



## Financial Update for the Period Ended December 31, 2020 and Major Projects Update

**Date:** April 14, 2021  
**To:** TTC Board  
**From:** Chief Financial Officer

### Summary

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This report sets out the preliminary operating and capital financial results for TTC Conventional and Wheel-Trans services for the year ended December 31, 2020. These results are subject to the year-end audit process and it is anticipated that the audited financial statements will be presented to Audit and Risk Management Committee on June 3, 2021 and the TTC Board on June 16, 2021.

### Recommendations

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It is recommended that the TTC Board:

1. Request City Council to approve the \$18.0 million in proceeds from the sale of 70 Parliament Street, as a contribution to the TTC Land Acquisition Reserve Fund.

### Financial Summary

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#### ***COVID-19 Impact and Relief Funding***

The COVID-19 pandemic has had a major financial impact on the TTC, which totalled \$751.9 million in 2020, before accounting for cost containment savings. After taking cost containment savings into account, the net impact net is \$590.2 million prior to the application provincial relief funding. The 2020 shortfall will be fully offset by funding from the provincial and federal governments, primarily through the Safe Restart Agreement (SRA), which recognizes the financial burden of the pandemic and is designed to address financial pressures resulting from reduced revenue and new expenses resulting from COVID-19. Through the SRA, a total of \$1.312 billion has been made available to the TTC to support operating budget shortfalls due to COVID-19 in 2020 and 2021.

## 2020 Operating Results by Service

The TTC's preliminary year-end financial results indicate that the TTC Conventional Service's 2020 Operating Budget will be \$635.9 million net over budget, offset by a \$45.7 million net under-expenditure for the Wheel-Trans Service, culminating in a total unfavourable variance of \$590.2 million, as summarized in the following table.

Description (\$Millions)	Year-End Results		
	Actual	Budget	Variance
<b>TTC Conventional</b>			
Gross Expenditures	1,866.5	1,987.2	(120.7)
Operating Revenue	588.0	1,344.6	(756.6)
<b>TTC Net (City Funding)</b>	<b>1,278.5</b>	<b>642.6</b>	<b>635.9</b>
<b>Wheel-Trans</b>			
Gross Expenditures	105.4	156.4	(51.0)
Revenue	3.9	9.2	(5.3)
<b>WT Net (City Funding)</b>	<b>101.5</b>	<b>147.2</b>	<b>(45.7)</b>
<b>Total Net (City Funding)</b>	<b>1,380.0</b>	<b>789.8</b>	<b>590.2</b>

## Year-End Results Comparison to Third Quarter's Year-end Projection

As presented to the Board at its November meeting, the *Financial Update for the Period Ended October 3, 2020 and Major Projects Update* report reflected a projected net financial impact to year-end of \$609.2 million. The actual financial impact at year-end is \$590.2 million and reflects a reduced shortfall of \$19.0 million. This change is mostly attributable to an increase in cost containment savings achieved from increased materials, services and contract savings, additional labour savings and lower energy usage, relative to the Q3 year-end projection. As a result of these favourable variances, the budgeted reserve fund draw of \$9.3 million, which were primarily intended to fund accident claim payments were no longer required.

## Sale of 70 Parliament Street : Reserve Contribution

On December 16, 2020, the TTC completed the sale of the property known as 70 Parliament Street, held in the registered name of the TTC. The sale was made to the leasehold tenant of the premises who had exercised their contractual right to acquire the property in accordance with the terms of the lease. The net proceeds from the sale of the property was \$18.0 million and currently this amount is accounted for in the TTC's 2020 revenues. To ensure that these one-time proceeds are available for future one-time emergent needs, it is recommended that the Board request City Council authority to contribute these funds to the TTC Land Acquisition Reserve Fund. The results reported in this report assume that this authority will be granted.

## 2020 Capital Year-End Results

(\$ Millions)	2020 Budget	Year-to-Date Actuals	
		\$	%
TTC Base Capital	1,016.1	825.4	81.2%
TTC Transit Expansion	76.6	57.9	75.6%
<b>Total</b>	<b>1,092.7</b>	<b>883.3</b>	<b>80.8%</b>

Based on preliminary year-end results, the TTC's base capital expenditures total \$825.4 million, representing a year-end spending rate of 81.2% of the 2020 Approved Capital Budget. In addition to the base capital spending, the TTC also incurred \$57.9 million or 75.6% of the 2020 Approved Capital Budget for continuing its capital work program for transit expansion initiatives. Taken together, the TTC's preliminary year-end spending totals \$883.3 million, or an overall spending rate of 80.8%. The spending rate for the base capital program reflects an improvement over the 2019 spending rate of 73.1% and the five-year average spending rate of 71.7%, after accounting for a \$208.1 million reduction in the 2020 Capital Budget capital project delivery delays due to COVID-19.

The unspent 2020 capital funding of \$209.4 million will be carried forward into 2021 to complete the capital works underway in 2020, in accordance with the City's Carry Forward policy.

## Equity/Accessibility Matters

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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.

In addition to ongoing efforts to address access, diversity and inclusion, the 2020 TTC Operating Budget funded a new investment of \$2.8 million to implement Ombudsman recommendations to implement the TTC's anti-racism strategy and the establishment of an independent office to handle Special Constable and Fare Inspection complaints. At the end of 2020 the *Embrace Diversity: 10-Point Action Plan* was approved by the TTC Board.

The 2020-2029 Capital Budget and Plan includes \$76.8 million in 2020 and \$526.2 million over the 10 years for the TTC's Easier Access Program, which 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, the TTC is accelerating Easier Access construction activities.

## Decision History

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At its meeting on December 16, 2019, the TTC Board approved the 2020-2029 TTC Capital Budget and Plan of \$7.696 billion over 10 years and a 2020 Capital Budget of \$1.077 billion.

[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

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### 2020 Operating Budget: Key Indicators

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.

Key revenue indicators include TTC and Wheel-Trans ridership and average fare, which impact the \$1.246 billion TTC fare revenue budget. Key cost drivers for the 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 of 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 following table details the year-end results of the TTC's key operating indicators, as summarized in the following table and discussed below:

Item	Year-End Results			Status
	Actuals	Budget	Variance	
TTC Ridership	225.0M	533.5M	(308.5M)	✘
TTC Average Fare	2.27	2.34	(0.07)	✘
TTC Regular Scheduled Service Hours	9.029M	9.582M	(0.553M)	✘
Price of Fuel (\$/litre)	0.881	1.001	(0.120)	✔
Price of Electric Power (\$/kWh)	0.156	0.153	0.003	✘
WT Passengers	1.70M	4.21M	(2.51M)	✘

### **Ridership**

At the peak of the COVID-19 pandemic impact, ridership levels fell to 14% of budgeted levels. With gradual recovery through the summer, ridership reached its peak at 39% of budgeted ridership at the end of August. The resurgence of COVID-19 cases in the Fall meant ridership retracted back to 35% of budget in October and with the implementation of the grey lockdown, fell to 30% of budget in December. Overall, for the full year of 2020, ridership averaged just 42% of the full year budgeted ridership, leading to the significant financial impacts detailed in this report.

### **Service Hours**

Regular scheduled service hours were on budget early in the year prior to the onset of COVID-19. In response to reduced ridership in the spring, the demand-responsive service plan was implemented, which has resulted in the TTC operating approximately 85% of budgeted service hours through the summer of 2020. Over the course of the Fall, service hours were restored on the bus network, with service hours across all modes scheduled reaching 93% of budget by the end of the year.

### **Financial Update – Operating**

Due to COVID-19, the TTC experienced an unprecedented loss of ridership and associated revenue, and incurred \$28.6 million in incremental expenses. The loss of ridership revenue peaked at 86% and is the largest driver of the TTC's unfavourable variance for 2020.

### **2020 Preliminary Year-End Operating Results**

On a combined basis and based on preliminary results, required City funding has exceeded the 2020 budget by \$590.2 million due to the financial impacts of COVID-19.

This unfavourable year-end variance has been partially offset by TTC cost-containment savings, as summarized in the following table:

TTC Year-End Funding Variances to Budget				
Item (\$Millions)	TTC Conventional	Wheel-Trans	TOTAL	
<b>COVID-19 Revenue Losses</b>				
Passenger Revenue Loss (net of PRESTO fees)	698.8	5.2	704.0	
Ancillary Revenue	19.4		19.4	
Incremental Costs - COVID-19	27.3	1.2	28.6	
<b>COVID-19 Impact, before cost containment</b>	<b>745.5</b>	<b>6.4</b>	<b>751.9</b>	
COVID-19 Direct Impact & Reduced Service levels	(36.2)	(39.1)	(75.3)	
<b>Net COVID-19 Impact, after Direct Savings</b>	<b>709.4</b>	<b>(32.7)</b>	<b>676.7</b>	
Management Actions & Other Savings	(88.0)	(13.0)	(101.0)	
Other Variances	14.5		14.5	
<b>City Funding Variance</b>	<b>635.9</b>	<b>(45.7)</b>	<b>590.2</b>	

COVID-19 impacts from revenue losses and incremental costs totalled \$751.9 million in 2020. This was partially offset by direct COVID-19 savings of \$75.3 million, which are primarily attributed to reduced service levels as a result of matching service capacity to demand, resulting in a net COVID-19 impact of \$676.7 million. Additional management actions resulted in further savings of \$101 million and unfavourable other variances of \$14.5 million result in a year-end funding requirement of \$590.2 million.

The \$590.2 million of funding required above the 2020 approved net budget, will be fully offset by funding from upper levels of government, primarily through the Safe Restart Agreement. The 2020 preliminary year-end results reflect a favourable \$19 million change from our Q3 variance projection for year-end. This change is mostly due to an increase in cost-containment savings achieved from further materials, services and contract savings, additional labour savings and lower energy usage. As a result of these favourable variances, the budgeted reserve fund draw of \$9.3 million, which were primarily intended to fund accident claim payments, were no longer required.

### Preliminary Year-End Results by Service

A summary of the preliminary year-end results by service is shown in the following tables and described below:

TTC Conventional Financial Results Summary			
(\$ Millions)	Year-End		
	Actual	Budget	Variance
<b>Revenues</b>			
Passenger Revenue	512.1	1,246.2	(734.1)
Ancillary Revenue	75.9	89.1	(13.1)
Reserve Draws	0.0	9.3	(9.3)
<b>Total Revenue</b>	<b>588.0</b>	<b>1,344.6</b>	<b>(756.5)</b>
<b>Total Expenses</b>	<b>1,848.6</b>	<b>1,987.2</b>	<b>(138.6)</b>
<b>Contribution to Reserves</b>	<b>18.0</b>	<b>0.0</b>	<b>18.0</b>
<b>City Operating Funding Requirement</b>	<b>1,278.5</b>	<b>642.6</b>	<b>635.9</b>

Wheel-Trans Financial Results Summary			
(\$ Millions)	Year-End		
	Actual	Budget	Variance
Total Revenue	3.9	9.2	(5.3)
Total Expenses	105.4	156.4	(51.0)
City Operating Funding Requirement	101.5	147.2	(45.7)

Combined Results Summary			
(\$ Millions)	Year-End		
	Actual	Budget	Variance
Total Revenue	591.9	1,353.8	(761.9)
Total Expenses	1,972.0	2,143.6	(171.6)
City Operating Funding Requirement	1,380.0	789.8	590.2

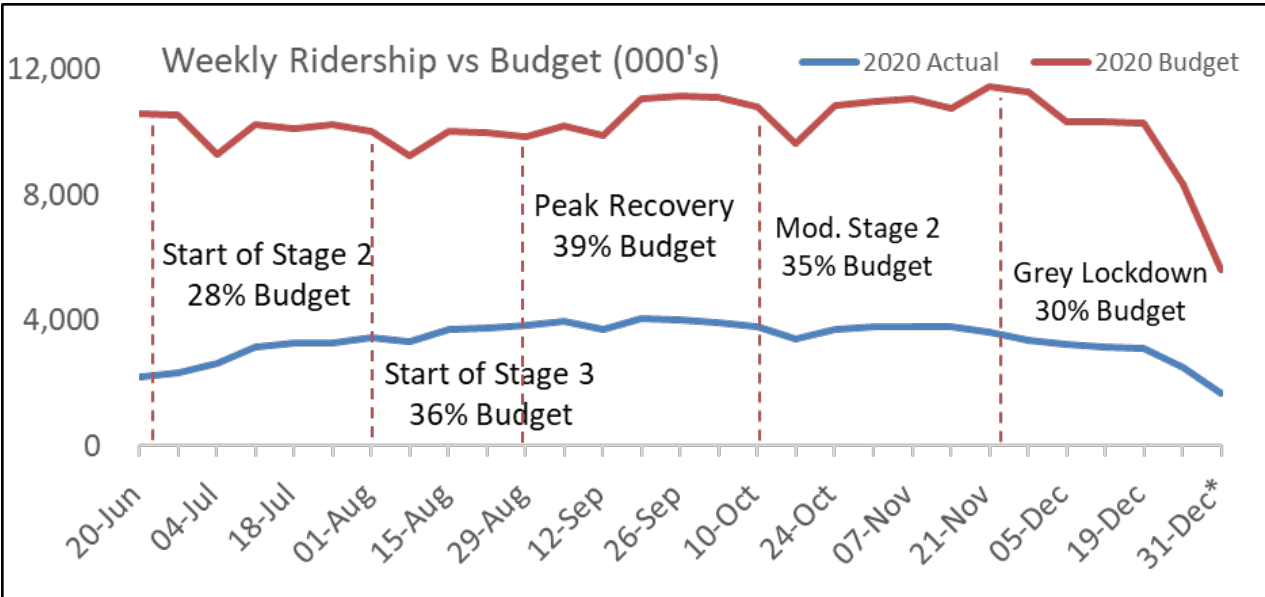
The gross financial impact of COVID-19 before the application of the cost containment strategy was \$751.9 million as described below.

## Revenue Impacts

### ***Passenger Revenue Loss***

Ridership losses peaked at 88% below the 2020 revenue budget in late April, with a gradual recovery experienced as the economy reopened through the summer. As shown in the chart below, ridership reached 28% of budgeted levels by the end of June and peaked at approximately 39% at the end of August. With a resurgence of COVID-19 cases in the Fall, ridership retracted to 35% of budgeted ridership in October, and with the implementation of the grey lockdown, fell to 30% of budgeted ridership in December.

The following graph summarizes the ridership trends experienced in 2020 in relation to the Provincial government's response to COVID-19 cases.



Including pass refunds, the TTC's COVID-19 impacted TTC Conventional passenger revenue loss, net of PRESTO commissions, reached \$698.8 million at year end, with a further \$5.2 million attributable to Wheel-Trans Service's revenue loss.

**Ancillary Revenue**

The TTC also experienced a loss of \$19.4 million in ancillary revenue due to the impact of COVID-19 on commuter parking, advertising and subway concession revenues. Lower interest income also contributed to this variance.

**Incremental Expenses**

Incremental COVID-19 safety and service response and recovery expenses totalled \$28.6 million by year-end, which accounts for incremental expenses only and does not include costs of regular staff time that were redirected to COVID-19 activities. As a result, certain regular work was deferred to minimize the amount of incremental response expenses incurred. The \$28.6 million in COVID-19 response and recovery expenses are detailed in the following table:



INCREMENTAL RESPONSE AND RECOVERY EXPENSES	
Item (\$Millions)	TOTAL
<b>Safety &amp; Required Measures</b>	
Personal Protective Equipment	6.3
Vehicle Disinfecting	9.5
Facility Disinfecting, Decals and Other	2.5
COVID-19 Screening	1.7
Hand Sanitizer for Customers	1.1
<b>Managing Resources</b>	
Overtime (Critical response activities)	4.2
Operator Absence Coverage (mid to late March)	1.2
COVID-19 Ambassadors	1.7
IT & Business Continuity	0.5
<b>Full Year Financial Impact</b>	<b>28.6</b>

### Cost Containment Strategy Results

In response to the significant financial challenges arising from COVID-19, the TTC implemented a cost containment strategy that has resulted in total savings of \$176.3 million for TTC Conventional and Wheel-Trans combined.

Savings were achieved through three broad actions:

- **Expenditure Constraint:**  
This effort reflects a range of actions, including a pause on the scheduled 2% staff salary increase, reductions in overtime spending, materials and services non-labour savings and lower claim costs (health, dental and accidents). These initiatives achieved \$81.8 million in savings by year-end.
- **Matching Service Capacity to Demand:**  
Matching service capacity to demand has resulted in savings of \$39.1 million from reduced Wheel-Trans contract taxi requirements and \$33.2 million attributable to reduced TTC Conventional Service in the summer and fall. The remaining \$17.0 million savings reflect other savings, including the TTC's workforce realignment strategy.
- **Deferred Implementation of New Service Priorities:**  
Implementation of new service priorities approved with the 2020 Operating Budget were deferred, saving \$5.2 million.

The actions undertaken, and the results achieved, are due to two key factors: savings directly attributable to COVID-19 and savings arising from specific management actions. The results according to these drivers are summarized in the following table:

Item (\$Millions)	Expenditure Constraint	Matching Service Capacity to Demand	Deferred Implementation of New Service Priorities	TOTAL
COVID-19 Direct Impact & Reduced Service Levels	(3.0)	(72.3)	-	(75.3)
Management Actions & Other Savings	(78.8)	(17.0)	(5.2)	(101.0)
<b>Total Savings</b>	<b>(81.8)</b>	<b>(89.3)</b>	<b>(5.2)</b>	<b>(176.3)</b>

### Other Variances

In addition, a \$9.3 million unfavourable variance was realized on a budget-to-budget basis given the decision to not draw the budgeted reserve draw given the TTC's under-expenditures. This, combined with the unfavourable pre-COVID-19 passenger revenue variance of \$3 million, results in a total unfavourable variance of \$14.3 million.

### December 31, 2020 Key Account Results by Service

The following tables present TTC Conventional and Wheel-Trans Services' preliminary year-end financial results, respectively. Variance explanations for year-end results are consistent with the COVID-19 impacts discussed above in the previous section. In addition, a reduction in Eglinton supplemental service, which was not required, has also reduced the corresponding ancillary revenue.

### TTC Conventional Service

#### *2020 Preliminary Operating Results by Key Account Grouping*

As noted in the table below, TTC Conventional Service expenses are \$120.7 million below budget with under-expenditures realized in all categories with the exception of the incremental costs of \$27.3 million incurred for the TTC's response to COVID-19, as well as other corporate costs incurred to provide provisions for bad debt and obsolete inventory.

On the revenue side, ridership and ancillary revenue losses related to COVID-19 and reserve draws not utilized resulted in an unfavourable revenue variance of \$756.6 million for 2020.

Item (\$Millions)	Year-End Results			Status
	Actual	Budget	Variance	
<b>Expenses</b>				
Departmental Labour & Benefits	1,371.2	1,436.4	(65.2)	✓
Departmental Non-Labour	216.8	240.2	(23.4)	✓
Diesel	60.7	86.0	(25.3)	✓
Traction Power & Utilities	81.1	89.8	(8.7)	✓
PRESTO Commissions	21.7	53.9	(32.2)	✓
Other Corporate Costs	87.7	80.9	6.8	✗
COVID-19 Incremental Costs	27.3	0.0	27.3	✗
<b>Total Expenses</b>	<b>1,866.5</b>	<b>1,987.2</b>	<b>(120.7)</b>	✓
<b>Revenues</b>				
Passenger Revenue	512.1	1,246.2	(734.1)	✗
Other Ancillary Revenue	75.9	89.1	(13.2)	✗
Reserve Draws	0.0	9.3	(9.3)	✓
<b>Total Revenue</b>	<b>588.0</b>	<b>1,344.6</b>	<b>(756.6)</b>	✗
<b>Net (Operating Funding)</b>	<b>1,278.5</b>	<b>642.6</b>	<b>635.9</b>	✗

### **2020 vs 2019 Results Comparison**

As noted in the table below, expenses are \$37.9 million (2.0%) lower on a year-over-year basis. Key drivers of this net decrease include:

- Prior year one-time charge for inventory obsolescence: \$16.0 million
- Lower PRESTO commissions, due to lower ridership: \$23.8 million
- Lower accident claim payments: \$7.4 million
- Net decrease in diesel price and consumption: \$20.2 million

These year-over-year reductions are offset by:

- COVID-19 incremental costs: \$27.3 million

Revenues and Reserve Draws decreased by \$695.3 million (54.2%). The decrease is mostly attributable to the loss of ridership due to COVID-19 and 2019 one-time reserve draws, which were not repeated in 2020.

Item (\$Millions)	Year-End		
	2020 Actuals	2019 Actuals	Change
<b>Expenses</b>			
Departmental Labour & Benefits	1,371.2	1,375.4	(4.2)
Departmental Non-Labour	216.8	227.1	(10.3)
Diesel	60.7	80.9	(20.2)
Traction Power & Utilities	81.1	84.7	(3.6)
PRESTO Commissions	21.7	45.5	(23.8)
Other Corporate Costs	87.7	90.8	(3.1)
COVID-19 Incremental Costs	27.3	0.0	27.3
<b>Total Expenses</b>	<b>1,866.5</b>	<b>1,904.4</b>	<b>(37.9)</b>
<b>Revenues and Reserve Draws</b>			
Passenger Revenue	512.1	1,183.8	(671.7)
Other Ancillary Revenue	75.9	76.8	(0.9)
Reserve Draws	0.0	22.7	(22.7)
<b>Total Revenue</b>	<b>588.0</b>	<b>1,283.3</b>	<b>(695.3)</b>
<b>Net (Operating Funding)</b>	<b>1,278.5</b>	<b>621.1</b>	<b>657.4</b>

### ***Wheel-Trans Service***

#### ***2020 Preliminary Operating Results by Key Account Grouping***

As noted in the table below, Wheel-Trans expenses are \$51 million below budget with under-expenditures in all categories. Wheel-Trans experienced lower-than-budgeted contracted taxi costs as a direct result of reduced ridership demand due to COVID-19.

Passenger revenue losses resulted in an unfavourable revenue variance of \$5.3 million due to the impact of COVID-19 on Wheel-Trans ridership.

Item (\$Millions)	Year-End Projection			Status
	Actual	Budget	Variance	
<b>Expenses</b>				
Bus Service	49.3	56.7	(7.4)	✓
Contracted Taxi	27.4	66.5	(39.1)	✓
Employee Benefits	15.4	17.4	(2.0)	✓
Administration/Management	13.3	15.8	(2.5)	✓
<b>Total Expenses</b>	<b>105.4</b>	<b>156.4</b>	<b>(51.0)</b>	✓
<b>Passenger Revenues</b>	<b>3.9</b>	<b>9.2</b>	<b>(5.3)</b>	✗
<b>Net (Operating Subsidy)</b>	<b>101.5</b>	<b>147.2</b>	<b>(45.7)</b>	✓

### 2020 vs 2019 Results Comparison

As noted in the table below, expenses are \$46.1 million (30.4%) lower on a year-over-year basis, primarily due to a reduced requirement for contracted taxi services due to the COVID-19 related reduction in ridership demand, reduced fuel costs and operator requirements.

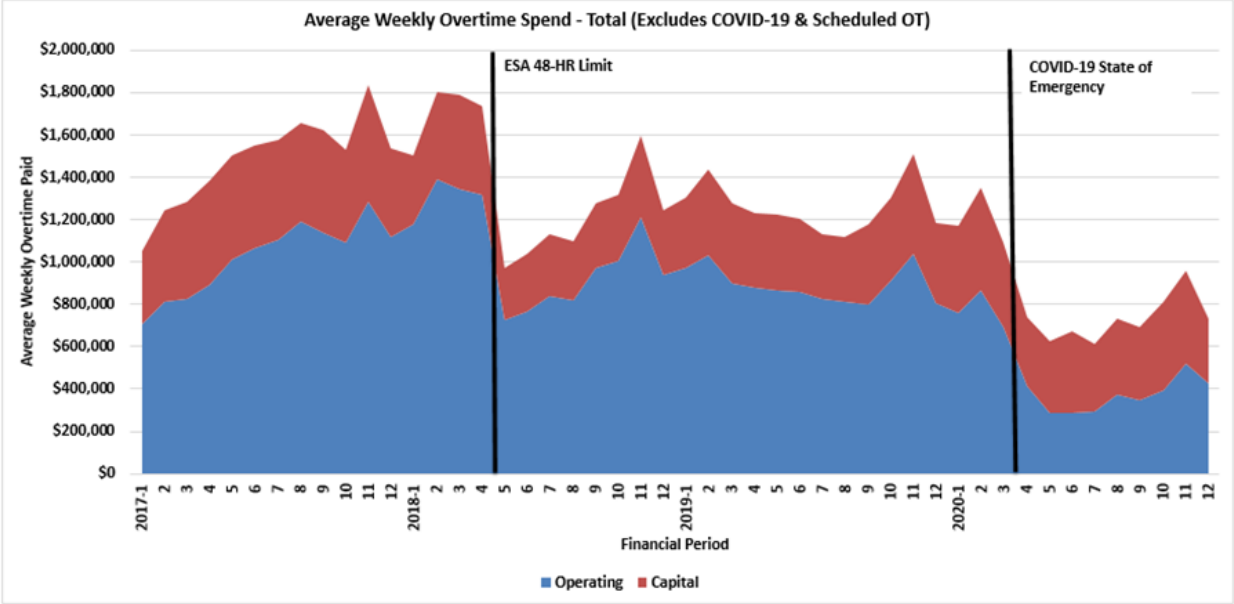
Revenues decreased by \$5.1 million (56.7%) compared to 2019, due to the impact of COVID-19 on Wheel-Trans ridership demand.

Item (\$Millions)	Year-End		
	2020 Actuals	2019 Actuals	Change
<b>Expenses</b>			
Bus Service	49.3	52.2	(2.9)
Contracted Taxi	27.4	70.1	(42.7)
Employee Benefits	15.4	14.6	0.8
Administration/Management	13.3	14.6	(1.3)
<b>Total Expenses</b>	<b>105.4</b>	<b>151.5</b>	<b>(46.1)</b>
<b>Passenger Revenues</b>	<b>3.9</b>	<b>9.0</b>	<b>(5.1)</b>
<b>Net (Operating Funding)</b>	<b>101.5</b>	<b>142.5</b>	<b>(41.0)</b>

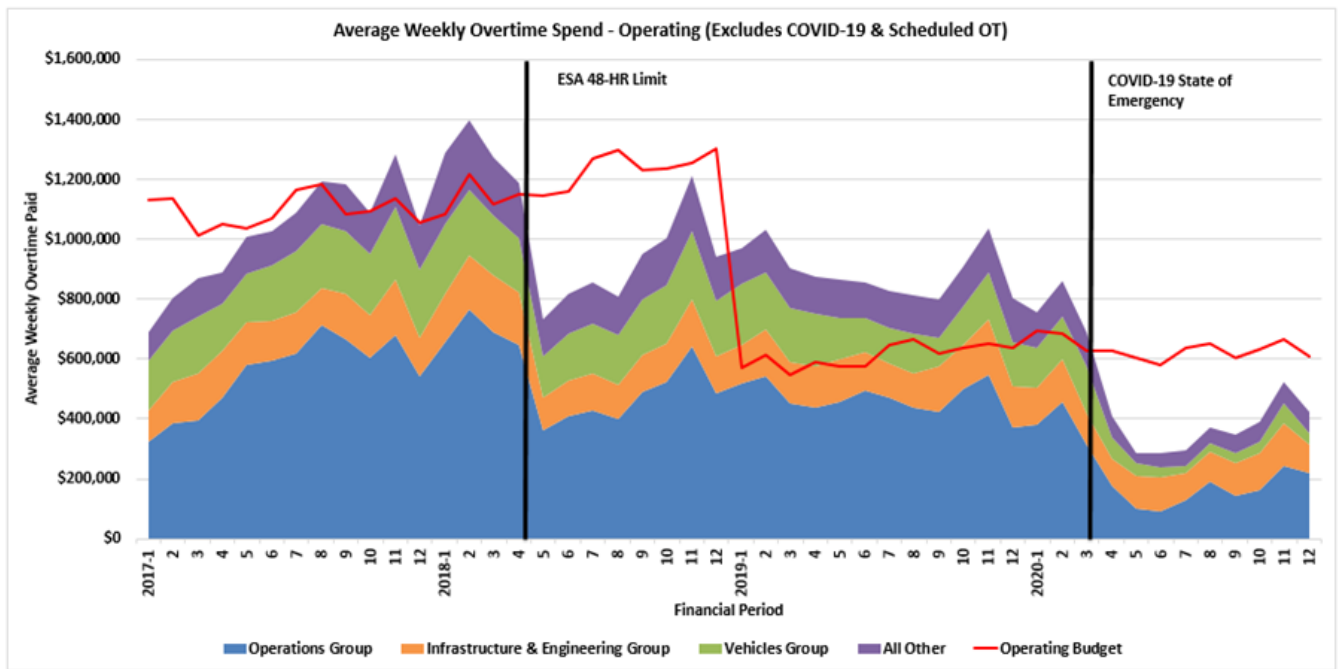
### Overtime Management

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 the TTC’s COVID-19 response and scheduled service overtime, average weekly overtime spending (total combined) has been reduced by approximately 45%, from an average of \$1.3 million per week in 2019, to an average of \$0.85 million in 2020. This reflects a drop to an average of \$0.7 million per week from April to December after accounting for an increase in operating overtime due to increased closures and diversions activity, higher absenteeism and increased training backfill in the Fall, and capital overtime incurred specifically to advance unplanned subway state of good repair work.



The management of overtime has been a priority over the past several years. There has been a general decline since 2017, and cost containment efforts as part of the TTC’s COVID-19 response have resulted in approximately 55% decline in overtime for operating requirements as of the end of 2020 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 being monitored by department. Increased efforts are being made to fill vacancies and implement schedule adjustments to further reduce overtime requirements.

### Financial Update – Capital

For the year ending December 31, 2020, the TTC incurred \$825.4 million in capital expenditures for its base capital program, representing a spending rate of 81.2% of the 2020 Capital Budget for these capital works, and \$57.9 million or 75.6% of the 2020 Capital Budget for transit expansion projects. Combined, the TTC spent \$883.3 million of its total 2020 Capital Budget, resulting in a final spending rate of 80.8%.

### TTC 2020 Preliminary Capital Results

As shown in the table below, the base program spending of 81.2% reflects an almost 85% spending rate for Infrastructure projects, in part due to the opportunities the TTC leveraged as a result of lower ridership experience with vehicle projects at 71% due to COVID-19 delays.

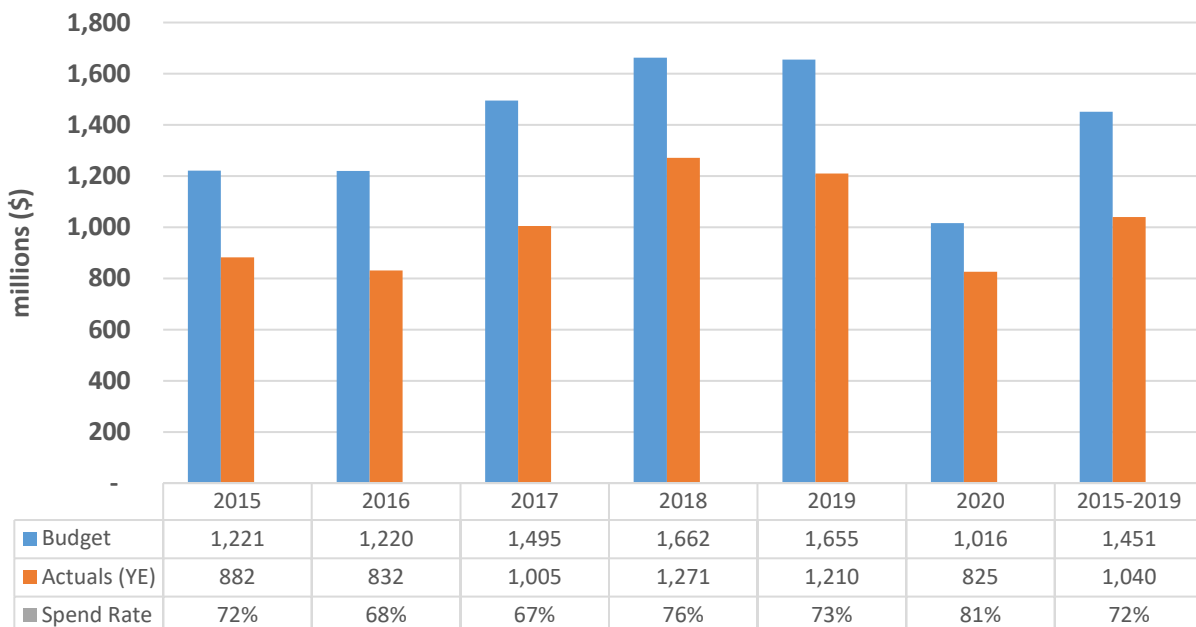
Spending on transit expansion projects overall is 75.6% of the combined 2020 Capital Budget for these projects, reflecting continued work to close the TYSSE project, work to extend the life of the SRT system and continued Waterfront Transit design work despite COVID-19 impact delays.

Project Categories (\$ Millions)	2020 Budget	2020 Actuals	
		\$	%
<b>TTC Base Capital</b>			
Infrastructure Projects	751.6	638.1	84.9%
Vehicle Related Projects	264.5	187.3	70.8%
<b>Total - Base Capital</b>	<b>1,016.1</b>	<b>825.4</b>	<b>81.2%</b>
<b>TTC Transit Expansion</b>			
Toronto York Spadina Subway Extension	50.7	40.0	78.9%
Scarborough Subway Extension	20.8	14.3	68.8%
Waterfront Transit - Design	5.1	3.6	70.6%
<b>Total - Transit Expansion</b>	<b>76.6</b>	<b>57.9</b>	<b>75.6%</b>
<b>Total</b>			
<b>Total - Base &amp; Transit Expansion</b>	<b>1,092.7</b>	<b>883.3</b>	<b>80.8%</b>

The results summarized above and outlined in Appendix 1 reflect adjustments made to the 2020 Capital Budget in order to offset projects that had accelerated spending with projects that experienced some delays and therefore spending. These budget adjustments, detailed in Appendix 2, will be submitted for City Council approval with the City's Year-End Capital Variance Report.

### 2015-2020 Base Capital Program Spending Rate

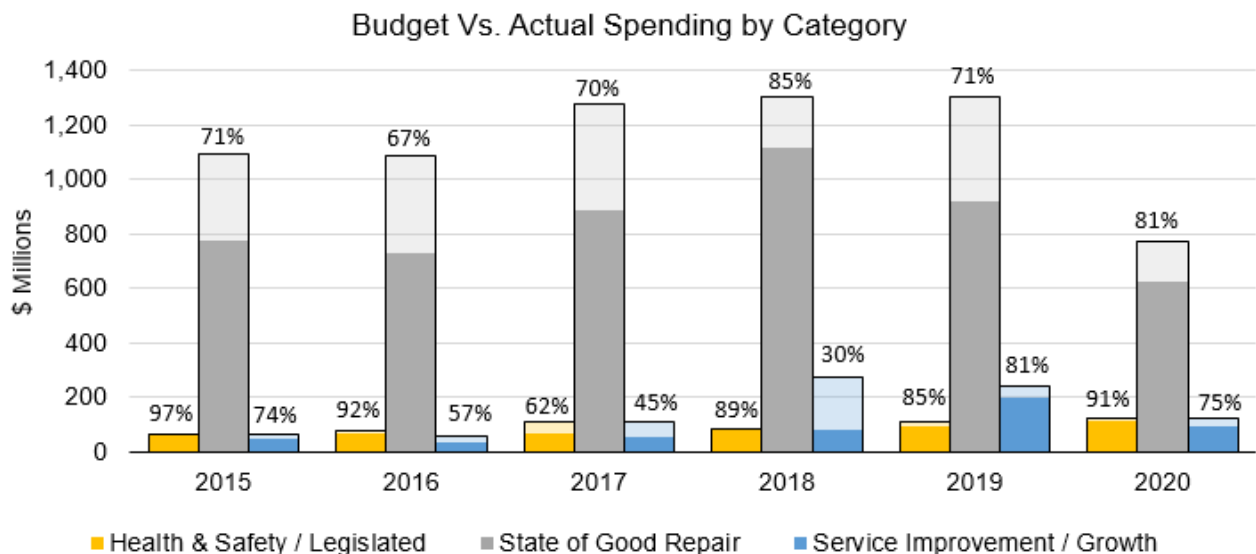
The following chart summarizes the 2020 spending rate compared to the previous five years for the TTC's Base Capital Program:





As illustrated in the graph above, both the approved Capital Budget and actual capital expenditures have been steadily trending upwards over the last five years with a notable decline in 2020. The 2020 decrease in both budget and expenditures is due to a recalibration of the Capital Budget and Plan to align the budget with spending, project readiness, activities and timelines, as well as a reduction to the 2020 Capital Budget due to COVID-19 delays. Although budget and actuals were lower in 2020, the spending rate for 2020 is relatively higher compared to 2019 and over the previous five years.

The following chart compares the TTC's 2020 spending rate by project category for its base capital program to show the spending rates by project category over the previous five years:



As illustrated in the above graph, the 2020 Capital Budget by project category is relatively lower than previous years. This is primarily due to a recalibration of the Capital Budget and Plan to align the budget with spending, project readiness, activities and timelines, as well as a reduction to the 2020 Capital Budget due to COVID-19 delays.

**Key Variances**

The TTC's 2020 year-end capital underspending is primarily driven by the purchase of buses, subway cars and streetcars. For infrastructure projects, underspending is primarily attributable to Environmental Programs, Computer Equipment & Software and Service Planning projects.

**Vehicle Related Projects**

Purchase of Buses:

Actual expenditures for the year totalled \$62.1 million, representing 88% of the \$70.4 million 2020 Approved Capital Budget being spent in 2020. Underspending is a result of a delay in the eBus milestone payments that were planned for the end of 2020.

#### Purchase of Subway Cars:

\$4.9 million or 40% of the \$12.2 million 2020 Approved Capital Budget was spent in 2020. Underspensing is a result of delays attributable to COVID-19 that saw the deferral of post-delivery technology integration milestones for the Yard Maintenance Support System and Automatic Train Control projects, as well as delays in the RFP for the technical and commercial specifications due to the impact of the COVID-19 pandemic.

#### Purchase of Streetcars:

Actual expenditures for the year totalled \$27.3 million, which represents 37% spending of the \$74.4 million 2020 Approved Capital Budget. Underspensing is primarily due to longer than planned resolution of open items necessary to close out the purchase of 204 LRV streetcars project, which will continue to be addressed in 2021. The Major Repair Program also fell behind schedule due to the temporary shutdown of repair facilities as a direct result of COVID-19. The scope of work planned for 2020 in the Major Repair Program will continue in 2021.

### **Infrastructure Projects**

#### Environmental Programs:

\$10.4 million or 48% of the \$21.6 million 2020 Approved Capital Budget was spent in 2020. Underspensing is primarily attributed to the Subway Asbestos Removal project where plans to accelerate work due to lower ridership was deferred to 2021 and replaced with subway state of good repair work instead.

#### Computer Equipment and Software:

Actual expenditures of \$35.7 million representing 42% of the \$84.9 million 2020 Approved Capital Budget was spent in 2020. Underspensing is primarily driven by the SAP Program, which experienced delays in getting key project resources onboarded for the Materials and Procurement Project, and a longer than planned RFP process required for the Time & Attendance project. The SAP Performance Management Project SAP Assessment phase was deferred to 2021 to allow for the SuccessFactors Learning Management System implementation to proceed as a pre-requisite for Performance Management. The SAP Qualtrics Project was deferred to start in 2021 since business subject matter expert resources were not available in order to meet to higher COVID-19 priorities. The SAP Qualtrics and Performance Management schedule shift will not impact the overall completion end date of the SAP program.

The VISION project also experienced delays with the delivery of the Yard Management software implementation and associated milestone payments, while the Cybersecurity project planning was delayed due to longer than planned resource onboarding.

## Service Planning:

\$4.6 million or 48% of the \$9.5 million 2020 Approved Capital Budget was spent in 2020. Underspensing is a result of Queue Jump Lane project requiring schedule changes at the Lakeshore and Brown's Line locations, with work to be completed.

Additional information summarizing 2020 capital spending results for the period by program is provided in *Appendix 1 – 2020 Capital Spending Summary by Program*.

## Major Capital Projects Update

The TTC's delivery of a multi-billion-dollar capital program is guided by the 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.

Please see Appendix 3 for the TTC's Category 3 Projects Capital Spending Dashboard, which highlights capital performance for the TTC's major capital projects and Appendix 4 for Category 3 Major Projects Update (as of Year-end) which provides an update on the Capital delivery performance for each major project within the TTC's base capital and transit expansion program.

## Contact

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## **Signature**

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Josie La Vita  
Interim Chief Financial Officer

## **Attachments**

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Appendix 1 – 2020 Capital Spending Summary by Program  
Appendix 2 – 2020 Budget Adjustments for Council Approval  
Appendix 3 – Category 3 Projects Capital Spending Dashboard  
Appendix 4 – Category 3 Major Projects Update

## Appendix 1 – 2020 Capital Spending Summary by Program

**Toronto Transit Commission**  
**2020 Capital Budget Variance (Pd 12)**  
**For the Period Ended December 31, 2020**

EXPENDITURES BY PROGRAM	2020 Budget	Year-to-Date		
		Actuals	Variance	%
<b>TRACK</b>	<b>65.936</b>	<b>61.636</b>	<b>4.300</b>	<b>93%</b>
1.1 Subway Track	28.397	26.936	1.461	95%
1.2 Surface Track	37.539	34.700	2.839	92%
<b>ELECTRICAL SYSTEMS</b>	<b>121.818</b>	<b>118.905</b>	<b>2.912</b>	<b>98%</b>
2.1 Traction Power	24.928	24.750	0.178	99%
2.2 Power Distribution/Electric Systems	6.712	6.270	0.442	93%
2.3 Communications	12.382	11.282	1.100	91%
2.4 Signal Systems	11.855	11.265	0.590	95%
ATC Resignalling	65.940	65.338	0.601	99%
<b>BUILDINGS &amp; STRUCTURES</b>	<b>420.730</b>	<b>393.121</b>	<b>27.609</b>	<b>93%</b>
3.1 Finishes	12.624	11.227	1.397	89%
3.2 Equipment	62.917	54.289	8.628	86%
3.3 Yards & Roads				
Streetcar Network Upgrades & BRT	1.290	0.870	0.420	67%
On-Grade Paving Rehabilitation Program	14.056	14.056	0.000	100%
Bicycle parking at stations	0.665	0.013	0.652	2%
Transit Shelters & Loops	0.457	0.412	0.046	90%
3.4 Bridges & Tunnels	38.377	37.534	0.843	98%
3.9 Buildings and Structures Projects				
Fire Ventilation Upgrades & Second Exits	18.266	18.266	0.000	100%
Easier Access Phase III	76.769	76.769	0.000	100%
Leslie Barns	1.732	(2.575)	4.307	-149%
Toronto Rocket/T1 Rail Yard Accommodation	38.983	38.635	0.348	99%
McNicoll New Bus Garage	39.921	38.620	1.301	97%
Warehouse Consolidation	4.121	3.521	0.600	85%
Yonge-Bloor Capacity Enhancement	18.645	18.497	0.148	99%
Other Buildings and Structures	91.907	82.988	8.919	90%
<b>VEHICLES</b>	<b>264.489</b>	<b>187.299</b>	<b>77.190</b>	<b>71%</b>
REVENUE VEHICLES				
4.11 Purchase of Buses	70.372	62.066	8.306	88%
4.11 Purchase of Buses - Wheel Trans Buses	4.429	3.810	0.619	86%
4.12 Purchase of Subway Cars	12.194	4.880	7.315	40%
4.13 Bus Overhaul	51.943	43.570	8.374	84%
4.15 Streetcar Overhaul	1.491	1.491	0.000	100%
4.16 Subway Car Overhaul	29.675	28.745	0.930	97%
4.18 Purchase of Streetcars	74.437	27.343	47.093	37%
NON-REVENUE VEHICLES				
4.21 Purchase Automotive Non-Revenue Vehicles	10.217	9.610	0.607	94%
4.22 Rail Non-Revenue Vehicle Overhaul	6.182	4.047	2.135	65%
4.23 Purchase Rail Non-Revenue Vehicles	3.550	1.738	1.812	49%
<b>TOTAL OTHER</b>	<b>143.170</b>	<b>64.403</b>	<b>78.766</b>	<b>45%</b>
TOOLING, MACHINERY & EQUIPMENT				
5.1 Shop Equipment	7.727	4.366	3.361	57%
5.2 Revenue & Fare Handling Equipment	7.757	3.285	4.473	42%
5.3 Other Maintenance Equipment	4.158	1.704	2.454	41%
5.4 Fare System	6.103	3.305	2.798	54%
ENVIRONMENTAL PROGRAMS				
6.1 Environmental Programs	21.604	10.367	11.237	48%
6.1 Safety and Reliability	1.024	0.720	0.304	70%
COMPUTER EQUIPMENT & SOFTWARE				
7.1 Computer Equipment & Software	84.877	35.729	49.147	42%
OTHER				
9.1 Furniture & Office Equipment	0.384	0.351	0.033	91%
9.2 Service Planning	9.536	4.577	4.960	48%
<b>Total Base Programs</b>	<b>1,016.142</b>	<b>825.364</b>	<b>190.778</b>	<b>81%</b>
<b>Toronto York Spadina Subway Extension</b>	<b>50.754</b>	<b>39.962</b>	<b>10.792</b>	<b>79%</b>
<b>Scarborough Subway Extension</b>	<b>20.780</b>	<b>14.289</b>	<b>6.492</b>	<b>69%</b>
<b>Waterfront Transit - Design</b>	<b>5.087</b>	<b>3.632</b>	<b>1.455</b>	<b>71%</b>
<b>Total Transit Expansion Projects</b>	<b>76.621</b>	<b>57.882</b>	<b>18.739</b>	<b>76%</b>

## Appendix 2 – 2020 Budget Adjustments for Council Approval

CTT No.	Program	Amount (\$000's)
CTT001	Subway Track	(1,070)
CTT006	Communications	(240)
CTT008	Signal Systems	1,070
CTT018	On-Grade Paving Rehabilitation	604
CTT024	Fire Ventilation Upgrades & Second Exits	6,804
CTT028	Easier Access-Phase III	3,327
CTT046	Purchase Of Subway Cars	(35)
CTT050	Streetcar Overhaul	52
CTT051	Subway Car Overhaul	(1,244)
CTT052	Automotive Non-Revenue Vehicle Replacement	(46)
CTT054	Rail Non-Revenue Vehicle Purchase	(1)
CTT055	Tools And Shop Equipment	(80)
CTT061	Computer Equipment And Software	238
CTT063	Other Service Planning	(9,519)
CTT110	Other Buildings & Structures Projects	(7,810)
CTT111	Purchase of Buses	(194)
CTT116	Queensway Garage Expansion	18
CTT142	ATC Resignalling	2,240
CTT153	Warehouse Consolidation	126
CTT155	Bloor-Yonge Capacity Improvements	5,761
<b>Total</b>		-

## Appendix 3 – Category 3 Projects Capital Spending Dashboard (As of Year-end)

### Category 3 Projects Capital Spending Dashboard

Projects/Programs	Critical Path	Cost (millions)								Schedule		Scope		Overall	
		2020 YTD		2020 Approved	Approved Budget	Actual		Projected		CS	OS	CS	OS	CS	OS
		Budget	Actual			LTD	CS	EFC	OS						
<b>Category 3</b>															
Automatic Train Control (ATC) "Line 1"	3	\$65.2	\$65.2	\$65.2	\$737.0	\$564.2	G	\$737.0	G	G	G	G	G	G	G
Easier Access Phase III	4	\$76.8	\$76.8	\$76.8	\$837.1	\$392.8	G	\$837.1	R	G	G	G	G	G	R
Fire Ventilation Upgrade & Second Exits	Safety	\$18.3	\$18.3	\$18.3	\$495.9	\$310.6	R	\$495.9	R	G	G	G	G	G	R
McNicoll Bus Garage	3	\$39.9	\$38.6	\$39.9	\$179.0	\$161.3	G	\$179.0	G	G	G	G	G	G	G
Toronto Rocket T1 Rail Yard (Subway Vehicles Facilities)	3	\$39.0	\$38.6	\$39.0	\$495.7	\$326.4	G	\$495.7	G	Y	G	G	G	Y	G
Purchase of Buses	3	\$69.6	\$61.9	\$69.6	\$1204.9	\$776.8	G	\$1470.5	Y	Y	G	G	G	Y	Y
E-bus Charging Systems	3	\$36.5	\$28.6	\$36.5	\$87.8	\$39.2	G	\$360.8	Y	Y	G	G	G	Y	Y
Purchase of 204 New Streetcars	3	\$72.6	\$27.3	\$72.6	\$1194.4	\$1071.4	G	\$1194.4	G	Y	G	G	G	Y	G
Wheels Trans 10-Year Transformation Program	4	\$10.8	\$10.8	\$10.8	\$49.8	\$28.2	G	\$49.8	G	G	Y	G	Y	G	Y
FARE COLLECTION / PRESTO	3	\$5.5	\$3.2	\$5.5	\$77.6	\$60.1	G	\$77.6	G	Y	Y	Y	Y	Y	Y
Stations Transformation	4	\$9.1	\$8.3	\$9.1	\$50.8	\$24.4	Y	\$50.8	G	Y	Y	G	G	Y	G
VISION Program (CAD/AVL)	3	\$24.3	\$11.2	\$24.3	\$114.7	\$80.5	G	\$114.7	G	R	R	G	G	G	G
SAP ERP Implementation	5	\$24.1	\$7.7	\$24.1	\$272.8	\$77.6	G	\$272.8	G	G	G	G	G	G	G
<b>Total</b>		<b>\$491.7</b>	<b>\$396.7</b>	<b>\$491.6</b>	<b>\$5,797.5</b>	<b>\$3,913.7</b>		<b>\$6,336.2</b>							



Total Base	Cost (\$Millions)			
	2020 Approved Budget	2020 YTD Actual	Approved Budget	Estimated Final Cost
	\$491.7M	\$396.7M	\$5,797.5M	\$6,336.2M

#### Performance Scorecard Status

<b>G</b>	On Track to Meet Project Objectives
<b>Y</b>	At Risk of Not Meeting Project Objectives
<b>R</b>	Will Not Meet Project Objectives

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

#### Note:

- Financials are reported as of Period 12, 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 December 31, 2020.
- An in-year adjustment has been submitted to account for projected overspending, subject to Council approval.

## **Appendix 4 – Category 3 Major Projects Update (As of Year-end)**

### **Overview:**

The TTC's delivery of a multi-billion-dollar capital program is guided by the 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.

Please see Appendix 3 for Category Major Projects Capital Spending Dashboard.



## AUTOMATIC TRAIN CONTROL (ATC) “LINE 1”

Project Start	Forecast Completion Year	Approved Budget	Spend to Date	Estimated Final Cost
2015	2023	\$737.0M	\$564.2	\$737.0M
Overall Performance		2020 YTD Budget	2020 YTD Actuals	2020 Approved Budget
Current Status	Outlook to Completion			
G	G	\$65.2M	\$65.2M	\$65.2M

### Project Description:

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

The TTC is resignalling Line 1 (Yonge-University) 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.

Resignalling 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:

- ATC is in operation from Vaughan Metropolitan Centre to Rosedale stations.
- Phase 3C (Queen to Rosedale): Commissioned in November 2020.
- Phase 4 (Rosedale to Eglinton): Completed 100% construction.
- Phase 5 (Eglinton to Finch): Completed 60% construction.

### Key Issues/Risks & Mitigation Plan:

- COVID-19 Impact:
  - Limited TTC and Contractor staff due to restrictions may impact design progress, testing and commissioning, construction activities and/or closures. Mitigation: Continue monitoring resources availability and potential impacts due to staff self-isolation. Backup plan for critical activities has been identified where possible. The project’s critical path has not been impacted to date.
  - Supply chain delays impacting construction activities: Construction impacted by material shortage delaying or postponing installation activities. Mitigation: Supply chain issues are currently managed. The project’s critical path has not been impacted to date, continue monitoring.
- Eglinton Crosstown LRT interface: The LRT project timeline is impacting design and implementation of the project. Mitigation: Conducted impact analysis based on potential completion dates of platform. Contact with Metrolinx has been initiated through TTC Executives.
- Closure cancellations continue to be a high risk for successful project completion. Mitigation: Prioritization and planning of alternate closure weekends have been implemented and will continue throughout the remaining phases.

**Forecast Completion Year: In-service 2022**

<b>ATC Phases</b>	<b>Construction and Installation of ATC Assets</b>	<b>Testing</b>	<b>In Service Date</b>	<b>Status</b>
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%	100%	Q4 2020	Completed
Phase 4 (Rosedale to Eglinton)	100%	50%	Q4 2021	On Schedule
Phase 5 (Eglinton to Finch)	60%	0%	Q3 2022	On Schedule

**Note:**

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

## EASIER ACCESS III

Program Start	Forecast Completion Year	Approved Budget	Spend to Date	Estimated Final Cost
2007	2026	\$837.1M	\$392.8M	\$837.1M*
Overall Performance		2020 YTD Budget	2020 YTD Actuals	2020 Approved Budget
Current Status	Outlook to Completion			
G	R	\$76.8M	\$76.8M	\$76.8M

### Program Description:

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

The 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, 52 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 Scarborough Subway Extension.

### Program Update & Accomplishments:

- Detailed design of Islington and Warden redevelopments are in progress.
- Detailed design completed for Rosedale, Castle Frank, Greenwood, Glencairn, Summerhill and Christie, and are proceeding towards Stage Gate 5 (construction).
- Construction commenced at Donlands and College Stations – Easier Access combined with Second Exit/Entrance.
- Wellesley, Dupont, Runnymede, Bay, Wilson and Chester elevators are in service, and these six stations were made accessible in 2020, as scheduled.
- Construction for station accessibility is ongoing at six stations: Yorkdale, Lansdowne, Keele, Sherbourne, Donlands and College Stations.

### Key Issues/Risks & Mitigation Plan:

- Warden and Islington Station accessibility: Magnitude and complexity of the station redevelopments may delay station accessibility. Mitigation: Advancing Passenger Pick Up and Drop Off and platform elevators for Warden. Investigating opportunities/feasibility for advancing platform elevator through construction staging for Islington.
- 3rd Party Delays – Permits and Approvals, Utilities relocations: Stations delayed by 3rd party issues due to limited resources, competing priorities and multiple reviews and complex processes. Mitigation: Escalate permits and approval process with City. Planning utility work in advance when feasible. Has been escalated. Delegated approval for Right of Way (ROW) occupancy permits to be presented to Council in April for approval. May help expedite ROW permits.
- Property Identification and Expropriation: Expropriation with hearing of necessity may delay property acquisitions. Limited City resources and competing priorities requiring the City's involvement on all property-related matters mandate specific procedures, including multiple Council approvals. Mitigation: Initiated conversation with City Real Estate Services, mitigation is ongoing along with early property identification. Opportunity to continue the negotiation and reach settlement agreement while processing the expropriation when possible.

- Design Complexities: Impacts due to retrofit of complex stations, including impacts with stairs/escalators, adjacent properties, utility conflicts resulting in longer design durations to resolve issues. Mitigation: Adding resources and advancing designs. Planning utility work and power upgrades in advance.
- \*Budget: The approved budget of \$837.1 million was based on a scope and a level of complexity, which covered the majority of the stations. The revised estimated final cost is now \$1,080.7M and reflects further design development for remaining locations, including Warden and Islington Station Redevelopments. The required additional funding was requested through the 2021-2030 budget process. Mitigation: Currently progressing the design of the remaining stations to Stage Gate 3 (Preliminary Design) and Stage Gate 4 (Detailed Design completed). We will be progressively updating our estimates as we proceed through the project stage gate process for the remaining locations.

**Note:**

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

## FIRE VENTILATION UPGRADE

Program Start	Forecast Completion Year	Approved Budget	Spend to Date	Estimated Final Cost
1998	2028	\$495.9M	\$310.6M	\$495.9M*
Overall Performance		2020 YTD Budget	2020 YTD Actuals	2020 Approved Budget
Current Status	Outlook to Completion			
G	R	\$18.3M	\$18.3M	\$18.3M

### Program Description:

*Objective: To improve ventilation in subway tunnels, construct second exits at 14 high-priority stations to provide second means of egress, and replace the existing subway ventilation equipment, which is nearing the end of its service life or due to failure.*

The Fire Ventilation Upgrade (FVU) Program is a fire and life safety initiative originating in 1998 and has been categorized as “State of Good Repair/Safety” consisting of three major elements: Subway Ventilation System Upgrades, Second Exit, and Subway Ventilation Equipment Replacement.

### Program Update & Accomplishments:

- Construction progress schedule was accelerated from the targeted schedule for Chester Easier Access/Second Exits and the elevators were put in service two months earlier.
- Donlands and College stations – Second Exit/Entrance combined with Easier Access: Commenced construction.
- Museum Station – Second Exit/Entrance combined with Easier Access: Completed scope design review.

### Program Key Issues/Risks & Mitigation Plans:

- High complexity of Second Exit may cause activities to take longer than expected: Second Exit design and construction activities are highly complex and may require extra time and cost than anticipated. Mitigation: Advance design work. Investigate potential partial or full station closures as fallback plan to reduce schedule impact. Request for additional funding may be identified as projects proceed through the project stage gate process.
- 3rd Party Permits and Approvals: Obtaining permits and approvals for Second Exit projects are taking longer than anticipated impacting the contracts award timelines and burn rate/cash flow. Mitigation: The discussion with the City and Toronto Water has commenced and is ongoing to establish an expedited process for permit reviews and approval.
- \*EFC: The revised estimated final cost is now \$752.2M and reflects the next project stage gate for various Second Exit locations and equipment replacements.  
The required additional funding was requested through the 2021-2030 budget process.

### Note:

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

## MCNICOLL BUS GARAGE

Project Start	Forecast Completion Year	Approved Budget	Spend to Date	Estimated Final Cost
2013	2020	\$179.0M	\$161.3M	\$179.0M
Overall Performance		2020 YTD Budget	2020 YTD Actuals	2020 Approved Budget
Current Status	Outlook to Completion			
<b>G</b>	G	\$39.9M	\$38.6M	\$39.9M

### Project Description:

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

McNicoll Bus Garage is part of the 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\*. Contractor is correcting deficiencies and working toward demobilization from site.
- Pedestrian crossing between employee parking lot and main facility is now in service.
- Managers and office staff have moved in and the facility is ready for service.
- Substantial Completion achieved and deficiency work ongoing. Interim connectivity is being provided by Bell fibre. VISION system hardware is installed and functional.

### Key Issues/Risks & Mitigation Plan:

- None

### Note:

- \*EFC: Current approved Budget is \$179M. The revised estimated final cost is now \$169.0M and reflects anticipated project savings.
- This project is included under 3.9 Building and Structures as indicated in Appendix 1.

## TORONTO ROCKET/T1 RAIL YARD ACCOMMODATION (SUBWAY VEHICLE FACILITIES)

Program Start	Forecast Completion Year	Approved Budget	Spend to Date	Estimated Final Cost
2010	2025	\$495.7M	\$326.4M	\$495.7M
Overall Performance		2020 YTD Budget	2020 YTD Actuals	2020 Approved Budget
Current Status	Outlook to Completion			
Y	G	\$39.0M	\$38.6M	\$39.0M

### Program 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 and 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 third track to be used for the storage of two subway trains.

### Program Update & Accomplishments:

- Although some components of the program are tracking behind schedule, the overall program is tracking on time and on budget.
- Greenwood Track & Structures Building Renovation and Carhouse Pendant Retrofit: Correction of deficiencies continues.
- Contractor for “Greenwood Carhouse – Facility Pressure Washers, Heaters and Lighting Upgrade” has successfully installed heaters at Track 31. Duct work, conduits and cable controls to the heaters are ongoing.
- Contractor for Wilson Carhouse Expansion has achieved building occupancy for the office expansion and has commenced demolition for the truck shop at the south end of Tracks 15 and 16.
- Work for Wilson Yard Fencing and Miscellaneous Site Services has been completed.

### Key Issues/Risks & Mitigation Plans:

- None.

**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	\$776.8M	\$1,470.5M
Overall Performance		2020 YTD Budget	2020 YTD Actuals	2020 Approved Budget
Current Status	Outlook to Completion			
Y	Y	\$69.6M	\$61.9M	\$69.6M

### Program Description:

*Objective: To a) replace old vehicles and grow our fleet to increase overall system capacity and reduce overcrowding; b) utilize vehicles that 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. Approved Scope includes:*

- 728 Low-Floor Diesel Buses (2016-2018)
- 255 Hybrid-Electric Buses (2018-2019) and approximately 300 Hybrid-Electric Buses (2022-2023)
- 60 E-buses (2019-2020) and approximately 300 e-Buses (2023-2025)

### Project Update & Accomplishments:

- Hybrid-Electric Buses:
  - All 255 Hybrid-Electric buses are in service and have been exceeding targets for reliability and availability.
  - The RFP is scheduled to be released Q2 2021 for the procurement of approximately 300 Hybrid-Electric buses for delivery in 2022 and 2023.
- e-Buses:
  - All 60 e-Buses have been delivered and are in service, with the last bus placed in service on December 4, 2020. Average e-Bus reliability has been improving and exceeded the Mean Distance Between Failures (MDBF) of 24,000 km.
  - A full head-to-head report on the e-Bus performance on the following nine categories: system compatibility, accessibility, customer experience, operator and maintainer experience, maintainability, vendor performance, charging system performance, vehicle performance, and total life-cycle cost, will be presented to the Board in April 2021.
  - The RFP is scheduled to be released in Q2 2021 for the procurement of approximately 300 e-Buses for delivery between 2023 and 2025.

### Key Issues/Risks & Mitigation Plans:

- e-Bus availability is not meeting target (80%): The TTC is working with vendors on a daily basis to improve reliability through root cause analysis, vehicle modifications and improvements to the supply chain.
- Impact of new technology adoption on operations and maintenance: business transformation will include route design, planning and dispatching, training of operators and maintainers, etc. Mitigation: Continue to work closely with all stakeholders to minimize disruption to operations and realize all of the benefits of fleet electrification.
- Program Funding: The current ongoing program of bus procurements for 2020-2029 is approximately one-third funded. At the October 2020 Board meeting, the Board approved the procurement of approximately 300 hybrids and 300 electric buses for delivery between 2022 to 2025.



## e-BUS CHARGING SYSTEMS

Project Start	Forecast Completion Year	Approved Budget	Spend to Date	Estimated Final Cost
2016	2034	\$87.8M	\$39.2M	\$360.8M
Overall Performance		2020 YTD Budget	2020 YTD Actuals	2020 Approved Budget
Current Status	Outlook to Completion			
Y	Y	\$36.5M	\$28.6M	\$36.5M

### Project Description:

*Objective: 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:

- The Battery Energy Storage System (BESS) work at all three locations is substantially complete, with contract completion expected in March 2021.
- The back-up generator at Arrow Road Garage has been substantially completed and is progressing to final commissioning and will occur after Enbridge upgrades their gas supply line to the TTC back-up generators. Integrated systems testing for the emergency back-up generator was completed in November 2020.
- The Enbridge gas upgrade is nearing completion and is expected to be completed by April 2021.
- Overall status is yellow due to lack of overall program funding.

### Key Issues/Risks & Mitigation Plans:

- Increase of electrical supply to TTC properties: Toronto Hydro-Electric System Ltd. (THESL) is undertaking design and construction work to provide approximately 10MW power to each property. The TTC will continually engage with THESL to ensure adequate power supply is at each site ahead of bus deliveries.
- Delivery of electrification infrastructure on TTC properties: TTC, Ontario Power Generation and THESL are working together to advance feasibility studies at all garages and draft a framework for agreement for full fleet electrification.

### Note:

- This project is included under 3.2 Equipment Program.

## PURCHASE OF 204 NEW STREETCARS

Project Start	Forecast Completion Year	Approved Budget	Spend to Date	Estimated Final Cost
2009	2023	\$1,194.4M	\$1,071.4M	\$1,194.4M
Overall Performance		2020 YTD Budget	2020 YTD Actuals	2020 Approved Budget
Current Status	Outlook to Completion			
Y	G	\$72.6M	\$27.3M	\$72.6M

### Project Description:

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

This program provides for the purchase of 204 new fully accessible 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:

- Purchase of Streetcars:
  - All 204 streetcars ordered have been delivered and commissioned for revenue service.
- Major Repair Program (MRP):
  - Completed the Major Repair Program for 15 streetcars.
  - The COVID-19 pandemic has affected the 2020 planned deliveries. However, with the start of the accelerated MRP program during this period of reduced ridership, completion of the program is advanced to Q2 2022 from 2024.
- Between September 2020 and February 2021, the Mean Distance between Failures (12-month rolling average) has exceeded 50,000 kms (contractual target – 35,000 kms). The TTC continues to work closely with Alstom and have developed various vehicle modification programs, which continue to be refined as more operational data becomes available.

Note: On January 29, 2021, Alstom acquired Bombardier Transportation Canada Inc. To date, there has been not adverse impact to the program.

### Key Issues/Risks & Mitigation Plans:

- Outstanding technical issues with demand on resources and track space to maintain fleet availability. Action Plan: Determine root cause and implement modification programs. Technical investigations are progressing with various modification programs commencing in 2021.

**Note:** At the October 22, 2020 Board meeting, the Board approved a contract change with Bombardier Transportation Canada Inc. for the supply of 13 additional streetcars at an estimated cost of \$140 million, inclusive of all taxes and project delivery costs.

## WHEEL-TRANS 10-YEAR TRANSFORMATION PROGRAM

Program Start	Forecast Completion Year	Approved Budget	Spend to Date	Estimated Final Cost
2017	2026	\$49.8M	\$28.2M	\$49.8M
Overall Performance		2020 YTD Budget	2020 YTD Actuals	2020 Approved Budget
Current Status	Outlook to Completion			
G	Y	\$10.8M	\$10.8M	\$10.8M

### Program Description:

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

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

### Program Update & Accomplishments:

Plan	Status	Updates (Q4)
Contact Centre Review (Nov. 2020)	Completed	Overflow contract with Telus is live.
ProMaster Pilot for Fleet Replacement (Dec. 2020)	Completed	Pilot complete. Fleet Replacement project is being closed.
Customer Relationship Management Phase 2 (Jan. 2021)	On Track	Phase 2 launch target is Jan. 10, 2021.
Phase 3 for the Scheduling Dispatch (Jan. 2021)	On Track	Go Live target is Jan. 24, 2021.
Access Hubs (Q2 2021)	Completed	16th and final location went into service Dec. 2020, with one location requiring repairs (Target Q2).
Communications (Ongoing)	On Track	Updated COVID-19 safety measures web page to clarify new procedures for customers.

### Key Issues/Risks & Mitigation Plans:

- Potential risk that there will be negative customer response to mandatory re-registration and conditional trip matching (forcing capable customers to utilize the fully accessible TTC network). Action Plan: Communicate benefits of re-registering to customers. Current efforts are having a positive impact with over 6,500 customers re-registered.
- COVID-19: Delayed the launching of Conditional Trip Matching and re-registration. Action Plan: To be evaluated in Q3 2021 via Toronto Public Health guidance and Customer Surveys.

**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	\$77.6M	\$60.1M	\$77.6M
Overall Performance		2020 YTD Budget	2020 YTD Actuals	2020 Approved Budget
Current Status	Outlook to Completion			
Y	Y	\$5.5M	\$3.2M	\$5.5M

### 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 the 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 the TTC's business requirements.

### Project Update & Accomplishments:

- Service Plan for PRESTO maintenance adjusted based on Toronto Public Health guidelines to address COVID-19, continually monitoring and adjusting.
- Due to the pandemic, the Board has approved the distribution of refund for March and April 2020 passes. The refund program commenced in Q2 and will extend into December 2021. Currently, 76% of the passes have been picked up by customers. Continue to monitor.
- Negotiations with Metrolinx regarding the settlement of outstanding claims was effectively concluded and provided to the Board in September 2020. Detailed negotiations with Metrolinx continue, to finalize the details of the settlement agreement, which are expected to be concluded by Q1 2021.

### Key Issues/Risks & Mitigation Plan:

- Formal dispute resolution engaged with Metrolinx to prioritize functionalities for cash equivalent and readable transfer media on Surface Route, Open Payment and updates of Presto card readers on Streetcars and Buses. The delivery of these functions is dependent on the TTC Five-Year Fare Policy currently under development and Metrolinx Procurement RFP.

### Note:

- This project is included under 5.4 Fare System as indicated in Appendix 1.
- Faregate program is not included in this update.
- Approved budget and completion year adjusted to reflect approval to end of 10-year envelope.

## STATIONS TRANSFORMATION

Project Start	Forecast Completion Year	Approved Budget	Spend to Date	Estimated Final Cost
2017	2024	\$50.8M	\$24.4M	\$50.8M
Overall Performance		2020 YTD Budget	2020 YTD Actuals	2020 Approved Budget
Current Status	Outlook to Completion			
Y	G	\$9.1M	\$8.3M	\$9.1M

### Project Description:

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

- Introduction of Customer Service Agents (CSA) – Mobile CSAs in the stations to proactively assist customers facing barriers in navigating the system.
- Upgrading the Public Announcement system (PA).
- Upgrading the stations Passenger Assistance Intercoms (PAI) – To make PAIs user friendly, improve sound quality and live video feed for customers needing assistance.
- New installation and upgrade of existing CCTV cameras – Improve CCTV coverage in the stations to enhance the safety and security of the stations, employees and customers.
- Construction of six zone Hubs – The Hubs will serve as central command posts monitoring the stations and responding to emergencies in an efficient manner.

### Project Update & Accomplishments:

- Overall final completion date of all program components by Q4 2024 remains on track.
- As at Q4, four out of the six Hubs have been constructed and are operational (York University, Kipling, Union and Bloor-Yonge). The remaining two Hubs (Sheppard & St. Clair West) are scheduled to be completed in Q3 2021.

### Key Issues/Risks & Mitigation Plans:

- The Five-Year Fare Policy and 10-Year Fare Collection Plan is currently being developed to define the “Stop Accepting” date of legacy fare media. The transition to full CSA model rollout is dependent on the fare policy.

**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	\$80.5M	\$114.7M
Overall Performance		2020 YTD Budget	2020 YTD Actuals	2020 Approved Budget
Current Status	Outlook to Completion			
Y	G	\$24.3M	\$11.2M	\$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-plus 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 carhouses and bus garages.

### Project Update & Accomplishments:

- Completed installation of VISION on active new streetcar fleet in December 2020.
- Commenced Smart Yard installation at Arrow Road, Eglinton and Queensway Garages, commissioning of Leslie Barns Carhouse in progress.
- Delays in the delivery of the Yard Management Central System software by Clever Devices have resulted in schedule delays. Escalated with Clever Devices and reviewing with departments. Installations proceeding at garages with approved designs and focused effort on completing all inside installations across all garages and carhouses.

### Key Issues/Risks & Mitigation Plan:

- Replacement of Storage Track at Roncesvalles and Russell Carhouse could impact schedule. Mitigation: Working with project team to see if VISION conduit installed this year can be preserved during the above work.
- COVID-19: physical distancing requirements have impacted installation activities involving Yard Management. Action Plan: Proceeding with indoor and external work ensuring that public health and safety directives for physical distancing are being observed. Impacts are being continually assessed.

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

## SAP ENTERPRISE RESOURCE PLANNING PROGRAM

Program Start	Forecast Completion Year	Approved Budget	Spend to Date	Estimated Final Cost
2015	2025	\$272.8M	\$77.6M	\$272.8M
Overall Performance		2020 YTD Budget	2020 YTD Actuals	2020 Approved Budget
Current Status	Outlook to Completion			
G	G	\$24.1M	\$7.7M	\$24.1M

### Program Description:

*Objective: To implement an industry-standard enterprise software solution that modernizes our core systems that aligns with the City of Toronto's SAP Roadmap by integrating business processes through the replacement of legacy systems and modernizing business processes.*

- SAP Phase 2: Implement business processes for a) Finance Accounts Payable (Release1); b) SAP Costing Solution for Operations; c) Time, Attendance and Workforce Scheduling System; d) New Learning Management System; e) Employee Engagement platform; f) launch of the Employee Mobile App to provide another channel of communications focused on frontline staff.
- SAP Phase 3: Transforming a) Procurement and Category Management; b) Materials Management; c) Accounts Receivable/Payable business processes to a modern SAP platform; d) Asset Accounting.

### Project Update & Accomplishments:

Plan	Status	Updates (Q4)
<i>SAP Projects - Phase 2</i>		
Accounts Payable Release 1	On Track	Completed Go-Live Support Phase.
Time & Attendance, and Workforce Scheduling	On Track	Completed RFP#1 (Hardware, Software, Implementation Services) and Stage 1 Evaluation. Closed RFP#2 (Operator Sign-up and Daily Work Assignment Assessment).
Learning Management System	On Track	Completed Release 1: Go-live Nov. 30, 2020 for the People Group.
Employee Mobile App	On Track	Launched on Dec 7., 2020 for all employees with information related to Operations, Safety and Corporate Communications. Registered 1,600+ users in the first five days of launch.
<i>SAP Projects - Phase 3</i>		
SAP Procurement & Category Management and Materials Management	On Track	Assessment Phase in progress. Documented core as-is processes and business requirements.



**Key Issues/Risks & Mitigation Plan:**

- Deferred SAP Employee Engagement Surveys (Qualtrics Solution) to 2021 due to COVID-19 to focus resources on key priorities. This deferral will not impact the overall program delivery.

**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.