

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: JANUARY 21, 2013

SUBJECT: CHIEF EXECUTIVE OFFICER'S REPORT -
JANUARY 2013 UPDATE

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.

January 9, 2013

42-81

Attachment: Chief Executive Officer's Report



TORONTO TRANSIT COMMISSION

CHIEF EXECUTIVE OFFICER'S REPORT

JANUARY 2013 UPDATE



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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	Quarter	Q2	74%	TBD			2.2
Customer Journeys	Customer Trips	Period	P11	42.2M	41.7M			2.3
Punctuality								
Yonge-University-Spadina	On schedule +/- 3 minutes	Period	P11	95.5%	96.0%			2.4.1
Bloor-Danforth	On schedule +/- 3 minutes	Period	P11	97.8%	96.0%			2.4.1
Sheppard	On schedule +/- 3 minutes	Period	P11	98.7%	96.0%			2.4.1
Scarborough Rapid Transit	On schedule +/- 3 minutes	Period	P11	97.5%	96.0%			2.4.2
Reliability								
Bus	Headway +/- 3 minutes	Period	P11	64.4%	65.0%			2.5.1
Wheel-Trans	Within 10 minutes of schedule	Period	P11	81.3%	90.0%			2.5.2
Streetcar	Headway +/- 3 minutes	Period	P11	71.2%	70.0%			2.5.3
Safety and Security								
Lost Time Injuries	Injuries / 100 Employees	Period	P11	4.09	TBD			2.6.1
Customer Injuries	Injury incidents / 1M Vehicle Boardings	Period	P10	1.97	NA			2.6.2
Behavioural Safety Index	Safety Focused Behaviour	Period						2.6.3
Offences against Customers	Assault, theft, other	Period	P10	33	NA			2.6.4
Offences against Staff	Assault, threat, other	Period	P10	26	NA			2.6.5
People								
Attendance	Employee Absence	Period	P11	6.7%	< 6.5%			2.7.1
Operator Hires	Actual vs. Budget	Period	P11	26	26			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	P11	98.2%	97.0%			2.8.1
Escalators	% Escalators Available	Period	P11	97.0%	97.0%			2.8.2
Fare Purchase Opportunity	% TVM's / PVM's Available	Period	P11	97.6%	95.0%			2.8.3
Mystery Shopping and Audits								
Station Cleanliness	Cleanliness Audit Score	Quarter	Q4	72.7%	70.0%			2.9.1
Vehicle Cleanliness	Cleanliness Audit Score	Quarter	Q4	68.9%	70.0%			2.9.2
Information MSS	Customer Announcements Score	Quarter						2.9.3
Staff Helpfulness MSS	Welcoming Staff Score	Quarter						2.9.4
Financials								
TTC Revenue	Actual vs. Budget	Period	P1-11	\$979.7M	\$966.3M			4.1
TTC Operating Expenditure	Actual vs. Budget	Period	P1-11	\$1295.3M	\$1327.6M			4.1
Wheel-Trans Revenue	Actual vs. Budget	Period	P1-11	\$5.04M	\$4.90M			4.2
W-T Operating Expenditure	Actual vs. Budget	Period	P1-11	\$88.7M	\$91.2M			4.2
Capital Expenditure	Actual vs. Budget	Period	P1-11	\$955M	\$1601M			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

Note:

The arrows on the accompanying charts in this report indicate the favourable direction of the Key Performance Indicator (KPI):

↑ Higher (or increasing) values for the KPI are favourable

↓ Lower (or decreasing) values for the KPI are favourable

Part 2 – Commentary and Current Issues

2.1 – Chief Executive Officer's Commentary

This period saw a further refinement to the organization to accelerate business transformation and to reinforce my philosophy of putting customer service at the centre of everything we do. The traditionally dominant operations group has been split into two to provide better focus on "front of house" (ie, things the customer sees) and "back of house" (ie, behind the scenes) activity. Going forward, Operations will focus on driving up the maintenance and reliability of vehicles and infrastructure and on control and operation of the subway.

A new group, Service Delivery, will manage all customer facing staff including station management, transit enforcement, bus and streetcar operators and janitors with a mandate to accelerate consistency of our service offer, to provide improved courtesy and quality of service and to deliver revised operational rules that put the customer first. Chris Upfold, Chief Customer Officer, will temporarily lead this new group while an international search is undertaken for a permanent head. One of Chris' first tasks will be to oversee the successful introduction of six new Group Station Managers with a mandate to transform the management of our TTC subway stations and bus interchanges.

Customer journeys (ridership) continue to exceed budget and was 514 million at year-end, surpassing the 2012 target by 11 million. Additional service (costing \$2.1 million) was approved by the Commission at its meeting on May 30 2012 to accommodate these additional customer journeys.

Subway punctuality on the Bloor-Danforth and Sheppard lines continues ahead of target. Punctuality on the Yonge-University-Spadina line continues below target, however, there was a marked improvement during Period 11. I expect this positive trend to continue into 2013 in conjunction with Bombardier's commitment to addressing reliability issues with passenger doors by the end of February 2013. SRT punctuality continues ahead of target.

Bus reliability is below target but has improved over the past two periods; there was a slight decrease in Wheel-Trans reliability. Streetcar reliability continues ahead of target.

Employee absence increased in Period 11 but continues to improve period-on-period in 2012 compared to 2011.

Elevator and escalator availability are better than target. TVM and PVM availability is better than target.

On the financial side, for both TTC and Wheel-Trans, revenues continue to be better than target and operating expenses continue to be below budget (see Sections 4.1 and 4.2). Of particular note, the TTC Operating Budget surplus (operating expenses less revenue less City Operating Subsidy) is now estimated at about \$41 million. Capital expenditures are currently tracking below budget for a host of reasons (see Section 4.3).

The TTC has established a more business-like and customer-focused approach over the past 12 months and this has been reflected in improvements in many of our key performance indicators. In 2013, I want the TTC to make real progress in improving customer satisfaction and there are two critical components to this that will be launched early in 2013. First, we will be releasing the first-ever TTC Customer Charter, which will commit us to specific, time-bound improvements to be delivered each quarter. We will ensure accountability by publicly reporting against these commitments. Second, we will be rolling out a new way of managing our subway service. As mentioned above, Group Station Managers will be accountable for groups of stations and adjacent bus and streetcar interchanges, with a mandate to improve customer service and safety, to motivate and manage groups of staff, and to be highly visible members of the local community.

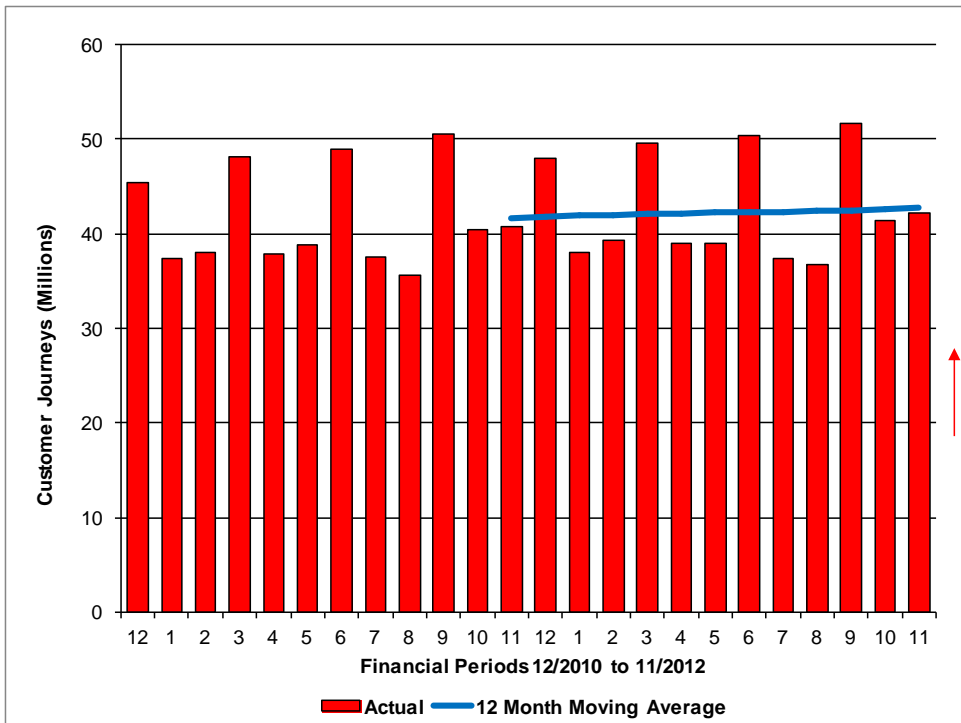
2.2 – Customer Satisfaction Survey

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 helpfulness 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. Analysis of the Q2 2012 Customer Satisfaction Survey results has been completed. Although the overall score fell from 76/100 in Q1 to 74/100 in Q2, these differing results are within the margin of error for a study of this kind. While average ratings of service quality have changed little from Q1 to Q2, Q2 respondents show a greater preference for using the middle of the 10-point rating scales.

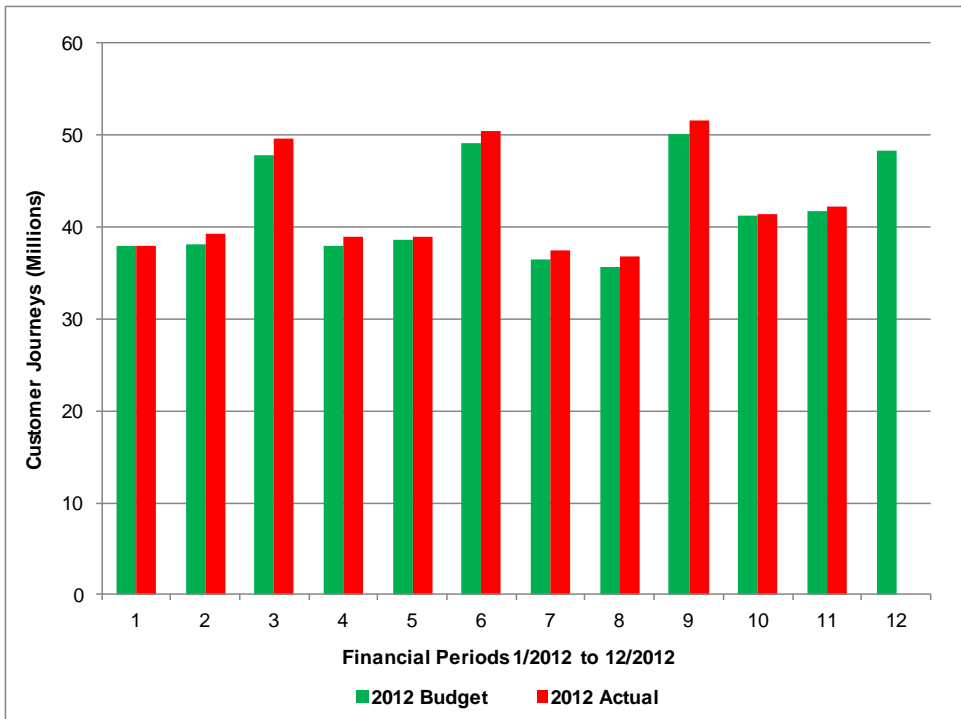
Field work for Q3 finished at the end of September and analysis is being conducted together with Q4. A presentation on overall results will be made to the Commission early in 2013.

2.3 – Customer Journeys



There were 42.2M customer journeys (ridership) taken during Period 11 2012, which was 1.5M (+4%) more than the 40.7M journeys taken during Period 11 2011.

The annual number of customer journeys to the end of Period 11 2012 was 512.2M, which was 12.9M (+3%) more than the 499.3M annual journeys taken to the end of Period 11 2011.

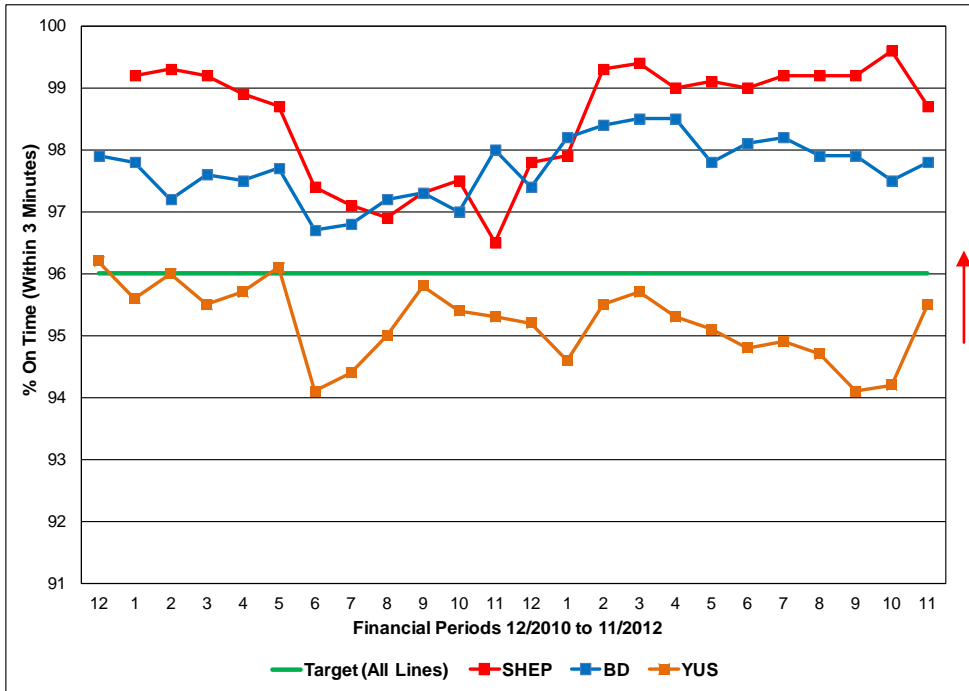


There were 42.2M customer journeys taken during Period 11 2012, which was 0.5M (+1%) more than the budget of 41.7M journeys.

The number of customer journeys taken year-to-date to the end of Period 11 2012 was 464.3M, which was 9.7M (+2%) more than the budget of 454.6M journeys.

2.4 – Punctuality

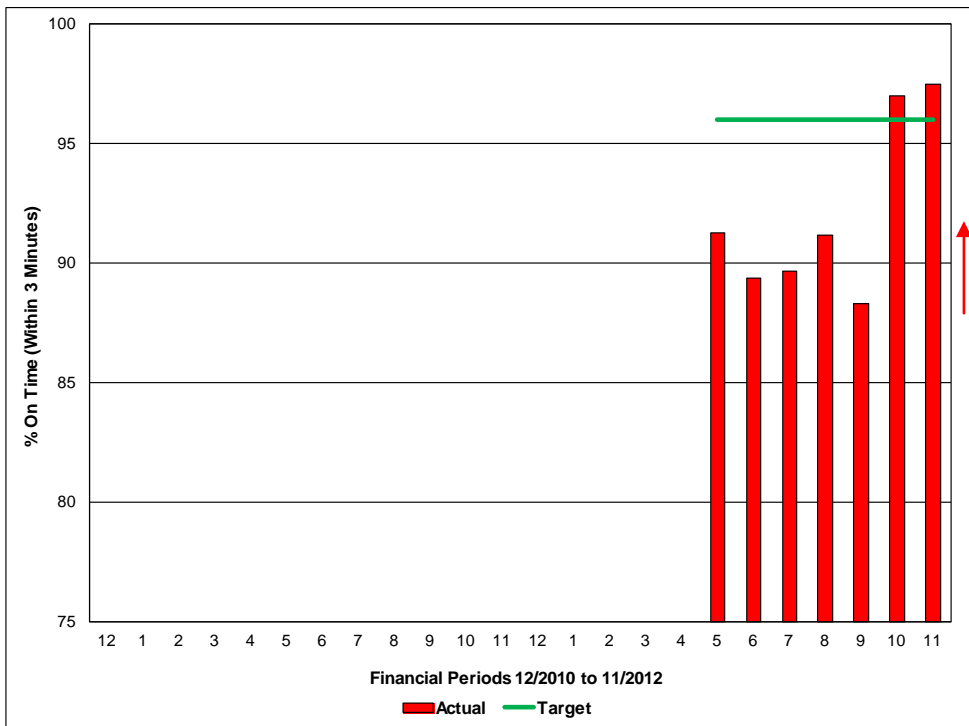
2.4.1 – Subway Punctuality



Workforce issues affected the Sheppard Subway system, causing several cancellations and dropping performance by approximately 0.5%.

YUS Subway achieved improved performance due to aggressive management of headways by the TCC and due to increasing workforce familiarity with both Speed Control and operation of the new TR trainsets.

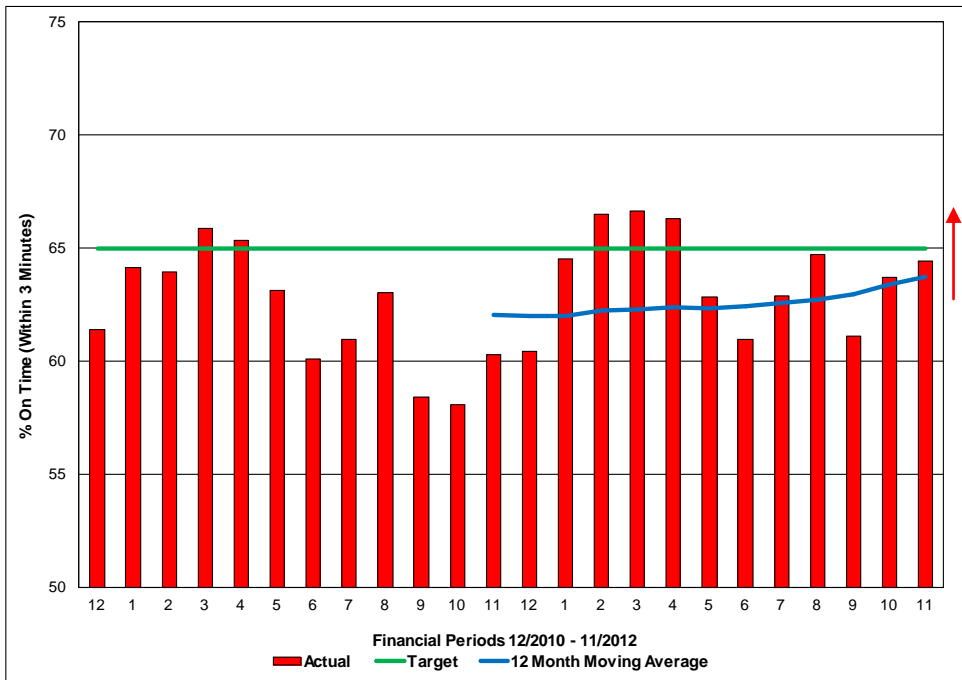
2.4.2 – Scarborough Rapid Transit Punctuality



Since implementation in Period 10 of a new schedule more closely matching operating characteristics of the SRT Fleet, headway reliability has improved.

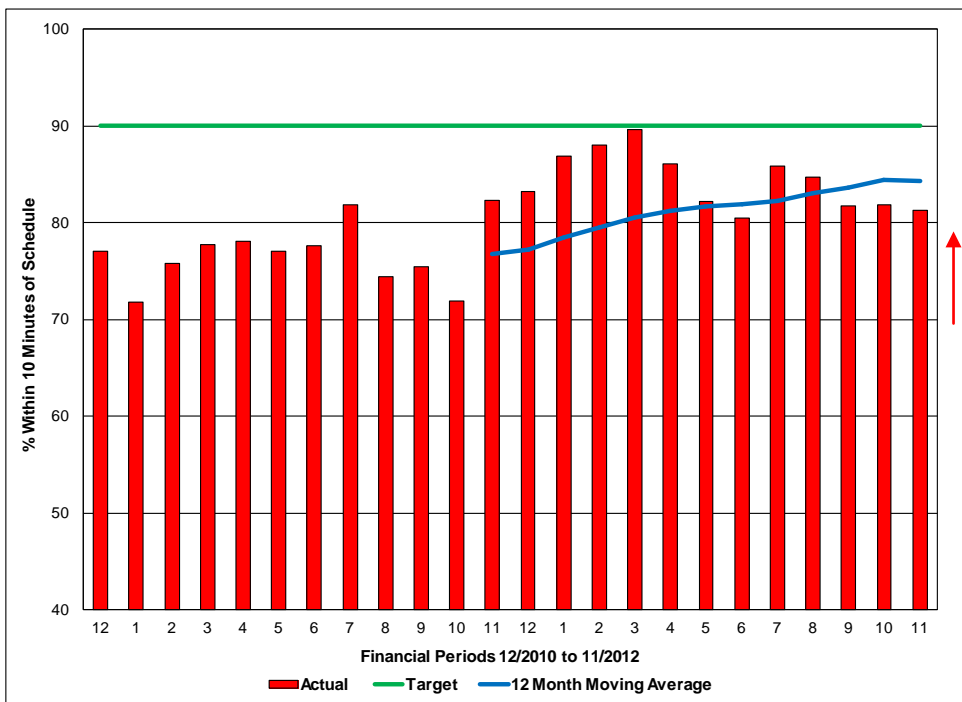
2.5 – Reliability

2.5.1 – Bus Reliability



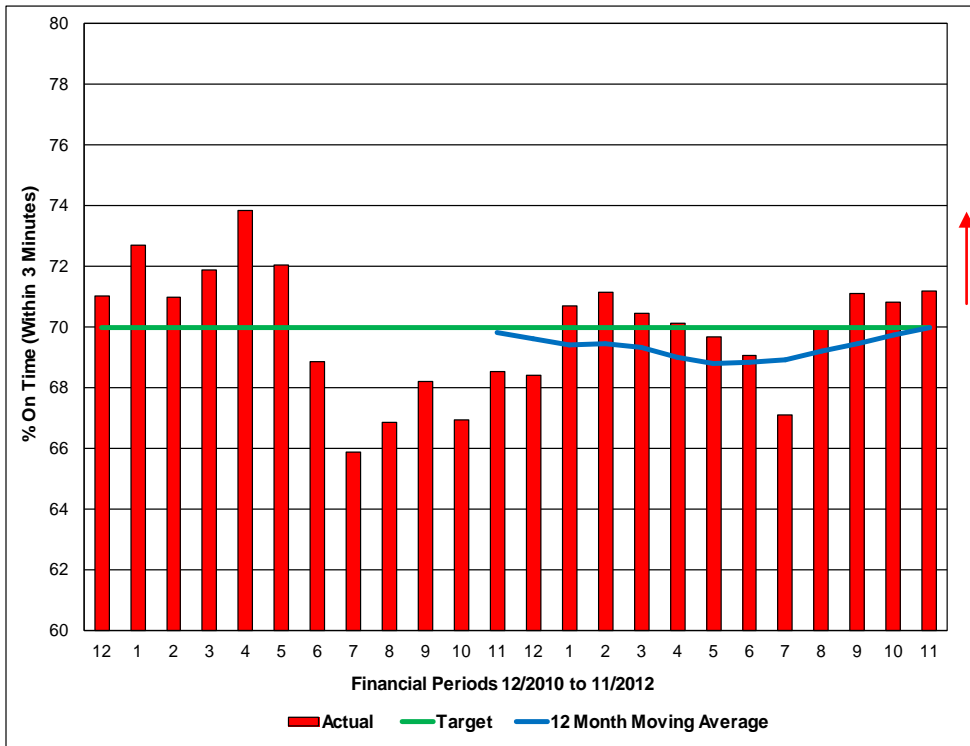
Performance into Period 11 continues to improve through the efforts of divisional staff. Performance expectations are reinforced to staff and results are positive. Route Supervisors continue to be engaged by Managers and we expect continued increases in performance.

2.5.2 – Wheel-Trans Reliability



Progress continues towards an improved YTD rate over 2011. It should be noted several events occurred which were not present during the same period in 2011 (Grey Cup, Highway 427 construction, Union Station construction, closures of subway sections).

2.5.3 – Streetcar Reliability



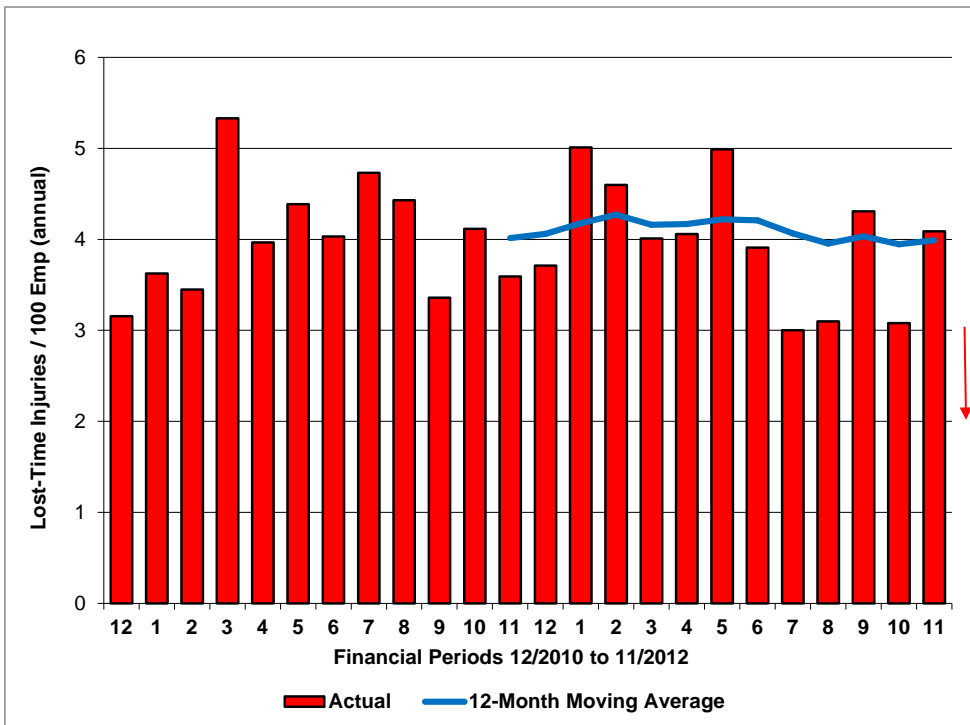
Rail Transportation is pursuing additional strategies on chronically under-performing streetcar routes.

Periods 9 to 11 demonstrate performance improvements over 2011 as a result of attention to more strategically placed short turns as well as additional run time during poor performing timeframes on several routes.

Ongoing analysis/identification of timeframes and locations where running time and crewing strategies are related to short turn levels is being conducted to identify other potential areas of improvement.

2.6 – Safety and Security

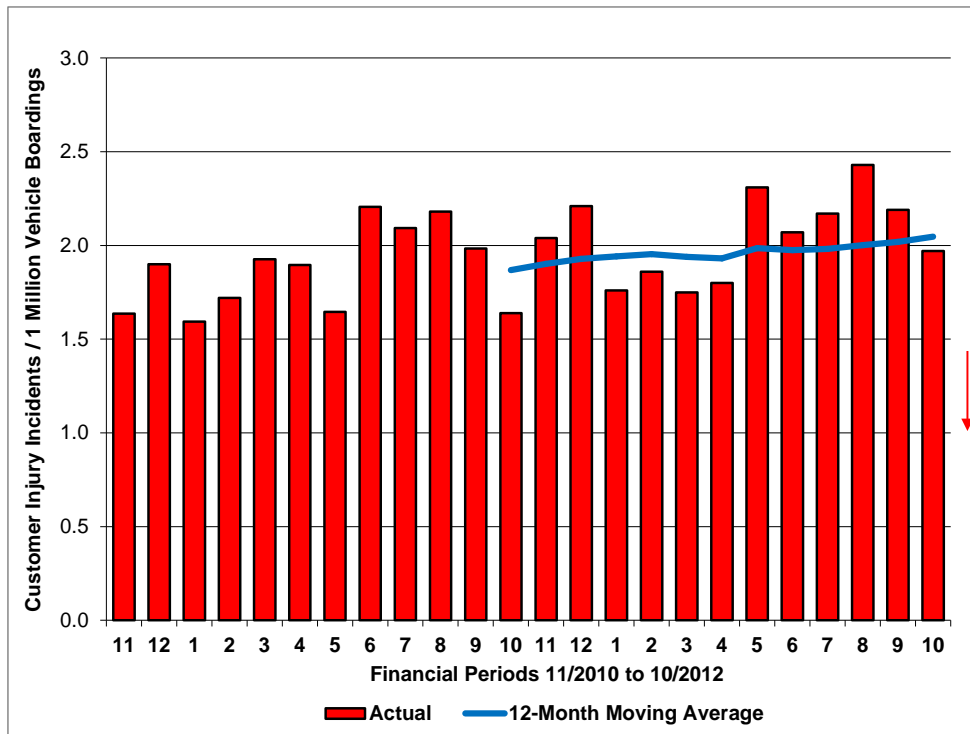
2.6.1 – Lost-Time Injuries (Annual Injuries / 100 Employees)



The annualized lost-time injury rate (LTIR) for Period 11 2012 was 4.09 lost-time injuries per 100 employees, which was 14% higher than the LTIR of 3.59 for Period 11 2011.

The moving annual LTIR to the end of Period 11 2012 was 3.96, which was 1% lower than the corresponding rate of 4.00 to the end of Period 11 2011.

2.6.2 – Customer Injury Incidents (Injury Incidents / 1m vehicle boardings)



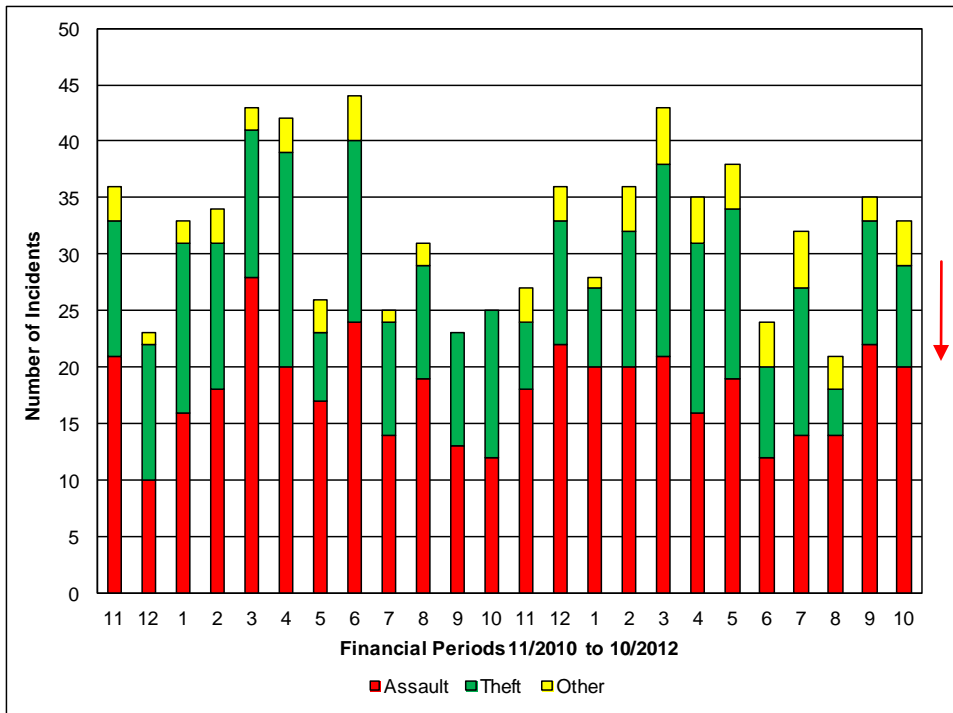
The customer injury incident rate for Period 10 2012 was 1.97 injury incidents per 1 million vehicle boardings, which was 20% higher than the corresponding rate of 1.64 for Period 10 2011.

The moving annual customer injury incident rate to the end of Period 10 2012 was 2.05, which was 9% higher than the corresponding rate of 1.88 to the end of Period 10 2011.

2.6.3 – Behavioural Safety Index

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

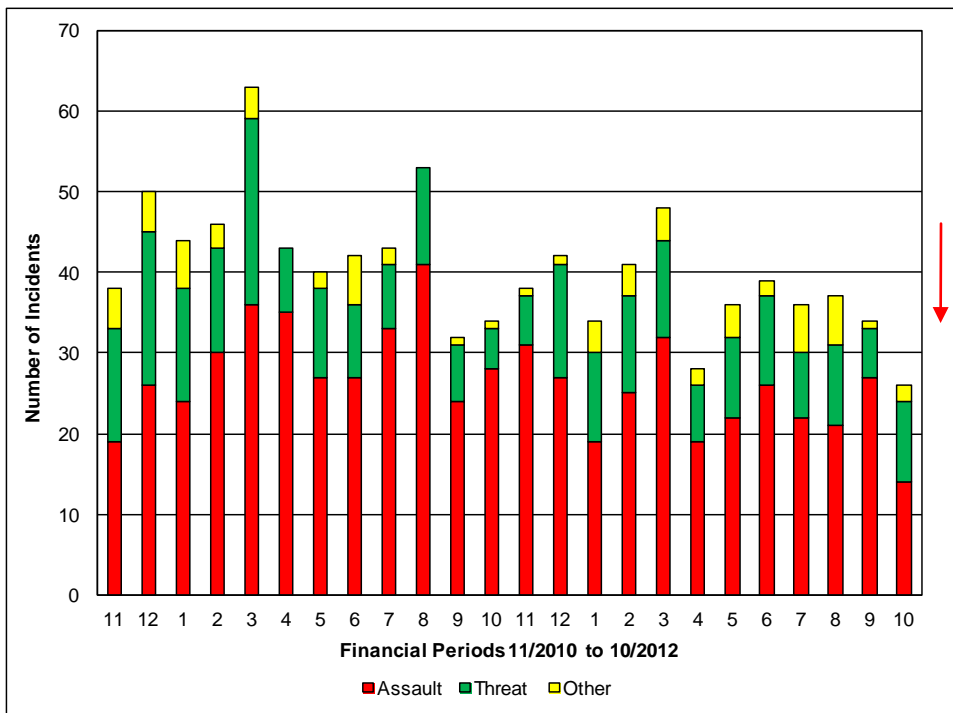
2.6.4 – Offences against Customers



Total offences against customers decreased in Period 10.

Year-to-date to Period 10, there was less offence (325 vs. 326) compared with the corresponding period in 2011. This includes 14 fewer theft and robbery offences (111 vs. 125) and 3 fewer assault offences (178 vs. 181).

2.6.5 – Offences against Staff

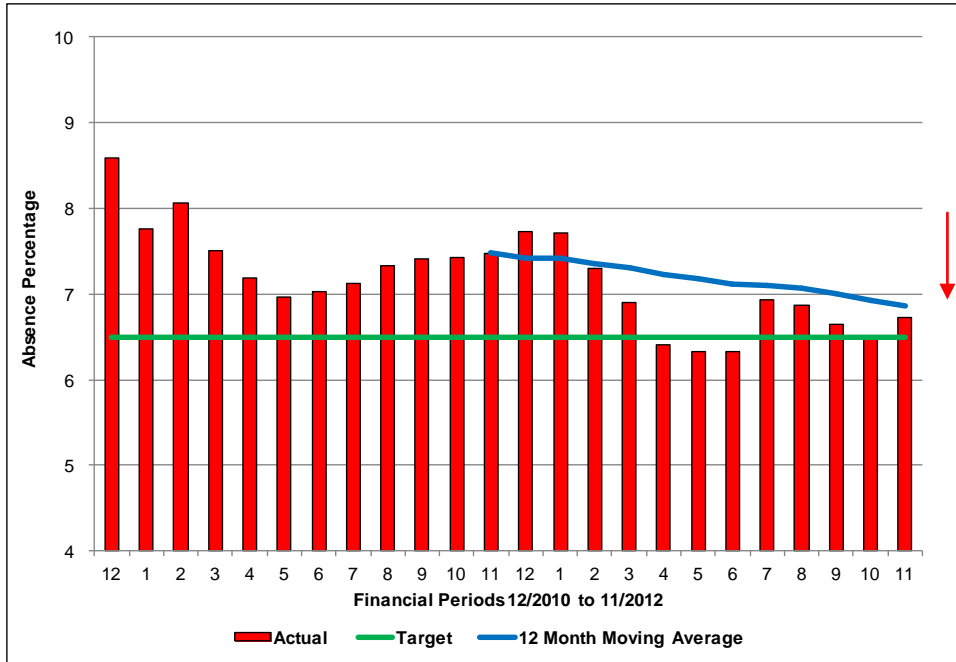


Total offences against staff decreased in Period 10.

Year-to-date to Period 10, there were 81 fewer offences (359 vs. 440) compared with the corresponding period in 2011. This includes 78 fewer employee assaults (227 vs. 305) and 13 fewer threats (97 vs. 110).

2.7 – People

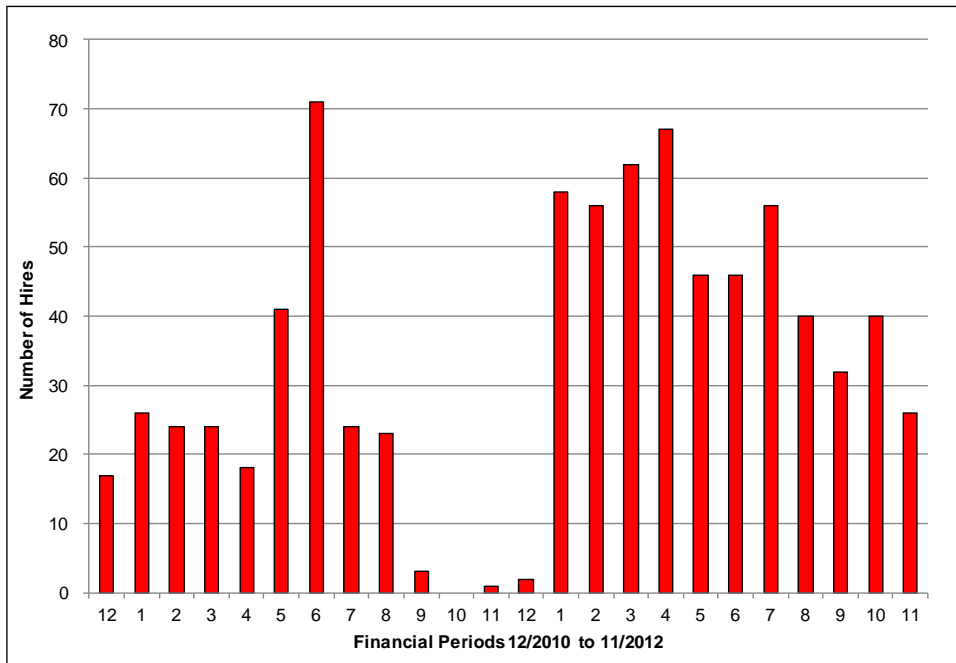
2.7.1 – Attendance



The absence rate for Period 11 2012 was 6.73%. This was 3% higher than the rate of 6.51% for Period 10 2012 but 10% lower than the rate of 7.47% for Period 10 2011.

The overall absence trend continues to be favourable with 2012 period results lower in each case than the comparable period in 2011.

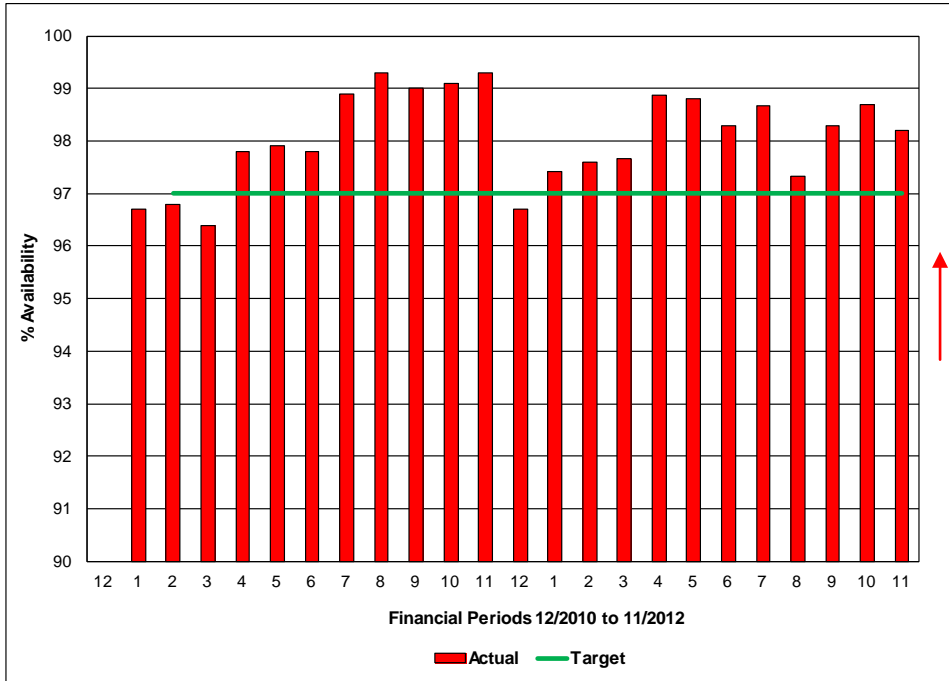
2.7.2 – Operator Hires



Year-to-date to Period 11 2012, 529 Operators were hired, which was slightly above the target of 526 hires.

2.8 – Device Availability

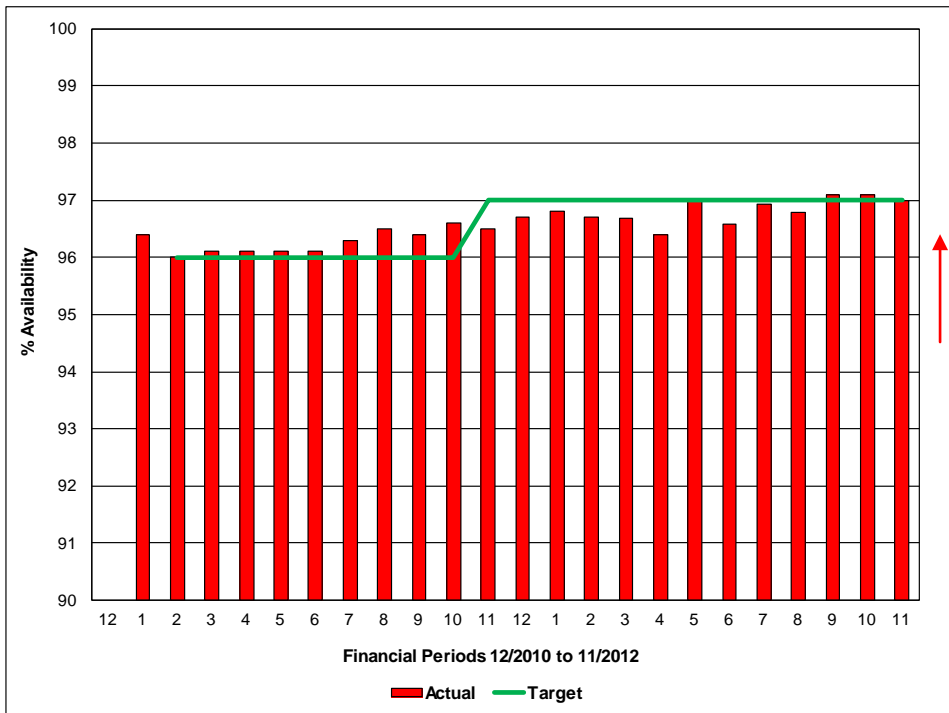
2.8.1 – Elevator Availability



Elevator availability continues above target as a result of several initiatives in 2012.

Weekly meetings are taking place with the elevator maintenance contractor to ensure they are taking action to improve elevator availability. Liquidated damages are being applied when the contractor is not attaining performance targets. A dedicated Assistant Manager was assigned to the elevator portfolio in early 2012.

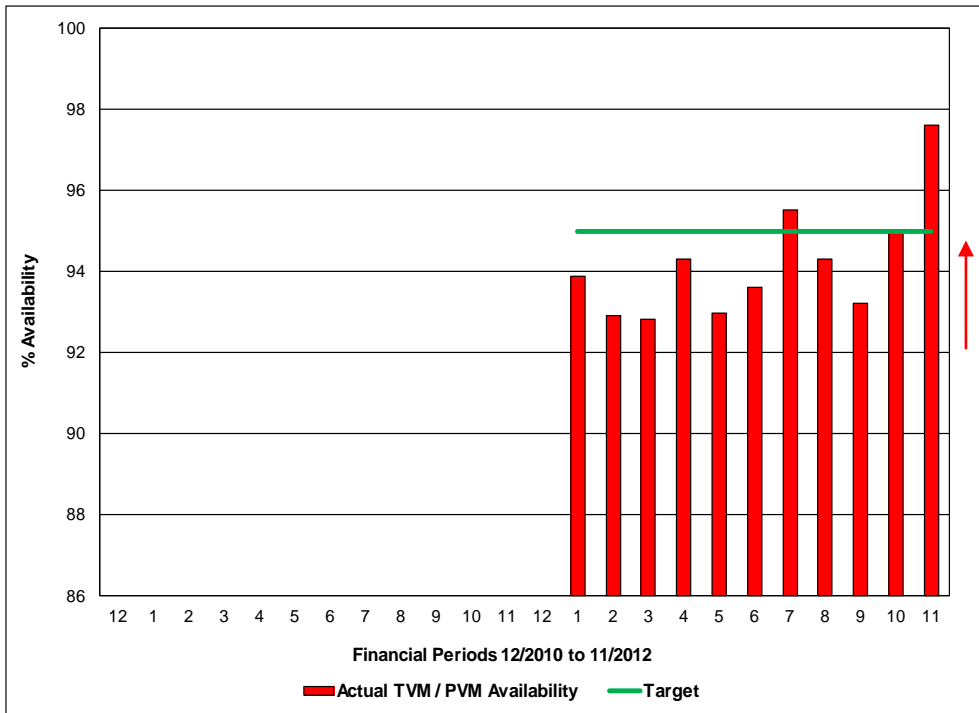
2.8.2 – Escalator Availability



Escalator availability remains on target for the third period in a row. The continuous improvement in 2012 is the result of several initiatives.

An Engineering Technologist was retained to input failure history into a computerized maintenance database and carry out analysis. Monthly root cause meetings were revised to daily root cause reports submitted to responsible Forepersons. Forepersons are now able to address problems before they become repetitive.

2.8.3 – Fare Purchase Opportunity



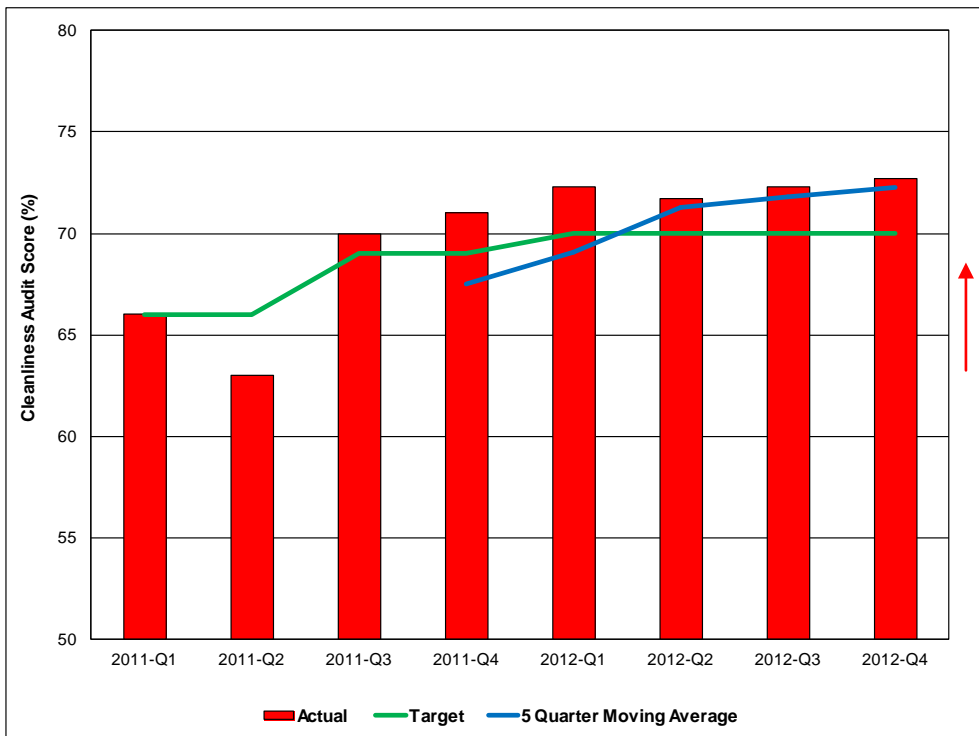
Re-supply and repair remediation strategies have been modified to reduce machine downtime, resulting in increased customer fare purchase opportunities.

Locations of high levels of vandalism are being identified and shared with the TEU section in order to achieve reduced downtime levels.

Union Station's four PVM's, which shared one line and one modem, have been split into two separate lines/modems, resulting in resilience to line/modem issues previously affecting all four machines.

2.9 – Mystery Shopping and Audits

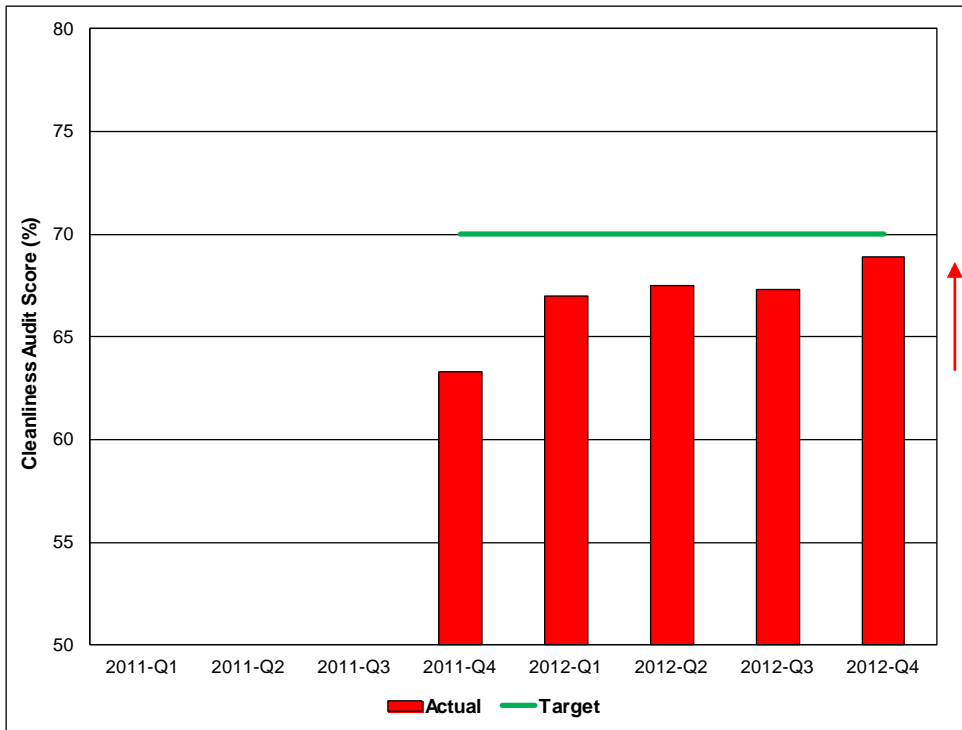
2.9.1 – Station Cleanliness



Station Cleanliness continues to exceed target as a result of a revised public washroom cleaning program and the continued monitoring by supervisory staff of scheduled and project work performed by frontline employees.

In addition, further deep cleans were undertaken to trackside walls and other public areas of TTC stations.

2.9.2 – Vehicle Cleanliness



Improved results in the 4th quarter can be attributed to more emphasis on increased cleaning of seats and floor washing and the ongoing localized auditing of quality.

2.9.3 – Information MSS

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

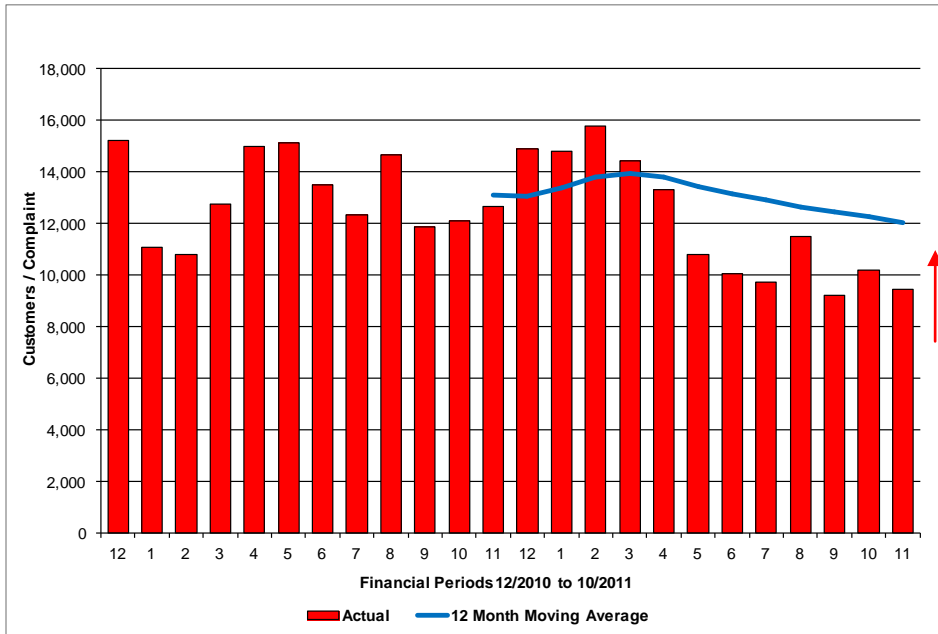
2.9.4 – Staff Helpfulness MSS

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

Part 3 – Customer Measures and Improvement Program Progress

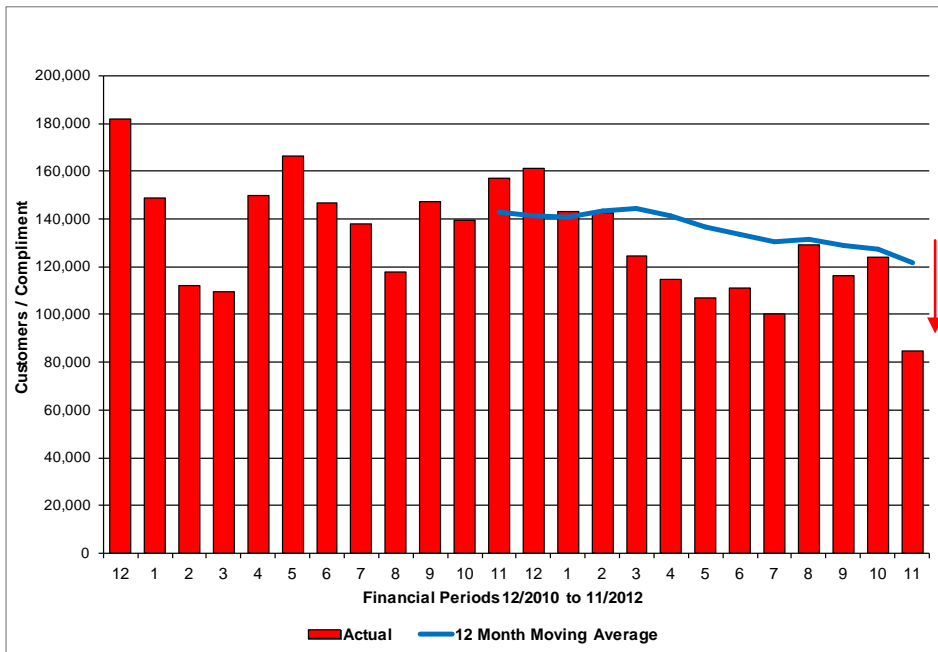
This section provides additional information on a series of customer-related issues such as major upcoming events and specific results for customer complaints and compliments.

3.1 – Customers / Complaint



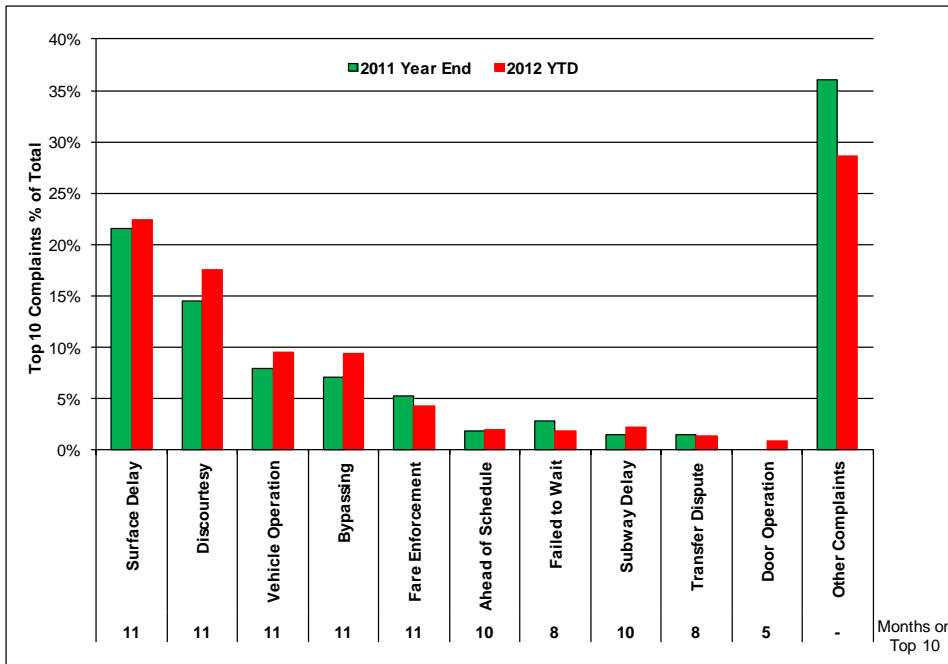
Customers per complaint decreased marginally in Period 11. This is likely a result of an increase in ridership compared to last period.

3.2 – Customers / Compliment



Customers per compliment was at its best level in the past two years.

3.3 – Top Ten Complaints



The proportion of complaints regarding surface delay, the number one complaint category, have surpassed last year.

3.4 – Commentary on Customer Satisfaction Improvement

Consultations have begun with a group of employees regarding a new uniform for front line staff. The new uniforms will help to deliver on the TTC’s vision of a transit system that makes Toronto proud. A number of activities are also planned to gather customer comments and engage Toronto in developing a new uniform for a service that is critical to Toronto’s success. All supplier contracts come up in 2013 and 2014, making now the right time for a redesign.

Work has begun to partner with an external advocacy group for the delivery of local TTC Town Halls in 2013. In addition to these local events, an annual event is planned to recap events of the year and lay out plans for the coming year.

Effective December 14 2012, credit and debit cards are now accepted at all 69 TTC stations, up from a previous 8 stations in September 2011. Initially purchases will be restricted to Metropasses until the effects of increasing transaction times on queue times are better understood. New wave and pay terminals will help to manage transaction times as will better communications links between collector booths and back office systems. Furthermore, whilst small increases in queue times may be experienced at the newly added stations, it is expected that large decreases will be experienced at stations that currently offer debit and credit card sales as these sales migrate to other stations that are potentially more convenient for our customers. Increases in the sales of Metropasses via debit and credit, and thus the reduction in cash, are already significant.

Work on a new suite of customer information tools for bus stops and shelters continues and will be rolled out in January 2013 as a trial project on the 94 Wellesley route. The trial will include additional customer information such as route numbers, a clearer set of iconography to provide information about service regularity, and next vehicle arrival information. Maps at shelters will be specific to services from that local area and provide local street information. Focus groups have been conducted to ensure the information is usable and understandable and further research will be undertaken on-line and on-street to refine the information.

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.

Mode	Area Affected	Dates	Reason	Purpose
Streetcar	Dufferin (Queen W to Dufferin Loop)	Jun 17/12 – Feb 15/13	Track and Overhead Replacement	State of Good Repair
Streetcar	Spadina (King to north of Lake Shore)	Jun 17/12 – May 12/13	Platform Upgrades & Track Replacement	Improvement & State of Good Repair
Streetcar	Queens Quay (Union Stn to Spadina)	Jul 29/12 – Jul 5/13	Waterfront Toronto Queens Quay reconstruction	Improvement (Waterfront Tor.) State of Good Repair
YUS Subway	Union Station to St. Andrew Station	Jan 26/13 – Jan 28/13	Union Station Foundation Construction	Expansion

Bus service on 29 Dufferin is being diverted around the streetcar track construction on Dufferin Street. Frequent bus service is replacing streetcars from King St. to Lakeshore Blvd. Diversion of bus and east-west streetcar services will be required for short periods of time during the project.

Frequent bus service is replacing streetcars on the entire length of the 509 Harbourfront route for this phase of the Queens Quay Waterfront Toronto reconstruction.

3.6 – Pending Planned Closures

Mode	Area Affected	Dates	Reason	Purpose
BD Subway	Kipling Station to Keele Station	Feb 9/13 – Feb 11/13	Jane Crossover Installation Stage 3 of 3	State of Good Repair
YUS Subway	Union Station to St. Andrew Station	Feb 23/13 – Feb 25/13	Union Station Foundation Construction	Expansion

3.7 – Noise & Vibration Update – Three West-End Communities (B-D Subway Line)

Update for December 2012

This is the third monthly update following the October 18, 2012 meeting with members of the three west-end communities and their municipal representatives.

Part 1 below provides an update on the actions/work recommended and agreed to following tests conducted by Aerocooustics Engineering Limited. Monthly updates will continue to be provided until all planned work is completed. Timelines may be adjusted as more detailed planning and scheduling of work is developed. Part 2 relates to some items from the Q&A's of the meeting. Part 3 is a graphical representation of the Bloor-Danforth Subway Axle Machining in December 2012, which also includes Week 53 (December 30, 2012 to January 5, 2013).

Part 1

Old Mill (Kings Lynn/Prince Edward)

Planned Action	Timeline	Completed
Localized rail replacement in the westbound directions at subway chainage 171+76, located between Prince Edward Dr and Kings Lynn Rd.	To be completed by 30-Nov-12	✓
Aerocooustics to conduct additional testing of the effect of delaminated concrete invert on noise & vibration at westbound subway chainage 174+50, located between Kings Lynn Rd and Kingscourt Dr.	Testing planned for Oct 28/29 Report due 3-Dec-12 (provide to Councillor Milczyn)	✓ ✓

Keele (Mountview to Pacific)

Planned Action	Timeline	Completed
Perform localized hand grinding at westbound insulated joint at subway chainage 291+04, in the vicinity of Oakmount Rd	To be completed 17-Nov-12	✓
Rail grinding to be performed as part of the State of Good Repair program in the eastbound direction from subway chainage 278+31 to 297+24 between High Park Station and Keele Station.	To be completed before May 2013	

Jane (Old Mill Dr/Traymore Cres)

Planned Action	Timeline	Completed
Perform localized hand grinding at eastbound insulated joints at subway chainage 217+63 located east of Traymore Cres and at subway chainage 220+20 located west of Old Mill Dr	To be completed 17-Nov-12	✓
The high rail will be replaced in both directions along the Riverside curve. Point of replacement; between Riverside Dr at subway chainage 209+98 and east of Old Mill Dr at subway chainage 224+19.	Updated: To be completed April 2013	
Profile Grinding will be performed after the high rail replacement in both directions along Riverside curve at approximate subway chainage 209+98 - 224+19.	To be completed before May 2013	

Part 2

Q&A / Action Items (per October 18th public meeting)

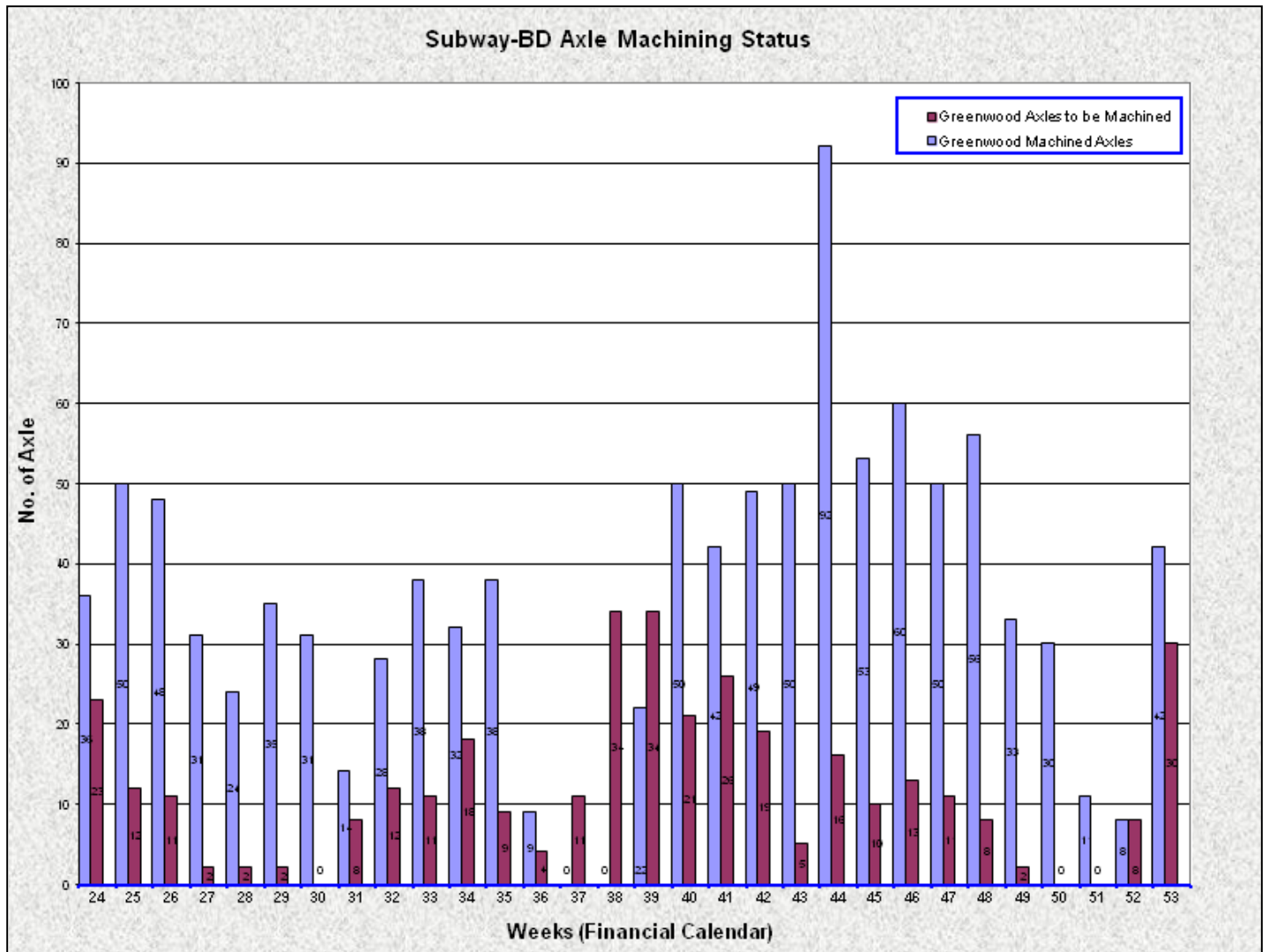
Planned Action	Timeline	Completed
A resident enquired about a report for the Montgomery area (west of Royal York Station).	Report due 7- Dec-12 (provide to Councillor Milczyn)	✓
In response to a resident's concern, inspect the insulated joints at east end of Royal York Station in both directions at subway chainage 161+40 in the vicinity of Grenview and Jackman.	To be conducted by 11-Nov-12	✓
Second visual inspection to further understand nature of N&V source at the east end of Royal York station.	Jan - 2013.	✓
WB Insulated joint entering Royal York station: Corrective actions identified and scheduled for repair.	End of Jan – 2013	
EB Insulated joint leaving Royal York station: Corrective actions identified and scheduled for repair.	End of Feb – 2013	
A vibration concern was raised by a resident from Kennedy Avenue (Runnymede to Jane station). None of the three studies included this area. Kennedy Avenue corresponds to Runnymede Station (254+80 to 255+80). A visual inspection will be conducted.	To be completed by week of 11-Nov-12	✓
Track Maintenance has identified 2 insulated joints at the east end of Runnymede Station (EB &WB). The joints will be re-surfaced.	To be completed by end of Jan - 2013.	

Grinding: Why and When

The primary purpose of rail grinding is to remove rail surface defects in order to ensure they do not propagate uncontrollably, potentially leading to a failure of the rail section, and a possible derailment. The need for grinding is established quantitatively, by measuring, very accurately, the condition of the rail, then evaluating results against strict maintenance standards. Defect grinding removes metal from the rail, in essence, shortening the service life of the asset. Grinding prematurely / unnecessarily (not required by maintenance standards) in effect increases costs to the Commission. Given the size of the Commission's rail asset these costs, over time, can be quite substantial.

The subway network is inspected regularly to determine the scope of our yearly rail grinding program. Based on our findings and considering our rail replacement program, sections are scheduled for grinding. The only section within the boundaries of the communities covered in this document that has met the criteria described above and is included in the 2013 grinding program is situated between Keele Station and High Park Station in the eastbound direction. We will continue to monitor the condition of the rail and any resulting noise & vibration concerns on an annual basis necessary to correct issues in a timely fashion.

Part 3



Notes: B-D Wheel Turn facility was out of service inclusively from Week 37 to Week 38, 2012.

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 selected capital projects is also provided.

4.1 – TTC Operating Budget

2012 Year-to-Date Results

To the end of Period 11 (November 24), total revenues were \$13.4 million (1.4%) better than budget primarily due to 9.7 million more customer journeys than budgeted. Over the same period, expenses were \$32.3 million (2.4%) below budget primarily due to lower vehicle and facilities maintenance expenditures for materials, supplies and services, reduced accident claims settlement costs and more favourable rates paid for diesel, hydro, and natural gas so far this year as well as reduced consumption owing to the warmer winter weather earlier this year.

The above-noted results (i.e. both actual and budget) include the retroactive pay and ongoing costs related to the June 2012 arbitration award. In accordance with the City of Toronto’s direction, these Collective Bargaining Agreement (CBA) expenses will be offset by additional subsidy from the City. Consequently, the budgeted subsidy has been adjusted in the table below and these CBA expenses will have no impact on the year-end projected budget variances.

2012 Year-End Projections

Ridership continues to grow with year-to-date (to Period 11) results 2.1% above budget. This growth is being driven by strong Adult Monthly Metropass sales, which are about 5% above budget. It is anticipated that this favourable trend will continue throughout the remainder of 2012 and the current ridership projection for the year is 514 million. It should be noted that additional service (costing \$2.1 million) was approved by the Commission at its meeting of May 30th to accommodate these additional 2012 customer journeys.

(millions)	Projection	Budget	Variance
2012 TTC Operating Budget			
Customer Journeys (Ridership)	514	503	11
Revenue*	\$1,086.0	\$1,070.2	\$15.8
Expenses*	\$1,456.0	\$1,481.2	(\$25.2)
Subsidy Required	\$ 370.0	\$411.0	(\$41.0)
Subsidy Available	\$411.0	\$411.0	-
Surplus	\$41.0	-	\$41.0

*the 2012 Revenue and Expenses budgets have been increased by \$2.1M each as a result of City Council’s June 6, 7 and 8, 2012 approval of the additional service to accommodate higher-than-anticipated ridership which will be funded by higher passenger revenues.

The projected year-end subsidy surplus of \$41 million reflects the following significant budget variances:

- **Passenger Revenues: \$15.4 million increase.** This favourable variance reflects an anticipated additional 2.2% or 11 million rides over the budgeted level of 503 million partially offset by a declining average fare stemming from increased monthly pass sales.
- **Diesel Fuel: \$8.5 million decrease.** On a year-to-date basis, the market price of diesel fuel has been lower than budgeted.

- **Accident Claims and Insurance: \$4.4 million decrease.** May 2011 changes to Provincial no-fault insurance legislation for public transit systems which were spearheaded by the TTC have helped to reduce accident claims settlements costs.
- **Other Employee Costs: \$4 million decrease.** Lower utilization of certain healthcare benefits accounts for this favourable variance.
- **Traction Power: \$3 million decrease.** On a year-to-date basis, the price of hydro has been marginally lower than budgeted and consumption has been reduced due to the warmer winter weather earlier this year.
- **Utilities: \$2.2 million decrease.** On a year-to-date basis, the market price of natural gas has been lower than budgeted and consumption has been reduced due to the warmer winter weather earlier this year.
- **Labour Rates: \$1.8 million decrease.** A recent analysis of current Operator average wage rates indicates that the combination of higher Operator attrition this year and increased new Operator hires has resulted in lower average Operator wage rates than previously forecast.

4.2 - Wheel-Trans Operating Budget

2012 Year-to-Date Results

To the end of Period 11 (November 24), revenues were slightly (2.9%) above budget. Over the same period, expenses fell \$2.5 million (2.7%) below budget primarily due to the lower diesel prices, lower demand for trips (which are about 0.2 million or 8.3% below budget) and shorter average trip lengths on the contracted taxi service. To date, the unaccommodated rate (i.e. trip requests which cannot be serviced) has been about 2.1%, compared with the targeted rate of 2%.

The above-noted results (i.e. both actual and budget) include the retroactive pay and ongoing costs related to the June 2012 arbitration award. In accordance with the City of Toronto's direction, these Collective Bargaining Agreement (CBA) expenses will be offset by additional subsidy from the City. Consequently, the budgeted subsidy has been adjusted in the table below and these CBA expenses will have no impact on the year-end projected budget variances.

2012 Year-End Projections

(millions)	Projection	Budget	Variance
2012 Wheel-Trans Operating Budget			
Customer Journeys (Ridership)	3.0	3.1	(0.1)
Revenue	\$5.6	\$5.3	\$0.3
Expenses	\$101.3	\$102.1	(\$0.8)
Subsidy Required	\$95.7	\$96.8	(\$1.1)
Subsidy Available	\$96.8	\$96.8	-
Surplus	\$1.1	-	\$1.1

The \$1.1 million projected year-end subsidy surplus reflects the combination of slightly higher revenues and savings from lower diesel prices and lower demand for trips and shorter average trip lengths on the contracted taxi service partially offset by higher maintenance costs for both the ELF and Friendly bus fleets.

4.3 - Capital Program

2012 Year-to-Date Results

The financial results for capital expenditures to Period 11 (November 24) include significant project work activity through the peak construction season typically involving continuation of design work and progression of construction, vehicle and other supply activity on all contracts in place for capital project work. Further progress and recognition of incurred expenditures are expected to be picked up in the 2012 yearend financial results. Under spending on vehicle delivery milestones and on delayed facility contract work continue to be 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	\$815.0	\$1,079.8	(\$264.8)
TYSSE Project	\$427.5	\$685.5	(\$258.0)

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

Base Capital Expenditures: \$264.8 million under spent. The budget of \$1,079.8 million approved by Council in January 2012 was increased by an additional carry forward adjustment of \$199.1 million in June 2012. The current projected spending on the base capital program currently reflects expectations of being 25% under spent versus budget (under spending of \$264.8 million before the application of the carry forward). Variances on selected major programs are as follows:

Leslie Barn Maintenance & Storage Facility - (\$100.2) million; currently projected to be significantly delayed in 2012 due to delay in award of facility contract and slippage of Leslie St connection track;

Purchase of Subway Cars - \$20.3 million; reflects slippage of 2012 contract milestones for preliminary acceptance of train sets including timing differences for PST, escalation and contingency requirements;

Toronto Rocket/T1 Rail Yard Accommodation - (\$17.0) million; currently projected slippage based on schedule refinement and reassessment of 2012 cashflow.

ATC Resignalling Project - (\$48.5) million; schedule slippage of work on various contracts;

Surface Track Program - (\$12.1) million; deferral of trackwork (Queens Quay) and special track work (King & Spadina, Russell Yard) into future years;

Finishes – (\$14.6) million; deferral of roofing work at Malvern and Greenwood Carhouse as well as modifications at Dufferin station;

Equipment – (\$11.2) million; deferral of bus related equipment work to future years and schedule revision for elevator and escalator overhaul work;

Bridges & Tunnels – (\$15.5) million; delayed work and reduced scope in structure rehabilitation programs;

Easier Access Project – (\$11.2) million; delay of St. Clair West station work due to property issue;

Other Buildings & Structures – (\$17.9) million; delayed design and construction of LRV modifications work at the Roncesvalles Maintenance Facility, delayed facility requirements work at Dundas West and Victoria Park Stations, Inglis and Revenue Operations facilities and delayed Fire Main Replacement at Wilson Yard.

TYSSE Project Expenditures: \$258.0 million under spent. The project schedule has been impacted by a number of contractor performance schedules and other earlier issues now past. Contractor performance has improved in response to the intensified efforts of staff. On October 24, 2012, a report was tabled at the Commission meeting indicating a service date of fall 2016. The impacts of these schedule changes are currently being assessed for the current and future years and will be factored into future reports.

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.

Twenty-eight trainsets have been accepted for revenue service to date. The established delivery schedule calls for commissioning two trainsets per month. Due to technical issues in manufacturing and poor reliability of trains in service, a delivery gap exists and the year-end quantity target was not met. A recovery plan is being negotiated for implementation as early as logistics would allow. The recovery plan will map out delivery of 70 trainsets in the Toronto Rocket subway train order by early 2014 as planned. The 70 trainsets are comprised of 39 trainsets for replacement of H4 and H5 series cars, 21 trainsets for replacement of H6 cars, and 10 trainsets for the Toronto-York Spadina Subway Extension project.

5.2 Streetcar Program and Maintenance & Storage Facility

Streetcar Procurement

Final design phase of the low floor streetcar procurement project is largely complete. The first of the three test vehicles was delivered as scheduled in September 2012. Static system tests at TTC's Hillcrest facility have been progressing according to plan. Logistics of delivery timing of the next two test vehicles are being reviewed with a view to optimizing test time and scope in Toronto and in Thunder Bay. 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 card system if available, 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.

Leslie Barn Streetcar Maintenance & Storage Facility Project

This project has two main areas: the facility and the Leslie Street connection track. 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. Staff awarded the main facility contract on April 12, 2012 and are working closely with staff from the City of Toronto to fulfill the terms and conditions associated with the NOAC. As of the end of December 2012, the roof and exterior walls of the substation were near completion and work on the carhouse foundation and underground services was continuing. Substantial performance of facility construction is currently scheduled for June 2014.

Construction of a duct bank for the relocation of a Hydro One Networks Inc. (HONI) transmission cable that runs around the perimeter of the facility site is in progress by a HONI contractor. The relocation of this cable is necessary for the construction of the main facility. Delays have occurred due to the HONI contractor encountering abandoned footings from the Gardiner Expressway along the Lake Shore Boulevard portion of the alignment. The HONI contractor now expects to complete the ductbank in January 2013, approximately one month behind schedule. However, the perimeter of the site will still be handed over to the facility contractor before the contract milestone, with final completion of the HONI work in the spring of 2013.

The design of the Leslie Street connection track has been finalized in accordance with comments received during the final review by stakeholders including TTC departments, City of Toronto divisions, private utilities and others. Due to the complexity of this work, a pre-qualification of general contractors was undertaken. One general contractor was prequalified. A value engineering exercise was conducted with the contractor and procedures were developed to ensure the Commission is able to negotiate a fair price for the contract. The contract was posted on December 17, 2012. Tender closing is scheduled for January 22, 2013 with award expected to be in February 2013.

In conjunction with Waterfront Toronto and the City, a public communications strategy for the streetscape design and construction staging plan has been developed. Meetings to present the streetscape design to businesses and residents were held in October. The construction staging and traffic management design is in the final stages and individual meetings continue to be held with stakeholders.

5.3 Station Enhancements

Union Station

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

Dufferin Station

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

Pape Station

Construction of the Pape Station Modernization project is expected to be completed by fall 2013.

5.4 Easier Access

To date, 31 subway stations have been made accessible. The Easier Access III project will make the remaining stations accessible by 2025.

The elevators at St. Andrew station were opened for service on June 20, 2012. Pape and Dufferin Stations are expected to be completed by 2013 and 2014 respectively.

The construction contract for Lawrence West Station was awarded in November 2012 and construction will commence on site in early 2013 with completion slated for 2014. Construction at Coxwell, Woodbine, and St. Clair West Stations is also expected to start in 2013.

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 schedule has been impacted by a number of contractor performance schedules and other earlier issues now past. Contractor performance has improved whereby contractors are currently performing well with the exception of the Sheppard West (Downsview Park) and Southern Tunnels contract where the progress of the tunnelling component continues to be slow. Efforts by staff to improve progress of this component have intensified. Issues with the advancement of the HWY 407 and Northern Tunnels contract and the other contracts are largely resolved.

On October 24, 2012, a report was tabled at the Commission meeting indicating a service date of fall 2016. The impacts of these schedule changes are currently being assessed for the current and future years and will be factored into future reports .

5.6 PRESTO / TTC Farecard Project

The legal agreement for implementing PRESTO at the TTC has been completed. The agreement includes a commitment to develop a project schedule prior to the end of February 2013, for the overall project through to final implementation and operation.

The initial release of PRESTO at the TTC will support the rollout of the new streetcars starting in Q1-2014. The TTC and PRESTO are working to define the scope of this initial release of PRESTO including fare payment functionality on-board the new streetcars, off-board at select streetcar transit stops and subway stations. Workshop based discussions with operational staff have commenced to confirm the details, operational impacts and implementation plan for the initial PRESTO release. In parallel, preliminary testing of PRESTO network communications using existing streetcars has commenced.

Field studies are underway to determine whether sufficient power is available at TTC subway stations to support PRESTO equipment. These studies are scheduled to be completed by Q1-2013. A work plan for the design of the required electrical upgrades at the initial 41 subway stations is being circulated for approval. A work plan for the remaining stations will be developed once the field studies are complete.

The PRESTO Open Payments Pilot at College and Dundas stations has concluded. The PRESTO Open Payment devices were removed on December 18, 2012 and were replaced with PRESTO devices that accept PRESTO card payments. Other PRESTO card payment devices installed at other stations continue to operate. An Exit Survey and assessment of the results of the Open Payment Pilot is forthcoming. An additional three PRESTO devices will be installed at Union station to address throughput and congestion issues with the current PRESTO equipment. The installation of the additional devices is expected to be completed by January 7, 2013.