



## STAFF REPORT ACTION REQUIRED

### 2016 TTC Budgets Process

<b>Date:</b>	May 27, 2015
<b>To:</b>	TTC Board
<b>From:</b>	Chief Executive Officer

#### Summary

---

The TTC is required to approve and submit budgets annually to the City of Toronto for approval by Council.

This includes the 2016 TTC Operating Budget, the 2016 Wheel-Trans Operating Budget and the 2016-2025 TTC Capital Budget.

This report sets out the framework for preparation, review and approval of the 2016 Budgets in concert with the requirements and schedule of the City of Toronto Multi-Year Service Based Planning and Budgeting Process.

#### Recommendations

---

It is recommended that the Board:

1. Endorse the TTC's planned framework for preparation, review and approval of the 2016 Budgets in accordance with the requirements and schedule of the City of Toronto Multi-Year Service Based Planning and Budgeting Process, as set out in this report.

#### Financial Impact

There are no financial impacts associated with this report.

#### Decision History

At its meeting of February 2, 2015 the TTC Board approved the 2015 TTC Operating, 2015 Wheel-Trans Operating and 2015-2024 Capital Budgets. At that meeting, the Board also approved a motion requesting staff to report back to the May 2015 meeting on a more rigorous TTC Budget Process involving the TTC Board. This report is the first step in responding to that request.

[http://www.ttc.ca/About\\_the\\_TTC/Commission\\_reports\\_and\\_information/Commission\\_meetings/2015/February\\_2/Reports/Decisions/Decision\\_2015\\_TTC\\_and\\_Wheel\\_Trans\\_Operating\\_Budgets.pdf](http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2015/February_2/Reports/Decisions/Decision_2015_TTC_and_Wheel_Trans_Operating_Budgets.pdf)

In addition, at its meeting of May 6, 2015, City Council approved a Multi-Year Service Based Planning and Budgeting Process.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX5.18>

## Accessibility/Equity Matters

This report and its recommendations have no accessibility issues or impact.

## Comments

In accordance with the 2016 City Budget schedule (attached) Standing Committees of Council will conduct a Review of Service Levels from June 15 to June 30. The TTC is required to present to the Executive Committee and Staff are currently working on this presentation. It will incorporate a review of service levels in recent years and, as approved by the TTC Board and City Council as part of the 2015 Budgets, a discussion of the implementation of the multi-year roll-out of various service opportunities at an estimated annual cost of \$95 million.

<b>INVESTMENTS</b>	<b>ANNUAL</b>
50 new buses	\$12.0M
10-minute or better network	\$11.3M
All-door boarding	\$5.6M
Reduced wait times & crowding at off-peak	\$9.9M
Subway Service reliability	\$2.8M
Warehouse & Interim Bus Garage Leases	\$30.2M
Restoration of all-day, everyday service	\$5.5M
Subway Service resiliency	\$1.5M
Express Bus network	\$2.7M
Route & Station Management Reviews	\$2.0M
Expanded Blue Night network	\$2.4M
Station Supervisors	\$2.3M
Sub-total	\$88.2M
Elimination of Child Fare (revenue loss)	\$7.1M
<b>Total</b>	<b>\$95.3M</b>

Submissions for the 2016 Budgets are due to the City in June. This is a very tight timeline and staff are currently preparing these budgets in accordance with the City submission requirements (guidelines have been received for the Capital budget and are pending for the Operating budgets) and in consideration of the following:

- Projected 2016 ridership of 555 million
- A City requirement for a 2% efficiency reduction in the net Operating budget (approximately \$10-\$11 million for TTC and \$2 million for Wheel-Trans)
- As part of the 2015 budget approval, City Council also considered TTC's high-level budget forecasts for the years 2016 and 2017. The 2016 projected TTC Operating Budget pressure of about \$100 million (prior to any fare increase) is largely attributed to:
  - The annualization of various service increases/opportunities and customer service enhancements
  - The current Collective Bargaining Agreements with the TTC's unions
  - Inflationary increases, particularly for diesel fuel, utilities, accident claims and employee benefits
  - Increasing vehicle parts requirements as new and more complex vehicles fleets (articulated buses, Toronto Rocket subway cars, LRV streetcars) come off warranty
  - Partially offset by a future fare increase, the format/structure of which has yet to be determined

Refer to page 26 of the Toronto 2015 Budget Operating Analyst Notes

<http://www1.toronto.ca/City%20of%20Toronto/Strategic%20Communication/s/City%20Budget/2015/PDFs/Operating%20Analyst%20Notes/Final%20-%20BC%20Operating%20Notes%20-%20TTC.pdf>

- A \$2.35 billion funding shortfall in the 2015-2024 TTC Capital budget
- Constraints to the City debt envelope (debt service charges must not exceed 15% of the annual property tax assessment)
- While the Spring Federal and Provincial budgets did not announce anything specific to the TTC, base capital budget shortfall, there are new infrastructure funding opportunities we can pursue. Specifically, the New Federal Public Transit fund provides additional Federal funding of \$750 million over two years starting in 2017 and 2018 and increasing to \$1 billion annually thereafter. The Provincial government will be investing more than \$130 billion in public infrastructure over 10 years, including \$31.5 billion in dedicated funds available for public transit, transportation and other priority infrastructure projects under Moving Ontario Forward. The New Provincial Trillium Trust may also provide some relief for the ongoing Capital budget shortfall.

A review of the process, schedule and preliminary budget to the City will be undertaken with the TTC Budget Working Group prior to submission to the City (a meeting will be arranged at the call of the Chair and all Board Members will be invited to attend). TTC staff will meet with City staff during the summer months to review and refine the proposed budgets. The TTC Budget Working Group will review and provide final direction on the 2016 Budgets at a meeting in early September. Staff will then finalize the budgets for formal presentation to the full TTC Board at its meeting of October 28, 2015.

Ongoing reviews with City staff (up to and including the City Manager) and informal reviews by members of the City's Budget Committee will take place throughout September and October. The City will formally launch the 2016 Budgets on December 15<sup>th</sup>. This will be followed by several City Budget Committee meetings in January and a special meeting of the City Executive Committee on February 9, 2016 followed by a special meeting of City Council on February 17 and 18 to approve the overall corporate 2016 Budgets.

## **Contact**

Michael A. Roche, Head of Finance & Treasurer, [michael.roche@ttc.ca](mailto:michael.roche@ttc.ca), Tel. 416-393-3654

## **Attachments**

2016 City Budget Schedule

**City of Toronto**  
**2016 – 2025 Capital Budget Submission Guidelines and Instructions**

**BUDGET SCHEDULE, SUBMISSION REQUIREMENTS  
AND CHECKLIST**

Activity	Operating / Capital Budget - Rate Supported Programs	Capital Budget - City Divisions & Agencies	Operating Budget - City Divisions & Agencies
Budget Submission Deadline	June 15, 2015	June 5, 2015	June 15, 2015
Standing Committee Review of Service Levels	June 15 - June 30, 2015	N/A	June 15 - June 30, 2015
Executive Director, Financial Planning Division Review with Programs and Agencies	July 2 - 16, 2015		
	September 9, 10, 11 & 14, 2015		
BC Members Informal Reviews	September 15 - October 1, 2015	September 15 - October 16, 2015	
CM/CFO Meeting with Programs	September 16 - 28, 2015	September 17 - October 20, 2015	
CM/DCM/CFO Final Meetings	October 6, 2015	October 26, 2015	
Budget Launch - Budget Committee	November 6, 2015 Includes Presentations	December 15, 2015	
Budget Briefings (Budget Committee)	November 13, 2015 <i>(Regular BC Meeting)</i>	January 5, 6, 8 & 11, 2016	
Public Presentations (Budget Committee)	November 13, 2015 <i>(Regular BC Meeting)</i>	January 12, 13 & 14, 2016	
Budget Committee Wrap-Up	N/A	January 18, 2016 <b>(Briefing Notes / Motions / Reports)</b>	
Budget Committee Final Wrap-Up	November 24, 2015 <i>(Afternoon)</i>	January 26, 2016	
Special Executive Committee	December 1, 2015 <i>(Regular Executive)</i>	February 9, 2016 <i>(Special Executive)</i>	
Special Council	December 9 & 10, 2015 <i>(Regular Council)</i>	February 17 & 18, 2016 <i>(Special Council)</i>	

The 2016 to 2025 Capital Budget and Plan Submission for **City Programs and Agencies** is due on **June 5, 2015** while **Toronto Water, Solid Waste Management and Toronto Parking Authority Capital Budget and Plan** and **Operating Budget Submissions** are due **June 15, 2015**.

Your submission must include a **transmittal letter** and **checklist** that are signed by the General Manager or Agency Head addressed to:

Josie La Vita,  
Executive Director of Financial Planning  
7<sup>th</sup> Floor, East Tower, City Hall