



Financial Update for the Period Ended May 30, 2020 and Major Projects Update

Date: July 14, 2020
To: TTC Board
From: Chief Financial Officer

Summary

This report sets out operating and capital financial results for TTC Conventional and Wheel-Trans services for the five-month period ended May 30, 2020. Year-end projections are also provided.

Financial Summary

2020 Operating Results

Description (\$Millions)	Year-To-Date (5 Months)			Year-End Projection		
	Actual	Budget	Variance	Projection	Budget	Variance
TTC Conventional						
Gross Expenditures	777.2	821.2	(44.0)	1,897.5	1,987.2	(89.7)
Operating Revenue	308.6	542.6	(234.0)	555.3	1,344.6	(789.3)
PGT Transferred from Capital	-	-	-	116.0	-	116.0
TTC Net (City Funding)	468.6	278.6	190.0	1,226.2	642.6	583.6
Wheel-Trans						
Gross Expenditures	49.0	63.5	(14.5)	122.2	156.5	(34.3)
Revenue	2.2	3.8	(1.5)	5.0	9.2	(4.2)
WT Net (City Funding)	46.8	59.7	(12.9)	117.2	147.2	(30.1)
Total Net (City Funding)	515.4	338.3	177.1	1,343.4	789.8	553.5

To the end of Period 5, the TTC Conventional Service's 2020 Operating Budget is \$190 million net over budget, offset by \$12.9 million net under-expenditure for Wheel-Trans service. On a combined basis, the unfavourable year-to-date variance is \$177.1 million, with a projected unfavourable variance of \$553.5 million by year-end. The year-end projection incorporates a transfer of \$116 million in Provincial Gas Tax funding from the capital budget as approved by the TTC Board on May 13, 2020. The Period 5 results

and estimated results to year-end are entirely due to the impact of COVID-19 as summarized in the following tables.

Year-To-Date Operating Budget Variance as of May 30			
Item (\$ Millions)	TTC		Total
	Conventional	Wheel-Trans	
COVID-19 Impacts	198.6	(9.6)	189.0
Other Operating Variances	(8.6)	(3.3)	(11.9)
Net Year-To-Date Budget Variance	190.0	(12.9)	177.1

Given the significant financial impact from COVID-19 on TTC revenues and added response costs, the City has provided emergency operating funding to offset the gap between planned expenditures and revenues.

The projected unfavourable variance, and therefore, need for operating emergency funding from the City will be dependent on the extent and pace of ridership recovery. The projection of \$553.5 million reflected in the summary below assumes ridership levels at 20% of budgeted levels through the summer, and 30% of budgeted levels for the fall.

TTC Year-End Projected Results			
Based on Conventional Ridership of:			
Summer @ 20% of Budget & Fall @ 30% of Budget			
Item (\$ Millions)	TTC		Total
	Conventional	Wheel-Trans	
Net Year-To-Date Budget Variance	190.0	(12.9)	177.1
Projected Emergency Funding Requirements June to Labour Day	251.1	(12.2)	238.9
Provincial Gas Tax Transfer from Capital to Operating	(116.0)		(116.0)
Projected Emergency Funding Required Labour Day - Dec 31 Conventional 30% Fall Ridership Scenario	258.5	(5.0)	253.5
Net Year-End Projected Budget Variance	583.6	(30.1)	553.5

Ridership projections are highly dependent on key drivers of ridership in the Fall. These include:

- Rate of economic recovery and employment levels
- Retail (non-essential) establishment openings
- Schools/daycare availability
- Tele working rates and commuting patterns
- Mode shift from transit due to customer safety concerns

Should these conditions prove to be favourable to transit ridership, fall ridership could range from 30 to 60% of budgeted levels. For every 10 percentage point increase in average fall ridership beyond 30%, the year-end financial impact could improve by approximately \$40 million. Even with the best case scenario of 60% of budgeted fall ridership being reached by the year-end, unfavourable variance would still result in a \$430 million gap that would require emergency funding by the City. It should be noted that the year-end unfavourable variance of \$430 million to approximately \$550 million, is

after accounting for \$116 million in Provincial Gas Tax funding being transferred from the capital to the operating budget to help reduce the overall funding gap for the TTC.

2020 Capital Results

Description (\$ Millions)	2020 Budget	Year-to-Date Actuals		Year-End Projection	
		\$	%	\$	%
TTC Base Capital	1,016.1	315.2	31.0%	914.9	90.0%
TTC Transit Expansion	73.5	16.7	22.8%	73.8	100.4%
Total	1,089.6	331.9	30.5%	988.6	90.7%

At the end of Period 5, total base capital expenditures were \$315.2 million, representing a spending rate of 31% of the 2020 Approved Capital Budget. Transit expansion expenditures were \$16.7 million with 22.8% of the 2020 Approved Capital Budget being spent. Combined, a total of \$331.9 million was spent to the end of May, representing a 30.5% spending rate. These results are based on the \$208.1 million reduction in the 2020 Capital Budget approved at the May 13, 2020 Board meeting to reflect capital project delivery delays due to COVID-19.

By year-end, TTC base capital expenditures by year end are projected at \$914.9 million or 90% of the 2020 Approved Capital Budget. In addition, it is expected that the TTC will also incur \$73.8 million in expenditures by year end for transit expansion initiatives reflecting 100% of the 2020 Approved funding being spent for these projects, In sum, TTC is projecting to spend 90.7% of its 2020 Approved Capital Budget.

Any unspent 2020 capital funding, which is currently projected to be \$101 million, will be carried forward into 2021 to complete capital work, in accordance with the City's Carry Forward policy.

Equity/Accessibility Matters

The TTC is strongly committed to making Toronto's transit system barrier-free and accessible to all. We believe all customers should enjoy the freedom, independence and flexibility to travel anywhere on the public transit system.

Expenditures required to meet the TTC's accessibility and equity requirements have been provided for in these budgets. TTC's Easier Access Program is underway to make all subway stations accessible by 2025 with elevators, wide fare-gates and automatic sliding doors. With reduced ridership demands due to COVID-19, TTC is accelerating Easier Access construction activities.

Decision History

At its meeting on December 16, 2019, the TTC Board approved the 2020-2029 TTC Capital Budget and Plan of \$7.696 billion in funding with \$1.077 billion in 2020 cash flow.

[http://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2019/December 16/Reports/Decisions/2 TTC 15 Year Capital Investment Plan and 2020 2029 Capital .pdf](http://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2019/December%2016/Reports/Decisions/2%20TTC%2015%20Year%20Capital%20Investment%20Plan%20and%202020%202029%20Capital%20.pdf)

At its meeting on December 16, 2019, the TTC Board approved the 2020 Operating Budgets of \$1,987.2 million gross and \$642.6 million net for TTC Conventional Service and \$156.5 million gross and \$147.2 million net for Wheel Trans Service and a 2020 total year-end workforce complement of 16,167 positions.

[http://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2019/December 16/Reports/1 2020 TTC and Wheel Trans Operating Budgets.pdf](http://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2019/December%2016/Reports/1%202020%20TTC%20and%20Wheel%20Trans%20Operating%20Budgets.pdf)

At its meeting on January 27, 2020, the TTC Board approved the amended 2020-2029 Capital Budget and Plan of \$11.924 billion, which included \$4.23 billion in net new funding made available through the dedicated City Building Fund and one-time Federal Gas Tax.

[http://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2020/January 27/Reports/Decisions/10 TTCs 2020 2029 Key Capital Investment Priorities Subway I.pdf](http://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2020/January%2027/Reports/Decisions/10%20TTCs%202020%202029%20Key%20Capital%20Investment%20Priorities%20Subway%20I.pdf)

At its meeting on February 19, 2020, City Council approved the 2020 Operating Budgets and 2020 – 2029 Capital Budget and Plan.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.EX13.2>

At its meeting on May 13, 2020, the TTC Board approved a net reduction of \$208.1 million to the TTC's 2020 Approved Capital Budget and a reduction of \$117.5 million to the 2020-2029 Capital Budget & Plan to reflect delays in capital project delivery due to COVID-19.

[http://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2020/May 13/Reports/Decisions/5 Preliminary COVID 19 Financial Impacts for the TTC Decisions.pdf](http://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2020/May%2013/Reports/Decisions/5%20Preliminary%20COVID%2019%20Financial%20Impacts%20for%20the%20TTC%20Decisions.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 for estimated year-end spending projections.

The key indicators include TTC and Wheel-Trans ridership and average fare, which impact the \$1.246 billion TTC fare revenue budget. Additional key drivers for TTC include the price of fuel and electric power that affect a combined fuel and utilities

budget of \$175.8 million. The final, and most significant, driver on expenses relates to service hours, which impacts labour expenses (\$1.105 billion), non-labour expenses (\$240 million) such as parts and maintenance, as well as fuel and utility consumption.

The table below details the TTC's key operating indicator and are discussed below.

Item	Year-To-Date Actuals			Year-End Projection			Status
	Actual	Budget	Variance	Projection	Budget	Variance	
TTC Ridership	130.4M	217.7M	(87.3M)	215.2M	533.5M	(318.3M)	✘
TTC Average Fare	2.26	2.33	(0.07)	2.23	2.34	(0.11)	✘
TTC Service Hours	3.773M	3.961M	(0.188M)	9.036M	9.582M	(0.546M)	✘
Price of Fuel (\$/litre)	0.886	0.988	(0.102)	0.850	1.001	(0.151)	✔
Price of Electric Power (\$/kWh)	0.143	0.143	0.000	0.149	0.153	(0.004)	✔
WT Passengers	0.95M	1.71M	(0.76M)	2.21M	4.20M	(2.00M)	✘

Ridership

At the peak of the COVID-19 pandemic impact ridership levels were 86% below budget. This decline moderated to approximately 80%, prior to the City of Toronto reentering phase 2 of the Provincial reopening framework. Even with a gradual recovery forecast for the balance of the year, ridership levels will be less than half of the full-year budget, leading to the significant financial impacts, detailed in this report.

Service Hours

Relative to the decline in ridership, year-to-date and full year service hours are only modestly below budget. This reflects service hours being essentially on budget early in the year, before the implementation of the demand-responsive service plan which has resulted in TTC operating approximately 85% of budgeted service since April. This level of service is expected to continue at least until Labour Day and until such time as ridership hits 50%, as outlined in the June report to the Board entitled *COVID-19 – Transitioning to Restart and Recovery*. Ridership will continue to be actively monitored and will be updated for the P6 Financial Results report to the Board in September.

Financial Update – Operating

Due to the impact of COVID-19, TTC has lost the majority of its ridership revenue and has currently identified incremental expenses of \$27.5 million. The loss of ridership revenue peaked at 86% and is the largest driver of the TTC's unfavourable year-to-date variance, and driver of City emergency funding. On a year to date basis, and net of Wheel-Trans savings, the net unfavourable variance is \$177.1 million, thereby requiring emergency funding from the City to fund the shortfall driven by the following COVID-19 impacts, summarized in the table below:

Year-To-Date Operating Budget Variance as of May 30			
Item (\$ Millions)	TTC Conventional	Wheel-Trans	Total
COVID-19 Impacts			
Passenger Revenue	210.7	1.5	212.2
March & April Pass Credit - Approved by TTC Board	12.8		12.8
Ancillary Revenue	2.7		2.7
Incremental Expenses	6.2		6.2
Cost Containment Strategy	(33.8)	(11.1)	(44.9)
COVID-19 Operating Impacts	198.6	(9.6)	189.0
Other Operating Variances	(8.6)	(3.3)	(11.9)
Net Year-To-Date Budget Variance	190.0	(12.9)	177.1

After accounting for the transfer of Provincial gas tax from capital to operating, emergency funding requirements are expected to reach \$300 million by Labour Day and be in a range of \$430 to \$550 million, by year-end.

TTC Year-End Projected Results			
Based on Conventional Ridership of:			
Summer @ 20% of Budget & Fall @ 30% of Budget			
Item (\$ Millions)	TTC Conventional	Wheel-Trans	Total
Net Year-To-Date Budget Variance	190.0	(12.9)	177.1
Projected Emergency Funding Requirements June to Labour Day	251.1	(12.2)	238.9
Provincial Gas Tax Transfer from Capital to Operating	(116.0)		(116.0)
Projected Emergency Funding Required Labour Day - Dec 31 Conventional 30% Fall Ridership Scenario	258.5	(5.0)	253.5
Net Year-End Projected Budget Variance	583.6	(30.1)	553.5

The drivers of the projected \$553.5 year-end emergency funding requirement are outlined in the table on the next page and are described after the table.

TTC COVID-19 Projected Emergency Funding Requirements			
Based on Conventional Ridership of:			
Summer @ 20% of Budget & Fall @ 30% of Budget			
Item (\$Millions)	TTC Conventional	Wheel-Trans	Combined
Revenue Losses			
Passenger Revenue Loss	766.5	4.2	770.7
Monthly Pass Credits	12.8		12.8
Commuter Parking	8.5		8.5
Subway Concession Rent Deferral	1.5		1.5
Total Revenue Impacts	789.3	4.2	793.5
Expenses			
Impacts to Labour Day			
Incremental Costs	27.5		27.5
Cost Containment Actions	(87.2)	(29.3)	(116.5)
Fall Preliminary Estimate			
30% ridership scenario net expense impact	(30.0)	(5.0)	(35.0)
Total Expense Impacts	(89.7)	(34.3)	(124.0)
PGT reallocated from Capital	(116.0)		(116.0)
Emergency Funding Required	583.6	(30.1)	553.5

Revenue Impacts

Passenger Revenue Loss

Conventional service ridership modelling for the COVID recovery period is based on five key factors or variables which include:

- Rate of economy recovery and employment levels
- Availability of daycare and approach to learning
- Remote working arrangements and commuting patterns
- Operation of non-essential retail & service establishments
- Transit mode share

Most of these ridership drivers are dependent on the pace and approach to the economy's reopening by the Province and the City. In addition, public confidence in the safety of public transit will factor into decisions to return to transit for customers with access to alternative modes.

Ridership losses peaked at 86% below budget in late April but have commenced a gradual recovery since.

Transit demand is expected to increase in the Fall, with anticipated ridership levels to range between 30% and 60%, particularly if school and daycares can accommodate pre-pandemic levels of attendees, on site each day. This ridership range is currently very wide, given the uncertainty surrounding school and daycare availability as well as working arrangements/commuting patterns and the cancellation of large events.

In total, TTC's COVID-19 passenger revenue impacts reached \$212.2 million to the end of Period 5 and as noted in the table above, should fall ridership be limited to a 30% average, losses are expected to reach \$770 million by year-end. Every 10 percentage point improvement in fall ridership levels would improve the passenger revenue projection by approximately \$40 million.

Monthly Pass Credits

At its June 17, 2020 meeting, TTC Board approved providing a credit for unused portions of monthly passes for the time period of March 18 to April 30. The estimated value of these credits is \$12.8 million.

Commuter Parking

Since the start of the pandemic, commuter parking revenue has been approximately 90% under budget. It is expected that commuter parking revenue will take longer to recover than passenger revenues. Based on current trends, a revenue loss of \$8.5 million by year-end is probable.

Subway Concession Rent Deferral

As approved by the Board at its June meeting, \$1.5 million in subway concession rent has been deferred, with repayment over a 12 to 24 month period and only the approved rent deferrals are reflected in the year-end projection at this time.

It is possible that ultimate losses by year-end will exceed this amount as other third party revenue providers have also requested the deferral or abatement of revenue given that lower ridership, especially in the subway system has meant that tenants have seen sales down by as much as 80 percent. TTC continues to work with the respective counterparts on payment arrangements, while taking an approach to deferrals and abatements which is consistent with that of the City of Toronto.

Incremental Expenses to Labour Day

Incremental response and recovery expenses are expected to total \$27.5 million to Labour Day. These estimates account for incremental expenses only and do not reflect costs of regular staff time dedicated to support COVID-19 activities. As a result, certain work is being deferred to redirect resources wherever possible and minimize incremental expenses being incurred. The components of the \$27.5 million of expenditures are shown in the table below.

INCREMENTAL RESPONSE AND RECOVERY EXPENSES	
Item (\$M)	Anticipated Expenses to Labour Day
Safety & Required Measures	
Personal Protective Equipment	9.2
Vehicle disinfecting	6.0
Protective Operator Barriers	2.6
Facility disinfecting, decals and other	2.5
Managing Resourcing	
Overtime (Critical response activities)	3.0
Operator Absence Coverage (mid-to-late March)	1.2
COVID-19 Ambassadors	2.6
IT & Business Continuity	0.4
Incremental Response and Recovery Expenses	27.5

TTC staff have identified additional COVID-19 recovery measures that may be required. Costs for these additional measures are not factored into the estimates provided in this report. This includes measures such as:

- Provision of Hand Sanitizer for customer use on board vehicles.
- UV disinfection of HVAC systems on vehicles and use of MERV-13 filters on Bus HVAC systems.
- Further office and workplace changes to support and encourage greater physical distancing amongst employees.
- Other measures which may be required or recommended by Medical Officers of Health or other government officials.

Cost estimates for these additional requirements, will be incorporated into future financial update reports.

Cost Containment Actions

\$116.5 million of cost containment savings are expected by Labour Day, of which \$44.9 million was achieved by the end of May.

Cost containment is being achieved through three broad actions:

- **Expenditure Constraint:** This includes a pause on the scheduled 2% staff salary increase, reductions in overtime spending, reduced PRESTO commissions and lower claim costs (health, dental & accidents). These initiatives are expected to achieve \$62.8 million in savings by Labour Day.
- **Matching Service Capacity to Demand:** These include savings from the workforce realignment strategy, a reduction in Wheel-Trans Contract taxi requirements and energy consumption savings from Conventional service operating at approximately 85% of normal service levels. These actions are

expected to achieve \$48.5 million in savings by Labour Day.

- **Deferred Implementation of New Service Priorities:** Implementation of the new service priorities will be deferred saving \$5.2 million.

The cost containment actions are based on a cost-savings projection to Labour Day only. Any additional cost savings for the balance of the year is undetermined due to the many uncertainties surrounding COVID-19 recovery, and are highly dependent on fall service level requirements. A very preliminary estimate of potential fall cost containment savings is approximately \$35 million and is primarily related to continued overtime reductions, reduced ridership demand resulting in lower Wheel-Trans contract taxi payments, a reduction in discretionary expenditures and lower PRESTO commissions.

Provincial Gas Tax: Reallocation to Operating

A reduction of the 2020 Capital Budget of \$208.1 million, has enabled \$116 million in capital Provincial Gas Tax funding to be redirected to the City of Toronto's Recovery Fund. This provides some mitigation to the operating financial impacts of COVID-19, and is reflected accordingly.

May 30, 2020 Results and Projections to Year-End by Service

The following tables present TTC Conventional and Wheel-Trans year-to-date financial results and year-end projections separately for each service. Variance explanations for both year-to-date and year-end projections are consistent with the COVID-19 impacts discussed above in the previous section.

TTC Conventional Service

2020 Operating Results

Item (\$Millions)	Year-To-Date Actuals			Year-End Projection			Status
	Actual	Budget	Variance	Projection	Budget	Variance	
Expenses							
Departmental Labour	427.1	442.2	(15.1)	1,066.9	1,104.9	(38.0)	✓
Departmental Non-Labour	81.5	89.7	(8.2)	236.9	240.2	(3.3)	✓
Employee Benefits	158.8	162.3	(3.5)	315.5	331.5	(16.0)	✓
Diesel	28.1	36.9	(8.8)	67.6	86.0	(18.4)	✓
Traction Power & Utilities	35.9	37.8	(1.9)	89.8	89.8	0.0	–
Other Corporate Costs	39.6	52.3	(12.7)	93.3	134.8	(41.5)	✓
COVID Incremental Costs	6.2	-	6.2	27.5	-	27.5	✗
Total Expenses	777.2	821.2	(44.0)	1,897.5	1,987.2	(89.7)	✓
Revenues							
Passenger Revenue	294.6	506.9	(212.3)	479.7	1,246.2	(766.5)	✗
Other Ancillary Revenue	14.0	35.7	(21.7)	66.3	89.1	(22.8)	✗
Reserve Draws	-	-	-	9.3	9.3	-	–
PGT Transferred from Capital	-	-	-	116.0	-	116.0	✓
Total Revenue	308.6	542.6	(234.0)	671.3	1,344.6	(673.3)	✗
Net (City Funding)	468.6	278.6	190.0	1,226.2	642.6	583.6	✗

2020 vs 2019 Results Comparison

Item (\$Millions)	Period 5 (Year-To-Date)			Year-End		
	2020 Actuals	2019 Actuals	Change	2020 Projection	2019 Actuals	Change
Expenses						
Departmental Labour	427.1	438.9	(11.8)	1,066.9	1,063.6	3.3
Departmental Non-Labour	81.5	78.5	3.0	236.9	227.1	9.8
Employee Benefits	158.8	150.5	8.3	315.5	311.8	3.7
Diesel	28.1	33.8	(5.7)	67.6	80.9	(13.3)
Traction Power & Utilities	35.9	36.2	(0.3)	89.8	84.7	5.1
Other Corporate Costs	39.6	43.2	(3.6)	93.3	136.3	(43.0)
COVID Incremental Costs	6.2	-	6.2	27.5	-	27.5
Total Expenses	777.2	781.1	(3.9)	1,897.5	1,904.4	(6.9)
Revenues and Reserve Draws						
Passenger Revenue	294.6	483.5	(188.9)	479.7	1,183.8	(704.1)
Other Ancillary Revenue	14.0	26.6	(12.6)	66.3	76.8	(10.5)
Reserve Draws	-	-	-	9.3	22.7	(13.4)
PGT Transferred from Capital	-	-	-	116.0	-	116.0
Total Revenue	308.6	510.1	(201.5)	671.3	1,283.3	(612.0)
Net (City Funding)	468.6	271.0	197.6	1226.2	621.1	605.1

Explanation of Year-Over-Year Changes

Expenses are expected to be \$6.9 million (0.4%) lower on a year-over-year basis. Key drivers of this net decrease include:

- Lower PRESTO Commissions, due to lower ridership: \$33.6 million
- Lower Accident Claim payments: \$7.5 million
- Net decrease in diesel price and consumption: \$13.3 million

These year-over reductions are expected to be offset by

- COVID-19 anticipated incremental costs: \$27.5 million
- Remaining \$20 million net year-over-year increase is primarily related to the increase union employee wages in accordance with the Collective Bargaining Agreement (CBA) and general material inflation.

Revenues and Reserve Draws are expected to decrease by \$612 million (47.7%). The decrease is mostly attributable to the loss of ridership resulting from COVID-19 impacts partially offset by the transfer of Provincial Gas Tax funding from the capital budget.

Wheel-Trans Service
2020 Operating Results

Item (\$Millions)	Year-To-Date Actuals			Year-End Projection			Status
	Actual	Budget	Variance	Projection	Budget	Variance	
Expenses							
Bus Service	19.7	22.6	(2.9)	53.2	56.7	(3.5)	✓
Contracted Taxi	15.9	27.0	(11.1)	36.7	66.5	(29.8)	✓
Employee Benefits	7.6	7.7	(0.1)	16.9	17.4	(0.5)	✓
Administration/Management	5.7	6.1	(0.4)	15.3	15.8	(0.5)	✓
Total Expenses	48.9	63.4	(14.5)	122.1	156.4	(34.3)	✓
Passenger Revenues	2.2	3.8	(1.6)	5.0	9.2	(4.2)	✗
Net (City Funding)	46.7	59.6	(12.9)	117.1	147.2	(30.1)	✓

2020 vs 2019 Results Comparison

Item (\$Millions)	Period 5 (Year-To-Date)			Year-End		
	2020 Actuals	2019 Actuals	Change	2020 Projection	2019 Actuals	Change
Expenses						
Bus Service	19.7	21.0	(1.3)	53.2	52.2	1.0
Contracted Taxi	15.9	26.9	(11.0)	36.7	70.1	(33.4)
Employee Benefits	7.6	7.2	0.4	16.9	14.6	2.3
Administration/Management	5.7	5.2	0.5	15.3	14.6	0.7
Total Expenses	48.9	60.3	(11.4)	122.1	151.5	(29.4)
Passenger Revenues	2.2	3.6	(1.4)	5.0	9.0	(4.0)
Net (City Funding)	46.7	56.7	(10.0)	117.1	142.5	(25.4)

Explanation of Year-Over-Year Changes

Expenses are expected to be \$29.4 million (19.4%) lower on a year-over-year basis. Key sources of this net decrease include:

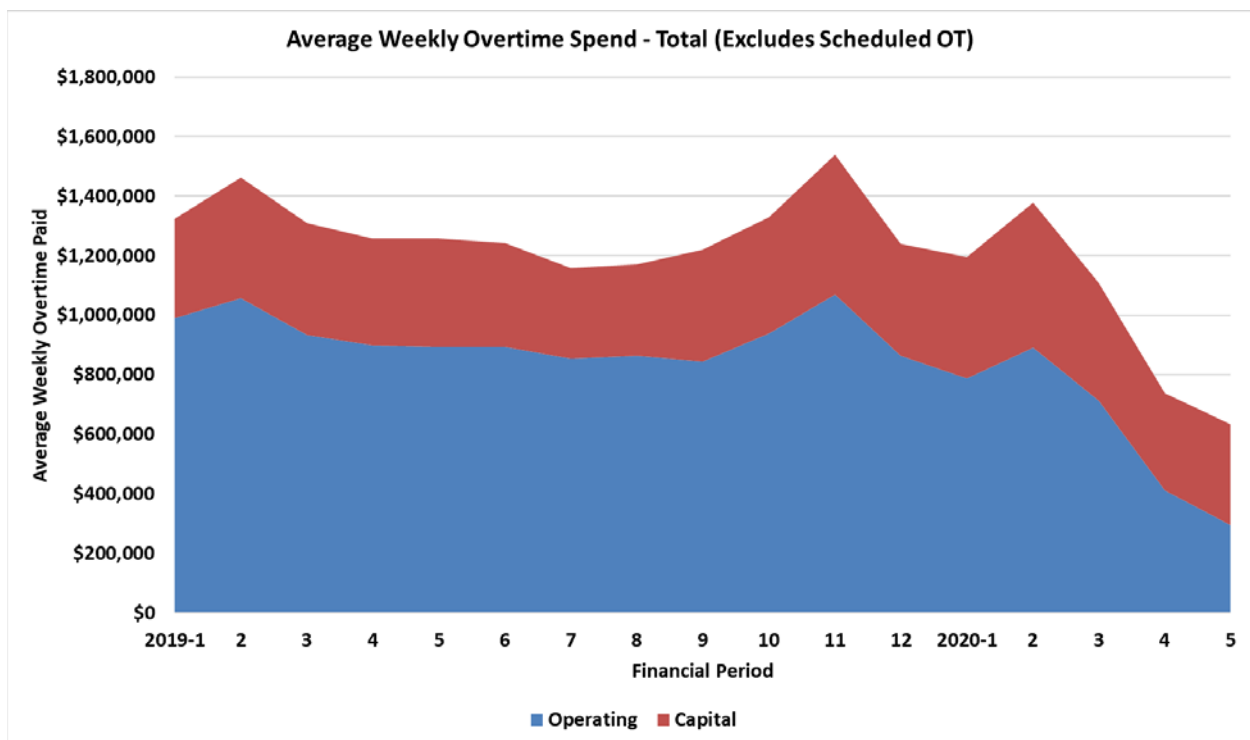
- Lower contracted taxis requirement due to COVID-19 impact to ridership (\$33.4 million)
- Increase benefit expenses (\$2.3 million)
- Impact of CBA increase (\$0.9 million)

The net remaining \$0.8 increase is comprised of a variety of items including inflation impact on materials as well as increased admin fee cost.

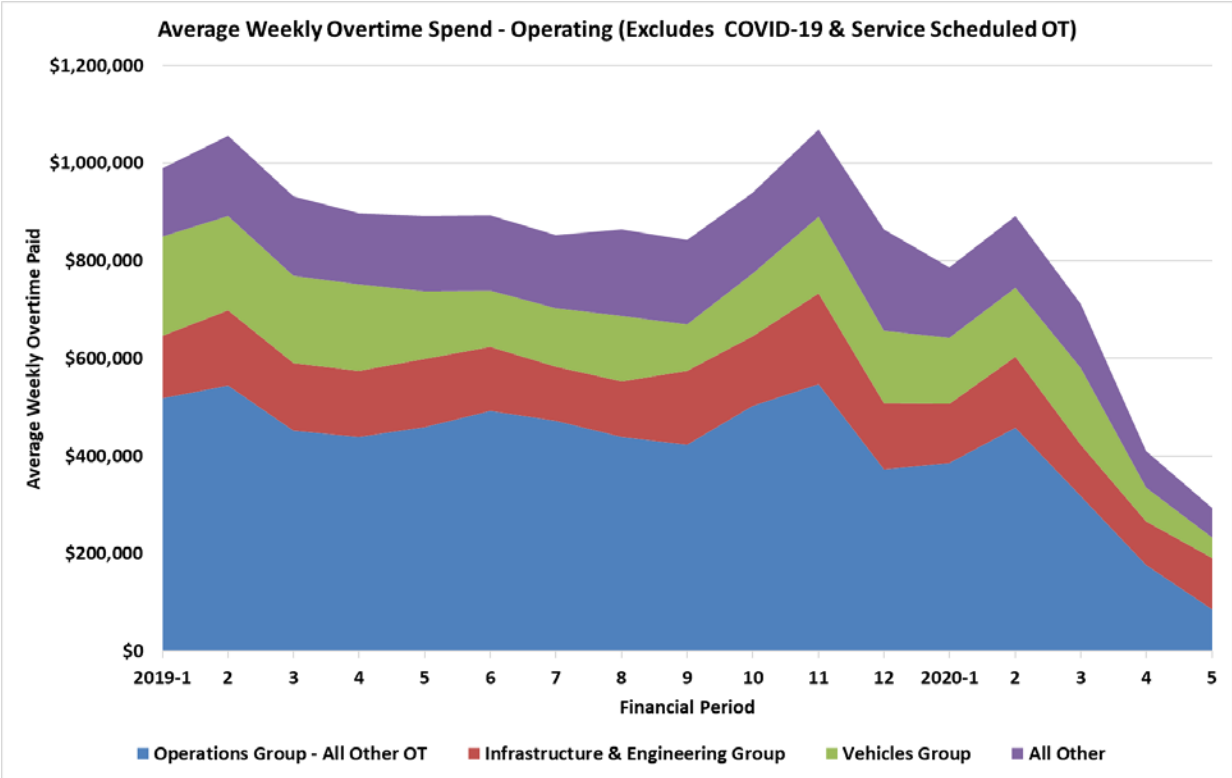
Revenues are expected to decrease by \$4.0 million (44.4%) compared to 2019, due to the impact of COVID-19 on Wheel-Trans ridership demand.

Overtime Management

A key element of the COVID-19 cost reduction strategy is the management of overtime expenses. Overtime expenditures are required to meet both operating and capital needs. Operating requirements are driven by the need to address incident response and absence coverage and capital needs relate to efforts to maximize productivity, while minimizing disruption during capital project delivery. As shown in the graph below, excluding overtime required for COVID-19 response and scheduled service overtime, average weekly overtime spending (total combined) has been reduced by half, from an average of \$1.3 million per week in 2019, to an average of \$0.7 million per week in April and May 2020.



Over the past two-years management of overtime has been a priority. While there has been general decline since 2018, cost containment efforts as part of COVID-19 response have resulted 65% decline in overtime for operating requirements as of the end of May as compared to February 2020. A substantial decline has been experienced across all operating groups and departments as shown in the graph below.



Overtime spending trends are actively monitored by department. Opportunities to shift other to resources on regular time are being actively pursued.

Financial Update – Capital

The TTC had incurred \$315.2 million in capital spending as of May 30, 2020 reflecting a spending rate of 31.0% for the TTC base capital program and \$16.7 million or 22.8% for transit expansion projects.

By year-end, the TTC is projecting \$988.7 million in overall capital spending, split between the TTC’s base capital program (\$914.9 million or 90.0%) and its transit expansion projects (\$73.8 million or 100.4%).

TTC 2020 Capital Results

Description (\$ Millions)	2020 Budget	Year-to-Date Actuals		Year-End Projection	
		\$	%	\$	%
TTC Base Capital					
Infrastructure Projects	745.8	205.7	27.6%	687.2	92.1%
Vehicle Related Projects	270.3	109.4	40.5%	227.7	84.2%
Total - Base Capital	1,016.1	315.2	31.0%	914.9	90.0%
TTC Transit Expansion					
Toronto York Spadina Subway Extension	47.6	10.7	22.5%	47.8	100.4%
Scarborough Subway Extension	20.8	5.6	27.1%	22.3	107.2%
Waterfront Transit - Design	5.1	0.4	7.4%	3.8	73.8%
Total - Transit Expansion	73.5	16.7	22.8%	73.8	100.4%

The results above are based on TTC’s revised 2020 Capital Budget based on the Board’s approval of a \$208.1 million reduction at its May 13th meeting to account for capital project delivery delays due to the COVID-19 pandemic. These budget adjustments will be considered by City Council for approval with the City’s Period 5 Variance Report.

The TTC's 2020 year-to-date and projected yearend capital results are primarily driven by the Purchase of Streetcars for Vehicle related projects. For Infrastructure Projects, the main drivers are the ATC Resignalling and Easier Access – Phase III projects.

Key Highlights

Infrastructure Projects

ATC Resignalling:

\$30 million or 47.1% of the \$63.7 million 2020 Approved Budget has been spent as of Period 5. Projected year-end spending is anticipated to be \$63.7 million or 100% of the Approved Budget for 2020. St. Patrick to Queen stations have been commissioned and are operating with ATC and approximately 90% of construction between Rosedale to Eglinton stations is complete.

Easier Access – Phase III:

\$27.2 million or 41.7% of the \$65.2 million 2020 Approved Budget has been spent as of Period 5. Year-end spending is projected to be \$65.2 million or 100% of the Approved Budget for 2020. The bid process for Donlands and College Stations are complete and design submissions were completed for Rosedale, Lawrence and Spadina Stations. Construction for station accessibility is on-going at 10 stations. To ensure project completion, teams are adding resources, advancing detail designs, and identifying and expropriating property needs early. Station entrance closures and bus loop closures are being considered to accelerate portions of the construction to offset potential delays

Vehicle Related Projects

Purchase of Streetcars:

\$23.2 million or 31.2% of the \$74.4 million 2020 Approved Budget has been spent as of Period 5. Projected year-end spending is anticipated to be \$74.4 million or 100% of the Approved Budget for 2020. All 204 streetcars ordered have been delivered and commissioned for revenue service. The final car, Car 4401, was handed over to the TTC on May 11, 2020. Bombardier and TTC staff are now working on the final phase of work for this program including completion of all outstanding vehicle modifications, addressing warranty items and strengthening the inventory supply chain.

Additional Capital Spending Summaries

Additional information on 2020 capital spending by project is included in ***Appendix 1 – 2020 Capital Spending Summary by Project.***

Information on capital delivery performance for major projects within TTC's base capital and transit expansion programs is also available within ***Appendix 2 - Major Projects Update.***

Contact

Alex Cassar, Director of Budgets, Costing and Financial Reporting
416-393-3647
Alex.Cassar@ttc.ca

Jennifer Imbrogno, Director, Capital Accounting
416-393-3619
Jennifer.Imbrogno@ttc.ca

Signature

Josie La Vita
Interim Chief Financial Officer

Attachments

Appendix 1 – 2020 Capital Spending Summary by Project
Appendix 2 – Major Projects Update
 Appendix A – Category 3 Projects Capital Spending Dashboard

Appendix 1 – 2020 Capital Spending Summary by Program

EXPENDITURES BY PROGRAM	2020 Budget	Year-to-Date			Year End		
		Actuals	Variance	%	Projection	Variance	%
TRACK	61.7	17.1	44.6	28%	59.7	2.0	97%
1.1 Subway Track	19.2	10.5	8.7	55%	19.3	(0.1)	100%
1.2 Surface Track	42.5	6.6	35.9	16%	40.4	2.1	95%
ELECTRICAL SYSTEMS	116.7	50.0	66.6	43%	115.7	1.0	99%
2.1 Traction Power	23.4	9.7	13.8	41%	22.5	0.9	96%
2.2 Power Distribution/Electric Systems	6.1	2.0	4.1	33%	6.1	(0.0)	100%
2.3 Communications	10.3	4.7	5.5	46%	10.2	0.1	99%
2.4 Signal Systems	13.1	3.7	9.5	28%	13.1	(0.0)	100%
ATC Resignalling	63.7	30.0	33.7	47%	63.7	0.0	100%
BUILDINGS & STRUCTURES	398.7	123.1	275.6	31%	386.9	11.8	97%
3.1 Finishes	12.9	4.9	8.0	38%	11.9	1.0	92%
3.2 Equipment	62.5	12.5	50.0	20%	61.5	1.0	98%
3.3 Yards & Roads							
Streetcar Network Upgrades & BRT	1.3	0.1	1.1	11%	0.9	0.4	70%
On-Grade Paving Rehabilitation Program	7.1	3.4	3.7	48%	10.5	(3.4)	147%
Bicycle parking at stations	0.7	0.0	0.7	0%	0.7	(0.0)	100%
Transit Shelters & Loops	0.5	0.0	0.5	0%	0.5	0.0	100%
3.4 Bridges & Tunnels	33.3	15.7	17.6	47%	33.5	(0.2)	101%
3.9 Buildings and Structures Projects							
Fire Ventilation Upgrade	11.5	2.0	9.4	18%	11.2	0.2	98%
Easier Access Phase III	65.2	27.2	38.0	42%	65.2	0.0	100%
Leslie Barns	1.7	0.4	1.3	24%	1.0	0.7	59%
Toronto Rocket/T1 Rail Yard Accommodation	38.6	11.9	26.7	31%	39.5	(1.0)	102%
McNicoll New Bus Garage	38.6	12.9	25.7	33%	38.6	0.0	100%
Warehouse Consolidation	2.7	(0.1)	2.8	-4%	0.0	2.7	0%
Corporate Initiatives - CLA	7.7	0.0	7.7	0%	0.0	7.7	0%
Yonge-Bloor Capacity Enhancement	12.6	7.9	4.7	63%	12.9	(0.2)	102%
Other Buildings and Structures	101.7	24.2	77.5	24%	99.0	2.7	97%
VEHICLES	270.3	109.4	160.9	40%	227.7	42.6	84%
REVENUE VEHICLES							
4.11 Purchase of Buses	70.6	49.6	21.0	70%	44.0	26.6	62%
4.11 Purchase of Buses - Wheel Trans Buses	4.4	0.2	4.2	5%	4.4	(0.0)	100%
4.12 Purchase of Subway Cars	12.2	2.2	10.0	18%	12.2	0.0	100%
4.13 Bus Overhaul	51.8	17.6	34.2	34%	44.2	7.6	85%
4.15 Streetcar Overhaul	0.6	0.6	(0.0)	107%	1.1	(0.5)	190%
4.16 Subway Car Overhaul	31.2	12.0	19.2	38%	21.3	9.9	68%
4.18 Purchase of Streetcars	74.4	23.2	51.2	31%	74.4	(0.0)	100%
NON-REVENUE VEHICLES							
4.21 Purchase Automotive Non-Revenue Vehicles	8.5	1.7	6.8	20%	9.5	(1.0)	112%
4.22 Rail Non-Revenue Vehicle Overhaul	6.3	0.9	5.4	15%	6.3	0.0	100%
4.23 Purchase Rail Non-Revenue Vehicles	10.3	1.4	8.9	13%	10.3	(0.0)	100%
TOTAL OTHER	168.8	15.5	153.3	9%	124.9	43.9	74%
TOOLING, MACHINERY & EQUIPMENT							
5.1 Shop Equipment	8.0	0.5	7.5	6%	9.7	(1.7)	122%
5.2 Revenue & Fare Handling Equipment	6.4	0.2	6.2	3%	6.4	0.0	100%
5.3 Other Maintenance Equipment	4.4	0.1	4.4	1%	2.7	1.8	60%
5.4 Fare System	15.8	1.0	14.8	6%	15.8	(0.0)	100%
ENVIRONMENTAL PROGRAMS							
6.1 Environmental Programs	32.2	2.9	29.2	9%	8.6	23.6	27%
6.1 Safety and Reliability	0.6	0.1	0.5	11%	0.1	0.5	10%
COMPUTER EQUIPMENT & SOFTWARE							
7.1 Computer Equipment & Software	89.4	9.5	79.9	11%	73.1	16.3	82%
OTHER							
9.1 Furniture & Office Equipment	0.4	0.2	0.2	56%	0.6	(0.2)	146%
9.2 Service Planning	11.5	1.0	10.5	9%	8.0	3.5	69%
Total Base Programs	1,016.1	315.2	701.0	31%	914.9	101.3	90%
Toronto York Spadina Subway Extension	47.6	10.7	36.9	22%	47.8	(0.2)	100%
Scarborough Subway Extension	20.8	5.6	15.2	27%	22.3	(1.5)	107%
Waterfront Transit - Design	5.1	0.4	4.7	7%	3.8	1.3	74%
Total Transit Expansion Projects	73.5	16.7	56.7	23%	73.8	(0.3)	100%

Appendix 2 – Major Projects Update (As of Period 5)

Overview:

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 three 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.

The programs and projects referred to hereafter as projects, have been included in the dashboard due to their magnitude and/or strategic significance. This quarterly update highlights the performance of these projects against their approved budget, planned schedule and in scope activities.

Dashboard: Capital Spending for Category 3 Projects/Programs (As of Period 5)

See Appendix A

Note:

- Financials are reported as of Period 5 including Carry Forward amounts from 2019 and reflect budget approvals as of February 19, 2020 (Council Approval) including Capital Reductions approved on May 13, 2020 (Board Approval). All other Project Performance Indicators (overall status, schedule and scope) reflect year-to-date results as of May 30, 2020.

AUTOMATIC TRAIN CONTROL (ATC) “LINE 1”

Project Start	Forecast Completion Year	Approved Budget	Spend to Date	Estimated Final Cost
2015	2023	\$737.0M	\$528.9M	\$737.0M
Overall Performance		2020 YTD Budget	2020 YTD Actuals	2020 Approved Budget
Current Status	Outlook to Completion			
G	G	\$25.0M	\$30.0M	\$63.0M

Project Description:

Objective: To enable reliability and provide customers with increased on-time service and reduced travel time.

TTC is re-signaling Line 1 (Yonge-University-Spadina) to improve reliability and capacity. Benefits include real time central train control with precise train location data, automatic control of train speed and separation between trains which will allow for reduced travel times and more consistent service.

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

Project Update & Accomplishments:

- Phase 3B (St. Patrick to Queen) is commissioned and operating with ATC.
- Phase 3C low speed testing was completed successfully and high speed testing is on target for August while commissioning is on schedule for Q4 2020.
- Completed 90% of Phase 4 (Rosedale to Eglinton) construction.

Key Issues/Risks & Mitigation Plan:

- COVID-19 Impact:
 - Limited TTC and Contractor staff due to restrictions: Limited staff impacting design progress, testing and commissioning and closures. Mitigation: Implementing alternative arrangements where physical distancing is challenging.
 - Supply chain delays impacting construction activities: Construction impacted by material shortage delaying or postponing installation activities. Mitigation: Supply chain issues are improving. Advance procurement for remaining material in the event of second wave of COVID-19.
- Eglinton Crosstown LRT interface: The project timeline is impacting design and implementation. Mitigation: Conducted impact analysis based on potential completion dates of platform. Coordination with Metrolinx is required.
- Closure cancellations: Cancellations continue to be high risk for successful project completion. Mitigation: Prioritize and plan alternate closure weekends.
- Workcar Testing: Rail Cars and Shops (RC&S) may not be able to provide retrofitted workcars on time for Alstom to complete the Statement of Work by Sept 2022. Mitigation: RC&S approved second supplier. Continue coordination with Subway Infrastructure and RC&S to formalize road map and final target of retrofitted workcars.

Forecast Completion Year: In-service 2022

ATC Phases	Construction and Installation of ATC Assets	Testing	In Service Date	Status
Phase 1 (Yorkdale to Dupont)	100%	100%	Q4 2017	Completed
Phase 2 (VMC to Sheppard West)	100%	100%	Q4 2017	Completed
Phase 2B/2C (Wilson Yard Interface)	100%	100%	Q4 2018	Completed
Phase 3A (Dupont to St. Patrick)	100%	100%	Q2 2019	Completed
Phase 3B (St. Patrick to Queen)	100%	100%	Q1 2020	Completed
Phase 3C (Queen to Rosedale)	100%	60%	Q4 2020	On Schedule
Phase 4 (Rosedale to Eglinton)	90%	25%	Q4 2021	On Schedule
Phase 5 (Eglinton to Finch)	7%	0	Q3 2022	On Schedule

Note:

- This project is included under 2.4 Signal Systems as indicated in Appendix 1.

EASIER ACCESS III

Project Start	Forecast Completion Year	Approved Budget	Spend to Date	Estimated Final Cost
2007	2026	\$837.1M	\$338.1M	\$837.1M
Overall Performance		2020 YTD Budget	2020 YTD Actuals	2020 Approved Budget
Current Status	Outlook to Completion			
G	Y	\$23.0M	\$27.2M	\$65.2M

Project Description:

Objective: To make all subway stations accessible and compliant with required legislation.

TTC's Easier Access Program will make all remaining subway stations accessible by providing elevators, wide fare gates, automatic sliding doors and signage improvements. Currently, 46 stations are accessible to people with disabilities. This Program also addresses a Legislated requirement to make all subway stations accessible by 2025 except as further noted below.

Note: Scarborough Rapid Transit (SRT) – Line 3 station locations are not part of the program as the SRT line will be replaced by the Line 2 East Extension.

Project Update & Accomplishments:

- Islington and Warden redevelopments have completed preliminary design and are proceeding towards Stage Gate 3.
- Contracts for Donlands and College Stations have completed the Bid process and are planned for award in July.
- Detail design submissions were completed for Rosedale, Lawrence and Spadina Stations.
- Construction for station accessibility is on-going at 10 stations: Dupont, Wellesley, Yorkdale, Chester, Runnymede, Wilson, Lansdowne, Bay, Keele and Sherbourne Stations, all remaining stations are in design phase.
- Program is fast tracking portions of the work at some stations.

Key Issues/Risks & Mitigation Plan:

- COVID-19 impacts may result in delays to elevator in service dates for projects in construction. Mitigation: as a result of low ridership, station entrance closures and bus loop closures are being considered, to accelerate portions of the construction to offset potential delays.
- Easier Access (EA) plans at Summerhill station: Public filed an appeal and requested alternative EA plans at Summerhill station as part of the Committee of Adjustment process for minor variance. Alternative designs proposed by neighbours were reviewed however do not meet Ontario Building Code requirements. Mitigation: Response prepared and will be shared with area Councillor.
- 3rd Party Constraints: other work priorities/schedule do not align with project schedule. Mitigation: Add dedicated resources, planning utility work in advance and identifying and expropriating property needs early.
- Design complexities: installing elevators in existing stations may present larger amount of design complexities and construction challenges. Mitigation: Add additional resources and advancing detail designs.

- The original budget was based on a scope and a level of complexity which covered the majority of the stations, however the latter stations complexity and scope are in excess of that anticipated in the original budget. We are currently progressing the design of the remaining stations to Stage Gate 3, where the design will be at approx. 30%, which will allow us to develop a Class 3 estimate.

We will be progressively updating our estimates as we complete the designs but early indications are that we anticipate an increase in the overall budget to accommodate the more complex stations. It is too early yet to determine the increase required but we will be reviewing this and updating as part of our annual budget process.

Note:

This project is included under 3.9 Building and Structures as indicated in Appendix 1.

FIRE VENTILATION UPGRADE & SECOND EXITS

Project Start	Forecast Completion Year	Approved Budget	Spend to Date	Estimated Final Cost
1998	2028	\$504.1M	\$286.8M	\$504.1M
Overall Performance		2020 YTD Budget	2020 YTD Actuals	2020 Approved Budget
Current Status	Outlook to Completion			
Y	Y	\$3.6M	\$2.0M	\$11.5M

Project Description:

Objective: To improve ventilation in subway tunnels and construct second exits at 14 high priority stations.

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.

Project Update & Accomplishments:

- Sheppard West Station and Clanton Park Emergency Service Building – Subway Ventilation Equipment Replacement – was Issued for Bid and closed. Contract award scheduled for approval at June Board meeting.
- Continuing construction of second exit/entrance combined with Easier Access at Chester Station.
- Designs in progress for the second exit/entrance for Museum, Summerhill, and Dundas West stations.
- Donlands Station – Second Exit/Entrance combined with Easier Access: The bid period closed and bid evaluation is in progress.
- College Station – Second Exit/Entrance combined with Easier Access: The contract is in bid process.

Key Issues/Risks & Mitigation Plan:

- Covid-19: Work is progressing as planned and no significantly reduced field activities are anticipated.
- Design complexities for installing second exits present challenges and require design changes. Mitigation: Advance design work and review potential opportunities. Request for additional funding may be identified as projects proceed through the stage gate process.

Note:

- This project is included under 3.9 Building and Structures as indicated in Appendix 1.
- TTC 2019-2028 Budget included unfunded amount of \$104M. In addition to the EFC noted, there is an additional \$1.5B in estimated project costs Post 2028 included through the Capital Investment Plan.

MCNICOLL BUS GARAGE

Project Start	Forecast Completion Year	Approved Budget	Spend to Date	Estimated Final Cost
2013	2020	\$181.0M	\$135.6M	\$181.0M
Overall Performance		2020 YTD Budget	2020 YTD Actuals	2020 Approved Budget
Current Status	Outlook to Completion			
G	G	\$14.7M	\$12.9M	\$38.6M

Project Description:

Objective: To improve the transit system and meet growing ridership demands.

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.

Project Update & Accomplishments:

- Overall project remains on time and under budget within prior project approval by TTC and City of Toronto of \$181M.
- Work on site continued throughout Covid-19 emergency. June move-in date not impacted.
- Office spaces are ready for use. Permanent furniture to be delivered for set-up starting in June.
- Outdoor finishing work continues including final landscaping, line painting, and final installation of fences and gates.
- Signage installation and deficiency work will continue through early summer.

Key Issues/Risks & Mitigation Plan:

- None

Note:

- This project is included under 3.9 Building and Structures as indicated in Appendix 1.

TORONTO ROCKET/T1 RAIL YARD ACCOMODATION (SUBWAY VEHICLE FACILITIES)

Project Start	Forecast Completion Year	Approved Budget	Spend to Date	Estimated Final Cost
2010	2025	\$495.7M	\$299.7M	\$495.7M
Overall Performance		2020 YTD Budget	2020 YTD Actuals	2020 Approved Budget
Current Status	Outlook to Completion			
Y	G	\$12.8M	\$11.9M	\$38.6M

Project Description:

Objective: To increase subway train storage and maintenance capacity.

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.

Project Update & Accomplishments:

- Program current status is tracking behind schedule due to longer than expected duration for several projects.
- Greenwood Complex Track & Structures Building Renovation, and DC Pendant Power Supply System Retrofit, correction of deficiencies is on-going.
- Contractor for Wilson Carhouse Expansion has completed the pre-cast panel erection and interior partitions for the office block; and the interior partitions, room finishes and major equipment supply for the HVAC repair shop.
- Contractor for “Greenwood Carhouse – Facility Pressure Washers, Heaters, and Lighting Upgrade” completed start-up and testing of pressure washer on Track 32 and 33 in preparation for final commissioning.

Key Issues/Risks & Mitigation Plan:

- Various project-level issues such as site conditions, geotechnical investigations etc. are being managed to minimize the impact on the program schedule.

Note:

This project is included under 3.9 Building and Structures as indicated in Appendix 1.

PURCHASE OF BUSES

Program Start	Forecast Completion Year	Approved Budget	Spend to Date	Estimated Final Cost
Ongoing	2034	\$1,204.9M	\$764.3M	\$1,468.3M
Overall Performance		2020 YTD Budget	2020 YTD Actuals	2020 Approved Budget
Current Status	Outlook to Completion			
Y	Y	\$43.1M	\$49.4M	\$69.6M

Project Description:

Objective: To a) replace old vehicles and grow our fleet to increase overall system capacity and reduce overcrowding; b) utilize vehicles which will be more accessible, more comfortable and more reliable; c) aid the City of Toronto in meeting its TransformTO target of an 80% reduction in greenhouse gas emissions by 2050 by adopting zero emission buses.

This ongoing program covers the procurement of buses according to the Green Bus Technology Plan approved by the Board in June 2018. The 2019 delivery plan includes 260 new buses, including 200 latest generation hybrid-electric buses and 60 zero-emissions battery electric buses (e-Bus). 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 a steady-state procurement of solely fossil fuel free/zero emissions buses in 2025 and a zero-emissions fleet by 2040.

Project Update & Accomplishments:

Hybrid Buses (200):

- All 200 Hybrid Buses scheduled for delivery prior to the end of 2019 were delivered and are in service.

eBuses (60):

- All 60 buses have been delivered with 26 available for service.
- As of May 31st e-Buses have accumulated 402,909 km of mileage.
- Commissioning of the remaining 34 e-Buses is underway with the first BYD e-Bus planned to enter into revenue service in July 2020.
- Head-to-head evaluation on vehicle performance and pros and cons of each e-Bus type (Proterra, New Flyer and BYD) will commence in Q3 2020 for a period of 2 years.

Key Issues/Risks & Mitigation Plan:

- COVID-19: The e-Bus commissioning process is ongoing but has been progressing at a slower rate due to the physical distancing restrictions put in place. The commissioning should be completed in the next few weeks. The TTC is monitoring the status closely through weekly meetings with vendors.
- e-Bus availability: As is common with all new fleet procurements e-Bus reliability started low but has been steadily increasing. In recent months, the primary cause of failures for New Flyer have been related to the propulsion system, while the primary issues impacting Proterra availability have been non-propulsion component failures and parts and service availability exacerbated by COVID-19 travel restrictions. TTC is working with vendors closely on a daily basis to eliminate reliability and parts supply issues in order to improve e-Bus availability.

Note:

- At the January 27, 2020 Board meeting, the Board approved the funding of 614 of the 1,575 required buses. Unfunded amount of \$1,381.2 (10-year) and \$2,683.3 (CIP).

e-BUS CHARGING SYSTEMS

Project Start	Forecast Completion Year	Approved Budget	Spend to Date	Estimated Final Cost
2016	2034	\$87.8M	\$16.6M	\$364.0M
Overall Performance		2020 YTD Budget	2020 YTD Actuals	2020 Approved Budget
Current Status	Outlook to Completion			
Y	Y	\$7.7M	\$6.0M	\$37.1M

Project Description:

Objective:

This project covers the construction of the charging infrastructure to support the operation of electric buses according to the Green Bus Technology Plan approved by the Board in November 2017.

Project Update & Accomplishments:

- Construction Update: Construction work at Arrow, Eglinton and Mt. Dennis was suspended due to COVID-19 on March 17, 2020 and has resumed as of May 19, 2020.
- Back-up Generator (Arrow Road): Substantial completion was achieved on March 17, 2020, deficiency items remain to be completed.
- Battery Energy Storage System (BESS) for Arrow, Eglinton, Mt. Dennis: Completed civil work at all 3 garages, and battery installation is ongoing and is expected to be completed by July 2020.
- As requested at the February 25 Board meeting, staff will report back in Q3 2020 on potential partnership opportunities that could:
 - Advance the design, procurement and construction of TTC's electric vehicle charging infrastructure; and
 - Enable the co-investment, co-ownership and co-maintenance of the TTC charging system network.

Key Issues/Risks & Mitigation Plan:

- Infrastructure delay of BESS: Delay may cause operational issues for charging the buses. Mitigation: Continue to monitor BESS contract award through Toronto Hydro (expected completion July 2020).
- Schedule slippage by Enbridge to install CNG permanent connection (expected completion September 2020). Mitigation: The TTC is monitoring status and evaluate recovery opportunities with Enbridge
- Toronto Hydro requires design and construction work to provide 10MW power to each property. Engage with Toronto Hydro to ensure adequate power supply is at site prior to full garage electrification. Mitigation: The TTC is monitoring site power design and construction status through regular meetings with Toronto Hydro.

Note:

- This project is included under 3.2 Equipment Program.

PURCHASE OF 204 NEW STREETCARS + GROWTH

Project Start	Forecast Completion Year	Approved Budget	Spend to Date	Estimated Final Cost
2009	2026	\$1,334.2M	\$1,067.3M	\$1,613.1M
Overall Performance		2020 YTD Budget	2020 YTD Actuals	2020 Approved Budget
Current Status	Outlook to Completion			
Y	Y	\$30.0M	\$23.2M	\$74.4M

Project Description:

Objective: To: a) replace legacy vehicles and grow our fleet to increase overall system capacity and reduce overcrowding; b) utilize vehicles which will be more accessible, and more reliable.

This project provides for the purchase of 204 new fully accessible new streetcars to replace the existing fleet of 196 Canadian Light Rail Vehicles (CLRVs), 52 Articulated Light Rail Vehicles (ALRVs) and additional vehicles for ridership growth and congestion relief efforts.

Project Update & Accomplishments:

- All 204 streetcars ordered have been delivered and commissioned for revenue service; Car 4401, which was returned for repairs before it was fully commissioned, was handed over to the TTC on May 11, 2020
- Bombardier and TTC staff are now focused on the next steps of this project including completion all outstanding vehicle modification programs, addressing warranty items and strengthening the inventory supply chain
- As of May 31, 2020, 6 cars that have been re-commissioned as part of the Major Repair Program
- In May, the TTC utilized the service reduction related to COVID-19 as an opportunity to accelerate repair and maintenance activities. TTC staff have been working with Bombardier to identify outstanding work that can be addressed during this service reduction including acceleration of the Major Repair Program.
- In May 2020, an Mean Distance between Failures of 40,968km (12 month rolling average) was achieved (contractual target – 35,000 km). TTC continues to work closely with Bombardier and have developed various vehicle modification programs which continue to be refined as more operational data becomes available.

Key Issues/Risks & Mitigation Plan:

- COVID-19 Impact:
 - Delays or stoppage of the delivery and manufacturing of sub-supplier spare parts expected due to the COVID-19 pandemic. Mitigation: Bombardier and TTC are meeting daily to focus on critical items no ensure minimal impact to operations.
 - Bombardier's Thunder Bay and La Pocatière facilities were shut down in late March 2020 and were re-opened on April 26, 2020 and May 4, 2020 respectively. Mitigation: TTC continues to work closely with Bombardier to recover from these delays including evaluating opportunities to accelerate the program.

Note:

- This project is included under 4.18 Purchase of Streetcar Program. The Capital Investment Plan identifies the need for the procurement of up to an additional 100 streetcars for ridership growth, which is currently not fully funded.

WHEEL-TRANS 10-YEAR TRANSFORMATION PROGRAM

Program Start	Forecast Completion Year	Approved Budget	Spend to Date	Estimated Final Cost
2017	2026	\$49.8M	\$22.5M	\$49.8M
Overall Performance		2020 YTD Budget	2020 YTD Actuals	2020 Approved Budget
Current Status	Outlook to Completion			
G	Y	\$5.2M	\$5.2M	\$8.9M

Project Description:

Objective: To support the new service delivery model which integrates Wheel-Trans customers into the conventional network.

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' (FOS) approach.

Project Update & Accomplishments:

- Program is prepared for Stage Gate 3.
- Scheduling and Dispatch Project: Phase 2 implementation date was on target for March 29 Go Live however this was delayed due to COVID-19. Revised Phase 2 Implementation date was approved for a June 07 Go Live.
- Family of Services (FOS) Project: Completed final draft of FOS Handbook with Wheel-Trans (WT) Operations for final review. Two new announcements have been added to bus Public Address: 1) priority access to blue seating, 2) deploying ramp, use rear doors.
- Access Hubs: 10 sites being placed in service, 2 are in the process of being placed in service and 2 are pending power connection/occupancy permits.
- Change Management: Completed training materials for Special Constables and developed materials for Streetcar and Subway Operations.

Key Issues/Risks & Mitigation Plan:

- Negative Customer response due to re-registration and conditional trip matching: Potential negative customer response to re-registration and trip matching for conditions. Mitigation: Communications indicate a positive effect on re-registration as over 5,000 customers have voluntarily re-registered.
- COVID-19 Impact:
 - Scheduling & Dispatch (SD) project to extend beyond Program end date: Program Timelines are impacted by vendor delay for SD Project, extending the schedule to beyond 2021 Action Plan: Working with ITS to create first cut of re-baselined Program in June 2020.
 - FOS Project: Mandatory Conditional Trip Matching that was planned to launch in June 2020 has been delayed. Customer Surveys along with guidance from Toronto Public Health will inform the timing of a move to mandatory Conditional Trip Matching. This will be evaluated in Q4 2020.

Note:

- This project is included under 3.9 Building and Structures as indicated in Appendix 1.

FARE COLLECTION / PRESTO

Project Start	Forecast Completion Year	Approved Budget	Spend to Date	Estimated Final Cost
2012	2021	\$79.8M	\$57.8M	\$79.8M
Overall Performance		2020 YTD Budget	2020 YTD Actuals	2020 Approved Budget
Current Status	Outlook to Completion			
Y	Y	\$6.1M	\$0.9M	\$15.2M

Project Description:

Objective: To implement a holistic approach to fare enforcement to enable us to a) measure fare compliance system-wide, across buses, streetcars and stations; b) extend the use of Automatic Passenger Counting technology on buses and streetcars to provide accurate measurement of boardings compared to fares paid. The project encompasses all activities to transform TTC fare collection processes including TTC's scope of work supporting Metrolinx activities for the implementation of the PRESTO farecard system, overall project management, assistance with equipment installation, upgrades to TTC facilities to accommodate PRESTO equipment, and oversight to ensure the PRESTO system fully meets TTC's business requirements.

Project Update & Accomplishments:

- 2020 Fare Increase and Double Discount Fare Cancellation: Software update for pass sales devices (i.e. subway vending machine, Shopper Drug Mart, etc.) completed; updates to payment devices (i.e. card reader) completed.
- Operations: Continued adjustment/optimization of cash collection process for street car vending machines.
- Developed and reviewed technical options to expand current process to provide credits (refunds) to customers.

Key Issues/Risks & Mitigation Plan:

- COVID-19: Service Plan for PRESTO maintenance adjusted, initiated discussions to adjust equipment service hours and service capacity. Daily service monitoring discussions scheduled with Metrolinx staff and management representative for Metrolinx contract resources.
- Business Requirements per Master Service Agreement (MSA): Fundamental business requirements such as Open Payment functionality (fare payment with debit/credit cards) and Service Level Agreements (SLAs) remain undelivered. Ongoing negotiations with Metrolinx to confirm delivery plan.
- Availability and system performance data from Metrolinx may be subject to inaccuracies in some instances. Work continues with Metrolinx to improve the methodology for determining availability including the frequency in which the devices are polled for availability status. Technical changes are also being developed to improve the reliability of card readers and other PRESTO equipment.

Note:

- This project is included under 5.4 Fare System as indicated in Appendix 1.
- Faregate program is not included in this up-date.
- Approved budget and completion year adjusted to reflect approval to end of 10-year envelope. An additional \$47 million is included as an unfunded amount for fare collection capital work to address the collection of cash on surface vehicles and other long term fare collection items outside of the PRESTO implementation activities.

STATIONS TRANSFORMATION

Project Start	Forecast Completion Year	Approved Budget	Spend to Date	Estimated Final Cost
2017	2024	\$50.8M	\$18.8M	\$50.8M
Overall Performance		2020 YTD Budget	2020 YTD Actuals	2020 Approved Budget
Current Status	Outlook to Completion			
Y	G	\$3.2M	\$2.7M	\$12.7M

Project Description:

Objective: To enhance the customer experience by introducing Customer Service Agents (CSA), infrastructure improvements which will result in increased safety and security of TTC stations, employees and customers.

Stations Transformation involves the modernization of how we staff our stations, our communications infrastructure and our business processes. 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), public announcement system (PA) and CCTV cameras) will lead to the increased safety and security of our stations, employees and customers.

The milestones include those funded by the Stations Transformation budget and those that are highly related but separately funded. They are listed here together to provide a holistic picture of the status of the program in conjunction with its interdependencies.

Project Update & Accomplishments:

- Completed construction for Bloor-Yonge Zone Hub.
- All Collectors transitioned to crashgate crews - interim stage to full CSA rollout.

Key Issues/Risks & Mitigation Plan:

- Fare Policy: Cash on surface strategy and bulk strategy delayed. Action Plan: Coordinate with Farecard and Customer Experience teams. CSA model implementation date.

Note:

This program is included under 3.9 Building and Structures as indicated in Appendix 1.

VISION (CAD/AVL)

Project Start	Forecast Completion Year	Approved Budget	Spend to Date	Estimated Final Cost
2016	2021	\$114.7M	\$71.4M	\$114.7M
Overall Performance		2020 YTD Budget	2020 YTD Actuals	2020 Approved Budget
Current Status	Outlook to Completion			
Y	Y	\$1.9M	\$2.1M	\$24.3M

Project Description:

Objective: Implement VISION (Vehicle Information System and Integrated Operations Network) to a) modernize the backbone of how the TTC tracks, manages and communicates with any one of our 2,000 buses and streetcars on the streets at any moment; b) provide better information for scheduling and planning; c) provide better real-time information to provide operators and customers during their trip; d) provide more efficient Transit Signal Priority to keep TTC vehicles moving; and e) provide more efficient yard management and crew sign-ups.

This modernization initiative 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, stop announcements, 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.

Project Update & Accomplishments:

- VISION installed on 58 LFLRV's as of May 31, 2020

Key Issues/Risks & Mitigation Plan:

- Vendors providing key services to VISION Program designated as non-essential during the COVID-19 lockdown may impact schedule and cost of the VISION Program. Mitigation: Sent letters to key vendors informing them that they are key vendors supporting the services of the TTC.
- Provincial Response Strategies to the COVID-19 may impact installation activities for Yard Management: External Work had been halted at all garages, continuing with internal work in compliance with provincial regulations. Mitigation: Proceeded with indoor work with reduced crews ensuring that Provincial and City directives for social distancing etc. are being observed. Impacts are being continually assessed.
- Suspension of Yard Management external construction work due to COVID-19. Action Plan: Milestone dates to be revised once duration of suspension has been established.

Note: This project is included under 7.1 Computer Equipment & Software as indicated in Appendix 1.

SAP ENTERPRISE RESOURCE PLANNING PROJECT

Project Start	Forecast Completion Year	Approved Budget	Spend to Date	Estimated Final Cost
2015	2025	\$272.8M	\$72.3M	\$272.8M
Overall Performance		2020 YTD Budget	2020 YTD Actuals	2020 Approved Budget
Current Status	Outlook to Completion			
Y	G	\$4.5M	\$2.3M	\$24.5M

Project Description:

Objective: To implement an industry-standard enterprise software solution that modernizes our core systems and aligns with the City of Toronto's SAP Roadmap.

Project Update & Accomplishments:

SAP Projects - Phase II

- Re-baselined project schedules and project cost forecast for active Phase 2 projects in Gates G4-G6 due to COVID-19
- Completed 100% of the Accounts Payable Release 1 new business process solution design. Initiated solution build phase.
- Completed 95% of the Learning Management new business process design.
- Published Time, Attendance and Workforce Scheduling Request for Proposal (RFP) on May 29.
- Completed documenting 80% of the current legacy business processes related to the Accounts Receivable and the Job Based Cost System as part of the SAP future solution assessment.

Key Issues/Risks & Mitigation Plan:

1. Work was temporarily paused for contractors until the work from home directive was implemented thus impacting the schedule. Mitigation: Worked with staff to revise schedules to accommodate new work from home directive to bring back contractors, which is now working successfully.

Note:

- The EFC represents the total SAP program cost with the future phases.
- This project is included under 7.1 Computer Equipment & Software as indicated in Appendix 1.
- Approved budget and completion year adjusted to reflect approval to end of 10-year envelope.
- Approval for funding is required to deliver the program from 2021-2029.

Appendix A

Category 3 Projects Capital Spending Dashboard

Projects/Programs	Critical Path	Cost (millions)										Schedule		Scope		Overall	
		2020 YTD		2020	2020	Approved	Actual		Projected		CS	OS	CS	OS	CS	OS	
		Budget	Actual	Approved	Forecast	Budget	LTD	CS	EFC	OS							
Category 3																	
Automatic Train Control (ATC) "Line 1"	3	\$25.0	\$30.0	\$63.0	\$63.0	\$737.0	\$528.9	G	\$737.0	G	G	G	G	G	G	G	
Easier Access Phase III	4	\$23.0	\$27.2	\$65.2	\$65.2	\$837.1	\$338.1	G	\$837.1	Y	G	G	G	G	G	Y	
Fire Ventilation Upgrade & Second Exits	Safety	\$3.6	\$2.0	\$11.5	\$11.2	\$504.1	\$286.5	Y	\$504.1	Y	G	G	G	G	G	Y	
McNicoll Bus Garage	3	\$14.7	\$12.9	\$38.6	\$38.6	\$181.0	\$135.6	G	\$181.0	G	G	G	G	G	G	G	
Toronto Rocket T1 Rail Yard (Subway Vehicles Facilities)	3	\$12.8	\$11.9	\$38.6	\$39.5	\$495.7	\$299.7	G	\$497.1	G	Y	G	G	G	G	Y	
Purchase of Buses	3	\$43.1	\$51.5	\$69.6	\$69.6	\$1204.9	\$764.3	G	\$1468.3	Y	Y	Y	G	G	G	Y	
E-bus Charging Systems	3	\$7.7	\$3.5	\$37.1	\$37.1	\$87.8	\$16.6	G	\$364.0	Y	Y	Y	G	G	G	Y	
Purchases of 204 Light Rail Vehicles	3	\$30.0	\$23.2	\$74.4	\$74.4	\$1613.1	\$1067.3	G	\$1334.2	Y	Y	Y	G	G	G	Y	
Wheels Trans 10-Year Transformation Program	4	\$5.2	\$5.2	\$8.9	\$8.9	\$49.8	\$22.5	G	\$49.8	Y	G	Y	G	Y	G	Y	
FARE COLLECTION / PRESTO	3	\$6.1	\$0.9	\$15.2	\$15.2	\$79.8	\$57.8	G	\$79.8	G	Y	Y	Y	Y	Y	Y	
Stations Transformation	4	\$3.2	\$2.7	\$12.7	\$12.1	\$50.8	\$18.8	Y	\$50.8	G	Y	G	G	G	G	Y	
VISION Program (CAD/AVL)	3	\$1.9	\$2.1	\$24.3	\$22.2	\$114.7	\$71.4	G	\$117.2	G	R	Y	G	G	G	Y	
SAP ERP Implementation	5	\$4.5	\$2.3	\$25.9	\$14.8	\$272.8	\$72.3	G	\$272.8	G	R	G	G	G	G	Y	
Total		\$180.8	\$175.3	\$484.9	\$471.8	\$6,228.7	\$3,679.8		\$6,493.2								



Performance Scorecard Status

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

	Cost (\$Millions)			
	2020 Approved Budget	2020 YTD Actual	Approved Budget	Estimated Final Cost
Total Base Capital Program (Category)	\$180.8M	\$175.3M	\$6,228.7M	\$6,493.2M

- EFC: Estimated Final Cost
- LTD: Life to Date
- CS: Current State
- CT: Current Trend
- OS: Outlook to Completion Status