

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: MARCH 27, 2013

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

ACTION ITEM

RECOMMENDATION

It is recommended that the TTC Board 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.

March 14, 2013

42-81

Attachment: Chief Executive Officer's Report



TORONTO TRANSIT COMMISSION

CHIEF EXECUTIVE OFFICER'S REPORT

MARCH 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	Q4	72%	TBD			2.2
Customer Journeys	Customer Trips	Period	P1	46.0M	47.2M			2.3
Punctuality – Subway and Scarborough Rapid Transit (SRT)								
Yonge-University-Spadina	Headway + 3 minutes	Period	P1	95.3%	96.0%			2.4.1
Bloor-Danforth	Headway + 3 minutes	Period	P1	98.1%	96.0%			2.4.1
Sheppard	Headway + 3 minutes	Period	P1	99.7%	96.0%			2.4.1
SRT	Headway + 3 minutes	Period	P1	98.8%	96.0%			2.4.2
Punctuality – Bus, Streetcar, and Wheel-Trans								
Bus	Headway +/- 3 minutes	Period	P1	67.7%	65.0%			2.5.1
Streetcar	Headway +/- 3 minutes	Period	P1	70.8%	70.0%			2.5.2
Wheel-Trans	Within 10 minutes of schedule	Period	P1	NA	90.0%			2.5.3
Safety and Security								
Lost Time Injuries	Injuries / 100 Employees	Period	P1	4.03	TBD			2.6.1
Customer Injuries	Injury incidents / 1M Vehicle Boardings	Period	P12	1.53	NA			2.6.2
Behavioural Safety Index	Safety Focused Behaviour	Period	TBD					2.6.3
Offences against Customers	Assault, theft, other	Period	P1	36	NA			2.6.4
Offences against Staff	Assault, threat, other	Period	P1	38	NA			2.6.5
People								
Attendance	Employee Absence	Period	P1	7.0%	< 6.5%			2.7.1
Operator Hires	Actual vs. Budget	Period	P1	54	54			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	P1	96.9%	97.0%			2.8.1
Escalators	% Escalators Available	Period	P1	97.2%	97.0%			2.8.2
Fare Purchase Opportunity	% TVM's / PVM's Available	Period	P1	98.2%	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	TBD					2.9.3
Staff Helpfulness MSS	Welcoming Staff Score	Quarter	TBD					2.9.4
Financials								
TTC Revenue	Actual vs. Budget	Period	P1-12	\$1087.1M	\$1070.3M			4.1
TTC Operating Expenditure	Actual vs. Budget	Period	P1-12	\$1457.1M	\$1481.3M			4.1
Wheel-Trans Revenue	Actual vs. Budget	Period	P1-12	\$5.6M	\$5.3M			4.2
W-T Operating Expenditure	Actual vs. Budget	Period	P1-12	\$100.6M	\$102.1M			4.2
Capital Expenditure	Actual vs. Budget	Period	P1-12	\$1173M	\$1765M			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 black arrows in the top right corner of 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

On February 28th, the inaugural TTC Customer Charter was launched, focusing on five themes: cleanliness, better information, improved responsiveness, becoming more accessible and modern, and the renewal of vehicles. With each theme, we have committed to completing and implementing improvements on the TTC by specific dates in 2013. The Charter will be re-issued each year with new, time-bound commitments.

I firmly believe that fundamental change is required in the way we interact with customers, including the consistency and quality of our service. As an organization, the TTC must change the processes and underlying culture that will get us to where we need to be. The TTC’s Charter goes beyond general, albeit important statements about improved customer service and binds us to a culture of improvement.

Consistent with this principle, I have decided to “stretch” a number of our KPI targets. The punctuality target for the Sheppard Line will increase from 96% to 98% and on the Bloor-Danforth line from 96% to 97%. Elevator availability will be increased by 1% to 98% and the target for fare purchase opportunity will be increased by 1% to 96%. Finally, and recognizing the importance of cleanliness to our customers, I am challenging my team and contractors to achieve a 5% increase in both vehicle and station cleanliness scores from April. These revised targets will be included in the scorecard and charts of the April CEO Report.

In Period 1, customer journeys (ridership) were below target. This was mainly due to the short-term negative effects of inclement weather and seasonal flu outbreaks.

Subway punctuality on the Bloor-Danforth and Sheppard lines continues ahead of target. Punctuality on the Yonge-University-Spadina line is below target but has steadily improved since September 2012. I expect this positive trend to continue throughout 2013 in conjunction with Bombardier’s commitment to address reliability issues with passenger doors on the Toronto Rocket trains. SRT punctuality continues ahead of target.

Bus punctuality has steadily improved over the past four periods and is ahead of target for the second consecutive period. Streetcar punctuality has rebounded to be above target.

Employee absence is above target but the overall trend continues to be encouraging with period results consistently lower than the comparable prior-year period.

Elevator availability was slightly below target for the first time in over a year. Escalator and TVM/PVM availability continue to be better than target. Station cleanliness continues to exceed target; vehicle cleanliness, while below target, continues to improve.

On the financial side, for both TTC and Wheel-Trans, 2012 year-end revenues were better than target and operating expenses were below budget (see Sections 4.1 and 4.2). Of particular note, the 2012 year-end TTC Operating Budget surplus (operating expenses less revenue less City Operating Subsidy) is approximately \$41 million. Capital expenditures were below budget in 2012 for a host of reasons (see Section 4.3).

I have previously provided several examples of how we are modernizing our vehicle fleets. Addressing our infrastructure requirements is equally important and a prime example is the renewal of our 50-year-old subway signalling system. Over four weekends in March, we conducted major re-signalling work on the University portion of the Yonge-University-Spadina line. I can appreciate that no one likes disruptions to their regular service; however, this is vital, unavoidable work that will enhance our future service reliability and increase system capacity.

We continue to focus on delivering tangible improvements to customer service. Six new Group Station Managers (GSM) have been appointed. The GSMs will be responsible for creating and overseeing a new standard to manage subway stations to enhance overall customer experience. The TTC is rolling out a new series of bus poles and shelter maps in an effort to provide more accurate and useful information. A test run has begun on the 94 Wellesley route, where TTC staff will monitor customer interaction and collect feedback as we tailor a new look for the system as a whole.

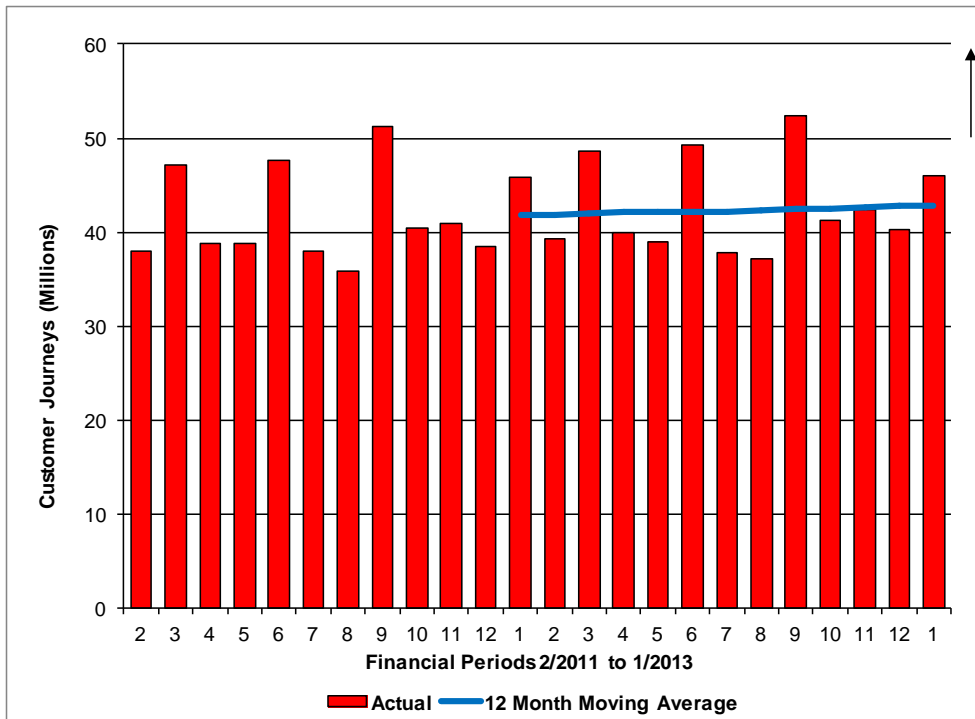
2.2 – Customer Satisfaction Survey

The results of the Q4 Customer Satisfaction Survey show a 2% decline in overall customer satisfaction compared to the 74% achieved in Q3.

This decline is disappointing and somewhat counter-intuitive given improvements in punctuality, vehicle and station cleanliness, escalator availability, and various “quick wins” that have been delivered in recent months.

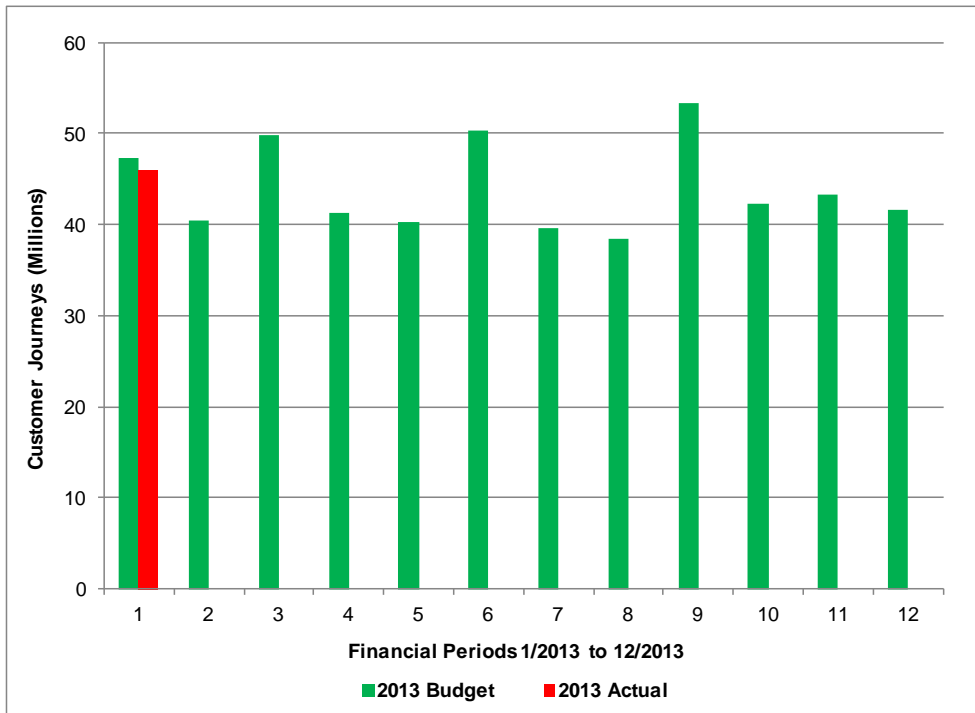
I remain convinced that we are focused on the right things and that, over time, this will be reflected in improved CSS scores.

2.3 – Customer Journeys



There were 46.0M customer journeys (ridership) taken during Period 1 2013, which was 0.2M (+0.5%) more than the 45.8M journeys taken during Period 1 2012.

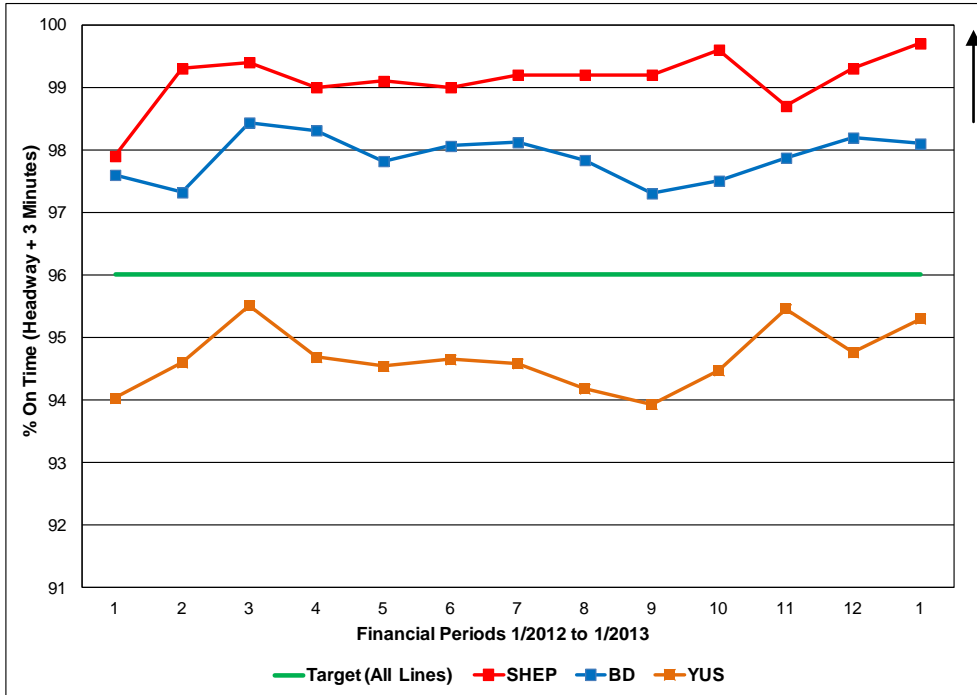
The annual number of customer journeys to the end of Period 1 2013 was 513.4M, which was 11.9M (+2%) more than the 501.5M annual journeys taken to the end of Period 1 2012.



There were 46.0M customer journeys taken during Period 1 2013, which was 1.2M (-3%) less than the budget of 47.2M journeys.

2.4 – Punctuality – Subway and Scarborough Rapid Transit (SRT)

2.4.1 – Subway



Sheppard Line:

Zero cancellations, zero PAA or Security incidents, and a significant reduction in delays of 5+ minutes contributed to performance increase.

A continued reduction in TTC-related delay incidents from a moving annual average of 4.2 to 1.9 delay incidents per week with a Period 1 rate of 1.3 incidents per week also contributed to increased performance levels.

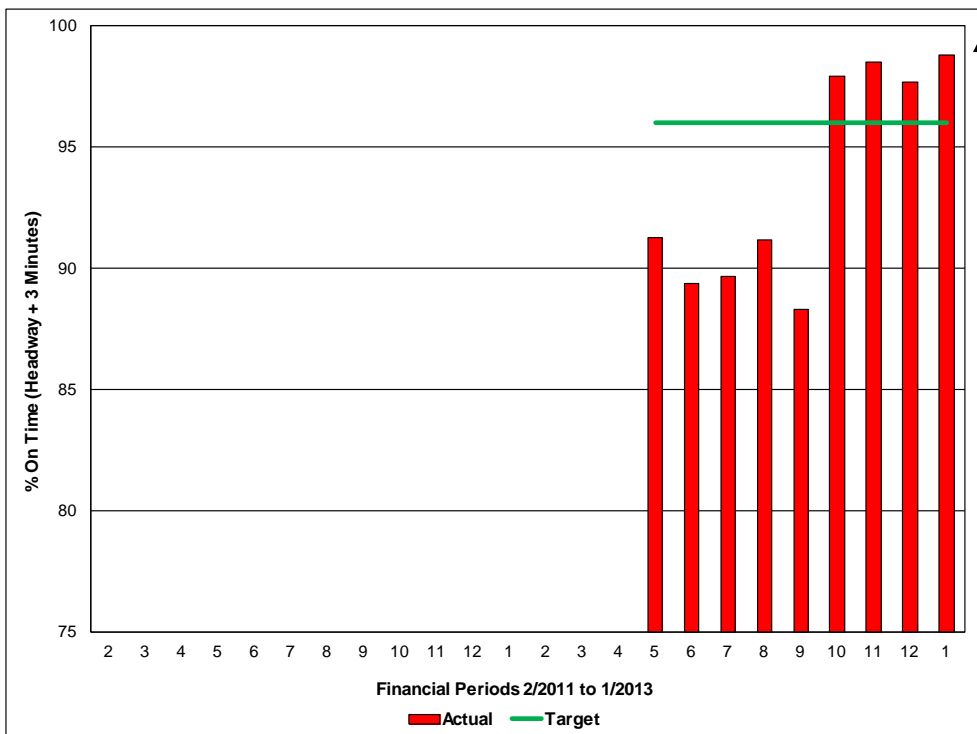
BD Line:

Overall delays numbers were static. A slight reduction in cancellations and a reduction in delays of 5+ minutes were offset by an increase in delays of 20+ minutes resulting in stable levels of performance.

YUS Line:

A significant reduction in workforce related cancellations and a reduction in TTC-related operating errors contributed to slight performance gains. PAA, Security, and track fire incidents remained static in P1 vs. recent financial periods.

2.4.2 – SRT

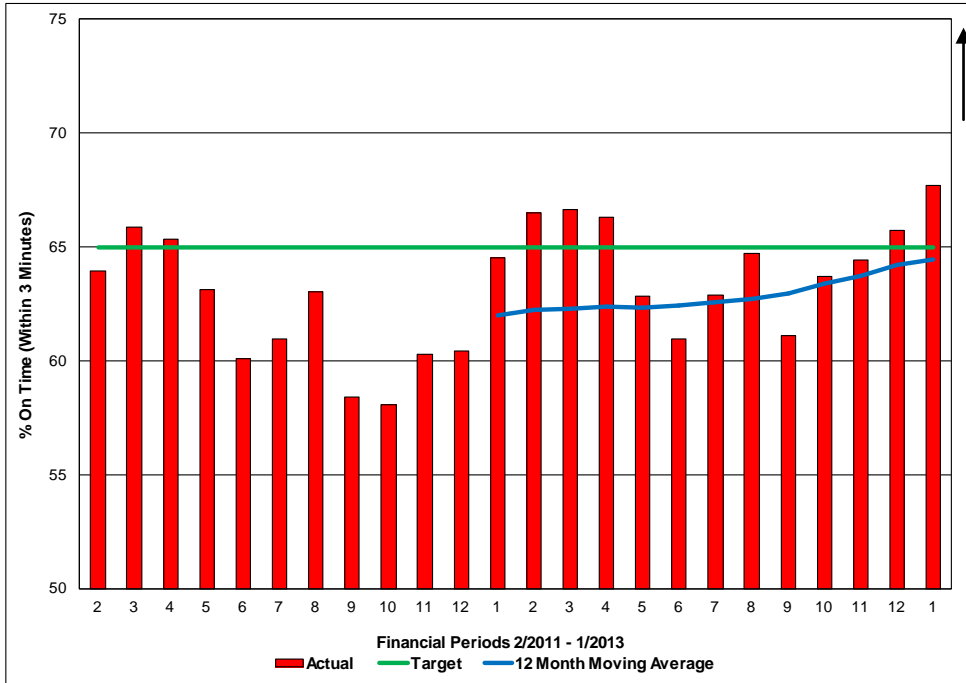


The current schedule is realistic given vehicle and system performance.

A continued reduction in TTC-related delay incidents from a moving annual average of 2.7 to 1.9 delay incidents per week with a Period 1 rate of 1.3 incidents per week also contributed to increased performance levels.

2.5 – Punctuality – Bus, Streetcar, and Wheel-Trans

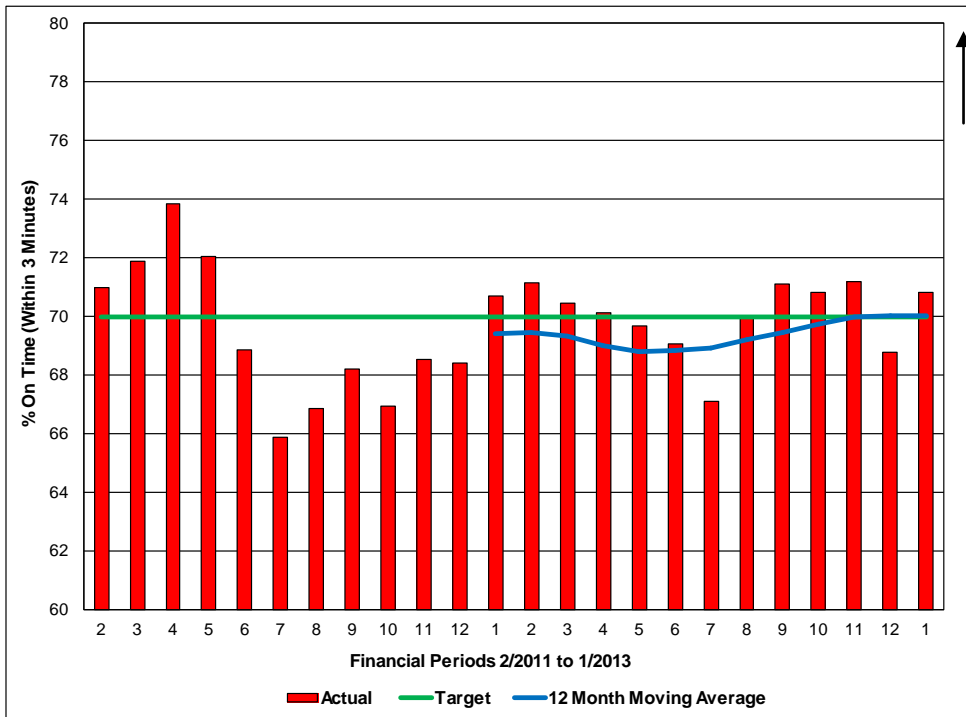
2.5.1 – Bus



Punctuality was above target in Period 1 for the second consecutive period and has improved for four consecutive periods.

This improvement is the result of intense focus by all divisional staff. Performance expectations continue to be reinforced to staff with positive results. Supervisory staff continues to be engaged by Managers with a continued increase in performance expected.

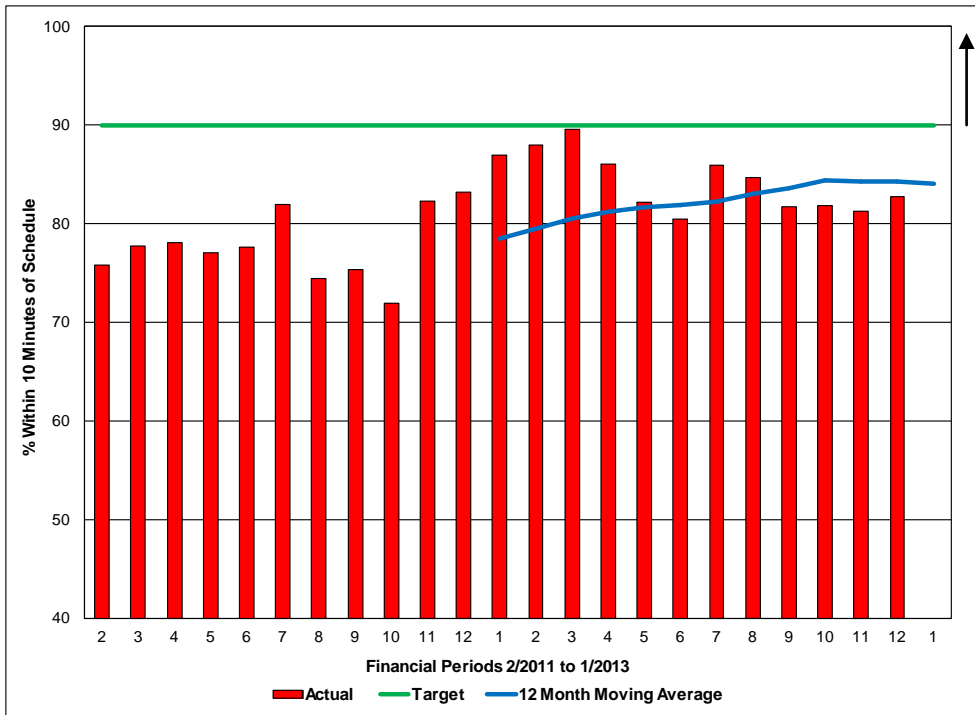
2.5.2 – Streetcar



Punctuality was above target in Period 1 and has been above target for three of the past four periods.

Streetcar Transportation continues to review underperforming routes and is reviewing current procedures in an effort to improve the overall performance of all streetcar lines.

2.5.3 – Wheel-Trans



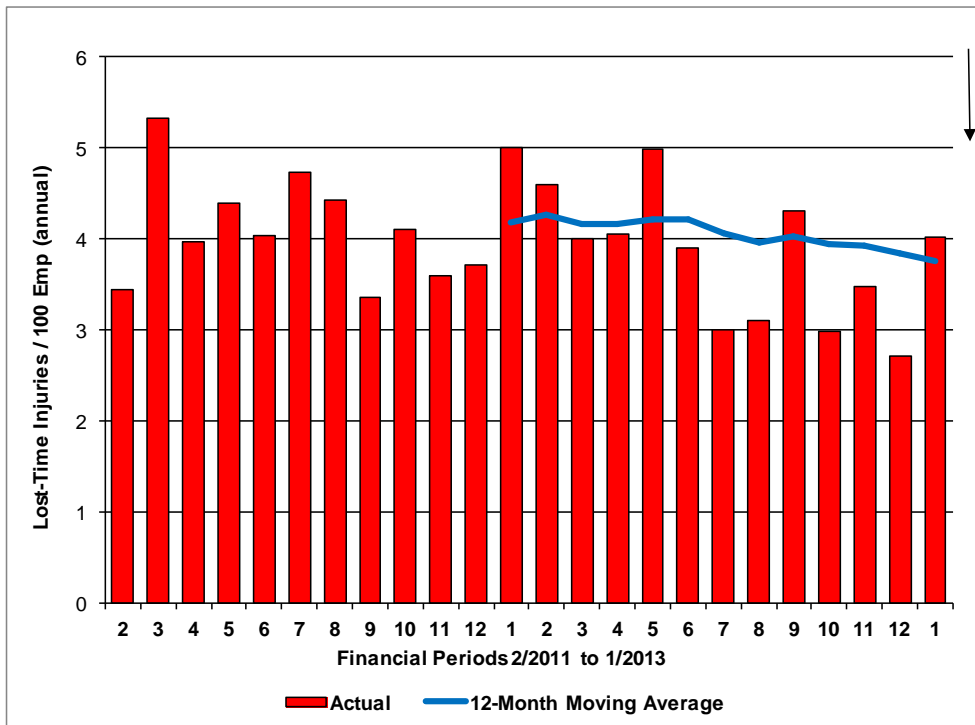
Due to the extended transition from manual data collection to an automated system, comprehensive data are unable to be produced for Periods 1 & 2.

The MDT (Mobile Display Terminal) program is now active on virtually all Wheel-Trans vehicles and is collecting base performance data. Data are expected to be produced beginning in Period 3.

Staff are monitoring information, including complaints, to ensure there have been no large changes in the periods where data have been unavailable.

2.6 – Safety and Security

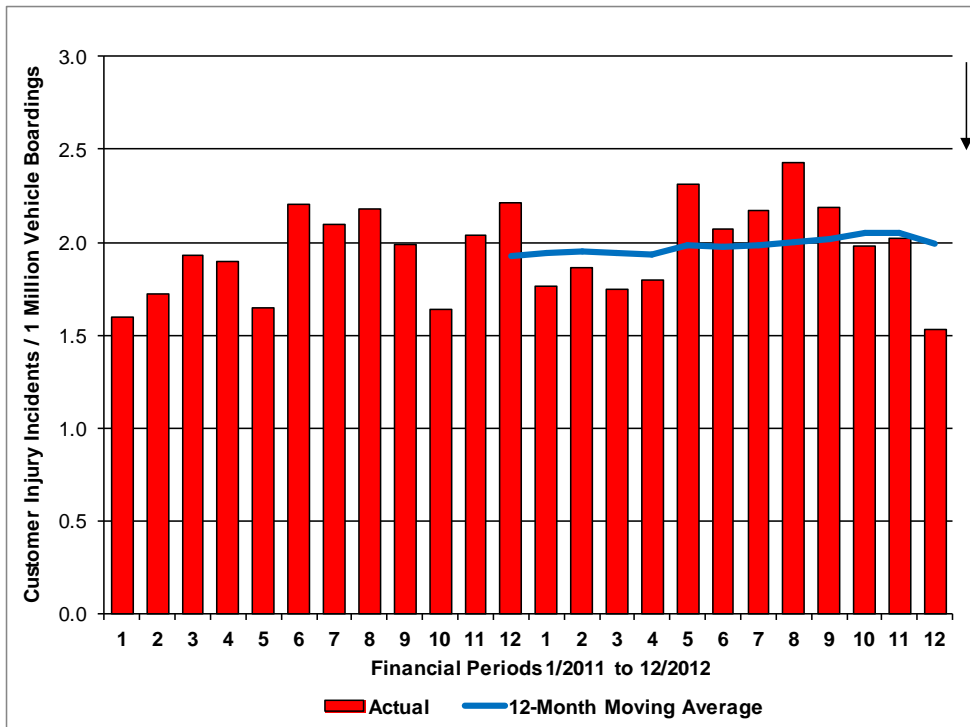
2.6.1 – Lost-Time Injuries (Annual Injuries / 100 Employees)



The annualized lost-time injury rate (LTIR) for Period 1 2013 was 4.03 lost-time injuries per 100 employees, which was 20% lower than the LTIR of 5.01 for Period 1 2012, albeit there was an increase compared to Period 12.

The moving annual LTIR to the end of Period 1 2013 was 3.77, which was 10% lower than the corresponding rate of 4.18 to the end of Period 1 2012.

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



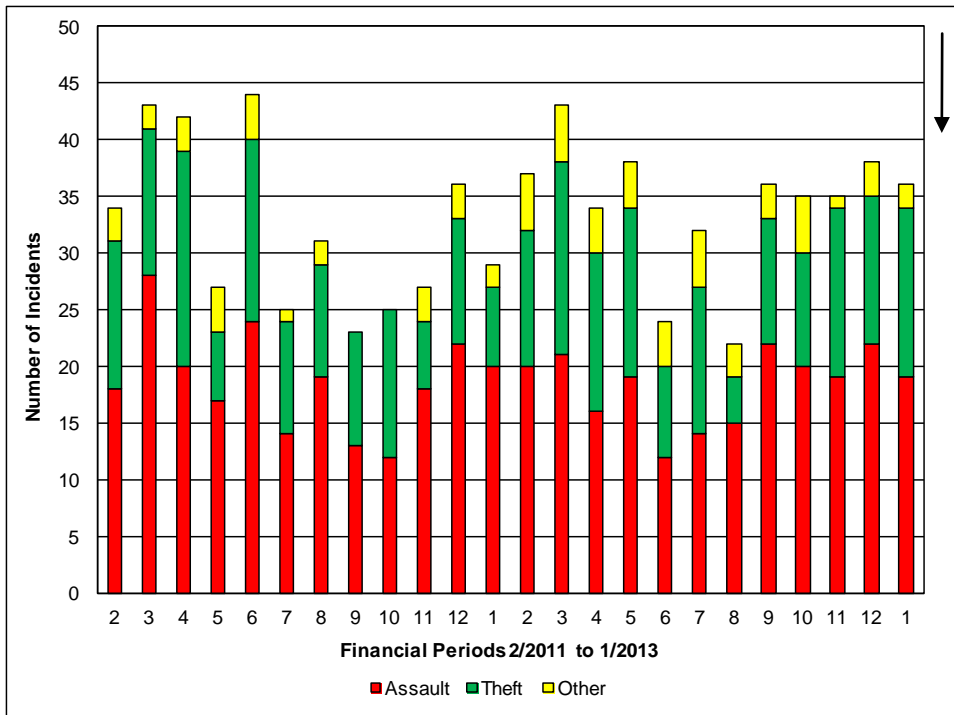
The customer injury incident rate for Period 12 2012 was 1.53 injury incidents per 1 million vehicle boardings, which was 31% lower than the corresponding rate of 2.21 for Period 12 2011.

The moving annual customer injury incident rate to the end of Period 12 2012 was 1.99, which was 3% higher than the corresponding rate of 1.93 to the end of Period 12 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.

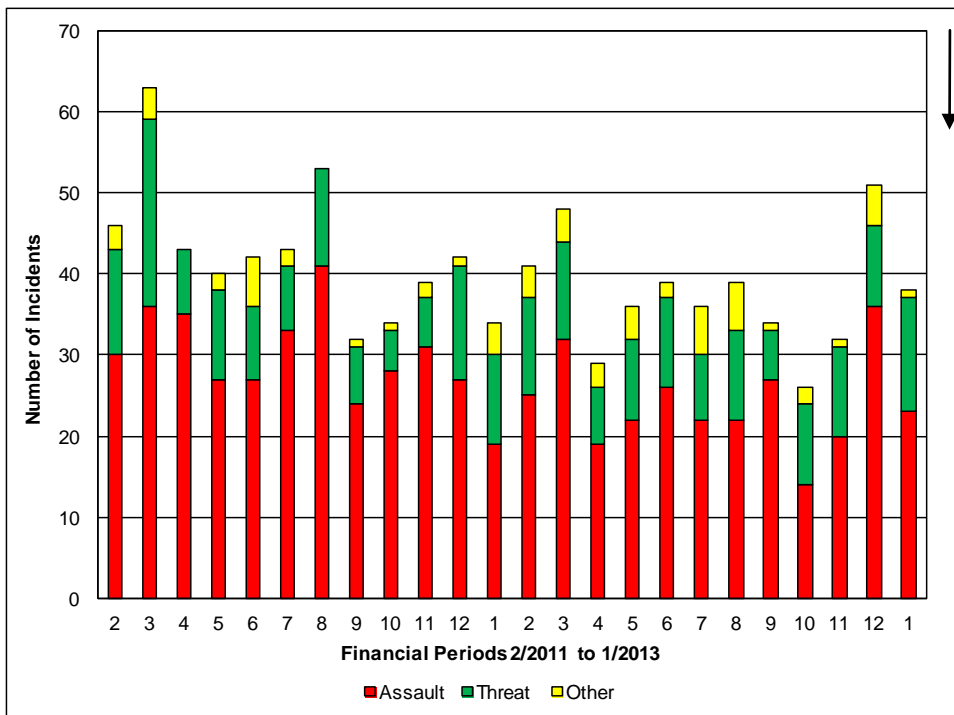
2.6.4 – Offences against Customers



Total offences against customers decreased in Period 1.

In Period 1, there were seven more offences (36 vs. 29) compared with the corresponding period in 2012. This includes one less assault (19 vs. 20), eight more thefts and robberies (15 vs. 7), and the same number of 'other' offences (2).

2.6.5 – Offences against Staff

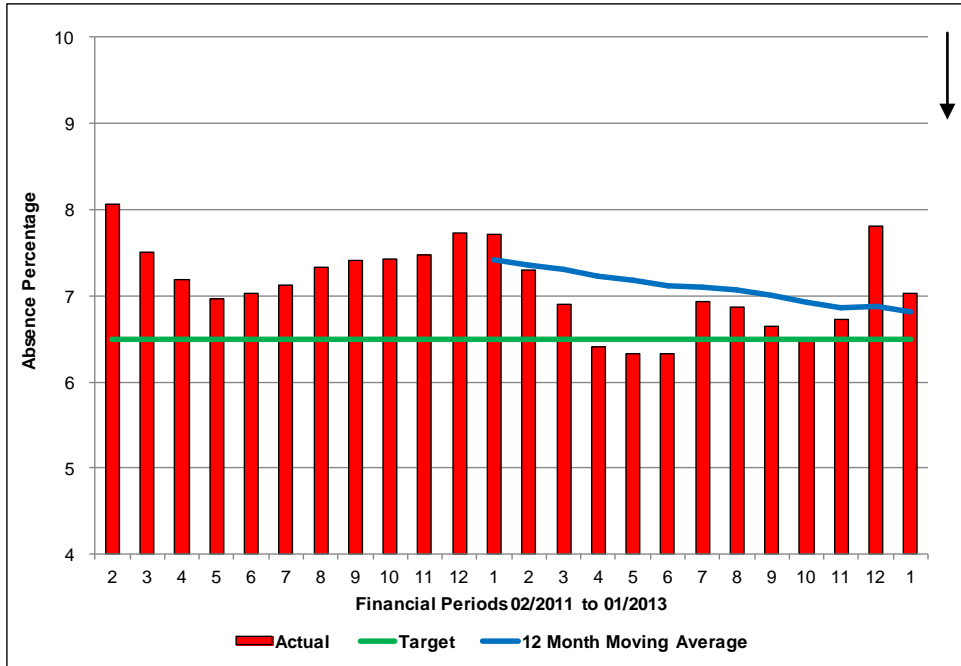


Total occurrences against staff decreased in Period 1.

In Period 1, there were four more offences (38 vs. 34) compared with the corresponding period in 2012. This includes four more assaults (23 vs. 19), three more threats (14 vs. 11), and three fewer 'other' offences (1 vs. 4).

2.7 – People

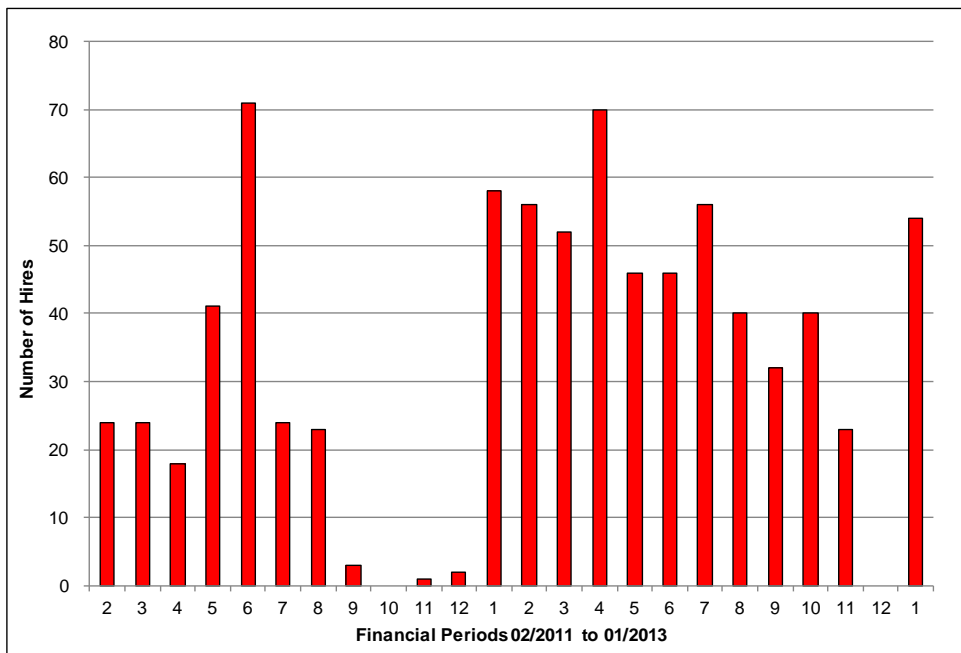
2.7.1 – Attendance



The absence rate for Period 1 2013 was 7.03%. While above target, this rate was 10% lower than the rate of 7.81% for Period 12 2012 and 9% lower than the rate of 7.71% for Period 1 2012.

The overall absence trend since the beginning of 2012 continues to be encouraging with period results consistently lower than the comparable prior-year period.

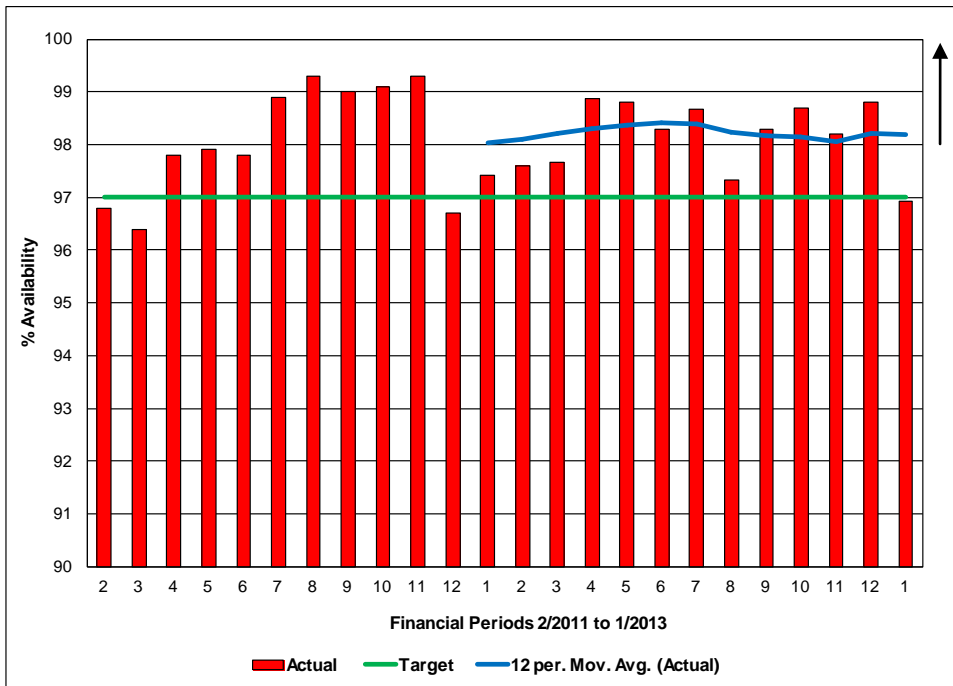
2.7.2 – Operator Hires



In Period 1 2013, 54 Operators were hired, which was exactly on target.

2.8 – Device Availability

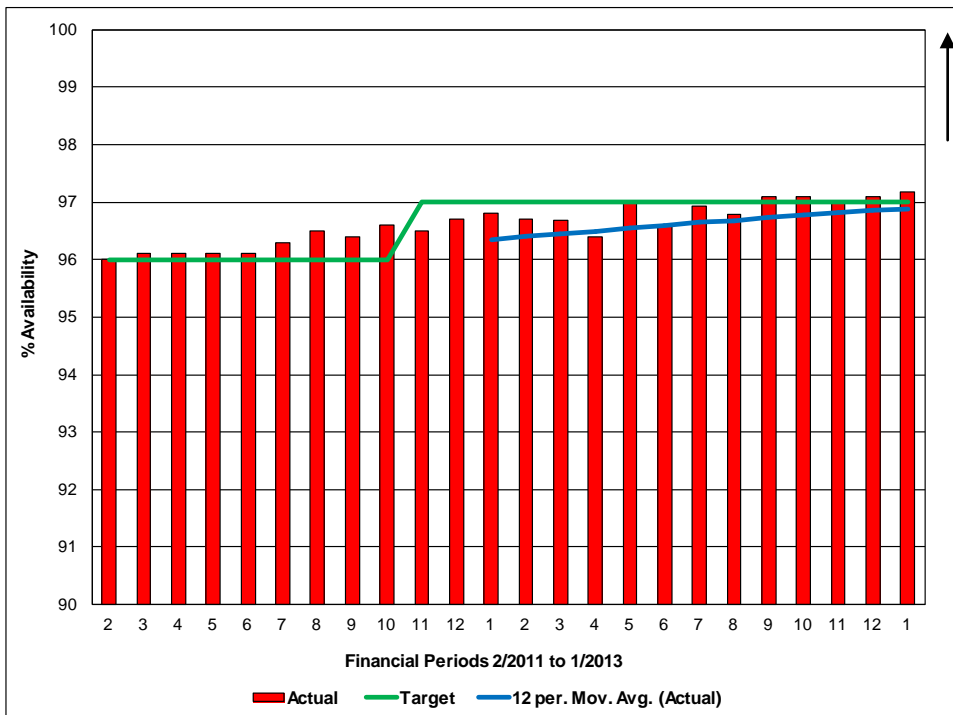
2.8.1 – Elevator Availability



Elevator availability was slightly below target in Period 1 for the first time in 13 periods. This was due to the overhaul of one elevator.

Plans are underway to evaluate the impact of the overhaul schedule on the availability target.

2.8.2 – Escalator Availability

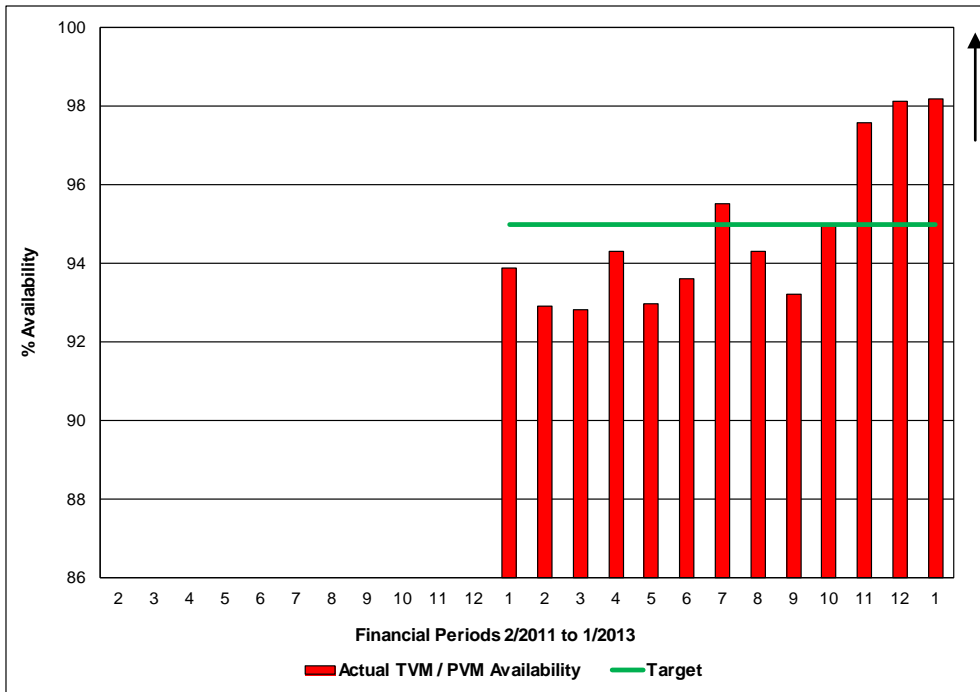


Escalator availability was on target in Period 1 for the fifth consecutive period.

The continuous improvement is the result of several initiatives that were implemented in 2012.

Maintenance schedules for both elevators and escalators are being reviewed to undertaking as much work as possible at times where impact on customers is lower.

2.8.3 – Fare Purchase Opportunity



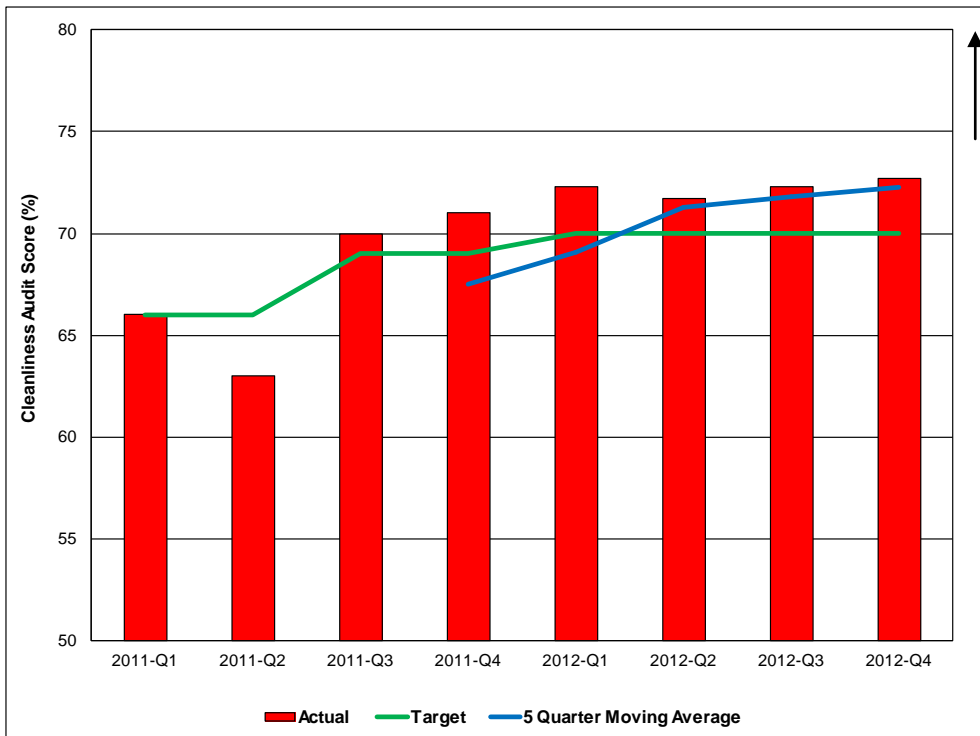
TVM and PVM availability was on target in Period 1 for the fourth consecutive period.

Changes to re-supply and repair remediation strategies have reduced machine downtime, resulting in increased customer fare purchase opportunities.

Locations of high levels of vandalism have been identified. The Transit Enforcement Unit has directed activities to reduce vandalism. These proactive actions have contributed to reduced machine downtime levels.

2.9 – Mystery Shopping and Audits

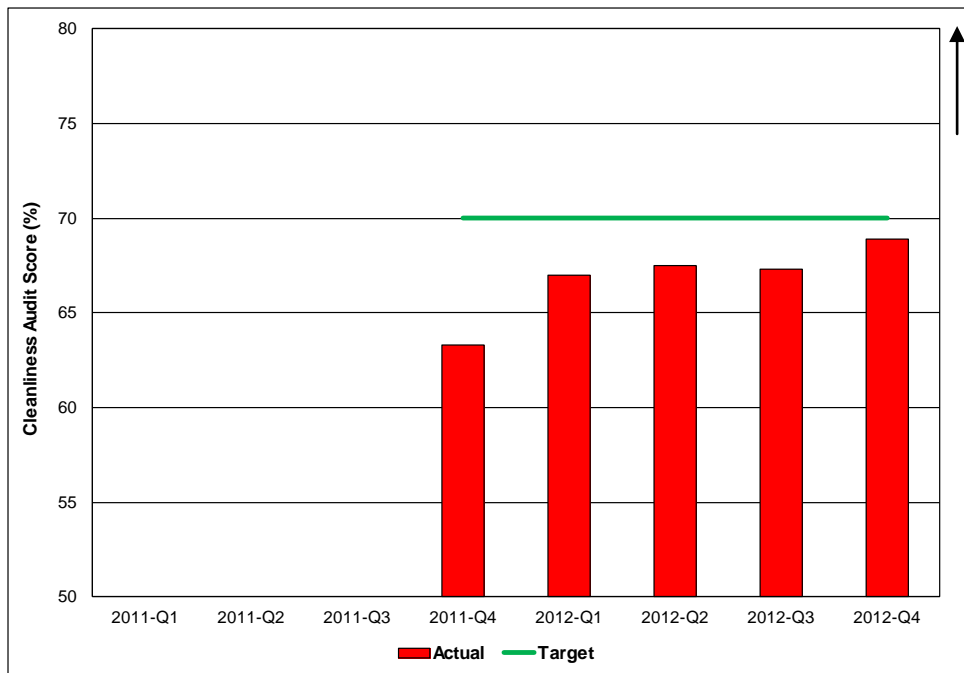
2.9.1 – Station Cleanliness



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



Rail Vehicles:

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.

Buses:

Results in the 4th quarter remained consistent. As of January 13, 2013, bus servicing and cleaning at two locations (Malvern and Mt. Dennis) are being performed by outside contractors. It is expected that this initiative should improve bus cleanliness results in the first quarter of 2013. The remaining five garages will move to a contracted model by November 2013.

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.

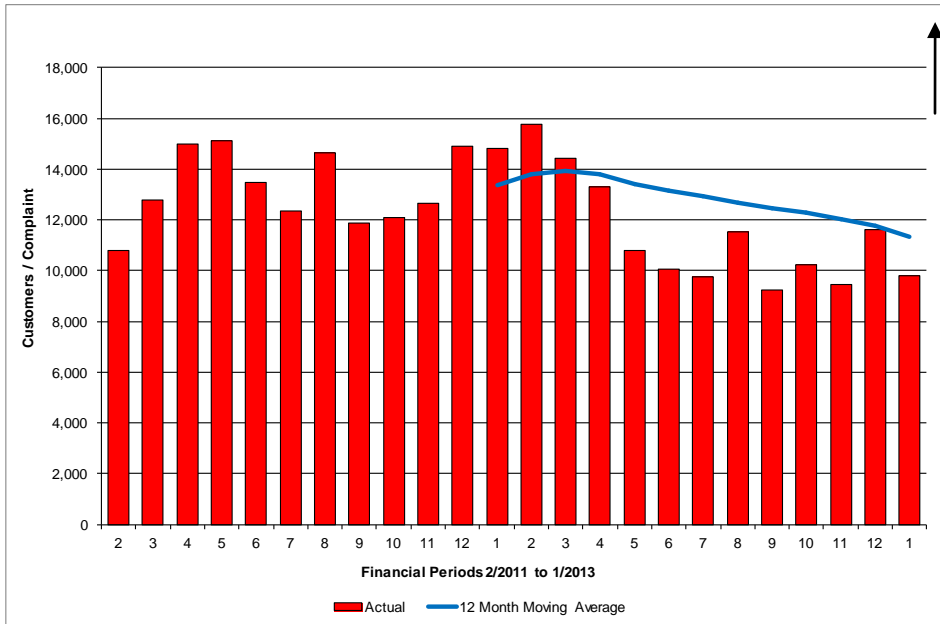
2.9.4 – Staff Helpfulness MSS

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.

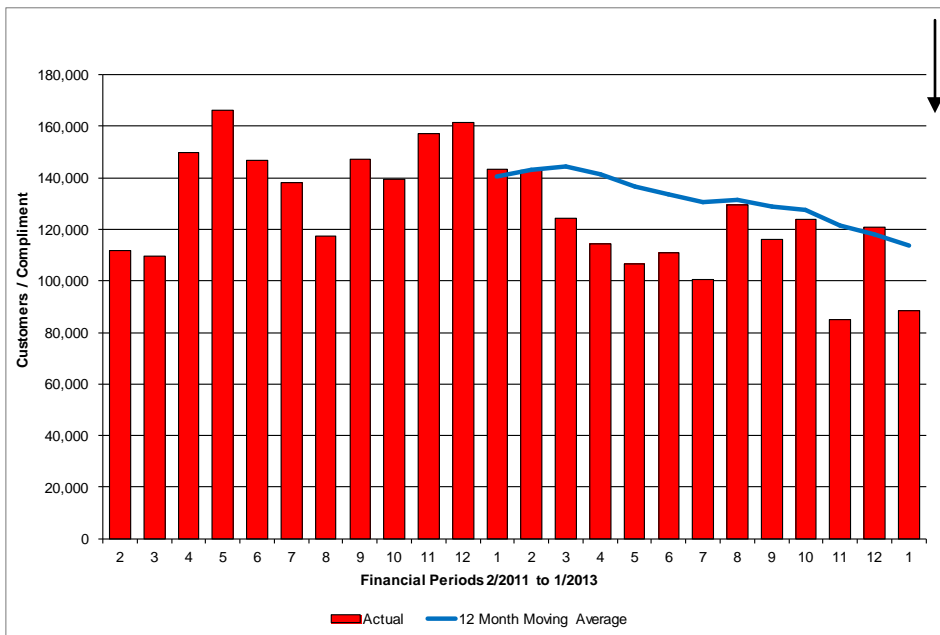
3.1 – Customers / Complaint



After a better Period 12, customers per complaint decreased in Period 1.

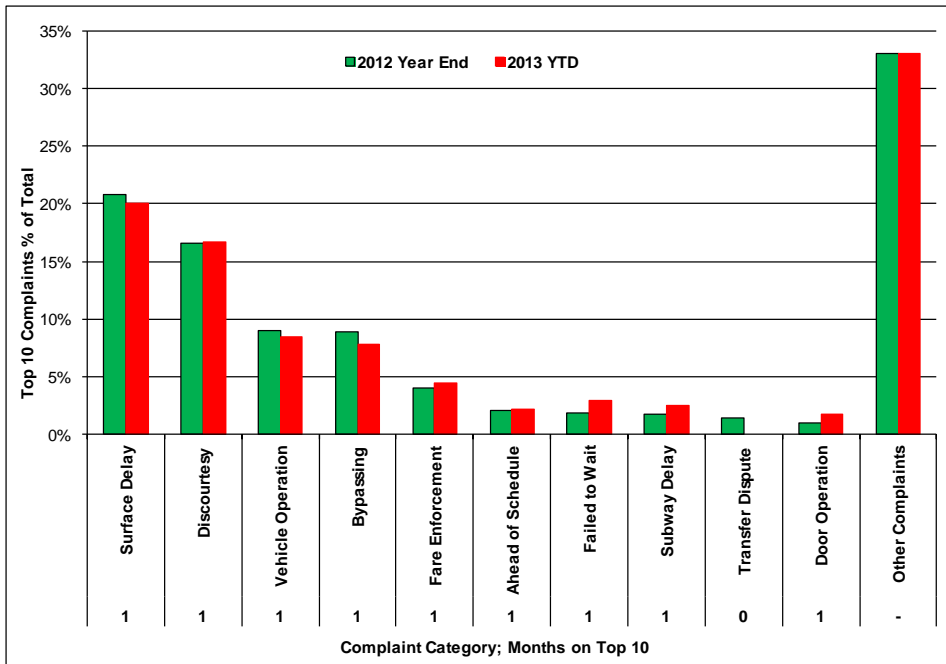
The introduction of longer hours in the Customer Service Centre occurred in March 2012 although changes in complaint volumes did not occur until May / June.

3.2 – Customers / Compliment



Customers per compliment improved significantly in Period 1 compared with Period 12.

3.3 – Top Ten Complaints



The general proportion of type of complaints remained unchanged with the top four categories representing more than 50% of all complaints received.

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.

The TTC has partnered with TTCRiders to deliver four Town Halls around Toronto over the course of 2013. The first is due to be held on March 20th at Metro Hall. This partnership will deliver benefits to both TTCRiders and the TTC.

Six new Group Station Managers (GSM) have been appointed. The GSMs will be responsible for creating and overseeing a new standard to manage subway stations to enhance overall customer experience. The overall change to zones and locally accountable management will progressively be rolled out with significant changes taking place during September.

The installation of new stop poles and maps on the 94 Wellesley route is complete and customer intercept surveys have begun to gather feedback on this trial. Feedback is also being gathered via the ttc.ca website.

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	Spadina (King to north of Lake Shore)	Jun 17/12 – Jun 23/13	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 Toronto) State of Good Repair
YUS Subway	Union Station to St. George Station	Mar 2 – 4/13 Mar 10/13 Mar 17/13 Mar 23 – 25/13	ATC Signal Installation	State of Good Repair

For streetcar closures, a 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.

For subway closures, a frequent accessible bus shuttle service will be initiated between St. George, St. Andrew, and King Stations. Mobility restricted customers will have Wheel-Trans options available at Bathurst, Eglinton West, and Union Stations.

3.6 – Pending Planned Closures

Mode	Area Affected	Dates	Reason	Purpose
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3.7 – Noise & Vibration Update – Three West-End Communities (B-D Subway Line)

Update for February 2013

This is the fifth 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 Aercoustics 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 status to the end of February 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	✓
Aercoustics 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.	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.	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.	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). Provide report to Councillor Milczyn.	7- Dec-12	✓
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.	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 March – 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.	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.	End of Jan - 2013.	✓

Grinding: Why and When

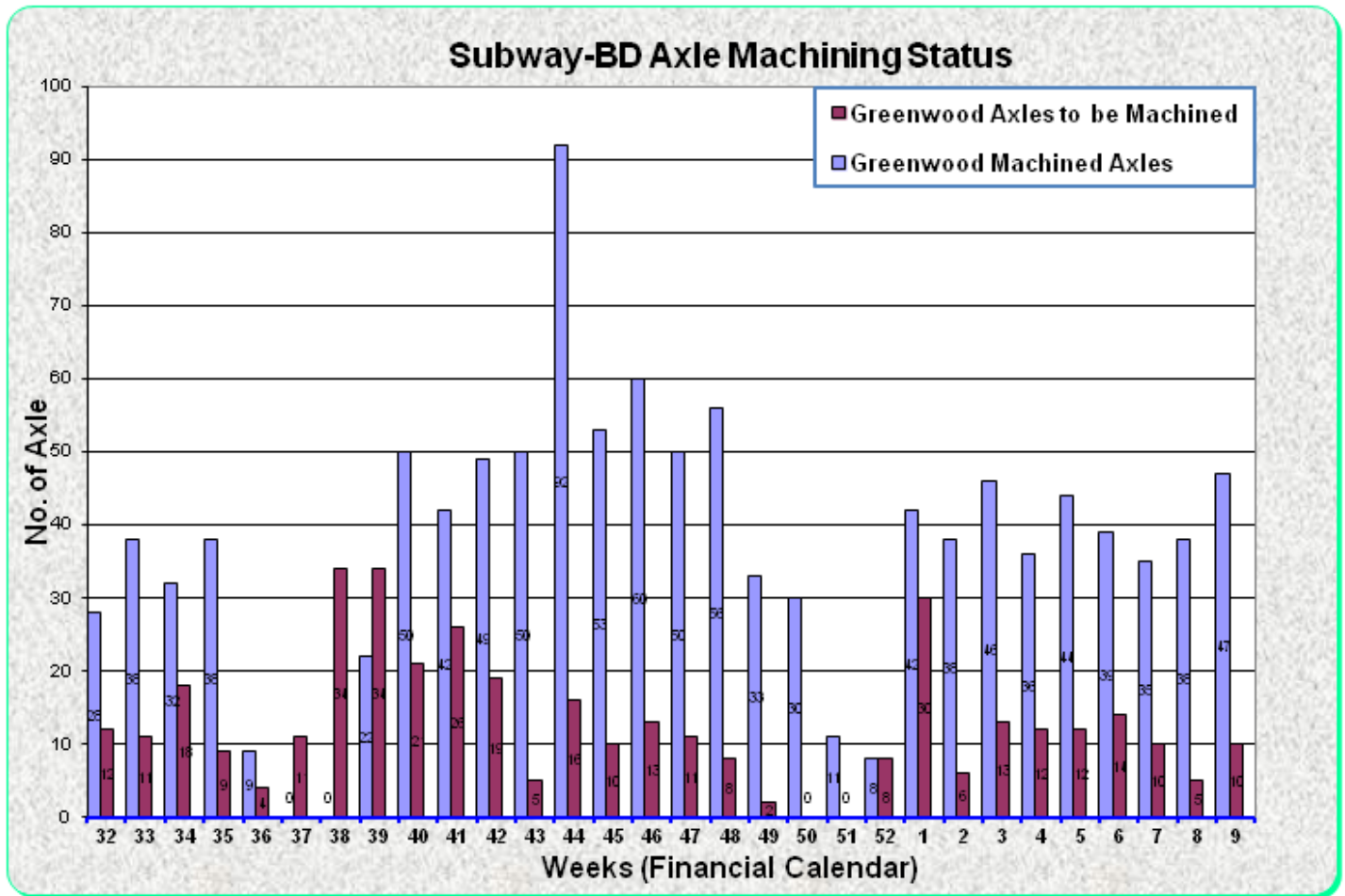
The primary purpose of rail grinding is to remove rail surface defects in order to ensure they do not propagate uncontrollably, potentially leading to a failure of the rail section, and a possible derailment. The need for grinding is established quantitatively, by measuring, very accurately, the condition 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 TTC. Given the size of the TTC'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

Wheel profiling continues to achieve improvement in the number of trains that have been identified for attention.

The chart below is a weekly representation of capacity versus demand and the control of wheel condition backlog.



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 TTC's Capital Program and specific information about selected capital projects is also provided.

4.1 – TTC Operating Budget

2012 Year-End Results

The revenue, expense, and subsidy amounts shown in the following table are preliminary and subject to audit. The final 2012 audited financial statements are scheduled to be presented to the TTC Audit Committee on April 25, 2013.

(millions)	Actual	Budget	Variance
2012 TTC Operating Budget			
Customer Journeys (Ridership)	514	503	11
Revenue*	\$1,087.1	\$1,070.3	\$16.8
Expenses*	\$1,457.1	\$1,481.3	(\$24.2)
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 preliminary surplus of \$41 million reflects the following significant budget variances:

- **Passenger Revenues: \$14.1 million increase.** This favourable variance reflects an 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: \$9.2 million decrease.** Market prices of diesel fuel were lower than budgeted.
- **Other Employee Costs: \$4.6 million decrease.** Lower utilization of certain healthcare benefits accounts for this favourable variance.
- **Accident Claims and Insurance: \$4.6 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.
- **Hydro: \$3.9 million decrease.** The price of hydro was marginally lower than budget and consumption was reduced due to warmer winter weather earlier in 2012 and less electric-vehicle service operated than originally planned.
- **Natural Gas: \$3.4 million decrease.** The market price of natural gas was below budget and consumption was reduced due to warmer winter weather earlier in 2012.

4.2 - Wheel-Trans Operating Budget

2012 Year-End Results

The revenue, expense and subsidy amounts shown in the following table are preliminary and subject to audit. The final 2012 audited financial statements are scheduled to be presented to the TTC Audit Committee on April 25, 2013.

(millions)	Actual	Budget	Variance
2012 Wheel-Trans Operating Budget			
Customer Journeys (Ridership)	2.9	3.1	(0.2)
Revenue	\$5.6	\$5.3	\$0.3
Expenses	\$100.6	\$102.1	(\$1.5)
Subsidy Required	\$95.0	\$96.8	(\$1.8)
Subsidy Available	\$96.8	\$96.8	-
Surplus	\$1.8	-	\$1.8

The preliminary surplus of \$1.8 million primarily 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-End Results

(millions)	Actual	Budget	Variance
2012 Capital Program Budget*			
Base Program Total Costs	\$750.5	\$1,079.8	(\$329.3)
TYSSE Project	\$422.6	\$685.5	(\$262.9)

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

Base Capital Expenditures: \$329.3 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 year-end expenditures were under spent by 30% versus budget (under spending of \$329.3 million before the application of the carry forward). Variances on selected major programs were as follows:

Leslie Barns Maintenance & Storage Facility – (\$99.5) million; significantly delayed in 2012 due to delay in award of facility contract and slippage of Leslie St. Connection Track;

Toronto Rocket/T1 Rail Yard Accommodation – (\$17.8) million; slippage based on schedule refinement and reassessment of 2012 cashflow.

ATC Resignalling Project – (\$47.6) million; schedule slippage of work on various contracts;

Surface Track Program – (\$14.1) million; deferral of trackwork (Queens Quay) and special track work (King & Spadina, Russell Yard) into future years;

Finishes – (\$14.0) million; deferral of roofing work at Malvern and Greenwood Carhouse as well as modifications at Dufferin Station;

Equipment – (\$11.6) million; deferral of bus related equipment work to future years and schedule revision for elevator and escalator overhaul work;

Bridges & Tunnels – (\$19.2) million; delayed work and reduced scope in structure rehabilitation programs;

Easier Access Project – (\$10.4) million; delay of St. Clair West Station work due to property issue and Lawrence West Station tender cancelled;

Other Buildings & Structures – (\$23.0) 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.

Environmental Programs – (\$12.3) million; deferral of remediation work to future years and storage tank design and construction delayed to 2013.

TYSSE Project Expenditures: \$262.9 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 TTC Board 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.

Thirty 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 2012 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 target to 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 (TYSSE) 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. Discussions on logistics of delivery timing of the next two test vehicles led to an optimized test plan. The plan provides for more dynamic test track time and scope in Toronto and in Thunder Bay for the three test vehicles.

The prototype vehicles will undergo extensive vehicle reliability, performance and technology verification tests. System compatibility tests including accessibility features, safety against derailment, platform and on-street boarding interface with the vehicle and bridgeplate and ramp deployment will be performed. Farecard system if available, noise and ground-borne vibration, special trackwork and overhead power interface, etc. will also 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 Barns 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 TTC Board 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 January 2013, 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. Delays to the schedule have been identified and the contractor has been requested to mitigate.

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, and in having to rebuild some curved sections with increased radii to facilitate cable pulling. The HONI contractor now expects to complete the majority of the ductbank by the end of February 2013, approximately two months behind schedule. The specialized high voltage cable has been delivered on site and installation commenced on Lake Shore Boulevard in February. The perimeter of the site will still be handed over to the facility contractor before the contract milestone. Final completion of the HONI work is expected 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 TTC is able to negotiate a fair price for the contract. The tender was posted on December 24, 2012. Tender closed on February 5, 2013. Award was expected by the end of February 2013 however, the bid price submitted by the prequalified contractor significantly exceeded the acceptable range of independent estimates obtained. It also significantly exceeded the budgeted funds for the project. Negotiations with the contractor are on-going, however, in the event that an acceptable agreement cannot be reached, this contract will be publicly advertised which will impact the project schedule by approximately six months.

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 2012. 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 TTC Board 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 detailed project schedule for the overall project through to final implementation and operation. Discussions between Metrolinx and TTC continue towards developing this schedule.

The initial release of PRESTO at the TTC will support the rollout of the new streetcars starting in Q1-2014. The scope of this initial release of PRESTO will include fare payment functionality on-board the new streetcars, off-board at select transit stops and subway stations. An RFP for the farecard equipment to support the initial release has been issued. TTC staff are working with Metrolinx to confirm the details, operational impacts and implementation plan for the initial PRESTO release. In parallel, preliminary testing of the PRESTO network communications continues using existing TTC streetcars.

Field studies to determine whether sufficient power is available at TTC subway stations to support PRESTO equipment are underway, and are schedule to be completed by the end of Q1- 2013. A work plan for the design of the required electrical upgrades at the initial 41 subway stations has been approved. A work plan for the remaining stations will be developed once the field studies are complete.