



TTC Recommended Budgets: 2020 Operating Budget 2020-2029 Capital Budget and Plan

December 16, 2019

2020 TTC and Wheel-Trans Operating Budget

New and Enhanced Service



✓ **TYSSE**

✓  **10 minute**
network

✓ **Expanded**
Express Bus Network 

✓ **Expanded** 
Blue Night Network

✓  **All-day everyday**
Bus service restored

✓ **Early** 
Sunday opening



Improvements in Service Reliability



✓ **Capacity** 
Improvement initiatives

✓ **Bus** 
Reliability initiatives

✓ **Subway** 
resiliency

✓ **Delivery** 
of scheduled capacity



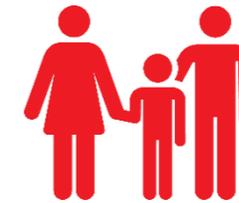
Inclusion & Accessibility Improvements



✓ **2-hour**
transfer 

✓ **Fair Pass**
Discounted fare 

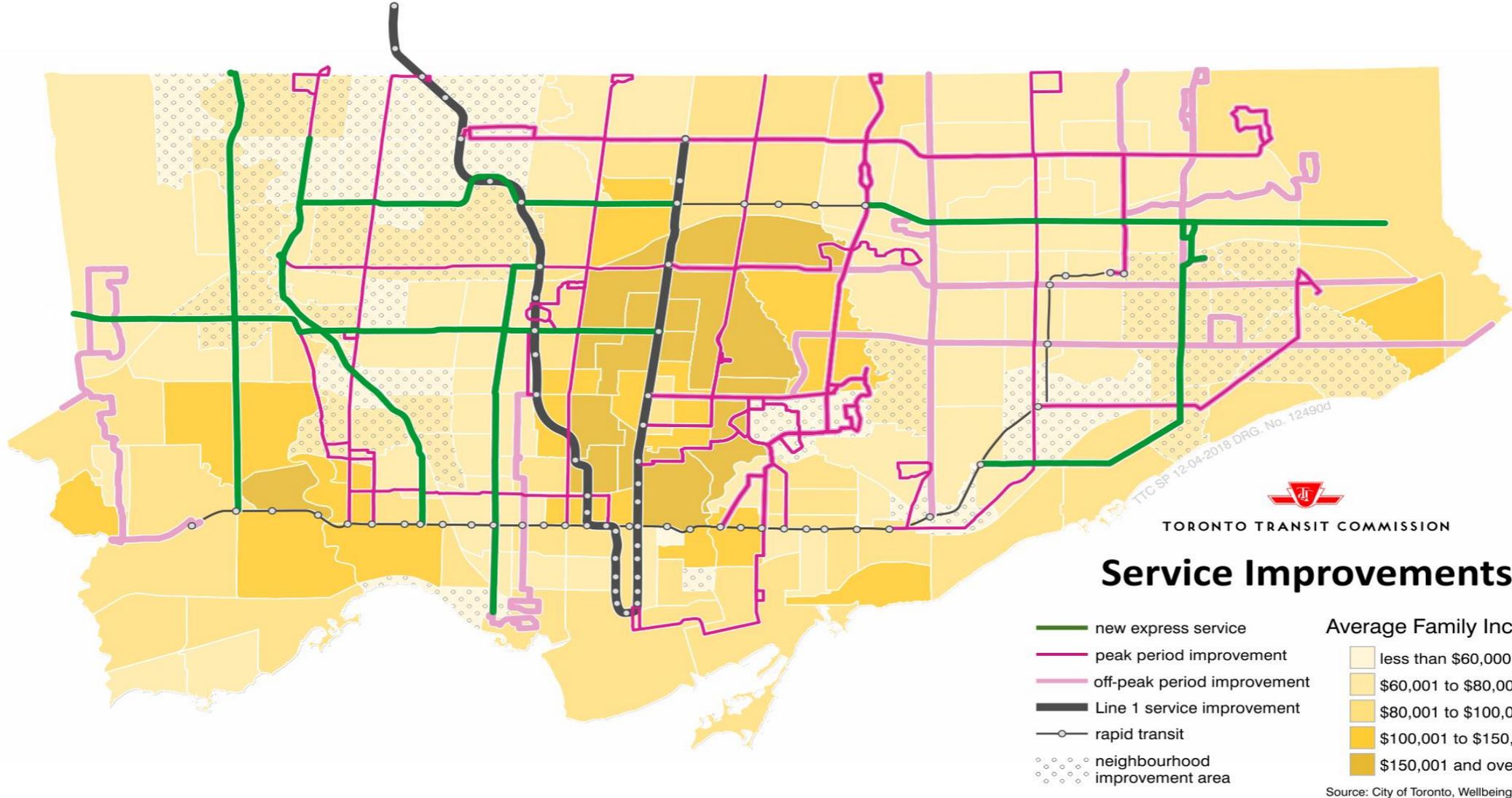
✓ **PRESTO**
implementation 



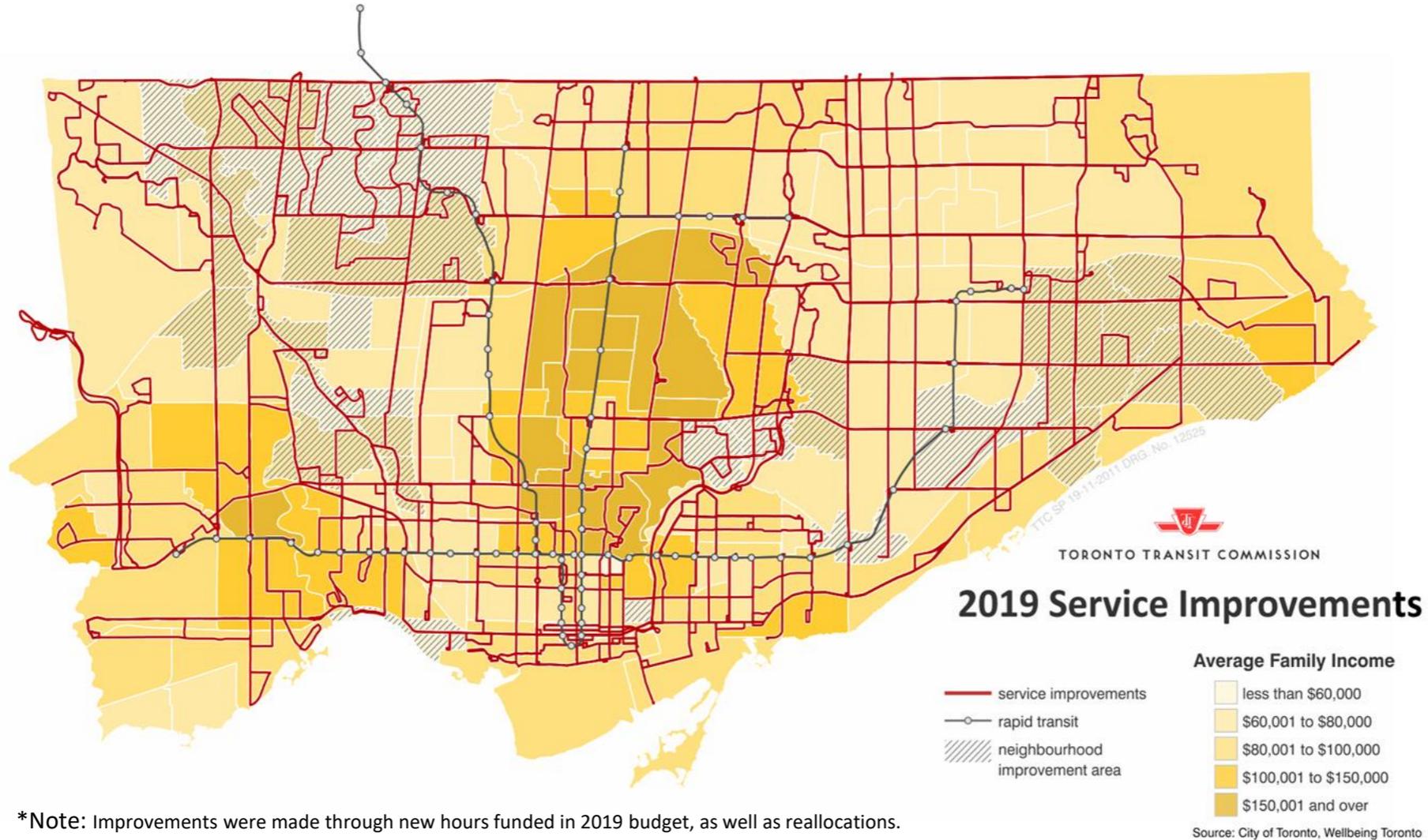
✓ Kids ride
FREE

✓ **Station**
management model 

2018 Capacity Improvements



2019 Service Improvements

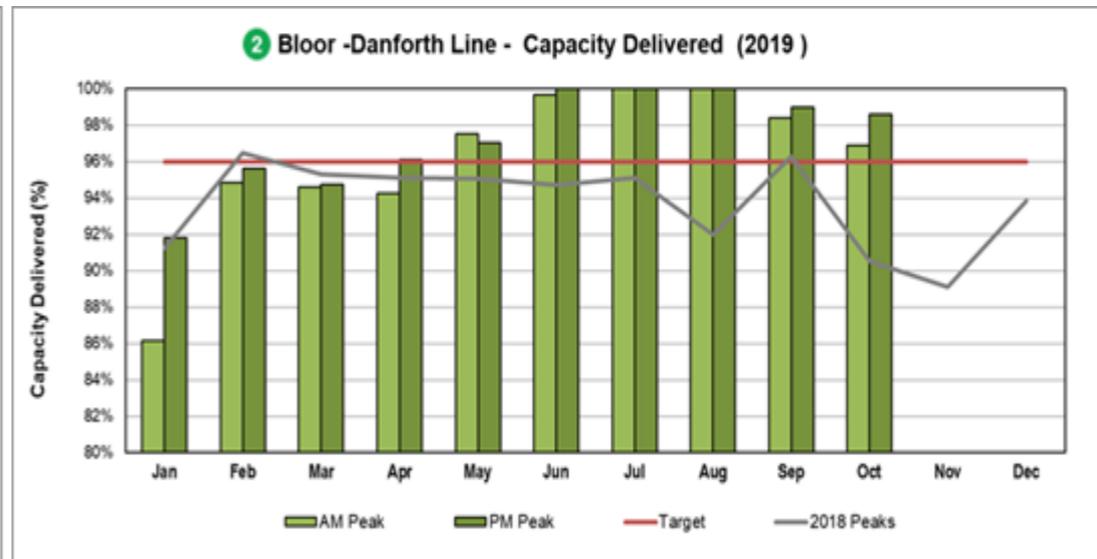
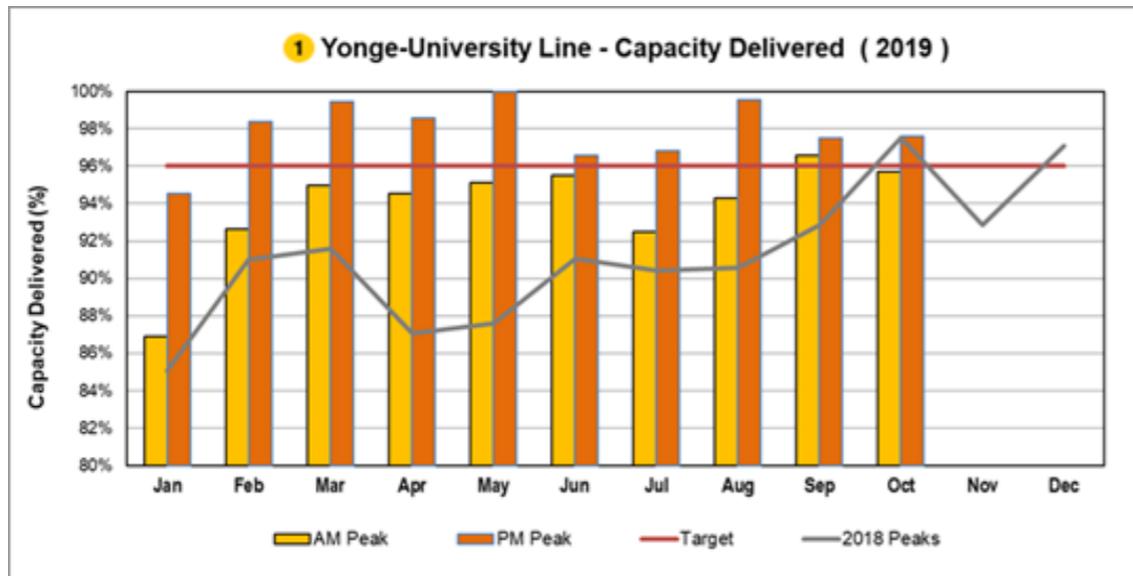


*Note: Improvements were made through new hours funded in 2019 budget, as well as reallocations.



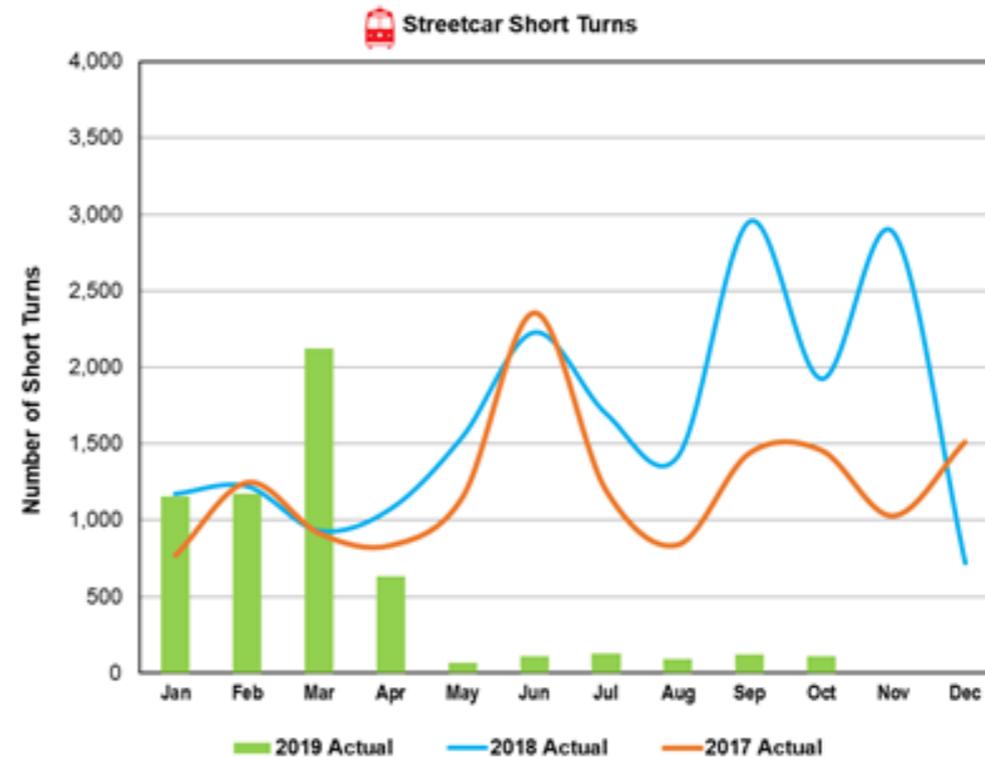
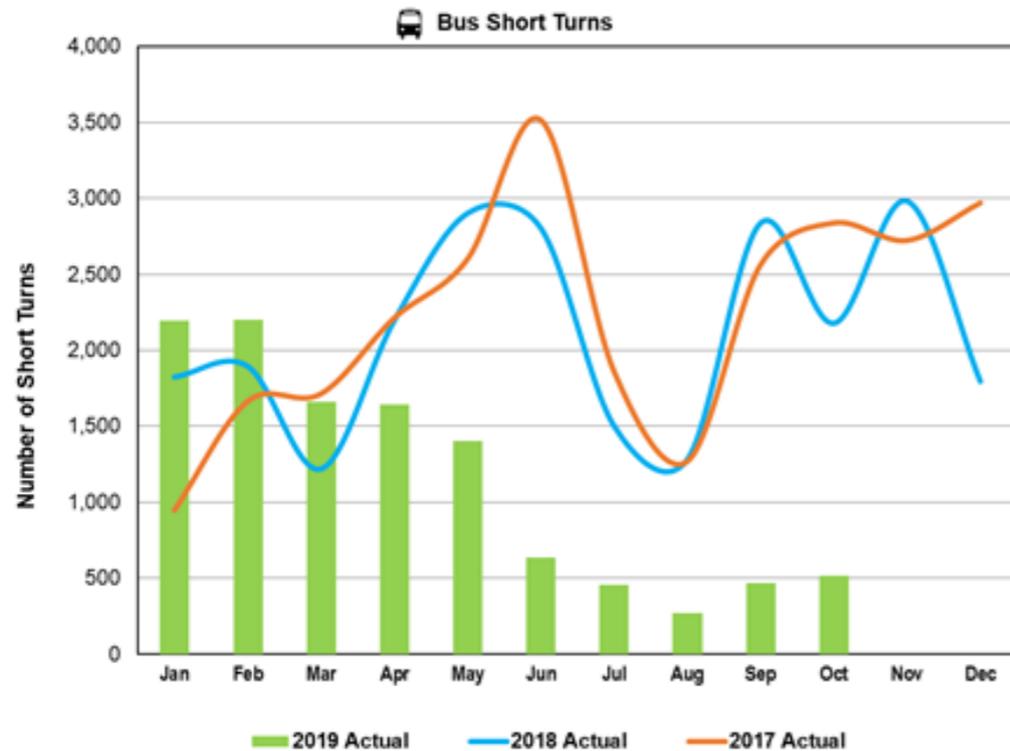
2019 Accomplishments: Delivery of Scheduled Capacity

- Scheduled Surface Vehicles in Service
 - ✓ 100% Scheduled Capacity Delivered
- Subway Capacity Delivery 2019 Actual Performance (bars)
 - ✓ Exceeds 2018 performance (gray line)
 - ✓ Increasingly achieving 2019 target (red line)



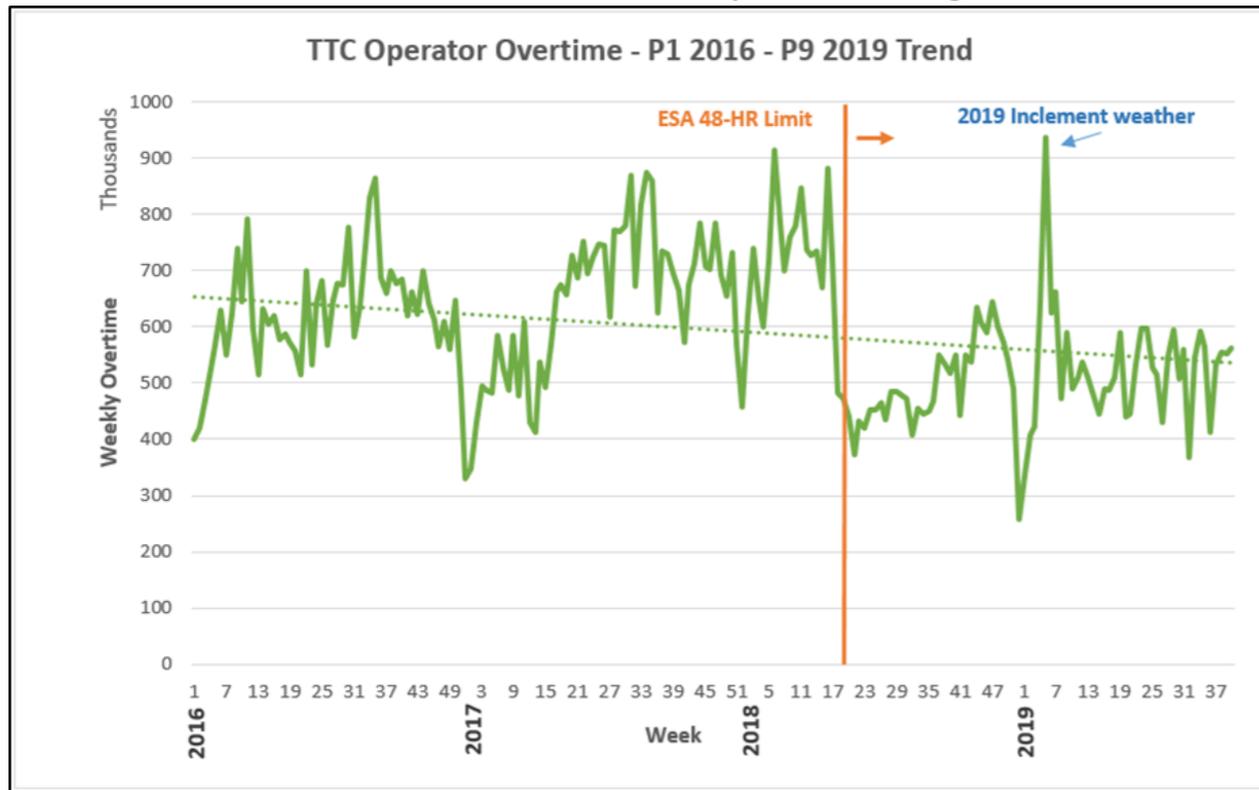
2019 Accomplishments: Reduction in Short Turns

- Significant Reduction in Surface Vehicle Short Turns
 - ✓ Bus 48% Reduction
 - ✓ Streetcar 65% Reduction



2019 Accomplishments: Reduction in Operator Overtime

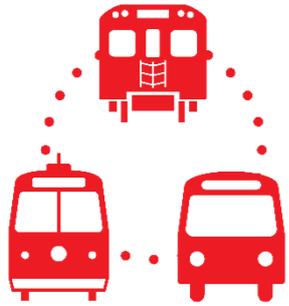
- Hiring of additional operators has:
 - ✓ Provided advertised levels of service
 - ✓ Eliminated service cancellations
 - ✓ Reduced overtime spending



Time Period	Average Weekly Operator Overtime
January 2016 to April 2018	\$646,000
May 2018 to September 2019	\$511,000
Average weekly change	\$135,000
Percent reduction	21%
Annualized Overtime Reduction	\$7 million



2020 Service Objectives and Outcomes



Customer Satisfaction

Seamless and reliable transit service



Financial sustainability

Transform to solidify fiscal foundation



Inclusion and Accessibility

Inclusive & accessible service provider



System resiliency

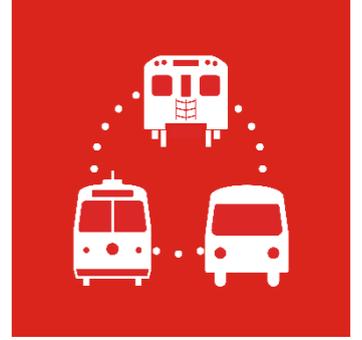
Prepare for future demand

TTC Conventional & Wheel-Trans Operating Budgets

(In \$Millions)	2019 Approved Budget	2020 Base Budget Changes	2020 Base Budget Submission	2020 New & Enhanced	2020 Recommended Budget	Change v. 2020 Budget	
						\$	%
By Service							
Revenues							
TTC Conventional	1,288.6	56.0	1,344.6		1,344.6	56.0	4.3%
Wheel-Trans	8.1	1.1	9.2		9.2	1.1	13.6%
Total Revenues	1,296.7	57.1	1,353.8		1,353.8	57.1	4.4%
Expenses							
TTC Conventional	1,910.6	67.3	1,977.9	9.3	1,987.2	76.6	4.0%
Wheel-Trans	149.1	7.2	156.3	0.2	156.5	7.4	5.0%
Total Gross Expenditures	2,059.7	74.5	2,134.2	9.5	2,143.7	84.0	4.1%
City Funding							
TTC Conventional	622.0	11.3	633.3	9.3	642.6	20.6	3.3%
Wheel-Trans	141.0	6.1	147.1	0.2	147.3	6.3	4.5%
Total City Funding	763.0	17.4	780.4	9.5	789.9	26.9	3.5%
Approved Positions	15,951	158	16,109	58	16,167	216	1.4%



Customer Satisfaction



Objective	Priority Actions	Outcome
Seamless and reliable transit service	<ul style="list-style-type: none">▪ Preserving service levels and recent service improvements<ul style="list-style-type: none">▪ 2-hour transfer▪ Capacity improvements▪ Delivery of expected service standards (hiring of additional operators)▪ Reliability initiatives<ul style="list-style-type: none">▪ Run as directed buses▪ PRESTO implementation <p>New:</p> <ul style="list-style-type: none">▪ Improvements to surface transit schedules	Customer satisfaction



Inclusion and Accessibility



Objective	Priority Actions	Outcome
Inclusive & Accessible service provider	<ul style="list-style-type: none">▪ Family of Services model New: <ul style="list-style-type: none">▪ Ombudsman recommendations<ul style="list-style-type: none">▪ Anti-Racism Strategy▪ TEO Independent Complaints Office▪ Wheel-Trans improved call wait time	Inclusion and accessibility



Financial Sustainability



Objective	Priority Actions	Outcome
Transform to solidify fiscal foundation	<ul style="list-style-type: none">▪ Implementation of Auditor General recommendations▪ Materials & Procurement Transformation▪ Shared Services▪ Efficiency Measures▪ Metrolinx Cost Recovery▪ Revenue Protection Initiatives <p>New:</p> <ul style="list-style-type: none">▪ Business Transformation	Financial sustainability



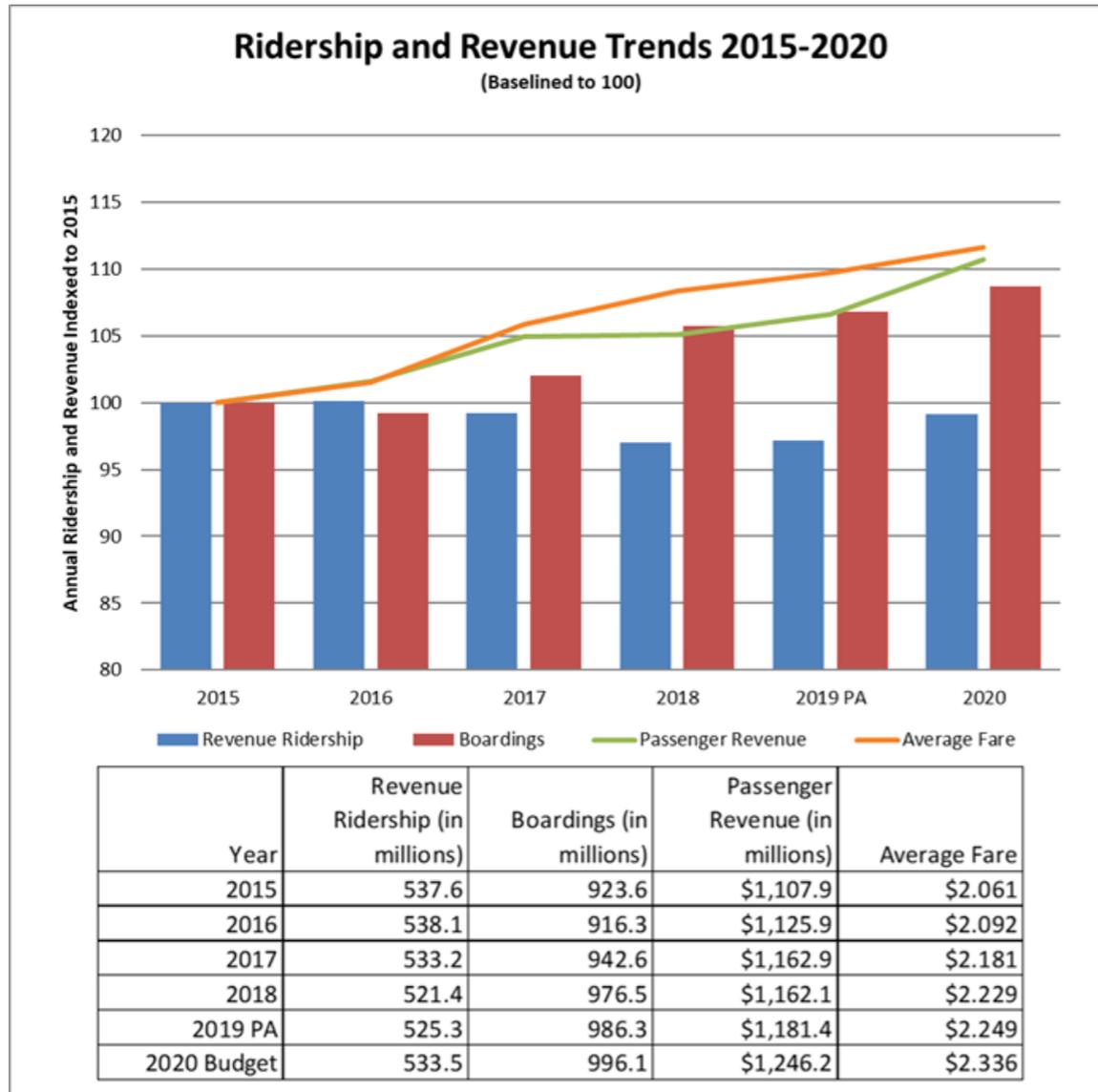
System Resiliency



Objective	Priority Actions	Outcome
Innovate for future demand	New: <ul style="list-style-type: none">▪ 5 Year Fare Policy & 10 Year Fare Collection Strategy▪ Mid-block Stops Review▪ Line 5 Eglinton LRT Startup	System resiliency



TTC Ridership and Revenue



Vehicle Boardings

- Gradual & Consistent increase

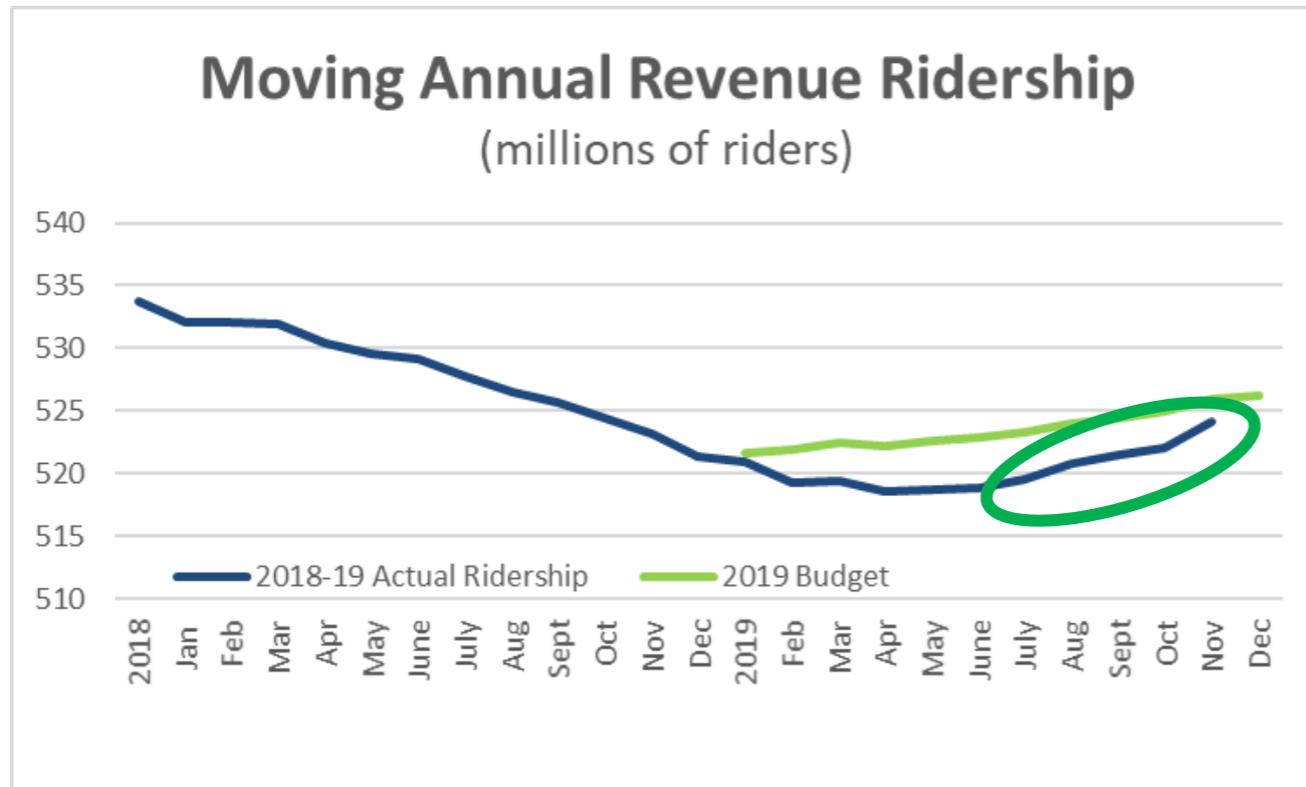
Change in Measured Ridership due to:

- Transition to PRESTO
e.g. metropass to E-Purse
- Fare policy changes
e.g. Two Hour Transfer & Volume Incentive Program

Ridership revenue not keeping pace with combined effect of service demands and cost escalation.



TTC Ridership and Revenue



- **Measured Revenue Ridership Growth starting April 2019**
 - Consistent with:
 - Employment growth trend
 - PRESTO adoption reaching maturity
- **Projecting 1% revenue ridership growth for 2020.**



Base Pressures and Revenue Changes

Base Pressures & Revenue Changes (\$Millions)				
Description	Gross	Revenue	Net	Pos.
Base Pressures:				
Prior Year and Inflationary Pressures				
Reversal of 2019 Stabilization Reserve Draw		(15.4)	15.4	
Undetermined Corporate Reduction One-Time Items	11.5		11.5	
Other Prior Year Impacts, Including April 1, 2019 Fare Increase	8.9	12.0	(3.1)	10
Collective Bargaining Agreement	26.4		26.4	
Economic Factors & Legislative Changes (Energy, Benefits, Contracts)	32.0		32.0	
Subtotal: Prior Year and Inflationary Pressures	78.8	(3.4)	82.2	10
Preserving Service Reliability TTC & Wheel-Trans	16.7		16.7	88
Operating Impact of Capital & Other Base Pressures	5.8	3.5	2.3	57
Positions required for Capital programs & Revenue Protection				124
Subtotal: Base Pressures	101.3	0.1	101.2	279
Efficiencies and Reduction Actions (details on next slide)	(31.6)	0.0	(31.6)	(121)
Total 2020 TTC Base Pressures before Revenue Changes	69.7	0.1	69.6	158
Base Revenue Changes:				
Revenue Ridership Growth		10.2	(10.2)	
Average Fare, Based on 2019 Experience		(14.7)	14.7	
Discount Double Fare (Agreement ends March 31, 2020)		(1.1)	1.1	
Subtotal: Base Revenue Changes	0.0	(5.6)	5.6	0
Total 2020 TTC Base Pressures & Revenue Changes	69.7	(5.5)	75.2	158

\$82M Prior Year & Inflationary

- \$27M Prior Year Funding Strategies
- \$26M Collective Bargaining
- \$32M Economic Factors & Legislation
 - Energy Prices (incl. carbon tax)
 - Contract Prices
 - Benefits (incl. CPP & OHIP+ changes)

\$16M Preserving Service reliability TTC & Wheel-Trans:

\$5M Net Revenue Pressure:

- Reflecting 2019 experience (\$14 million under budget) &
- 2020 ridership growth

\$75M base budget pressure

- After \$31M of efficiencies (no service impact)



Budget Reductions and Efficiency Measures

Efficiencies & Reduction Actions (\$Millions)				
Description	Gross	Revenue	Net	Pos.
Operating Impact of Capital:				
Vehicle Renewal including: Fuel consumption savings & Legacy streetcar retirement	(7.6)		(7.6)	(29)
Subtotal: Operating Impact of Capital	(7.6)	-	(7.6)	(29)
Base Budget Reductions				
Base Budget Reductions (Line by Line)	(4.5)		(4.5)	
Unspecified Budget reduction	(2.6)		(2.6)	
<u>Shared Services:</u>				
Diesel Hedging	(5.0)		(5.0)	
Diesel RFP improved discount relative to market price	(2.1)		(2.1)	
Subtotal: Base Budget Reductions	(14.2)	-	(14.2)	-
Implementation of AG Recommendations:				
Bus Maintenance - Warranty Recoveries	(3.5)		(3.5)	
M&P Transformation	1.5		1.5	10
M&P Transformation funding - Bus Maintenance alternative sourcing of parts	(1.5)		(1.5)	
Bus Maintenance - After-market parts savings	(0.3)		(0.3)	
Subtotal: Implementation of AG Recommendations	(3.8)	-	(3.8)	10
Efficiency Measures:				
Service Delivery Efficiencies	(0.6)		(0.6)	(78)
Transit Control Service Accountability	(0.7)		(0.7)	(7)
Wheel-Trans Efficiencies	(3.8)		(3.8)	
Step Backs and Average Hours per Crew- Subway	(0.9)		(0.9)	(17)
Subtotal: Efficiency Measures	(6.0)	-	(6.0)	(102)
Total 2020 Efficiencies & Reduction Actions	(31.6)	-	(31.6)	(121)

- \$31.6M in savings
- No Impact to Service
 - Vehicle Renewal: Maintenance and Fuel Consumption Savings
 - Expenditure Reductions based on 2019 Experience
 - Shared Services: New Diesel Contract & Hedging
 - Auditor General Recommendations
 - Efficiency Measures.



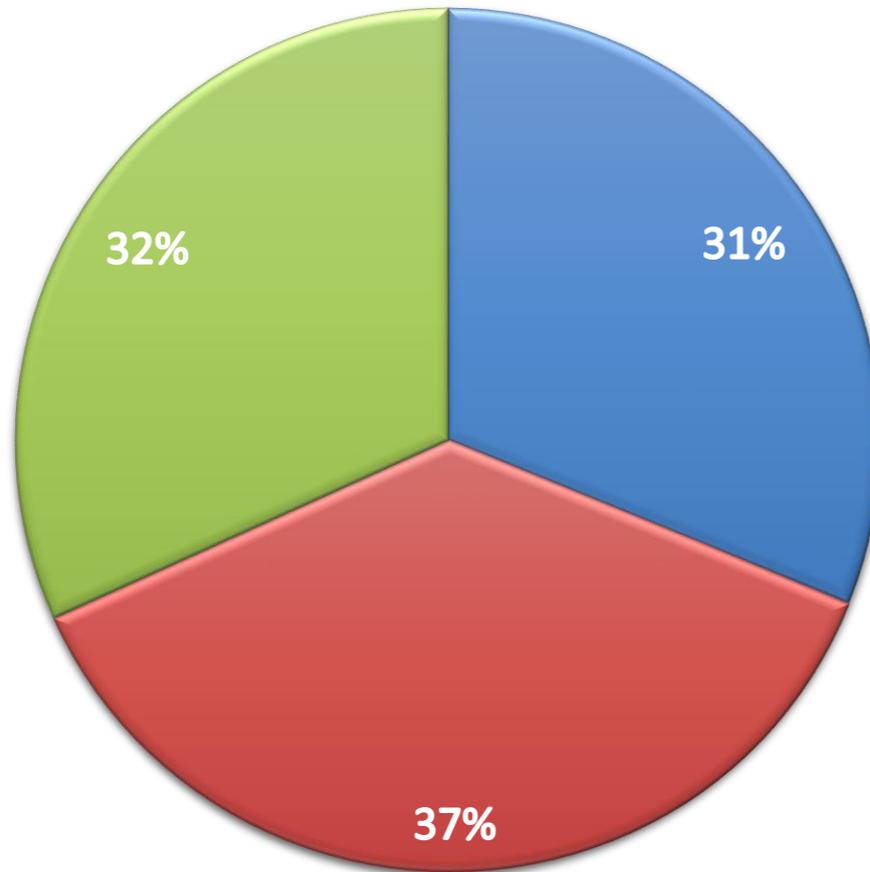
New & Enhanced Service Priority Actions

New & Enhanced Service Priority Actions (\$Millions)				
Description	Gross	Revenue	Net	Pos.
2020 TTC Base Pressures & Revenue Changes	69.7	(5.5)	75.2	158
New & Enhanced Service Priority Actions:				
Improvement to Surface Transit Schedules	3.7		3.7	36
Wheel-Trans Call Centre: Reduce Peak Wait Time	0.2		0.2	
Anti-Racism Initiative (Ombudsman recommendation)	1.8		1.8	4
TEO Independent Complaints Office (Ombudsman recommendation)	1.0		1.0	7
Business Transformation	1.6		1.6	4
5 year fare policy and 10 year collection strategy	1.0		1.0	
Eglinton LRT Operations start-up - (5 pos. funded by MX)	0.2		0.2	7
Subtotal: New & Enhanced Service Priority Actions	9.5	0.0	9.5	58
Total 2020 TTC Base Pressures, Revenue Changes and New & Enhanced	79.2	(5.5)	84.7	216



Funding Sources

Funded: \$84.7 million



Funding Sources	
Revenue Protection & Cost Recovery	26.4
10 cent Fare Increase March 1, 2020	31.4
City Funding Increase	26.9
Total Funding Sources	84.7

■ Revenue Protection & Cost Recovery ■ Fare Increase ■ City Funding



Revenue Protection & Metrolinx Cost Recovery

Revenue Protection Initiatives



- Data Driven, Risk Based Approach
- Closed Fare Lines
- 50 Additional Transit Enforcement Officers
- \$7 million net recovery included in budget

Metrolinx Cost Recovery



- Incremental bus service, due to LRT Construction Delays
- Contractual Obligation to Fund
- No Recoveries Since March 2017
- \$19.4 million recovery for 2020 Service included in budget



2020 Recommended Fare Increase

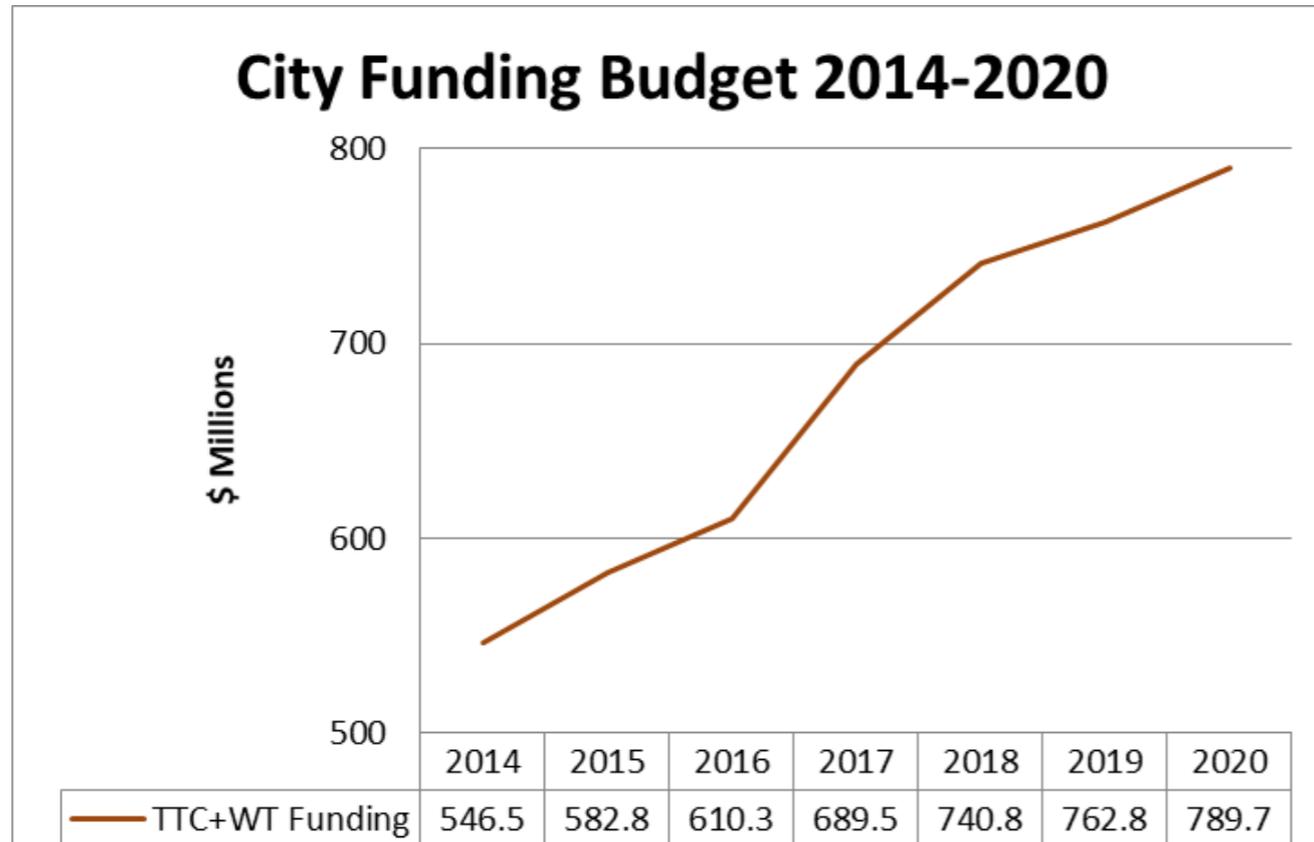
Description	Current Fares	Recommended Fares	Price Change
Adult Fares			
Cash / PRESTO ticket	\$3.25	\$3.25	\$0.00
Token / PRESTO E-Purse	\$3.10	\$3.20	\$0.10
Fair Pass - single fare	\$2.05	\$2.10	\$0.05
PRESTO Monthly	\$151.15	\$156.00	\$4.85
PRESTO 12 Month (Price per Month)	\$138.55	\$143.00	\$4.45
Fair Pass - Monthly	\$119.40	\$123.25	\$3.85
PRESTO Monthly Post-Secondary	\$122.45	\$128.15	\$5.70
Senior & Youth Fares			
Cash	\$2.20	\$2.30	\$0.10
Ticket	\$2.15	\$2.25	\$0.10
PRESTO E-Purse	\$2.15	\$2.25	\$0.10
PRESTO Monthly	\$122.45	\$128.15	\$5.70
PRESTO 12 Month (Price per Month)	\$112.25	\$117.45	\$5.20
Other Fares			
PRESTO Day pass	\$13.00	\$13.50	\$0.50
PRESTO Downtown Express pass	\$44.45	\$45.90	\$1.45

- **10 Cents Fare Increase**
 - Effective March 1, 2020
 - 1.1M ride impact
- **No adult cash fare increase**
- Expected to generate \$31.4M



City Funding Request

- Substantial Investment in Transit by City of Toronto.



2014 - 2019:

- \$216M (40%) increase
- \$43M (7%) Average Annual Increase

2020:

- \$26.9M (3.5%) request.



Outlook for 2021 & 2022

TTC Outlook 2021 and 2022: Base Incremental Funding Requirements (\$Millions)		
TTC Conventional & Wheel-Trans	2021	2022
Economic Factors		
Energy, Carbon Tax, Benefits, Material Price Increase	44.4	25.0
Collective Bargaining	8.1	
Prior Year Impacts		
2020 Fare Increase	(6.2)	
Stabilization Reserve	2.0	
Unspecified Reduction reversal	2.6	
Reversal of one time initiatives (Fare Policy and Business Transformation)	(2.6)	
Improve Surface Transit Schedules (5-Year Service Plan)	1.3	
Service Delivery Efficiencies	(1.0)	
M&P Transformation	1.3	
Operating Impact of Capital		
McNicoll Garage & Master Sign-up	4.4	(0.5)
Eglinton Crosstown LRT	30.1	34.0
One Person Train Operation (YUS)		(11.1)
Vehicle & IT Projects	9.1	2.2
Base Changes		
Wheel-Trans Ridership Increase (3% in 2021, 3% in 2022)	1.8	1.9
Other Base Changes	11.4	13.1
Base Reductions and Efficiencies		
Family of Services Efficiencies	(1.5)	
Other Efficiencies	(1.4)	(0.2)
Revenue Changes		
Revenue based on Ridership	(12.6)	(13.4)
New & Enhanced Service Priority Actions		
5-year Service Plan and Service Reliability improvements	10.0	18.3
Other Net New initiatives	0.7	
Overall Combined Base Funding Pressure	101.9	69.3

Outlook Pressures

- \$102M for 2021 & \$69M for 2022

- **Excludes:** Collective Bargaining Provisions after March 31, 2021 Local 113 Contract Expiry

Key Drivers:

- **Eglinton LRT:** \$64 million annual impact by 2022
- **5 Year Service Plan**
- **Annual Escalation**
 - Energy, Benefits, Contracts



TTC 15-Year Capital Investment Plan & 2020 – 2029 Capital Budget & Plan



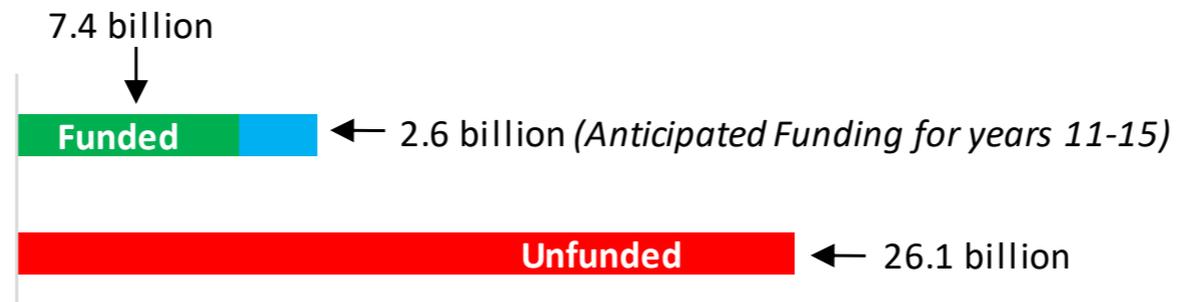
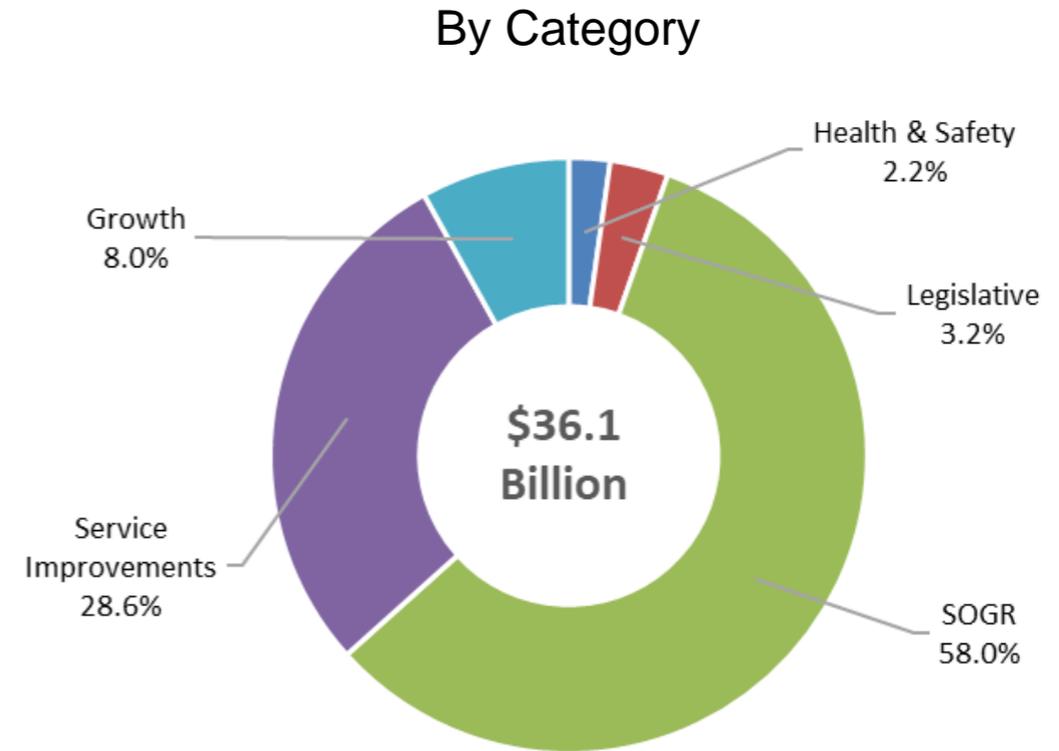
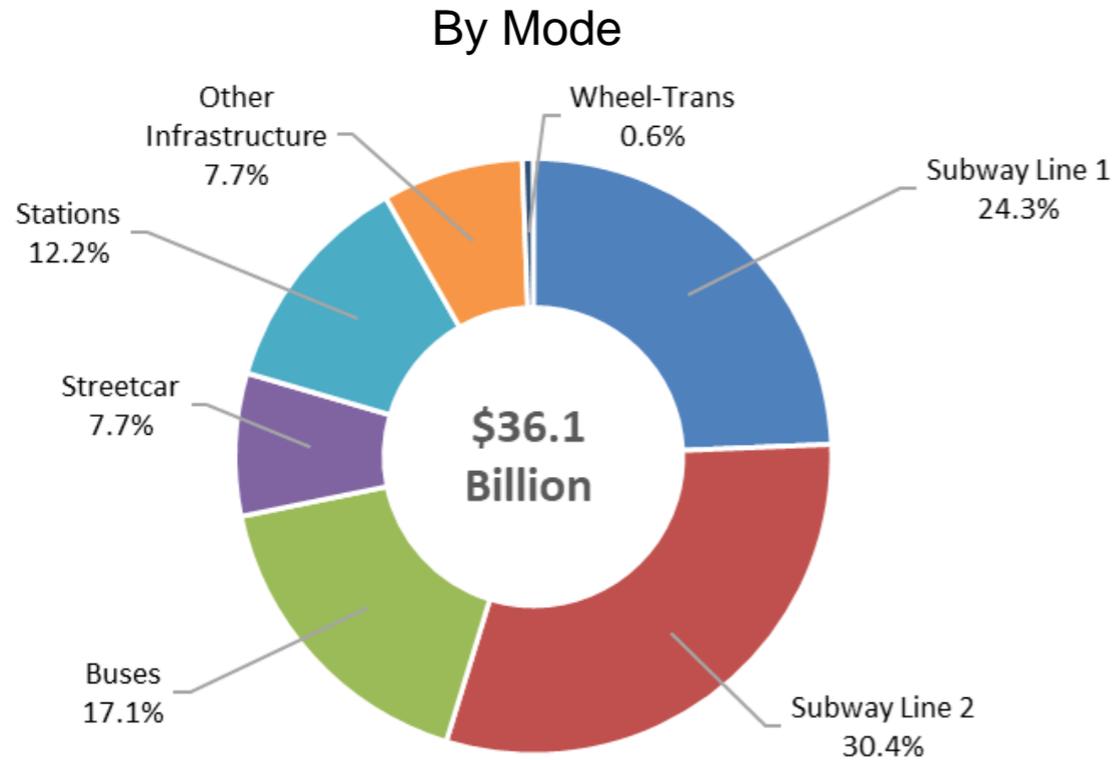
Capital Investment Plan: Purpose

The Capital Investment Plan provides:

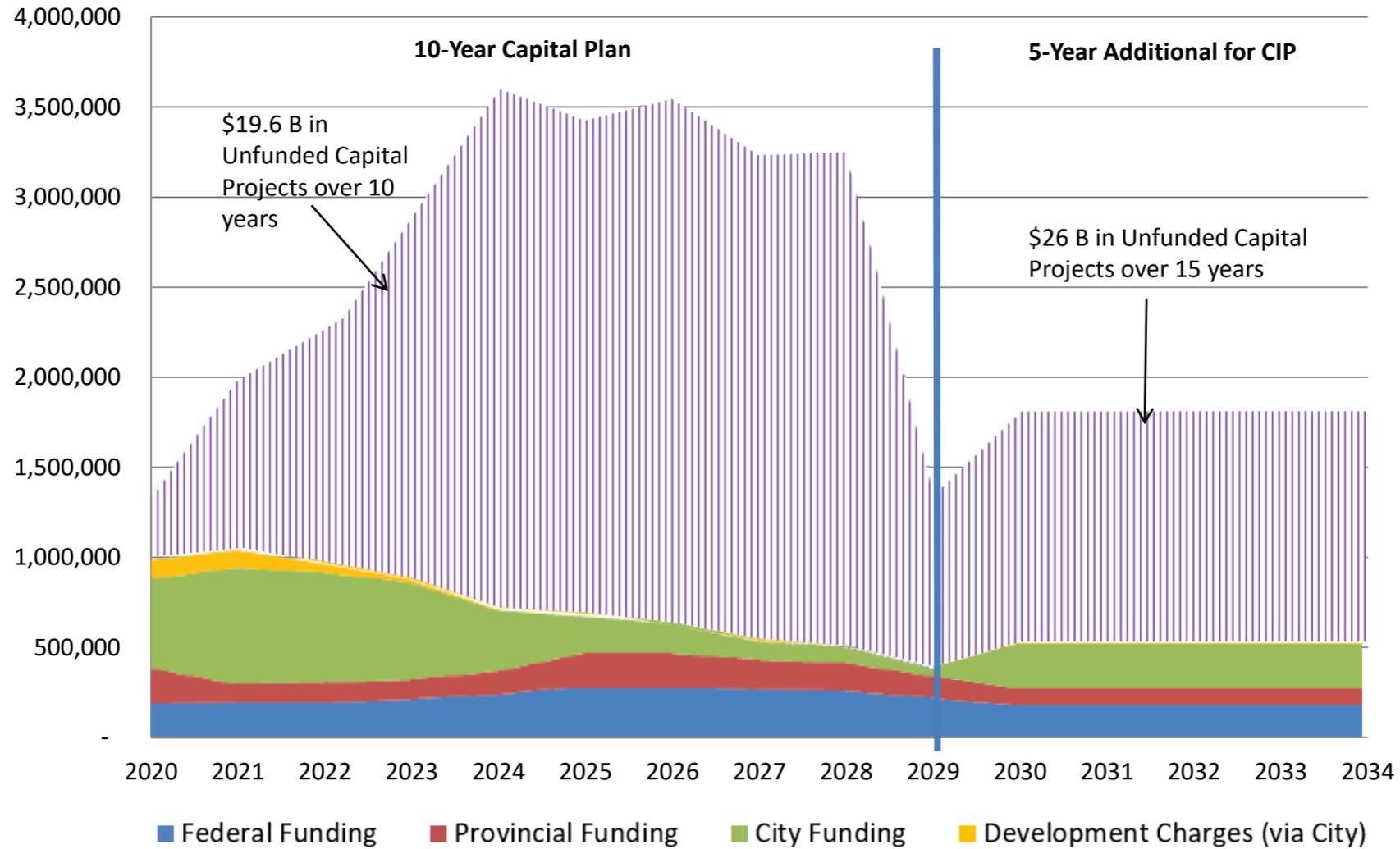
- A clear view of required capital investments over the next 15 years
- Increased focus on (base) state of good repair and growth projects
- A distinction between what capital requirements are funded vs. unfunded
- The value of investing and the risks of failing to invest
- A multi-year planning tool



2020-2034 Capital Investment Plan: Overview



2020-2034 Capital Investment Plan: Funded vs Unfunded



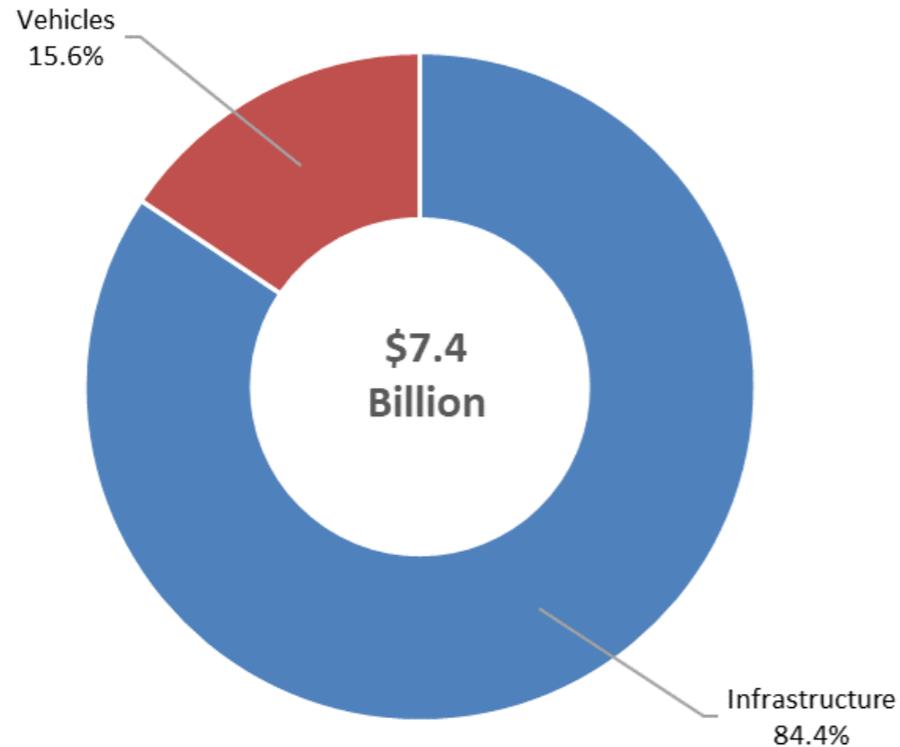
2020-2029 Recommended Capital Budget & Plan

- Establishes a steady state of good repair maintenance program
- Ensures in-flight projects are fully funded for their completion
- Maximizes funding for vehicle overhaul programs given limited funding for purchases
- Adds the Yonge-Bloor Capacity Improvement Project as a priority project
- Funds planning and studies to advance capital initiatives not currently funded
- Enables TTC to establish Enterprise Asset Management practices in preparation for legislative requirements.

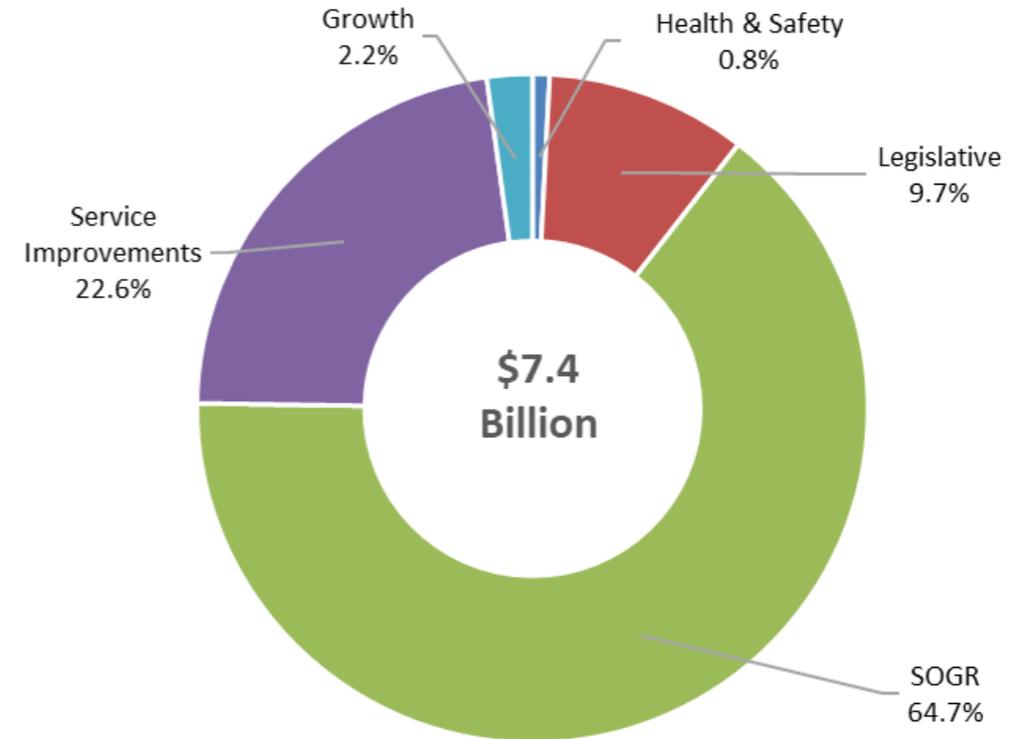


2020-2029 Capital Budget & Plan: Overview

By Mode

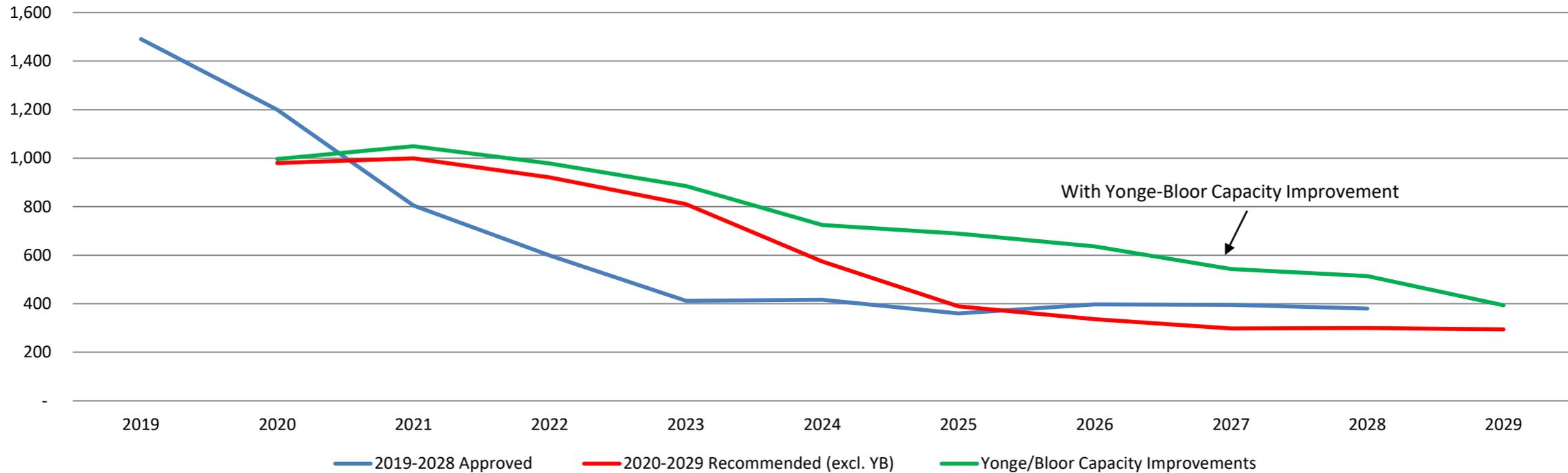


By Category



2020-2029 Capital Budget & Plan: Comparison to 2019

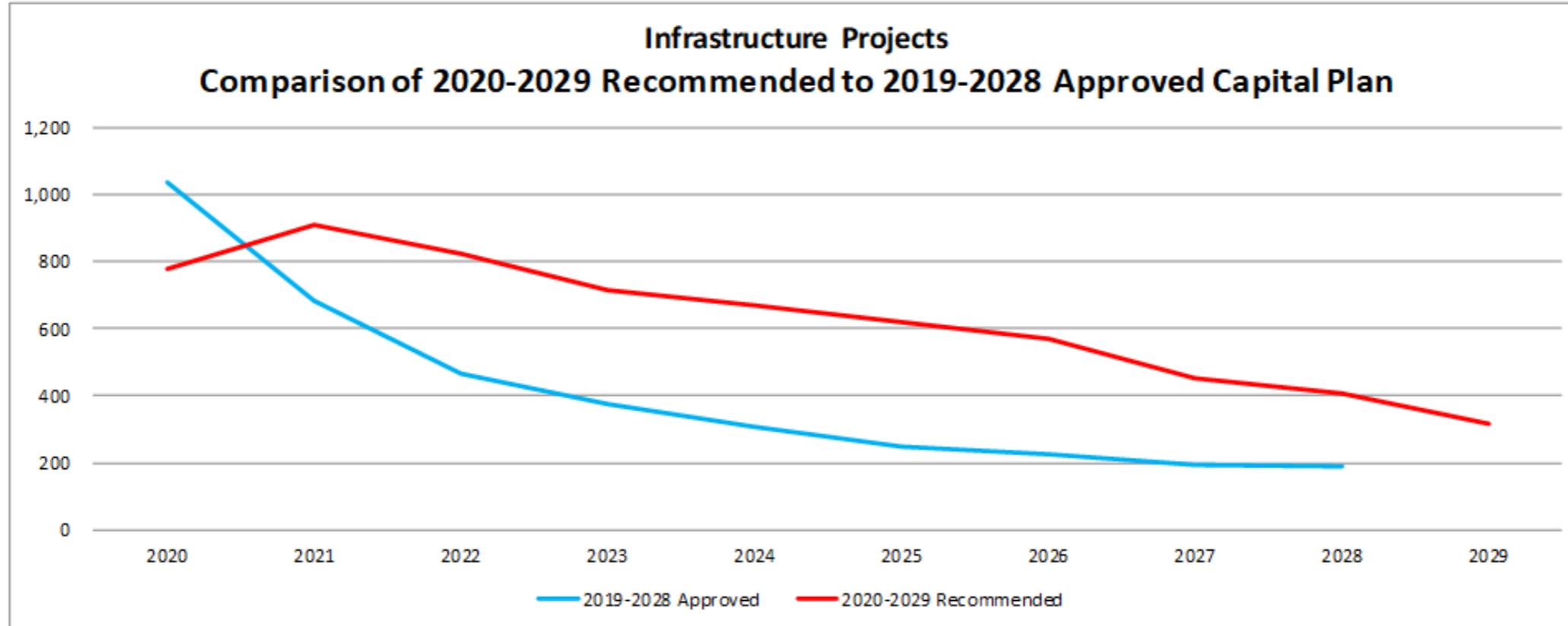
2020-2029 Recommended Budget Compared to 2019-2028 Approved Capital Plan



2020 - 2029 Capital Budget and Plan												
(\$ Millions)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Total
2019-2028 Approved	1,490	1,199	805	599	411	416	360	397	396	380		6,453
2020-2029 Recommended (excl. YB)		980	999	921	810	574	389	336	298	299	294	5,901
Yonge/Bloor Capacity Improvements		16	50	57	75	150	300	300	245	215	100	1,508
Total Base 2020-2029 Recommended		996	1,049	978	885	724	689	636	543	514	394	7,409
Change	(1,490)	(203)	244	379	473	308	330	239	147	134	394	955



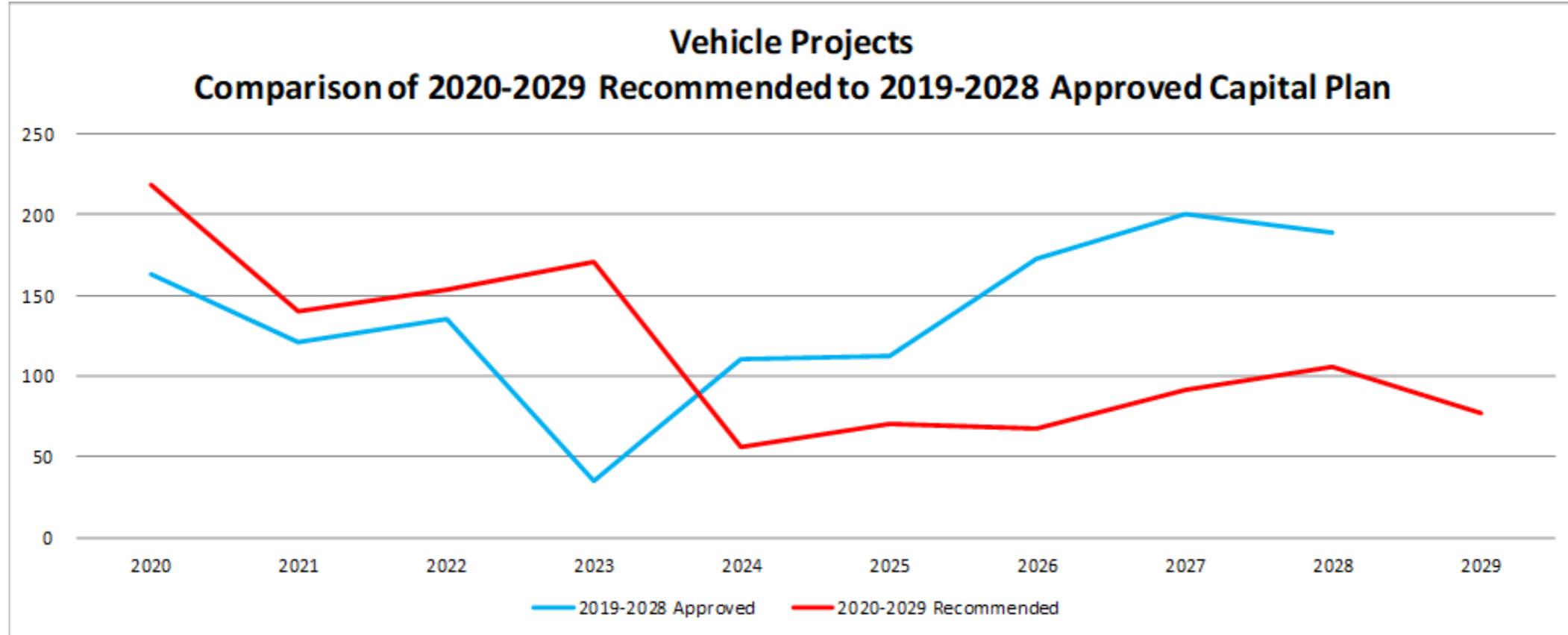
2020-2029 Capital Budget & Plan: Infrastructure Projects



2019-2028 vs. 2020-2029 Infrastructure Capital Recommended Budget												
(\$ Millions)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Total
2019-2028 Approved	775	1,036	684	464	376	306	247	225	196	191		4,499
2020-2029 Recommended		777	909	824	714	668	618	568	451	409	317	6,256
Change	(775)	(258)	225	360	337	363	371	344	256	218	317	1,757



2020-2029 Capital Budget & Plan: Vehicle Projects



2019-2028 vs. 2020-2029 Vehicle Capital Recommended Budget												
(\$ Millions)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Total
2019-2028 Approved	715	163	121	135	35	110	112	172	200	189		1,954
2020-2029 Recommended		219	140	154	171	56	71	68	92	106	77	1,153
Change	(715)	55	19	19	136	(54)	(42)	(105)	(109)	(83)	77	(801)



Capital Funding Sources

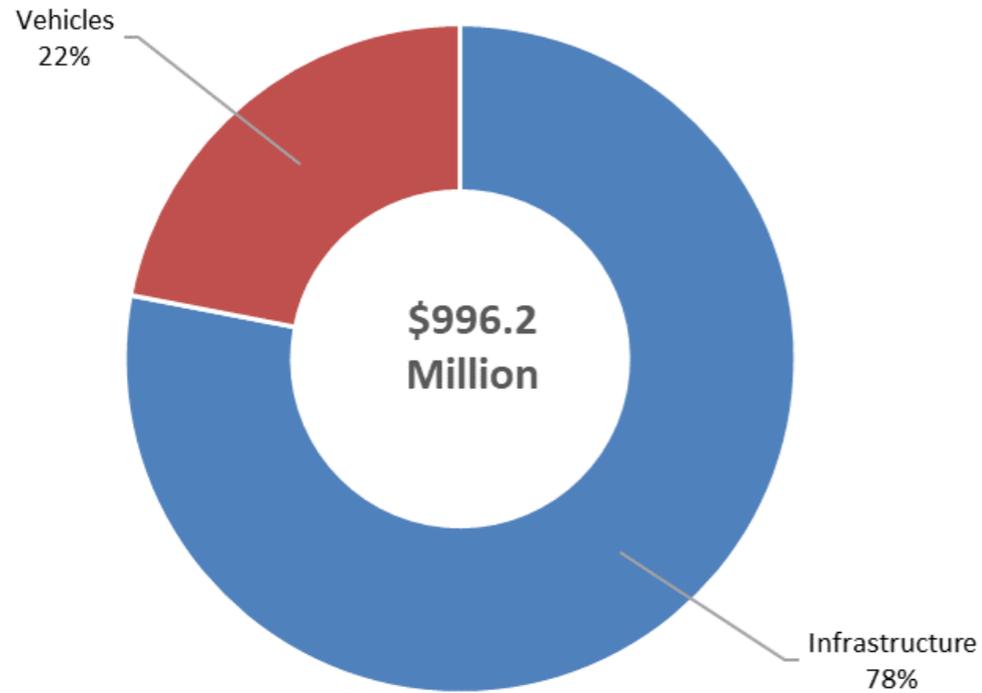
\$ Million	2020 - 2029 Recommended Capital Budget and Plan by Funding Source										
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Total
Recommended Debt	268.5	584.1	568.8	491.2	269.9	94.4	48.9	11.4	11.8	6.8	2,355.8
Reserves/Reserve Funds	37.6										37.6
Development Charges	115.3	101.6	58.8	17.6	12.8	5.0	3.5	2.8	3.0	2.2	322.6
Provincial/Federal	388.2	268.4	267.5	275.1	275.1	275.1	275.1	275.1	275.1	275.1	2,849.8
Others	170.6	45.2	25.8	26.0	16.6	14.6	8.6	8.5	9.4	9.7	335.0
Total (Excl. Yonge Bloor)	980.2	999.3	920.9	809.9	574.4	389.1	336.2	297.7	299.3	293.8	5,900.7
Development Charges	0.7	0.5									1.2
Recoverable Debt	15.3	16.2	19.0	25.0	50.0	100.0	100.0	81.7	71.7	28.0	506.8
Provincial/Federal		33.3	38.0	50.0	100.0	200.0	200.0	163.3	143.3	72.0	1,000.0
Total (Yonge-Boor)	16.0	50.0	57.0	75.0	150.0	300.0	300.0	245.0	215.0	100.0	1,508.0
Total (TTC Base)	996.2	1,049.3	977.9	884.9	724.4	689.1	636.2	542.7	514.3	393.8	7,408.7

- Assumes replacement of \$571M incremental 2 ¢ Provincial Gas Tax funding
- Reflect end of Federal PTIF Phase 1 March 2020
- Incorporates Tripartite funding of \$1.5 billion expected to fund the Yonge-Bloor Capacity Improvements Project under the ICIP PTIF2 program

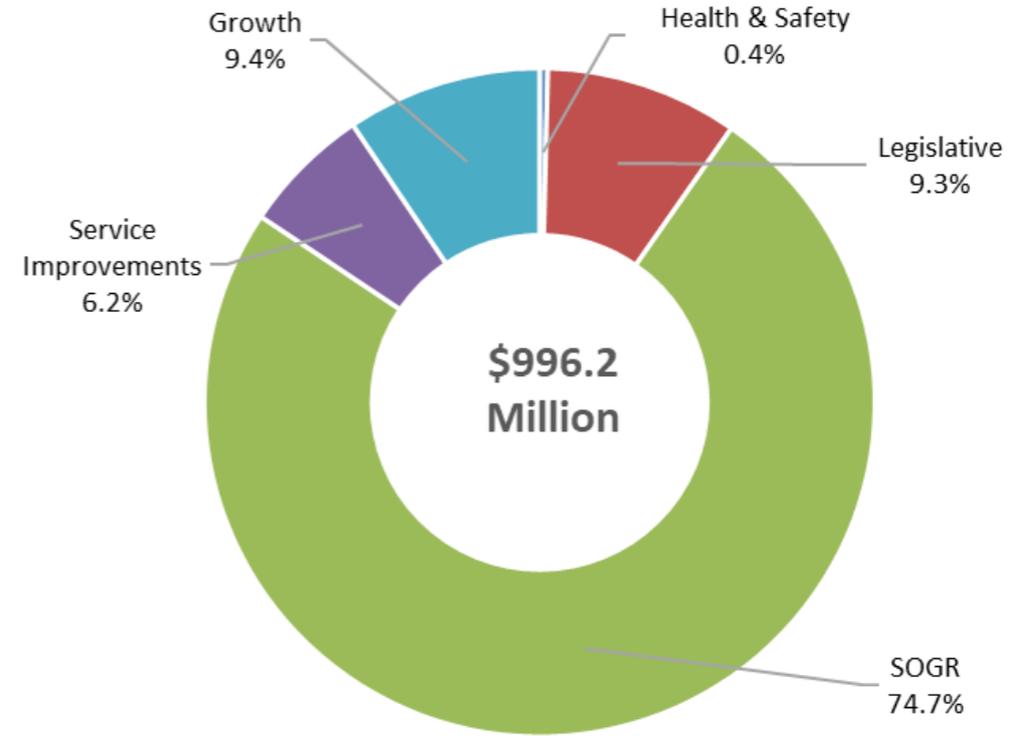


2020 Capital Budget: Overview

By Mode



By Category



Capital Needs Constraints

TTC Capital Needs Constraints
(In \$ Millions)

Project Description	Cash Flow (In \$ Millions)						
	2020	2021	2022	2023	2024	5 Year Total	10 Year Total
NOT INCLUDED							
NEW SUBWAY MAINTENANCE & STORAGE FACILITY PROPERTY	225.0					225.0	225.0
PROPERTY 9TH BUS GARAGE & WILSON YARD EXPANSION		200.0				200.0	200.0
BUS OVERHAULS	1.4	1.4	0.9		83.1	86.8	393.6
T1 LIFE EXTENSION OVERHAUL					70.0	70.0	240.0
STREETCAR OVERHAUL							32.5
SUBWAY CAR OVERHAUL					84.0	84.0	361.4
SUBWAY TRACK							99.6
SIGNAL SYSTEMS	1.2	0.3	0.1	10.7	13.7	26.1	299.1
LINE 2 / 4 ATC RESIGNALLING				10.7	13.7	24.5	297.5
POWER DISTRIBUTION/ELECTRICAL SYSTEMS				0.4	0.3	0.7	1.9
COMMUNICATIONS	3.0	3.1	3.5	4.1	5.1	18.7	57.5
HEALTH & SAFETY	20.0	20.0	3.0	2.4	2.5	47.9	63.3
LEGISLATIVE	0.2	5.4	9.2	14.1	3.3	32.1	138.5
SERVICE IMPROVEMENTS	11.6	518.2	504.9	1,303.5	1,310.3	3,648.5	8,600.2
STATE OF GOOD REPAIR	64.7	135.1	644.9	517.5	988.5	2,350.7	6,359.1
GROWTH	5.3	74.9	224.4	212.8	303.4	820.7	2,288.2
Total Unmet Needs (Not Included)	332.4	958.3	1,390.8	2,076.2	2,877.9	7,635.5	19,657.4

Property
\$425

Vehicle
Overhaul
\$1,027.5

Subway
Infrastructure
\$755.6

By Category
\$17,449.3



Infrastructure Needs



Vehicle Needs

Transit Mode	Number of New Vehicles Required											10YR Total Below the Line	
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Total	Vehicles	Facility
Subway							9	9			18	\$503m	- ¹
Buses			345	160	160	180	180	180	180	190	1,575	\$2,072m	\$530m ² \$188m ³
Wheel-Trans	76	56	26	74	61	7	13	86	63	36	498	\$115m	-
Streetcars			20	20	20							\$418m	\$85m ⁴

Note 1: CIP identified need for Line 1 and Line 2 Capacity Enhancement Programs estimated at \$8 billion to achieve subway growth beyond 2034

Note 2: Required for a new bus maintenance and storage facility in 2028

Note 3: Required for eBus charging systems (resulting in significant GHG reduction, improved air quality, and net fuel savings)

Note 4: Required to modify Hillcrest complex for ~20 streetcars and added operational resiliency



Capital Investment Plan: Next Steps

- Next CIP update a key input to the City to support intergovernmental discussions to secure new partnership funding
- TTC will complete an initial priority-setting process based on:
 - 3 core values: safety & security; accessibility; sustainability
 - Project interdependencies to manage risk and realize benefits
- Recommended capital investment priorities will be reported to the Board in advance of the 2021 Budget process
- Will form the basis of TTC's advice to City Council when the City Manager, in consultation with the Chief Executive Officer of the TTC, reports back on:
“funding and financing options for the reallocation of funds previously approved, identified or contemplated for the provincial priority projects, for the purposes of state of good repair of the TTC subway network, and other expansion projects”
- CIP is a necessary pre-requisite to achieving benefits of further TTC network expansion



Thank-you



