structural repair work. Regular subway service will be maintained from Downsview Station to Eglinton Station.

A frequent accessible shuttle bus service will replace the subway between Eglinton Station and Finch Station. The replacement buses will serve the bus terminals at Eglinton Station, Lawrence Station, York Mills Station, Sheppard-Yonge Station, and Finch Station. This temporary service will operate until late 2013.

3.6 - Coming Planned Closures

Current significant planned closures for 2012 consist of:

Mode	Area Affected	Dates	Reason	Purpose
Streetcar	Queen (Greenwood to Coxwell)	May 7 to Oct 8, 2012	Track Replacement	State of Good Repair
Streetcar	Dufferin (Queen W to Dufferin Loop)	May 14 to Nov 17, 2012	Track Replacement	State of Good Repair
Streetcar	Queen & Spadina	June 23 to June 30, 2012	Intersection Replacement	State of Good Repair
Streetcar	Adelaide & Spadina	July 1 to July 7, 2012	Intersection Replacement	State of Good Repair
Streetcar	Spadina (King to north of Lakeshore)	June 17 to Nov 17, 2012	Platform Upgrades	Improvement
Streetcar	Spadina (north of College to north of Lakeshore)	Sept 4 to Nov 17, 2012	Platform Upgrades	Improvement

Part 4 - Financial Commentary

This section provides detailed information about the TTC and Wheel-Trans Operating Budgets. In addition, progress on the Commission's Capital Program and specific information about the major capital projects is also provided.

4.1 - TTC Operating Budget

2012 Year-to-Date Results

To the end of Period 3 (March 31), total revenues were marginally (\$3.1 million or 1.1%) better than budget primarily due to 2.8 million more customer journeys than expected. Over the same period, expenses fell \$3.4 million (1%) below budget primarily due to lower diesel fuel prices so far this year, and reduced natural gas costs due to lower rates and reduced consumption owing to the warmer winter weather.

2012 Year-End Projections

Annual ridership to the end of Period 4, 2012 was 506 million and it is estimated to be 512 million by the end of 2012. The current forecast for 2013 is 520 million. At current service levels, these passenger volumes will result in significant overcrowding and will have a detrimental effect on service quality and reliability. To address this issue, a report will be submitted to the Commission that will outline the operating and capital requirements necessary to provide adequate service levels to accommodate these projected ridership levels.

(millions)	Projection	Budget	Variance
2012 TTC Operating Budget			
Customer Journeys (Ridership)	512	503	9
Revenue	\$1,076.6	\$1,067.8	\$8.8
Expenses	\$1,447.4	\$1,441.9	\$5.5
Subsidy Required	\$ 370.8	\$374.1	(\$3.3)
Subsidy Available	\$374.1	\$374.1	-
Surplus	\$3.3	-	\$3.3

The projected year-end subsidy surplus of \$3.3 million reflects the following significant budget variances. It should be noted that this projected surplus may be required to fund, subject to Commission approval, any additional service implemented to service the additional 9 million customer journeys noted above.

- **Passenger Revenues: \$9 million increase.** This favourable variance reflects an additional 1.8% or 9 million rides over the budgeted level of 503 million partially offset by a declining average fare stemming from increased monthly pass sales.
- **Bus Maintenance: \$2.8 million increase.** Increased costs are associated with bus turbocharger replacements coming off warranty, higher than anticipated contracted repair rates for surface vehicle camera system components, and higher than expected engine failures.

- **Operator Wage Rates: \$2 million increase.** An arbitration decision earlier this year related to the collective agreement provision that TTC Operators will receive 5¢ more on an hourly basis than the highest paid property in the GTA will increase labour expenses by \$2 million.
- **Other Changes (net): \$0.9 million increase.** All other changes in other revenues and expenses, the most significant of which relates to higher than anticipated IT system maintenance costs, account for this projected variance.

4.2 - Wheel-Trans Operating Budget

2012 Year-to-Date Results

To the end of Period 3 (March 31), revenues were about 2% lower than budget due to fewer customer journeys. Over the same period, expenses fell \$1.6 million (6.3%) below budget primarily due to the lower demand for trips and shorter average trip lengths on the contracted taxi service.

2012 Year-End Projections

(millions)	Projection	Budget	Variance
2012 Wheel-Trans Operating Budget			
Customer Journeys (Ridership)	3.1	3.1	-
Revenue	\$ 5.3	\$ 5.3	-
Expenses	\$101.4	\$100.2	\$ 1.2
Subsidy Required	\$ 96.1	\$ 94.9	\$ 1.2
Subsidy Available	\$ 94.9	\$ 94.9	-
Shortfall	\$ (1.2)	-	\$(1.2)

The projected year-end subsidy shortfall primarily reflects higher maintenance costs related to both the Elf-1 Bus and the ABP Friendly Bus fleets.

4.3 - Capital Program

2012 Year-to-Date Results

The financial results for capital expenditures to Period 3 typically reflect lower project activity as early efforts are focused on setting up schedules and tendering work. Other current period activity includes settlement of 2011 accrued contract payments and continued progress on vehicle and construction contracts already in place. Under spending on vehicle delivery milestones and on delayed facility contract work are the most significant variances in the current period results.

2012 Year End Projections

(millions)	Projection	Budget	Variance
2012 Capital Program Budget*			
Base Program Total Costs	\$1,056.1	\$1,079.9	(\$23.8)
TYSSE Project	\$604.7	\$685.5	(\$80.8)

*Excludes carry forward spending on the base capital program (\$199.1 million) and on the YYSSE project (\$95.5 million).

Base Capital Expenditures: \$23.8 million under spent. The budget of \$1,079.9 million approved by Council in January 2012 was increased by a requested carry forward adjustment of \$199.1 million pending Council approval. The current projected spending on the base capital program currently reflects expectations of being basically on budget (minor under spending of \$23.8 million before the application of the carry forward) involving a number of major program variances as outlined below:

Legacy LRVs - \$33.9 million; revised project milestones and deferral impacts on contingency allowance, escalation and PST cash flow timing;

ATC Resignalling Project - (\$30.6) million; schedule slippage of work on various contracts;

Purchase of Subway Cars - \$69.0 million; timing difference for PST, escalation and contingency requirements;

Wheel Trans Buses - \$7.4 million; impacts from delayed receipt of 2011 buses due to design changes and a new bus frame manufacturer;

Ashbridges Bay Maintenance & Storage Facility - (\$74.2) million; currently projected to be significantly delayed in 2012 due to delay in award of facility contract;

Toronto Rocket/T1 Rail Yard Accommodation - (\$13.8) million; currently projected slippage based on schedule refinement and reassessment of 2012 cash flow.

TYSSE Project – (\$80.8) million. Work is now progressing well with the exception of the tunneling operation which is held up at York University on account of late set-up of compensation grouting. The southern tunnels and Sheppard West contract is behind schedule in the tunneling operation but making effort to catch up.

Part 5 - Critical Projects

5.1 Toronto Rockets and Rail Yard Accommodation

Under the TR/T1 Rail Yard Accommodation project, major expansions are planned to address storage and maintenance of the Toronto Rocket on the YUS line and consolidated storage of the T1 trains on the BD line. The work includes:

- Wilson Yard: carhouse expansion, storage tracks and corresponding ladder tracks, runaround tracks, signal system, substation, T&S building renovation;
- Davisville Yard: carhouse expansion, consolidation of T&S facility;
- Keele Yard: facility rehabilitation for storage of T1 trains;
- Kipling Station: storage track; and
- Greenwood Yard: conversion of CN delivery track to storage and T&S building renovation.

Sixteen trainsets have been accepted for revenue service to date. A delivery gap exists due to technical issues at commissioning. A recovery plan is in place to meet the year-end quantity target. On average, two trainsets are scheduled for FAC (Final Acceptance Certificates) per month until completion of the 70 trainsets in the Toronto Rocket subway train order.

5.2 LRT Program and Maintenance & Storage Facility

The low floor light rail vehicle procurement project is partway through the Final Design phase. The first of the three prototype LRVs is scheduled for delivery in early September, 2012, with the other two scheduled for delivery before year end. The prototype vehicles will undergo extensive vehicle reliability, performance and technology verification tests. System compatibility tests including accessibility features, platform and on-street boarding interface with the vehicle, its bridgeplate and ramp deployment, fare collection and overhead power interface, etc. will be conducted.

Based on the prototype tests, a baseline vehicle configuration will be established for production vehicles, scheduled for delivery beginning in the fall of 2013.

Ashbridges Bay Maintenance & Storage Facility Project

This project has two main areas: the facility and the Leslie Street connection. On the facility site, substantial performance was achieved on the soil remediation contract on January 27, 2012, ahead of schedule. At its meeting of January 31, 2012, the Commission approved the award of the facility construction contract. The TTC received the Notice of Approval Conditions (NOAC) associated with site plan approval on April 4, 2012, which allowed essential building permits to be issued. There are a number of conditions that must be satisfied before construction can commence, however staff awarded the main facility contract on April 12, 2012. Substantial performance of facility construction is currently scheduled for June 2014.

Regarding the Leslie Street connection, staff have achieved agreement with the City on the scope for utility work in this corridor. Letter received from the City indicates its support of the suggested approach, subject to TTC satisfying a few conditions. Acceptance of the design of streetscape elements on Leslie Street, including utility poles, is a prominent condition of the NOAC and staff are working with City staff and local Councillors to achieve agreement. Due to the complexity of this work, the schedule is currently six months delayed. Design is

progressing towards 60%. Substantial performance of the Leslie Street connection is scheduled for fall 2014.

5.3 Station Enhancements

Union Station

Construction of the second platform for the Union Station subway station is proceeding toward completion in spring 2014.

Dufferin Station

The Dufferin Station Modernization project is expected to be completed by summer of 2014.

Pape Station

The Pape Station Modernization project is expected to be completed by fall 2013.

5.4 Easier Access

To date, 30 subway stations have been made accessible. The Easier Access III project will make the remaining stations accessible by 2025.

The construction at St. Andrew station is expected to be completed by May 2012 with Pape and Dufferin stations expected to be completed by 2013 and 2014 respectively.

Construction at St. Clair West and Lawrence West stations is expected to start by the fall 2012 with completion slated for 2015.

5.5 Toronto-York Spadina Subway Extension Project

To date, the TYSSE project is on budget with a total budget of \$2,634 M including inflation.

The project is largely on schedule with the exception of the northern tunnels and Highway 407 contract which is seriously behind schedule on all sites. Work is now progressing well with the exception of the tunnelling operation which is held up at York University on account of late set-up of compensation grouting. The southern tunnels and Sheppard West contract is behind schedule in the tunnelling operation but making effort to catch up.

Safety performance has improved over the last four months but continues to be a focus and TYSSE is working with contractors to have them exercise a diligent duty of care in their practices and procedures.

5.6 PRESTO / TTC Farecard Project

The Commission has approved the framework for finalizing agreements with Metrolinx regarding the implementation of PRESTO at the TTC. There are some outstanding issues to resolve, but it is expected that the agreements will be finalized over the next few months. PRESTO and the TTC are beginning to develop a detailed schedule for the project in anticipation of these agreements being signed.

In parallel, TTC and PRESTO continue to focus efforts in two key areas: (i) the system design and development for the implementation of PRESTO equipment on the Legacy LRV's; and (ii) for the civil works necessary at TTC facilities to support PRESTO implementation and operation. Finalizing the system design for PRESTO on the Legacy LRV's is particularly critical, owing to the current status of the overall design and development of the LRV's. TTC is working with PRESTO to resolve issues related to these areas.