For Information

Financial Update for the Period Ended September 29, 2018

Date: January 24, 2019
To: TTC Board
From: Chief Financial Officer

Summary

This Report sets out operating and capital financial results for TTC Conventional and Wheel-Trans for the nine-month period ended September 29, 2018. Year-end projections are also provided.

2018 Operating Results

Description ($Millions)	Year-To-Date (9 Months)			Year-End Projection		
	Actual	Budget	Variance	Projection	Budget	Variance
TTC Conventional						
Gross Expenditures	1,319.0	1,362.9	(43.9)	1,809.0	1,847.5	(38.5)
Revenue	915.4	920.1	(4.7)	1,227.4	1,250.9	(23.5)
TTC Operating Subsidy	**403.6**	**442.8**	**(39.2)**	**581.6**	**596.6**	**(15.0)**
Wheel-Trans						
Gross Expenditures	103.2	112.2	(9.0)	141.8	152.8	(11.0)
Revenue	5.7	6.3	(0.7)	7.6	8.6	(1.0)
WT Operating Subsidy	**97.5**	**105.9**	**(8.3)**	**134.2**	**144.2**	**(10.0)**

2018 Capital Results

Description ($ Millions)	2018 Budget	Year-to-Date Actuals		Year-End Projection	
		$	%	$	%
TTC Base Capital	1,646	813	49%	1,289	78%
TTC Transit Expansion	582	184	32%	348	60%

Financial Summary

2018 Operating Results

It is anticipated that by year-end the TTC conventional service will be underspent by $38.5 million gross and $15.0 million net. This projection includes the TTC refraining from making the budgeted $14.0 million draw from the TTC's stabilization reserve.

It is anticipated that TTC Wheel-Trans will also be underspent by $11 million gross and $10 million net.

Any net operating underspending will be retained by the City in keeping with the surplus management policy.

2018 Capital Results

Total TTC base capital expenditures by year end are projected at $1.289 billion or 78% of the 2018 approved Capital Budget. In addition to base capital requirements, it is expected that the TTC will also incur $348 million in expenditures by year end for transit expansion initiatives reflecting 60% of approved 2018 funding for TTC expansion projects.

Any unspent 2018 capital underspending, which is currently projected to be $592 million between both base capital and expansion initiatives, will be carried forward into 2019 to complete capital work, in accordance with the City's carry forward policy.

Equity/Accessibility Matters

All expenditures required to meet the TTC's accessibility and equity requirements are provided for in these budgets.

Decision History

At its meeting on November 28, 2017, the TTC Board approved the 2018 TTC and Wheel Trans operating budgets, with subsidy requirements of $580.8 million for TTC Conventional service, $143.4 million for Wheel-Trans service and a 2018 year-end workforce complement of 14,984 positions.
http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2017/Nov_28/Reports/2_2018_TTC_and_Wheel_Trans_Operating_Budgets_Decision.pdf

At its meeting on November 28, 2017, the TTC Board approved the 2018-2027 TTC Capital Budget and Plan of $6.538 billion in funding with $1.406 billion in 2018 cash flow.

http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2017/Nov_28/Reports/Decisions/3_2018-2027_TTC_Capital_Budget_Decision.pdf

At its meeting on February 12, 2018, City Council approved the TTC's 2018 Operating Budget and 2018 – 2027 Capital Plan, with amendments to the TTC Board approved budgets that included a $5 million adjustment from the Operating Budget to the Capital Budget for one-time costs associated from the two-hour time based transfer; as well as a $3.0 million subsidy increase and an added 27 positions to increase network capacity and reduce overcrowding.
http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getCouncilMinutesReport&meetingId=13089

At its meeting of December 13, 2018, City Council approved adjustments to the TTC's 2018 Operating Budget including the transfer of provisional funding to the TTC from the City's Non-Program account following settlement of the collective bargaining agreement.
https://www.toronto.ca/legdocs/mmis/2019/cc/bgrd/backgroundfile-122411.pdf

Comments

Key Indicators – Operating Budget

The TTC's net operating results are primarily driven by six key indicators. These indicators impact year to date spending and revenues, as well as provide the basis to estimate year-end spending projections.

The TTC's key indicators include TTC and Wheel-Trans passenger counts and average fare, which impact the $1.170 billion passenger revenue budget. Additional key drivers include the price of fuel and electric power that affect a combined fuel and utilities budget of $171 million. The final and most significant driver on expenses relates to service hours, which impacts labour expenses ($1.026 billion), non-labour expenses ($224 million) such as parts and maintenance, as well as fuel and utility consumption.

The table below details the TTC's key operating indicators:

	Year-To-Date Actuals			Year-End Projection			
Item	Actual	Budget	Variance	Projection	Budget	Variance	Status
TTC Passengers	389.9M	402.6M	(12.7M)	522.0M	539.4M	(17.4M)	
TTC Average Fare	2.228	2.177	0.051	2.228	2.170	0.058	
TTC Service Hours	7.131M	7.055M	0.076M	9.334	9.218M	0.116M	
Price of Fuel ($/litre)	0.880	0.865	0.015	0.880	0.865	0.015	
Price of Electric Power ($/kwH)	0.134	0.163	(0.029)	0.137	0.164	(0.028)	
WT Passengers	3.09M	3.52M	(0.43M)	4.19M	4.81M	(0.62M)	

Financial Update – Operating

As detailed in the following tables for the nine month period ended September 29, 2018, the TTC conventional and Wheel-Trans services reported a combined year-end projected net underspend of $25 million or 3.4%. Also provided are tables reflecting comparative information to 2017 spending.

TTC Conventional

2018

Item ($Millions)	Year-To-Date Actuals			Year-End Projection			Status
	Actual	Budget	Variance	Projection	Budget	Variance	
Expenses							
Departmental Labour	746.2	746.3	(0.1)	1,025.2	1,026.2	(1.0)	
Departmental Non-Labour	148.9	161.7	(12.8)	217.0	223.9	(6.9)	
Employee Benefits	245.5	254.4	(8.9)	294.0	307.0	(13.0)	
Diesel	56.9	57.6	(0.7)	76.3	76.3	0.0	
Traction Power & Utilities	59.2	68.9	(9.7)	77.8	94.3	(16.5)	
Other Corporate Costs	62.3	74.0	(11.7)	118.7	119.8	(1.1)	
Total Expenses	**1,319.0**	**1,362.9**	**(43.9)**	**1,809.0**	**1,847.5**	**(38.5)**	
Revenues							
Passenger Revenue	868.8	875.7	(6.9)	1,163.3	1,170.3	(7.0)	
Other Ancillary Revenue	46.6	44.4	2.2	64.1	66.6	(2.5)	
Stabilization Reserve Draw	0.0	0.0	0.0	0.0	14.0	(14.0)	
Total Revenue	**915.4**	**920.1**	**(4.7)**	**1,227.4**	**1,250.9**	**(23.5)**	
Net (Operating Subsidy)	**403.6**	**442.8**	**(39.2)**	**581.6**	**596.6**	**(15.0)**	

The year-end subsidy for TTC conventional service is expected to be under-budget by $15 million or 2.5% based on current experience and key indicators. The key budget variances that account for this projection are as follows:

FAVOURABLE VARIANCES

Traction Power and Utilities: $16.5 million decrease

Traction power & utilities variance is primarily due to $13.5 million in favourable price variances. The price variance is due to three key factors:

- Lower than forecast global adjustment. ($7.5 million)
- A time limited and unbudgeted rate rider credit from Toronto Hydro. ($2 million)
- Preferential pricing for Class A accounts with relatively low peak demand factors extending throughout the year, rather than the budgeted end date of June 30. ($4 million)

The balance of the favourable variance ($3 million) is due to consumption being 2.5% lower than budget ($2 million) and favourable variances related to natural gas ($1 million).

Employee Benefits: $13.0 million decrease

The year-to-date trend in healthcare and dental expenses indicates that employee benefit expenses will fall below budget by year-end. Higher than expected new hire levels have contributed to this variance as new employees are not eligible for health and dental coverage for the first 3 months and there are no matching TTC Pension contributions for the first 6 months.

Material, Supply and Service Requirements: $12.0 million decrease

Lower spending on materials, supplies and services is anticipated as a result of:

- Lower than expected vehicle maintenance expenses, primarily as a result of improved vehicle reliability. ($7 million)
- Lower than budgeted costs associated with legacy fare media production and distribution. ($3 million)
- Various other under-expenditures ($2 million)

PRESTO Commissions: $5.0 million decrease

PRESTO fees are expected to be below budget primarily due to the projected take up rate for pass users being lower than initially anticipated in 2018. The original target for fare products available on PRESTO for fall 2018 was not met and contributed to the lower adoption rates.

UNFAVOURABLE VARIANCES

Stabilization Reserve Draw: $14 million decrease

A $14.0 million stabilization reserve draw was budgeted for this year. Based on the projected subsidy surplus, this draw will not be required.

Passenger Revenues: $7.0 million decrease

Year-end ridership is expected to be approximately 3.2% below budget; however, passenger revenues are expected to be only 0.6% below budget.

The more favourable revenue projection is mainly due to the current trend of customers switching from pass-based fare media to single-ride fare media, particularly PRESTO e-purse, which has resulted in a 5.8 cent increase in the average fare.

Third party recoveries: $13.0 million decrease

A decrease is expected in third party recoveries for required supplemental service predominately along Eglinton Avenue. TTC staff will continue to bill and pursue collection of these amounts.

All other changes are expected to net to a $2.5 million favourable variance.

2018 compared to 2017

Item ($Millions)	Period 9 (Year-To-Date)			Year-End		
	2018 Actuals	2017 Actuals	Change	2018 Projection	2017 Actuals	Change
Expenses						
Departmental Labour	746.2	723.3	22.9	1,025.2	977.7	47.5
Departmental Non-Labour	148.9	140.9	8.0	217.0	209.7	7.3
Employee Benefits	245.5	241.7	3.8	294.0	280.5	13.5
Diesel	56.9	57.0	(0.1)	76.3	76.1	0.2
Traction Power & Utilities	59.2	59.7	(0.5)	77.8	76.4	1.4
Other Corporate Costs	62.3	56.9	5.4	118.7	88.5	30.2
Total Expenses	**1,319.0**	**1279.5**	**39.5**	**1,809.0**	**1,708.9**	**100.1**
Revenues						
Passenger Revenue	868.8	870.6	(1.8)	1,163.3	1,162.9	0.4
Other Ancillary Revenue	46.6	53.4	(6.8)	64.1	70.9	(6.8)
Stabilization Reserve Draw	0.0	0.0	0.0	0.0	0.0	0.0
Total Revenue	**915.4**	**924.0**	**(8.6)**	**1,227.4**	**1,233.8**	**(6.4)**
Net (Operating Subsidy)	**403.6**	**355.5**	**48.1**	**581.6**	**475.1**	**106.5**

Explanation of Year-Over-Year Changes

Expenses are expected to increase by $100 million (5.8%) on a year-over-year basis. Key sources of this increase include:

- Collective Bargaining Agreement: $29 million
- First full year operation of the Toronto-York-Spadina Subway Extension (TYSSE): $21 million.
- Decrease in third party recoveries (as noted above): $13 million
- PRESTO Commission as a result of gradually increasing PRESTO adoption rates: $10 million

The balance is comprised of a variety of items including the mid-year capacity improvements, paid emergency leave, the mid-year workforce increase to address the ESA 48 hour limit, and general material and employee benefit inflation.

Revenues are expected to decrease by $6 million (0.5%). This is attributable to a reduction in Outside City Service revenue. With the TYSSE opening, TTC operation of 4 routes previously operated by TTC on behalf of York Region ended in December 2017.

Wheel-Trans

2018

Item ($Millions)	Year-To-Date Actuals			Year-End Projection			Status
	Actual	Budget	Variance	Projection	Budget	Variance	
Expenses							
Bus Service	37.6	37.3	0.3	52.3	51.8	0.5	
Contracted Taxi	44.8	51.8	(7.0)	60.6	71.3	(10.7)	
Employee Benefits	11.9	12.3	(0.4)	14.8	14.8	0.0	
Administration/Management	8.9	10.8	(1.9)	14.1	14.9	(0.8)	
Total Expenses	**103.2**	**112.2**	**(9.0)**	**141.8**	**152.8**	**(11.0)**	
Passenger Revenues	**5.7**	**6.3**	**(0.6)**	**7.6**	**8.6**	**(1.0)**	
Net (Operating Subsidy)	**97.5**	**105.9**	**(8.4)**	**134.2**	**144.2**	**(10.0)**	

The operating subsidy for Wheel-Trans is expected to be $10 million or 7% below budget by year-end. The key budget variances that account for this projection are as follows:

Contracted Taxi Services: $10.7 million decrease

The decrease in costs is attributable to a lower projected year-end ridership estimate and a lower cost per passenger trip estimate based on year-to-date experience.

Passenger Revenues: $1.0 million decrease

The decrease is mainly due to 623,000 fewer customer journeys than budgeted offset by a slightly higher average fare.

All other changes are expected to net to a $0.3 million favourable variance.

2018 compared to 2017

Item ($Millions)	Year-To-Date Actuals			Year-End Projection		
	2018 Actuals	2017 Actuals	Change	2018 Projection	2017 Actuals	Change
Expenses						
Bus Service	37.6	35.0	2.6	52.3	48.7	3.6
Contracted Taxi	44.8	44.0	0.8	60.6	59.4	1.2
Employee Benefits	11.9	11.0	0.9	14.8	12.9	1.9
Administration/Management	8.9	7.9	1.0	14.1	12.3	1.8
Total Expenses	**103.2**	**97.9**	**5.3**	**141.8**	**133.3**	**8.5**
Passenger Revenues	**5.7**	**5.7**	**0.0**	**7.6**	**7.6**	**0.0**
Net (Operating Subsidy)	**97.5**	**92.2**	**5.3**	**134.2**	**125.7**	**8.5**

Explanation of Year-Over-Year Changes

Expenses are expected to increase by $8.5 million (6.4%) on a year-over-year basis. Key sources of this increase include:

- CBA increase ($1 million).
- 35 additional operators to address schedule adjustments required as a result of the 48 hour limit and coverage requirements for paid emergency leave ($3 million).

The balance is comprised of a variety of items including inflation impact on contracted taxis, materials and employee benefits as well as increased spending on the Wheel-Trans transformation initiative.

TTC Capital

Financial Update – Capital

The TTC had incurred $997 million in capital spending as of September 29, 2018 reflecting a spend rate of $813 million or 49% for the TTC base capital program and $184 million or 32% for transit expansion projects. By year-end, the TTC is projecting $1.637 billion in overall capital spending, split between TTC base capital ($1.289 billion or 78%) and transit expansion ($348 million or 60%).

TTC Capital

Description ($ Millions)	2018 Budget	Year-to-Date Actuals $	Year-to-Date Actuals %	Year-End Projection $	Year-End Projection %
TTC Base Capital					
Infrastructure Projects	947	459	48%	745	79%
Vehicle Related Projects	699	354	51%	543	78%
Total - Base Capital	**1,646**	**813**	**49%**	**1,289**	**78%**
TTC Transit Expansion					
Toronto York Spadina Subway Extension	393	135	34%	233	59%
Scarborough Subway Extension	129	48	37%	86	66%
Relief Line - Design	56	1	2%	28	50%
Waterfront Transit - Design	4	0	5%	1	20%
Total - Transit Expansion	**582**	**184**	**32%**	**348**	**60%**

Examples of projected year-end base program variances are outlined below:

Purchase of Streetcars: $53.5 million under

The projected underspending results from slippage of vehicle delivery experienced in 2017 and prior years as unspent 2017 cash flow has been carried forward into 2018. All 2018 funding (excluding 2017 carried forward funding) is expected to be spent by year end.

Other Buildings and Structures: $29.7 million under

Variance is primarily due to lower than expected current year expenditures for property for the New Subway Maintenance and Storage Facility, deferred construction to 2019 for the Surface Way and Buildings Replacement, delays to schedule and resource acquisitions for Stations Transformation and consolidation of transit control operations has potentially changed the scope of work and requires further evaluation.

Additional Capital Spending Summaries

Additional information on 2018 capital spending by project is included in Appendix 1 - ***2018 Capital Spending Summary by Project.*** Information on capital delivery performance for major projects is also available within Appendix 2 - ***Major Projects Update.***

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Chief Financial Officer

Attachments

Appendix 1 – 2018 Capital Spending Summary by Project
Appendix 2 – Major Projects Update
Appendix 3 – Financial KPIs

Appendix 1 – 2018 Capital Spending Summary by Project

EXPENDITURES BY PROGRAM	2018 Budget	Year-to-Date			Year-End		
		Actuals	Variance	%	Projection	Variance	%
TRACK	**89.4**	**44.3**	**45.2**	**49%**	**54.3**	**35.1**	**61%**
1.1 Subway Track	39.5	14.3	25.2	36%	19.2	20.3	49%
1.2 Surface Track	49.9	29.9	20.0	60%	35.1	14.8	70%
ELECTRICAL SYSTEMS	**158.0**	**82.7**	**75.3**	**52%**	**121.0**	**37.0**	**77%**
2.1 Traction Power	22.8	14.5	8.3	64%	21.7	1.1	95%
2.2 Power Distribution/Electric Systems	7.3	5.3	2.0	73%	7.0	0.3	96%
2.3 Communications	39.0	12.2	26.8	31%	15.0	24.0	39%
2.4 Signal Systems							
Signal Systems	20.5	11.2	9.3	55%	11.9	8.7	58%
ATC Resignalling	68.3	39.5	28.8	58%	65.4	2.9	96%
BUILDINGS & STRUCTURES	**510.7**	**270.9**	**239.8**	**53%**	**446.4**	**64.2**	**87%**
3.1 Finishes	20.7	13.3	7.4	64%	19.3	1.4	93%
3.2 Equipment	31.4	13.6	17.7	43%	25.1	6.3	80%
3.3 Yards & Roads							
Streetcar Network Upgrades & BRT	2.8	3.9	(1.1)	139%	5.7	(2.9)	201%
On-Grade Paving Rehabilitation Program	10.4	9.4	1.1	90%	13.6	(3.1)	130%
Bicycle parking at stations	0.8	0.2	0.6	22%	0.5	0.3	60%
Transit Shelters & Loops	0.4	0.0	0.4	1%	0.4	0.0	100%
3.4 Bridges & Tunnels	32.2	20.5	11.7	64%	31.0	1.2	96%
3.9 Buildings and Structures Projects							
Fire Ventilation Upgrade	16.5	4.9	11.6	30%	13.8	2.7	83%
Easier Access Phase III	46.7	25.7	21.0	55%	42.1	4.6	90%
Leslie Barns	17.7	7.9	9.8	45%	9.0	8.7	51%
Toronto Rocket/T1 Rail Yard Accommodation	41.3	20.0	21.3	48%	36.6	4.6	89%
McNicoll New Bus Garage	34.9	19.6	15.3	56%	28.4	6.5	81%
Other Buildings and Structures	250.7	131.9	118.8	53%	221.0	29.7	88%
Sheppard Subway	3.7	0.0	3.7	0%	0.0	3.7	0%
Kipling Station Improvements	0.2	0.0	0.2	6%	0.0	0.2	9%
Queensway Garage Expansion	0.2	0.0	0.2	10%	0.1	0.2	29%
Wilson Complex-Modifications	0.0	0.0	0.0	0%	0.0	0.0	0%
VEHICLES	**699.2**	**353.8**	**345.4**	**51%**	**543.4**	**155.8**	**78%**
REVENUE VEHICLES							
4.11 Purchase of Buses	275.8	154.6	121.2	56%	237.2	38.6	86%
4.11 Purchase of Buses - Wheel Trans Buses	11.8	6.7	5.1	57%	10.6	1.2	90%
4.12 Purchase of Subway Cars	24.6	5.2	19.4	21%	12.6	12.0	51%
4.13 Bus Overhaul	48.0	36.0	12.1	75%	48.8	(0.8)	102%
4.15 Streetcar Overhaul	9.8	3.8	6.1	38%	9.4	0.4	96%
4.16 Subway Car Overhaul	59.7	20.8	38.9	35%	28.4	31.3	48%
4.18 Purchase of Streetcars	237.1	122.6	114.4	52%	183.5	53.5	77%
NON-REVENUE VEHICLES							
4.21 Purchase Automotive Non-Revenue Vehicles	9.4	2.6	6.8	28%	4.7	4.7	50%
4.22 Rail Non-Revenue Vehicle Overhaul	6.5	1.1	5.5	16%	2.6	4.0	39%
4.23 Purchase Rail Non-Revenue Vehicles	16.5	0.5	16.1	3%	5.7	10.8	34%
TOTAL OTHER	**189.1**	**61.1**	**127.9**	**32%**	**123.8**	**65.3**	**65%**
TOOLING, MACHINERY & EQUIPMENT							
5.1 Shop Equipment	8.1	2.3	5.8	29%	7.7	0.4	95%
5.2 Revenue & Fare Handling Equipment	21.7	6.4	15.3	30%	16.2	5.5	75%
5.3 Other Maintenance Equipment	4.9	0.8	4.1	17%	2.8	2.1	57%
5.4 Fare System	12.8	5.6	7.2	44%	10.9	1.9	85%
ENVIRONMENTAL PROGRAMS							
6.1 Environmental Programs	7.8	4.8	3.0	62%	7.1	0.7	91%
COMPUTER EQUIPMENT & SOFTWARE							
7.1 Computer Equipment & Software	107.7	35.4	72.3	33%	64.7	43.1	60%
OTHER							
9.1 Furniture & Office Equipment	0.3	0.0	0.2	16%	0.3	0.0	90%
9.2 Service Planning	25.8	5.7	20.1	22%	14.2	11.5	55%
Total Base Programs	**1,646.4**	**812.8**	**833.7**	**49%**	**1,289.0**	**357.4**	**78%**
Toronto York Spadina Subway Extension	**393.5**	**134.9**	**258.5**	**34%**	**233.1**	**160.3**	**59%**
Scarborough Subway Extension	**129.2**	**47.8**	**81.4**	**37%**	**85.9**	**43.3**	**66%**
Relief Line South - Design	**55.5**	**1.4**	**54.2**	**2%**	**27.9**	**27.6**	**50%**
Waterfront Transit - Design	**3.6**	**0.2**	**3.4**	**5%**	**0.7**	**2.9**	**20%**
Total Transit Expansion Projects	**581.8**	**184.2**	**397.5**	**32%**	**347.7**	**234.1**	**60%**

Appendix 2 – Major Projects Update

The TTC's delivery of a multi-billion dollar capital program is guided by TTC's Project Management Framework. The broad range of capital projects are categorized into four project types, the greater the category the more complex the project (higher risks and uncertainties). The categorization takes into consideration amongst other things budget, staff experience in delivery, risks and uncertainty behind the project itself. It should be noted that transit expansion projects are classified as Category 4 projects.

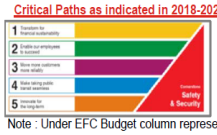
The programs and projects referred to hereafter as 'projects, have been included in the dashboard due to their magnitude and/or strategic significance and staff will provide a quarterly update as part of this report to highlight performance of these projects against their approved budget, planned schedule and in scope activities.

Category 3 & 4 Projects Capital Spending Dashboard

Project	Critical Path	Start Date	End Date		Cost (millions)		Performance Scorecard							
			Approved	Revised	Approved Budget	Estimated Final Cost	Cost	Trend	Schedule	Trend	Scope	Trend	Overall	Trend
Category 3 Projects														
Easier Access**	4	Q1 2007	Q4 2025		$776	$776	G	-	G	-	G	-	G	-
McNicoll Bus Garage**	3	Q1 2013	Q2 2020		$181	$181	G	-	G	-	G	-	G	-
Toronto Rocket/ T1 Rail Yard Accommodation**	3	Q3 2010	Post 2027		$966	$495	G	-	G	-	G	-	G	-
Fire Ventilation Upgrade**	Cornerstone	Q1 1998	Q4 2028		$539	$539	Y	-	G	-	G	-	G	-
Automatic Train Control (ATC) "Line 1" *	3	Q4 2015	Q4 2021		$563	$661	Y		Y		G		Y	
Wheel Trans 10 Year Transformation Program*	4	Q1 2017	Q4 2021		$43	$50	G	-	Y	-	G	↓	Y	-
Stations Transformation*	4	Q1 2016	Q4 2024		$51	$51	G	↑	G	↑	G	-	G	↑
PRESTO*	4	Q4 2012	Q4 2019		$53	$70	G	↑	Y	-	Y	-	Y	-
Purchase of Buses City And Electric*	3	Ongoing	Q4 2019		$763	$2,807	Y	-	G	-	G	-	Y	-
Purchase of 204 New Streetcars*	3	Q1 2014	Q4 2019		$1,187	$1,698	G	-	Y	↑	G	-	Y	-
Purchase of Subway Cars*	3	Q2 2011	Q4 2019		$1,167	$2,577	G	-	G	-	G	-	G	-
SAP ERP Project **	1	Q1 2015	Q4 2018		$63	$64	Y	-	G	-	G	-	G	↑
VISION (CAD/AVL)**	3	Q1 2016	Q1 2020		$117	$117	G		G		G		G	
Category 4 Projects														
Line 2 East Extension (formerly Scarborough Subway Extension)**	3	Q4 2013	Q4 2023	Q2 2026	$3,560	$3,560	Y	-	R	-	R	-	R	-
Relief Line South(Planning,Design and Engineering)**	3	Q2 2018	Q4 2019		$56	$100	G		G		G		G	
Yonge Subway Extension (Planning,Design and Engineering)**	3	Q2 2018	Q2 2020		$91	$91	G	-	G	-	G	-	G	-

* GL Cost ** Incurred Cost

Critical Paths as indicated in 2018-2022 Corporate Plan



Overall Outlook to Completion ($)

Cost(millions)	Approved Budget	Estimated Final Cost
Category 3 Projects	$6,469	$10,086
Category 4 Projects	$3,707	$3,751
Total Base Capital Program(Category 3 & 4)	**$10,176**	**$13,837**

Performance Scorecard Status

G	On Track to Meet Project Objective
Y	At Risk of Not Meeting Project Objective
R	Will Not Meet Project Objective

Trend

↑	Performance Improving
-	No Change
↓	Performance Declining

Note : Under EFC Budget column represents City approved budget per green pages and projection column represents the anticipated expenditure from current period to end of project/program.

Note:
1: For Major Projects spend to date reporting, incurred costs are used to demonstrate project progress. Please note, these incurred costs are not reflected in the YTD actual spend in the Financial Update Report.

2: Financials in the dashboard are updated as of September 2018 (Period 9) consistent with third quarter reporting. All other Project Performance Indicators (overall status, schedule and scope) are updates as of October 2018 (Period 10).

Category 3 Projects

Easier Access
Project Start: 2007

Forecast completion year	Approved Budget ($ millions)	Spend to date ($ millions)	Estimated Final Cost ($ millions)
2025	$ 776	$ 328	$ 776

Project Description:
TTC's Easier Access Program will make all remaining subway stations accessible by providing elevators, wide fare gates, automatic sliding doors and signage improvements. Today, 45 stations are accessible to people with disabilities. This Program also addresses a Legislated requirement (all elevators to be in service at all subway stations).

Accomplishments:
- St Patrick became the 45th accessible station in Q4, 2018.
- Station accessibility construction is underway at Dupont, Royal York, Wellesley, Yorkdale, Chester, Runnymede, and Wilson stations.
- Construction is planned to commence at Lansdowne, Keele, Sherbourne, and Bay stations in 2019, and between now and 2022, up to 14 stations will be in construction concurrently.

Key Issues/Risks & Mitigation Plan:
Design: Design complexities for installing elevators in existing stations present challenges. Project team is advancing design work.

Funding: TTC's 2019 to 2028 Capital Budget submission includes a request for $160M for the redevelopment of Islington and Warden stations to permit accessible access. The schedule for these stations will be reviewed upon receipt of funding confirmation.

Project Delivery Chief: Susan Reed Tanaka, Chief Capital Officer

McNicoll Bus Garage
Project Start: 2013

Forecast completion year	Approved Budget ($ millions)	Spend to date ($ millions)	Estimated Final Cost ($ millions)
2020	$ 181	$ 49	$ 181

Project Description:
McNicoll Bus Garage is part of TTC's commitment to improving transit service and meeting growing ridership demands. This new bus garage will be fully compliant with Toronto Green Standards and will be the first major Design-Build project for TTC in over a decade. The new facility is being constructed at Kennedy Road and McNicoll Avenue in Scarborough. Project scope is for construction only.

Accomplishments:
Construction well underway: Superstructure was enclosed at year end 2018. Bus hoist pits, site services, roofing, below ground interior piping, transformer building and precast walls work in progress. Elevator shaft masonry completed 100%, and second stairwell completed 50%.

Key Issues/Risks & Mitigation Plan:
The construction of the garage is tracking on time and on budget. Inclement weather has impeded various activities and the Contractor is looking at opportunities to mitigate impacts incurred.

Project Delivery Chief: Susan Reed Tanaka, Chief Capital Officer

Toronto Rocket/T1 Rail Yard Accommodation (Subway Vehicles Facilities)
Project Start: 2010

Forecast completion year	Approved Budget ($ millions)	Spend to date ($ millions)	Estimated Final Cost ($ millions)
Post 2027	$ 966	$ 236	$ 495

Project Description:
Design and construction at various subway vehicle maintenance and repair facilities and yards to increase the subway train storage and maintenance capacity for Toronto Rocket (TR) subway trains, including Wilson and Davisville Yards for Line 1, and T1 trains at Greenwood, Keele Yard and Kipling tail tracks for Line 2. Key scope elements include:

- Expansion to the north and south at Wilson Carhouse as well as the installation of new storage tracks within the yard.
- Expansion to north and south at Davisville Carhouse along tracks 3 & 4.
- Conversion of existing CN rail delivery track at Greenwood Yard into a powered and signalled storage track.
- Track and Structural work at Keele Yard to provide additional storage capacity.
- Refurbishment of the box structure within Kipling Station for the installation of a 3rd track to be used for the storage of two subway trains.

Accomplishments:

- Kipling Station: Construction for site preparation achieved for Kipling Station Track Expansion in August 2018.
- Greenwood Shops: Contract for Train Door Guards/Platform awarded in July 2018.

Key Issues/Risks & Mitigation Plan:
No Key Issues/Risks at this time.

Project Delivery Chief: Susan Reed Tanaka, Chief Capital Officer

Fire Ventilation Upgrade
Project Start: 1998

Forecast completion year	Approved Budget ($ millions)	Spend to date ($ millions)	Estimated Final Cost ($ millions)
2028	$ 539	$ 268	$ 539

Project Description:
Fire Ventilation Upgrade (FVU) is a fire and life safety initiative originating in 1998 to improve ventilation performance in the subway tunnels. The project was expanded in 2003 to include second exits to improve egress at 14 high priority stations.

Accomplishments:
- 'Second exit' construction is underway at Chester Station and expected to commence at College and Donlands stations in 2020.

Key Issues/Risks & Mitigation Plan:
Design: Design complexities for installing second exits in existing stations present challenges. Project team is advancing design work and investigating resource requirements.

Funding: TTC's 2019 to 2028 Budget submission includes an unfunded amount of $222M to reinstate City budget reduction and for funds related to replacement fan equipment.

The Forecast Completion Year for the Project once the funding is approved is expected to be 2028. Further locations may be added to the program during future budget submissions to improve customer capacity for subway lines and stations.

Project Delivery Chief: Susan Reed Tanaka, Chief Capital Officer

Automatic Train Control (ATC) "Line 1"
Project Start: 2015

Forecast completion year	Approved Budget ($ millions)	Spend to date ($ millions)	Estimated Final Cost ($ millions)
2021	$ 563	$ 425	$ 661

Project Description:
TTC is re-signaling Line 1 (Yonge-University-Spadina) to improve reliability and capacity on Canada's busiest subway system. ATC provides the benefit of real time central train control with precise train location data. With ATC installation, train speed and separation between trains will be controlled automatically. This allows for reduced travel times and more consistent service.

Re-signaling of Line 1 Subway to introduce ATC includes the design, installation, testing and commissioning of an upgraded Centralized Signaling System. It also includes the design, installation, testing & commissioning of ATC trainborne equipment in the new Toronto Rocket fleet.

Accomplishments:
ATC now operates between Vaughan Metropolitan Centre and Dupont stations, which represents approximately 40% of Line 1. Customers riding this portion of the line experience more reliable service and fewer delays due to signaling issues. This positive benefit extends throughout the entirety of Line 1, even where ATC is currently not installed. Today, the scheduled southbound service in the peak at Yonge and Bloor station is 25.5 trains per hour, actual service has exceeded 28 trains per hour on fourteen occasions since October 18, 208.

The economic impact generated by times savings due to ATC on the converted portion of Line 1 (from Dupont to Sheppard West stations) is $94,000 a day (based on the value of customer's time of approximately $17.50/hour). The annualized impact is approximately $29M/year.

In December of 2018 the ATC, conventional signaling, and track work was completed in Wilson Yard that optimizes all scheduled service run outs. Work has already commenced on the next segment of Line 1 from Dupont to St Patrick stations with anticipated revenue service in late spring.

Key Issues/Risks & Mitigation Plan:
Schedule reassessment: An operational review concluded that the required closures for Phase 3, the significantly longest continuous phase, were overly disruptive to customers. The multiple closures required would have shut down all subway service from St. Clair to St. Clair West stations. To mitigate this impact on our customers, a revised plan divides the area into three sub- Phases 3A, 3B and 3C. The project team is reviewing the schedule with the contractor to develop a mitigation plan.

For operational reasons it was necessary to advance Phase 6 (Wilson Yard) and implement it prior to both Phases 1 and 3. This Phase was extremely complex, requiring it be divided into 3 manageable sub-Phases which had schedule impact.

These changes will delay the project scheduled completion date to 2021.

Funding: TTC's 2019 to 2028 Budget submission includes a request for an additional $98M to address the schedule delay. This increase is primarily driven by the requirement for TTC staff, consultants and the contractor for a longer duration, as well as the additional subway closures required.
A detailed update on the ATC Project will be brought forward to the April Board meeting.

Project Delivery Chief: Susan Reed Tanaka, Chief Capital Officer

Wheel-Trans 10 Year Transformation Program
Project Start: 2017

Forecast completion year	Approved Budget ($ millions)	Spend to date ($ millions)	Estimated Final Cost ($ millions)
2021	$ 43	$ 6	$ 50

Project Description:
TTC Wheel-Trans Transformation Program implements new policies, processes and systems to support a new service delivery model that integrates Wheel-Trans customers into the TTC's conventional network through a 'Family of Services' approach.

Accomplishments:

- Travel training underway: 240 customers trained so far a part of the 'Travel Training Pilot'.
- First phase of multi-year technology upgrade for the Scheduling & Dispatch system was implemented on Dec 8. The main features were to create a 24 hour on-line booking site to support Family of Services trip scheduling and automate the scheduling of intermodal trips.
- Established TTC wide Family of Services Steering Committee and Working Groups.

Key Issues/Risks & Mitigation Plan:

- Scheduling & Dispatch Phase 1 launch encountered unanticipated issues:
  - Over-night calls to customers to confirm next day trips did not occur or were limited resulting in multiple "no shows" – subsequently resolved.
  - Customers unable to book trips to specific addresses, trips being booked outside of Toronto boundaries, some addresses not found on Google map – first two to be resolved in Q1, Google map issue continues to be worked on.
  - Dispatchers encountering errors with screens freezing, randomly being logged out, erroneous error messages. This is impacting their ability to respond to day-to-day issues which in turn affects the customers – to be resolved in Q1.
  - All issues caused cascading impact on the Reservations Contact Centre resulting in a doubling of calls to call centres further exacerbating excessive call wait times. Staff presently implementing mitigation plan for improved Contact Centre support to reduce wait times.
- Completion of Access Hubs in time to qualify for PTIF funding is at risk due to delays in schedule resulting from transfer of responsibility to the City for approval of minor variances with planned hub configurations. Working with City of Toronto

property to attempt to accelerate variance reviews. Possibility to not complete full Access Hub rollout if funding not available.

- The cost estimates provided for the Scheduling & Dispatch system improvements did not include the Dispatch portion. There may be a need to request further capital funds once the full cost estimate is known.

Funding: The current approved budget is $43M, based on a Class 4 estimate. The 2019-2028 Capital Budget submission includes a request for an additional $7M based on a Class 3 estimate. This request may need to be revised depending on the cost estimate for the remaining phases of the Scheduling & Dispatch system upgrade.

Project Delivery Chief: Collie Greenwood, Chief Service Officer

Stations Transformation
Project Start: 2016

Forecast completion year	Approved Budget ($ millions)	Spend to date ($ millions)	Estimated Final Cost ($ millions)
2024	$ 51	$ 5	$ 51

Project Description:
Stations Transformation involves the modernization of how we staff our stations, our communications infrastructure and our business processes. It arose as a result of the transition to PRESTO and the opportunity for reform that this provided. A major part of the program, the introduction of Customer Service Agents (CSA), builds on the transformation of the customer experience by adding a world-class skillset and increasing engagement with our customers. These Agents are mobile, enabling them to approach and offer assistance to customers who face barriers in accessing and using the TTC. Their mobility along with infrastructure improvements (including upgraded passenger assistance intercoms(PAI), announcements and CCTV cameras) will lead to the increased safety and security of our stations, employees and customers.

Accomplishments:
- CSA staffing implemented at Line 1 Extension, Sheppard West, Wilson, Yorkdale and Lawrence West Stations.
- Experiential Customer Service Training completed for 80% of Stations Staff.
- Security Monitors installed at Line 1 Extension, Sheppard West, Wilson, Yorkdale and Lawrence West Stations.
- Passenger Assistant Intercom retrofit and replacement work commenced.

Key Issues/Risks & Mitigation Plan:
- PRESTO Implementation Dependence: The final implementation of CSA staffing to all stations is dependent on the retirement of all legacy fare media sales and fare monitoring. The elimination of these two functions is dependent on a number of PRESTO technical solutions that are still in development.

Project Delivery Chief: Jim Ross, Chief Operating Officer

PRESTO
Project Start: 2012

Forecast completion year	Approved Budget ($ millions)	Spend to date ($ millions)	Estimated Final Cost ($ millions)
2019	$ 53	$ 49	$ 70

Project Description:
The project includes TTC's scope of work to support Metrolinx activities for the implementation of the PRESTO fare card system at TTC. It includes overall project management and oversight to ensure the PRESTO system fully meets TTC's business requirements.

Accomplishments:
TTC has accomplished the following milestones towards the transition to PRESTO:

- Card readers are installed on all TTC buses, streetcars and Wheel Trans vehicles and contracted accessible vans;
- Fare gates and PRESTO vending machines are installed at all station entrances;
- Monthly Pass and 12-Month Pass products are now available for adults, youths, seniors and post-secondary students;
- Two-Hour Transfer and PRESTO e-Purse is available to customers paying with PRESTO;
- The initial rollout of the Third Party Network expansion is completed, ~135 Toronto Shoppers Drug Mart locations now selling PRESTO as of October; and
- The Metropass Discount Plan (MDP) was retired in October 2018. TTC Metropass and the Volume Incentive Plan (VIP) were retired effective December 31, 2018.

Key Issues/Risks & Mitigation Plan:
Although the Metropass retirement milestones for 2018 were completed, the deficiencies of the PRESTO technical solutions for enabling Cross-boundary travel (Toronto to York Region and Toronto to Mississauga) and Downtown Express routes prevented these two features from being implemented in 2018. PRESTO's solution could not reliably assign a cross boundary or downtown express route designation to a vehicle, resulting in scenarios that over charge or under charge customers, reject valid fare payments (i.e. passes) or result in revenue losses. TTC remains confident that PRESTO will provide a long term solution. PRESTO has been advised a technical solution for both Cross-Boundary and Downtown Express travel must be delivered before May 2019. The PRESTO Ticket will provide will provide fare payment options for customers who would like to purchase 1 ride, 2 rides or a day pass without a PRESTO card. The PRESTO Ticket and software/hardware fixes to address system performance issues are also expected to be delivered in 2019. As a result, the global stop selling and stop accepting dates for TTC tokens and tickets of August 3, 2019 and December 31, 2019, respectively, are under review.

Funding: TTC's 2019 to 2028 Budget submission includes an unfunded amount of $17 M. These additional funds are required to address the delays to PRESTO's rollout schedule and to provide a solution to address cash paying customers transferring to TTC non-integrated stations with fare gates. The forecast completion year for the project once the additional funding is approved is expected to be 2020.

Project Delivery Chief: Kirsten Watson, Deputy Chief Executive Officer

Purchase of Buses-City & Electric
Project Start: Ongoing

Forecast completion year	Approved Budget ($ millions)	Spend to date ($ millions)	Estimated Final Cost ($ millions)
2019	$ 763	$ 343	$ 2,807

Project Description:
This ongoing program covers the procurement of City buses according to the Green Bus Technology Plan approved by the Board in November 2017. The 2018-2019 procurement plan includes 625 new buses (310 Clean Diesel, 255 Hybrid Electric and 60 Battery Electric buses).

A steady state procurement of 160 buses will commence in 2021 through 2028. This portion of the program is currently unfunded by $2.044B.

Accomplishments:
In accordance with the Green Bus Technology Plan approved by the Board in November 2017, all 365 new buses scheduled for delivery in 2018 were delivered by Nova Bus. As of January 14, 2019, 311 of the 365 buses are available for service. Major milestones achieved through these procurements and made possible in part due to the Government of Canada's Public Transit Infrastructure Fund included:

1. Largest number of buses ever received by TTC in one year;

2. Arrival of the TTC's last clean diesel bus was on December 17th, 2018, a major milestone in TTC's transition to a zero-emissions bus fleet; and

3. Delivery of all 55 latest generation hybrid-electric buses were received in 2018. These buses are expected to consume up to 25% less fuel and produce 30% less Greenhouse Gas Emissions. They are also a key step in the natural progression to a fully electric bus as they allow the TTC to start gaining early operating and maintenance experience with electrified propulsion and on-board systems. The 55 hybrids are currently being tested and commissioned, and are expected to enter service in January 2019.

We are scheduled to receive the first of 60 battery electric buses in March 2019. The buses will come from three manufacturers, BYD, New Flyer Group Industries and Proterra. We are mobilizing construction at Arrow Road, Eglinton, and Mt Dennis garages to ensure that charging infrastructure is in place to 'fuel' the buses.
The Green Procurement Plan currently projects a mix of hybrid electric and fully electric bus procurements for the years 2021-2024 as we transition to steady-state procurement of solely fossil fuel free/zero emissions buses in 2025 and a zero-emissions fleet by 2040.

Key Issues/Risks & Mitigation Plan:

- Unfunded Fleet Plan: The existing fleet plan for the procurement of buses for the period 2018-2028 is currently unfunded from 2020 onwards, in the amount of $2.044B. This portion of the program is on the unfunded list for the 2019-2028 capital budget submission.
- Charging Electric Buses: Infrastructure modifications present the largest challenge on the program and while our business partners at Toronto Hydro and Panasonic Eco Solutions Canada Inc. are committed to successful completion prior to arrival of the buses, there is a contingency plan in place for temporary charging solutions at each garage in case of an infrastructure delays.

Project Delivery Chief: Rich Wong, Chief Vehicle Officer

Purchase of 204 New Streetcars
Project Start: 2014

Forecast completion year	Approved Budget ($ millions)	Spend to date ($ millions)	Estimated Final Cost ($ millions)
2019	$ 1,187	$ 753	$ 1,698

Project Description:
This project provides for the purchases of 204 new fully accessible articulated Low Floor Light Rail Vehicles(LFLRVs) to replace the existing fleet of 196 Canadian Light Rail Vehicles (CLRVs),52 Articulated Light Rail Vehicles (ALRVs) and additional vehicles for natural ridership growth and congestion relief efforts.

Accomplishments:
With the improvement of production quality at Bombardier's Thunder Bay facility and acceptance of the first car from their Kingston facility, there is an increase in confidence of Bombardier's ability to meet its commitment of 204 state-of-the-art, high quality units by the end of Q4 2019. As of January 14, 2019, 126 cars have been shipped to TTC and 119 have been commissioned and approved for service.

Key Issues/Risks & Mitigation Plan:

- Unfunded Fleet Plan: The fleet plan for the procurement of additional 100 streetcars for ridership growth is currently unfunded in the amount of $511M.
- Schedule adherence: While quality and productivity are improving, a high degree of vigilance must be maintained to ensure continued progress. Parts and material supply for production and to support operations poses a risk to the delivery schedule and in-service reliability. Supply chain risks and issues are monitored and managed between TTC, Bombardier and primary parts suppliers.

Project Delivery Chief: Rich Wong, Chief Vehicle Officer

Purchase of Subway Cars
Project Start: 2011

Forecast completion year	Approved Budget ($ millions)	Spend to date ($ millions)	Estimated Final Cost ($ millions)
2019	$ 1,167	$ 1,137	$ 2,577

Project Description:
This project provides for the purchase of 420 new subway cars to replace H-4, H-5 and H-6 subway cars as they reach the end of their life expectancy and for ridership growth and Automatic Train Control (ATC). The delivery of these cars is now complete as scheduled for 2010 to 2017.

Accomplishments:
- The last trainset (TS82) was handed over to the TTC on April 28, 2017.
- Efforts are on-going to ensure reliability targets (e.g. Mean Distance Between Failures) are met.
- All vehicle related milestones (including reliability performances) have been achieved.
- Substantial completions of non-vehicle related milestones (including spare parts and various Change Orders of control software).
- Entered Stage Gate 6 (Approval of Project Deliverables) with consolidation of project records and closing out open items.

Key Issues/Risks & Mitigation Plan:
Unfunded Fleet Plan: The fleet plan for the procurement of additional subway cars for ridership growth and Line 1 Capacity Enhancement is currently unfunded from 2028 onwards, in the amount of $1.411B. Supply chain: Due to supply chains issues, spare parts shipments and software deliveries were delayed which postponed the associated milestones payments

Note: This project will not be included in future reports as all major deliverables have been met.

Project Delivery Chief: Rich Wong, Chief Vehicle Officer

SAP Enterprise Resource Planning Project
Project Start: 2015

Forecast completion year	Approved Budget ($ millions)	Spend to date ($ millions)	Estimated Final Cost ($ millions)
2018	$ 63	$ 57	$ 64

Project Description:
Phase 1 of the SAP ERP Program was delivered in Q4, 2018 and has transformed business processes and modernized information technology foundations in Finance, Human Resources and Payroll using SAP integrating with existing TTC Legacy systems.

Accomplishments:
Phase 1 for the Finance and Treasury department launched the SAP Finance System which included a new General Ledger, Chart of Accounts, Cost Center Accounting, Internal Orders, Bank Processing and Financial Reporting for Capital and Operating costs.

Phase 1 for the People Group implemented the SAP SuccessFactors cloud based HR solution for centralized administration of employee data and personnel information including the introduction of modern organizational charts, near real time HR reporting, employee on-line pay statements, and integrated recruiting accessible from ttc.ca and integrated onboarding processes. This also included a considerable effort for the migration and implementation of new SAP payroll and benefits system processing for approximately 15,000 active employees.

Key Issues/Risks & Mitigation Plan:
Complexity with legacy systems: Due to the complexity with the legacy systems for the first phase of the SAP Implementation, the original full program scope remains to be implemented. The Phase 1 project schedule and delivery cost were reset in fall 2017 from the original business case in 2015. The reset required the full budget to deliver the Phase 1 scope, which was delivered on time and within budget during 2018.

Funding has been allocated for planning these business processes by April 2019 to develop the resource and implementation plan for Time Management, Accounts Payable/Receivable and Compensation/Performance Management.

Funding: TTC's 2019 to 2028 Budget submission includes $100M request of which there is an unfunded amount of $70M. The Forecast Completion Year for the Project once the funding is approved is expected to be 2023.

Project Delivery Chief: Dan Wright, Chief Financial Officer

VISION (CAD/AVL)
Project Start: 2016

Forecast completion year	Approved Budget ($ millions)	Spend to date ($ millions)	Estimated Final Cost ($ millions)
2020	$ 117	$ 30	$ 117

Project Description:
As part of the TTC modernization initiatives, the Vehicle Information System and Integrated Operations Network (VISION) program was initiated to transform the way in which the TTC manages its surface fleet of buses and streetcars. The core component of the program is the implementation of a new Computer Aided Dispatch / Automatic Vehicle Location (CAD/AVL) System which is being installed on the TTC's bus and streetcar fleets. The system provides for: data and voice communications, automatic vehicle location; automated stop display; automated stop announcements; automated vehicle performance monitoring; integration with the onboard camera and automatic passenger counting systems; tools and automation of selected business rules. In addition, the program will implement an integrated Yard Management System at all streetcar car-houses and bus garages.

Accomplishments:
VISION installed on 1023 of 2006 buses

Key Issues/Risks & Mitigation Plan:
Schedule management: Current CDMA (Code-division Multiple Access – Cellular Service) technology will sunset in April 2019, thereby potentially losing backup communication capabilities with the fleet that does not have VISION installed. Project team is accelerating the installation on remaining vehicles by adding more resources to increase install rate. VISION installation on the 204 Low Floor Light Rail Vehicles (LFLRV) streetcars has not started, the CDMA sunset communication issue will be mitigated by installing a portable radio solution on the streetcars costing $370K.

Project Delivery Chief: Dan Wright, Chief Financial Officer

Category 4 Projects

Line 2 East Extension
(formerly Scarborough Subway Extension)
Project Start: 2013

Forecast completion year	Approved Budget ($ millions)	Spend to date ($ millions)	Estimated Final Cost ($ millions)
2026*	$ 3,560	$ 158	$ 3,560

Project Description:
The Scarborough Subway Extension project is a 6.2 km extension of Line 2 from Kennedy Station to Scarborough Centre, via Eglinton Avenue, Danforth Road and McCowan Road. The extension will create a seamless journey for customers by eliminating the transfer at Kennedy Station. The Line 2 extension is required to replace the aging Line 3 Scarborough. Detailed project information can be found at ttc.ca.
Scope includes SRT Life Extension and SRT Demolition.

Accomplishments:
- Station, Tunnel and Systems design being advanced
- Art Consultant appointed
- Utility redirection works commenced
- Expression of Interest issued and 13 responses received

Key Issues/Risks & Mitigation Plan:
Budget was approved in 2013 based on 0% design. The updated project budget and schedule will be confirmed in the Stage Gate 3 Report being submitted to City Council in April 2019.

*Note: Forecast completion date will be confirmed in Stage Gate 3 report to City Council in April 2019 factoring in delivery strategy and schedule risk analysis. This date only reflects completion of phase 1 Start of Revenue Service and phase 2 completion of Bus Terminal will complete in 2029.

Project Delivery Chief: Susan Reed Tanaka, Chief Capital Officer

Relief Line South
(Planning, Design and Engineering)
Project Start: 2018

Forecast completion year	Approved Budget ($ millions)	Spend to date ($ millions)	Estimated Final Cost ($ millions)
2019	$ 56	$ 8	$ 100

Project Description:
The Relief Line South is a new eight stop, 7.5 km subway from Pape-Danforth on Line 2 to Downtown, interchanging with Line 1 at Queen and Osgoode Stations.
The current phase of work for the Relief Line South consists of the preliminary design and engineering (PDE) to between 15% and 30% complete, including developing a project budget and schedule. The City and TTC, in partnership with Metrolinx, have been directed to report back to City Council at the next decision gate for the project which includes a Class 3 cost estimate, a Level 3 schedule and an updated Business Case and Economic Analysis in Q4-2019.

Accomplishments:
Finalized Memorandum of Understanding (MOU) with City, Metrolinx and TTC in 2018 establishing governance structure, and scope to Stage Gate 3.

10 Consultant contracts awarded:

  - tunnelling design (1)
  - geotechnical (3)
  - stations design (4)
  - subway systems design (1)
  - project management (1)
- Geotechnical drilling in progress to inform tunnel and station designs
- Transit Project Assessment Process (TPAP) received October 2018
- Interim Scope Review Study is complete (in draft)
- Schedule improvement opportunities have been identified to advance early works to better the opening date and a budget request in support has been included in the 2019 to 2028 Budget request
- Stage Gate 3 submission including Class 3 estimate, level 3 schedule & risk analysis (for cost & schedule) deliverables by end 2019

Key Issues/Risks & Mitigation Plan:
Schedule improvement and early work opportunities have been identified and will require funding approvals in excess of those currently available. The City of Toronto, Metrolinx and TTC are expediting these approvals for early 2019.

Project Delivery Chief: Susan Reed Tanaka, Chief Capital Officer

Yonge Subway Extension
(Planning, Design and Engineering)
Project Start: 2018

Forecast completion year	Approved Budget ($ millions)	Spend to date ($ millions)	Estimated Final Cost ($ millions)
2020	$ 91	$ 3	$ 91

Project Description:
The Yonge Subway Extension is a 7.42 km extension of the Yonge Subway Line 1 from Finch Station to the Richmond Hill/Langstaff Gateway Urban Growth Centre at Highway 7. Current funding is to advance the planning, design and engineering phase of the work to between approximately 15% and 30% working towards developing a 'Class 3' Cost Estimate, a 'Level 3' Schedule, and an updated Business Case and Economic Analysis.

Accomplishments:

- Finalized MOU with City, Metrolinx, York Region (YR), York Region Rapid Transit Corporation (YRRTC) and TTC establishing the parameters for undertaking the work and the governance structure.
- 11 Consultant contracts awarded and being advanced:
  - tunneling design (1)
  - geotechnical (4)
  - stations design (4)
  - subway systems design (1)
  - project management services (1)
- Geotechnical field investigations in progress

Key Issues/Risks & Mitigation Plan:

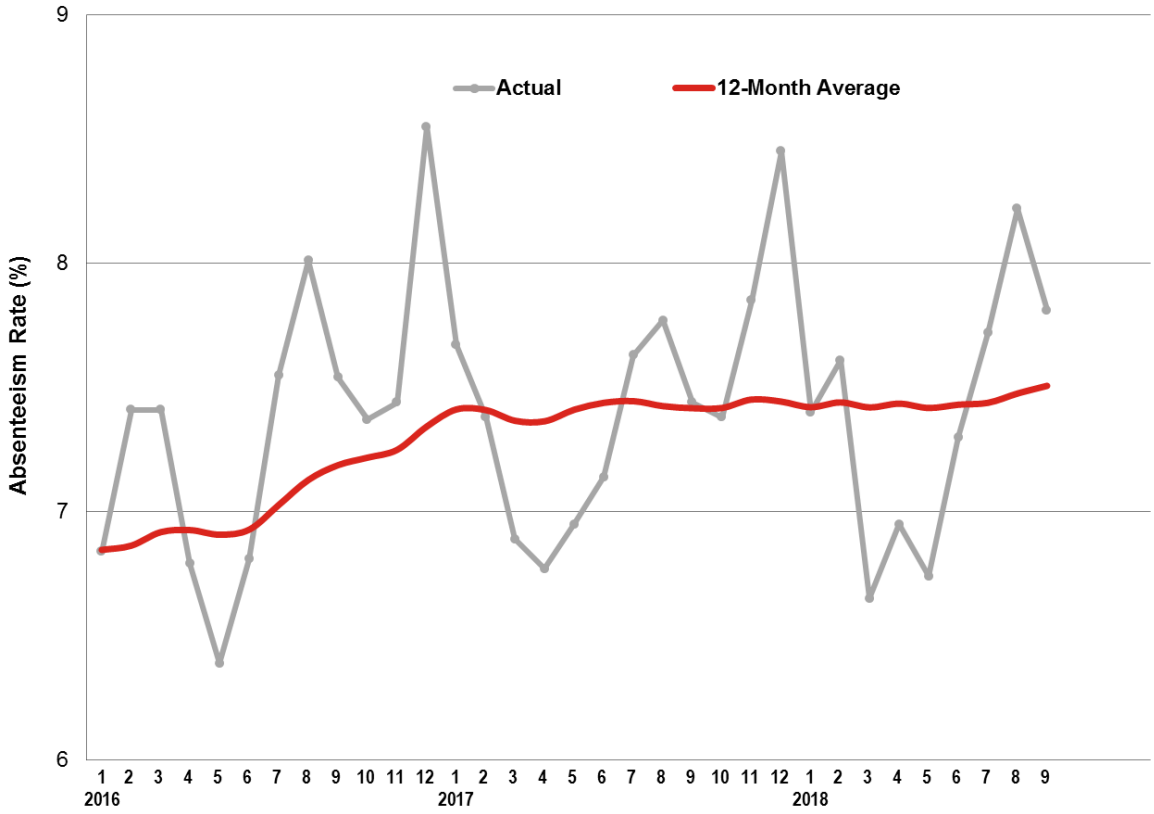
- There is currently no float in the project schedule. Design work is advancing concurrent with geotechnical investigations and tunnel options analysis to maintain the schedule.
- Additional funding is required for project continuity. Funds will be identified and included in the next capital budget submission.
- A Capacity Enhancement Program has been initiated to study and implement required improvements for projected increases in demand on Line 1.

Project Delivery Chief: Susan Reed Tanaka, Chief Capital Officer

Appendix 3 – Key Performance Indicators

Key performance indicators that have a direct impact on financial results are included in Appendix 3, as noted below.

Absence Rates



Results

The absenteeism rate in September 2018 decreased to 7.81% from 8.22% in August.

Analysis

12 month average absenteeism increased modestly.

9,978 employees showed perfect attendance in Period 9. This is 67% of the total workforce, consistent with Period 8.

The remaining 4,910 employees were absent for a total of 20,423 days averaging 4.2 days of absence per absent employee for Period 9, consistent with Period 8.

Bill 148 changed entitlements to Personal Emergency Leave (PEL) provisions of the *Employment Standards Act* (*ESA*). This has effectively doubled PEL usage from previous years. Employees have used 30,256 PEL days YTD as of Period 9. This has exceeded the entire 2017 total PEL usage by approximately 8,250 days (40% increase).

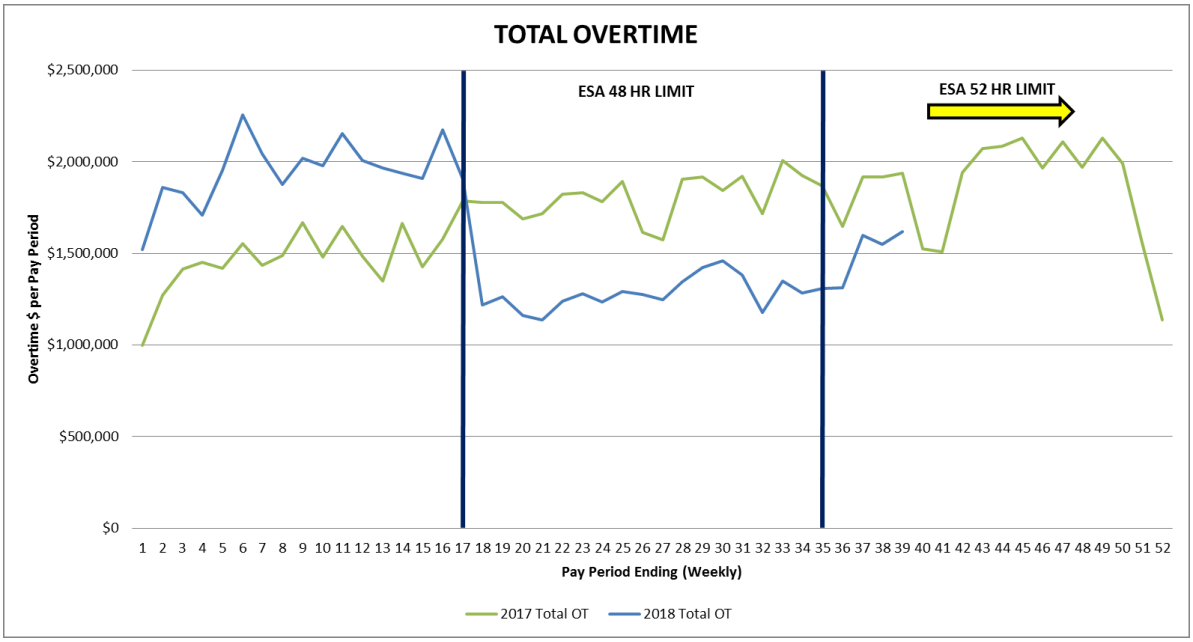
Action Plan

Human Resources and Service Delivery staff are working together to strategically address the high number and variety of employee absences. Efforts are underway to obtain and leverage attendance-related data to identify areas of focus. An HR Data Analyst was hired in September 17, 2018.

Updated management resources and training are currently being reviewed by various internal stakeholders and will be delivered in the fall. Increased efficiencies with respect to administering TTC's attendance management program should improve attendance rates over time; however, the impact of recent legislative changes has been a significant impact on attendance rates.

The recently enacted Provincial Government Bill 47, Making Ontario Open for Business Act, amended the ESA to eliminate PEL. TTC expects that this legislative change will have a positive impact towards reducing absenteeism.

Overtime



Note: OT amounts include Capital

Analysis

Since the ESA work hour restrictions were put in place at the end of April, weekly overtime spending has trended below last year's levels. Cancellation of most subway closures in the spring and summer also contributed to this reduction. As subway closures were restored at the start of the third quarter, weekly overtime has trended upwards, but remains below last year's levels.

It should be noted that a considerable amount of overtime is planned in advance to operate certain service or maintenance activities. In addition to subway maintenance closures, examples include vehicles returning to garage later than scheduled due to

weather or traffic delays and impacts of scheduled crews that require slightly more than 8 hours per day to complete.

Action Plan

TTC has been hiring additional workforce (primarily operators) to reduce the reliance on overtime. This is based on the plan outlined in the 2018 Mid-Year Workforce Increase report approved by the TTC Board on July 10, 2018. The hiring of 209 positions outlined in this report will enable a $7 million annual reduction in operating budget overtime. In addition, these hires have enabled the establishment of a core group of operators available to operate subway closure shuttles.