



## Financial and Major Projects Update for the Period Ended December 31, 2021

Date: April 14, 2022  
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 and provides a status update of the TTC's major capital projects for the year ended December 31, 2021. The preliminary financial results are subject to the year-end audit process and the audited financial statements will be presented to Audit and Risk Management Committee on June 9, 2022 and the TTC Board on June 23, 2022.

### Financial Summary

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#### ***2021 COVID-19 Impact and Relief Funding***

The financial impact of COVID-19 has, to date, been primarily offset by financial support received from our Federal and Provincial partners through the Safe Restart Agreement (SRA). The last quarterly variance report submitted to the Board on November 29, 2021 identified a 2021 funding shortfall of \$103.3 million. In March 2022, Phase 3 top-up funding was received from the Province, which fully addressed this 2021 funding shortfall. Through the SRA, the Provincial and Federal governments have provided a total of \$1.386 billion through the City to the TTC to address COVID-19 financial impacts incurred in 2020 and 2021.

#### ***2021 Preliminary Operating Results***

The outcome of the TTC's preliminary 2021 year-end financial performance will result in a net \$0 operating budget variance for the TTC's Operating Budget: a net shortfall in revenue and recoveries will be fully offset by net underspending of an equal value, after accounting for Council-approved reserve contributions.

While the revenue and recoveries shortfall of \$47.4 million is primarily driven by underachieved passenger revenue for both TTC Conventional and Wheel-Trans service, it also incorporates a forgone budgeted reserve draw of \$15.8 million. On the

expense side, preliminary results indicate an under-expenditure of \$135.7 million or 6.2% below the 2021 Approved Expenditure Budget, driven by reduced service costs and expenditure restraint in light of lower-than-planned ridership and revenues during the year. The full offsetting of the 2021 revenue and recovery loss results in a net favourable variance of \$88.3 million, which, in accordance with the direction approved by City Council at its October 1, 2021 meeting, will be contributed to the TTC Stabilization Reserve as summarized in the following table.

Description (\$Millions)	Year-End Results		
	Budget*	Actual	Variance
<b>Revenue &amp; Recoveries</b>			
TTC Conventional			
Passenger Revenue	492.0	452.6	(39.4)
Ancillary Revenue	54.7	63.3	8.6
Wheel-Trans Passenger Revenue	4.3	3.5	(0.8)
Forgone Reserve Draw	15.8	-	(15.8)
<b>Total Revenue &amp; Recoveries</b>	<b>566.8</b>	<b>519.4</b>	<b>(47.4)</b>
<b>Expenditures</b>			
TTC Conventional	2,051.2	1,934.5	(116.7)
Wheel-Trans	119.4	100.4	(19.0)
<b>Subtotal Expenditures</b>	<b>2,170.6</b>	<b>2,034.9</b>	<b>(135.7)</b>
Reserve Contribution	-	88.3	88.3
<b>Total Expenditures</b>	<b>2,170.6</b>	<b>2,123.2</b>	<b>(47.4)</b>
<b>Combined Net City Funding</b>	<b>1,603.8</b>	<b>1,603.8</b>	<b>0.0</b>

\*Budget amounts in the preceding table are inclusive an anticipated \$17.5 million transfer from the City's non-program budget related to the 2021 impact of the arbitrated settlement with ATU 113.

The \$88.3 million reserve contribution is critical as the 2022 Council-approved Operating Budget relies on this contribution to fund a 2022 budgeted reserve withdrawal of \$17.7million to address fuel and insurance price volatility, one-time 2022 new and enhanced initiatives and LRT construction disruption service. Additional reserve withdrawals may be required to address further fuel price increases, which have emerged since budget approval.

### **2021 Preliminary Capital Results**

Based on the preliminary year-end results, the TTC's base capital expenditures totalled \$830.0 million, representing a year-end spending rate of 64.9% of the 2021 Approved Capital Budget. In addition to the base capital spending, the TTC also incurred \$34.8 million or 35.6% of the 2021 Approved Capital Budget to continue the capital work program for transit expansion initiatives. Combined, the TTC's preliminary year-end

spending totaled \$864.8 million, representing a 62.8% spending rate, as noted in the table below:

Description (\$ Millions)	2021 Budget	2021 Actuals		Variance \$
		\$	% Spent	
TTC Base Capital	1,278.1	830.0	64.9%	(448.1)
TTC Transit Expansion	97.9	34.8	35.6%	(63.1)
<b>Total</b>	<b>1,376.0</b>	<b>864.8</b>	<b>62.8%</b>	<b>(511.2)</b>

These reported results also take into account the TTC Board and City Council approved amendments made at its meetings of May 25, 2021 and May 26, 2021 respectively, to increase the 2021 Capital Budget and future year cash flows in the 10-year Capital Plan by \$425.785 million. This amendment incorporates the increased spending authority and funding by the City, the Province and the Federal governments for the purchase of an additional 47 streetcars and changes to the Hillcrest facility to accommodate the additional fleet.

The 2021 capital underspending is the result of various drivers. During 2021, some projects continued to realize delays as a result of COVID-19, given the provincial restrictions imposed at various junctures during the year. As well, the business interruption caused by the cybersecurity incident on October 29, 2021 also contributed to delays in delivery and spending, particularly for information technology projects given IT staff's focus on cyber response and recovery.

Capital spending is also impacted by other factors, including but not limited to, resourcing and supply chain constraints; protracted negotiations for complex projects; adjustments to project schedules due to dependencies with third parties, and property acquisitions that were expected to be completed in 2021, but were not finalized by year-end. The ability to acquire property and deliver capital projects with third parties are dependent on external factors not fully within the TTC's direct control. If we were to exclude the budget and results for these projects from the base program, the spending rate increases to 67.1% for the TTC's base capital program and 64.4% overall, as summarized in the following table:

Description (\$ Millions)	2021 Budget	2021 Actuals	
		\$	%
TTC Base Capital	1,278.1	830.0	64.9%
Excl. Deferred Property Acquisitions/3rd Party Interdependency	(233.7)	(129.5)	55.4%
<b>TTC Adjusted Base Capital Program</b>	<b>1,044.5</b>	<b>700.5</b>	<b>67.1%</b>
TTC Transit Expansion	97.9	34.8	35.6%
<b>Total (Excl. Deferred Property Acquisitions/3rd Party Interdependency)</b>	<b>1,142.3</b>	<b>735.4</b>	<b>64.4%</b>

Given that these interdependent projects have an impact the TTC's capital project delivery, the TTC has allocated capital funding in 2022 to enable the City to dedicate resources to address legal, real estate, project planning, coordination and technical matters regarding TTC's capital projects, as one measure to build capacity in TTC's capital project delivery.

Through the 2022 Budget process, an estimated \$207 million in underspent 2021 funding was carried forward and included in the 2022-2031 Capital Budget and Plan. Based on the preliminary year-end results, and in accordance with the City's Carry Forward Policy, an incremental \$304.2 million in additional underspending will be carried forward and included with the Adjustments to Capital Budget Carry Forward Funding and Future Year Commitments Report for City Council's consideration and approval. A total of \$46 million in incremental carry-forward funding will be added to the 2022 Capital Budget and the remaining \$258.2 million will be added to 2023 cashflow estimates.

### ***2022 Operating and COVID Relief Funding Update***

With the emergence of the Omicron variant, the TTC's 2022 Operating Budget was revised through the City's 2022 Budget process. The passenger revenue and PRESTO commissions budgets were amended, resulting in an increase in the net anticipated COVID financial impact by \$99.9 million to \$561.1 million. This change assumed restrictions continued throughout Q1 before recovery would recommence in Q2.

Of the \$561.1 million 2022 budgeted COVID financial impact, the Province has provided funding of \$67.2 million, sourced from 2020-2021 Safe Restart Agreement surplus funds, to address the January 2022 actual COVID impact. It is anticipated, that the remaining 2022 budgeted COVID funding requirement of \$493.9 million will be addressed through joint funding support from upper levels of government based on the Federal government's February 17, 2022 announcement that it intends to introduce legislation to support municipalities facing transit operating shortfalls, in collaboration with provinces.

Passenger revenue results were consistent with the City-approved budget in January and higher than budget in February and March given the accelerated reopening. Looking forward, the total COVID financial impact for the year will vary based on ridership recovery continuing in line with budgeted expectations.

In addition, due to unanticipated global events in early 2022, market prices for diesel have been trending well above budget. Current available future market prices indicate that diesel fuel prices are expected to moderate later in the year, but would remain above budgeted levels. Should pricing for the balance of the year materialize consistent with market forecasts available in late March, an estimated full year budget impact of between \$15 million and \$20 million may be realized.

## **2022 Operating Budget Variance Reporting**

Staff are continuing to monitor all developments noted above and regularly engage with City and Provincial staff. Complete operating variance projections, along with available funding and mitigation strategies will be presented to the Board through the four-month variance report, planned for the June 23, 2022 TTC Board meeting.

## **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 2021 TTC Operating Budget funded new investments totalling \$2.8 million to:

- Increase Wheel-Trans reservation call centre capacity to reduce call wait times and abandoned calls, thereby improving accessibility.
- Support implementation of the Embrace Diversity Action Plan to provide resources to improve community and recruiting outreach initiatives and ensure the continued implementation of anti-racism initiatives.

The 2021-2030 Capital Budget and Plan included \$82.1 million in 2021 and \$701.9 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 accelerated Easier Access construction activities.

## **Decision History**

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At its meeting on December 21, 2020, the TTC Board approved the 2021-2030 TTC Capital Budget and Plan of \$11.689 billion in funding over the 10-year period, with \$1.315 billion approved in the 2021 Capital Budget.

[https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2020/December\\_21/Reports/2\\_TTC\\_15\\_Year\\_CIP\\_and\\_2021\\_2030\\_Capital\\_Budget\\_and\\_Plan.pdf?rev=249f510efcea4aec8ad994154e26a2cc&hash=1D5A1448B5F684BF79D2C4FFAC802CBE](https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2020/December_21/Reports/2_TTC_15_Year_CIP_and_2021_2030_Capital_Budget_and_Plan.pdf?rev=249f510efcea4aec8ad994154e26a2cc&hash=1D5A1448B5F684BF79D2C4FFAC802CBE)

At its meeting on December 21, 2020, the TTC Board approved the 2021 Operating Budgets of \$2.034 billion gross, and \$1.472 billion net for TTC Conventional Service and \$118.6 million gross, and \$114.3 million net for Wheel-Trans Service and a 2021 total year-end workforce complement of 16,313 positions.

[https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2020/December\\_21/Reports/1\\_2021\\_TTC\\_and\\_WheelTrans\\_Operatin](https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2020/December_21/Reports/1_2021_TTC_and_WheelTrans_Operatin)

[g\\_Budgets.pdf?rev=5072388342514a84921dbf771d892a7a&hash=3C1459F6B46B7AF5A8273B738A58D470](https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2021/February_10/Reports/8_Transit_Network_Expansion.pdf?rev=5072388342514a84921dbf771d892a7a&hash=3C1459F6B46B7AF5A8273B738A58D470)

At its meeting on February 10, 2021, the TTC Board approved the amended 2021 workforce complement with the addition of 34 temporary positions dedicated to core resourcing for the Metrolinx subway expansion program. These roles and associated costs will be fully funded by Metrolinx and as such require no new municipal funding. [https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2021/February\\_10/Reports/8\\_Transit\\_Network\\_Expansion.pdf?rev=8a3a174a1e33419381323c5193ad4259&hash=C0F4B1F4DDC7EE6A4A2991C2F27D450E](https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2021/February_10/Reports/8_Transit_Network_Expansion.pdf?rev=8a3a174a1e33419381323c5193ad4259&hash=C0F4B1F4DDC7EE6A4A2991C2F27D450E)

At its meeting on May 25, 2021, the TTC Board approved an amendment to the TTC Streetcar Program by increasing the 2021-2030 Approved Capital Budget and Plan by \$425.785 million for the procurement of an additional 47 streetcars at an incremental cost of \$328.248 million, and the modifications to the Hillcrest Facility to accommodate the additional fleet at an additional cost of \$97.537 million. [https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2021/May\\_25/1\\_TTC\\_Streetcar\\_Program\\_Procurement\\_of\\_60\\_Streetcars\\_updated.pdf?rev=65f173be398c4cce9bd7af230c1faf8f&hash=CCC2688C060CB931AF4C513382166B7D](https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2021/May_25/1_TTC_Streetcar_Program_Procurement_of_60_Streetcars_updated.pdf?rev=65f173be398c4cce9bd7af230c1faf8f&hash=CCC2688C060CB931AF4C513382166B7D)

## Comments

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### Key Operating Budget 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.

The key indicators include TTC and Wheel-Trans ridership and average fare, which impact the \$492 million TTC fare revenue budget while the price of fuel and electric power affect a combined fuel and utilities budget of \$156.4 million. The final, and most significant driver of expenses relates to service hours, which impact labour expenses (\$1.116 billion) and non-labour expenses (\$303 million), such as parts and maintenance, as well as fuel and utility consumption.

The following table details the TTC's key operating indicators, which are discussed below:

Item	Year-End Results			Status
	Budget	Actual	Variance	
TTC Ridership	214.4M	197.8M	(16.6M)	✘
TTC Average Fare	2.29	2.29	0.00	✔
TTC Actual Operating Service Hours	9.416M	8.899M	(0.517)	✘
Price of Fuel (\$/litre)	0.866	0.988	0.122	✘
Price of Electric Power (\$/kWh)	0.150	0.141	(0.009)	✔
WT Passengers	1.9M	1.6M	(0.3M)	✘

### **Revenue Ridership**

Based on the anticipated impact of COVID-19, revenue ridership was budgeted to grow from an average of 35% of normal, or pre-COVID levels, for the first half of 2021 rising to 49% by December 2021.

For the first half of the year, actual revenue ridership was below budgeted levels, with the largest unfavourable variances occurring during the two provincially issued Stay-at-Home orders when ridership dropped to as low as 26% of pre-COVID levels. Gradual recovery continued through the year, as the Province entered continued stages of reopening. As restrictions continued to ease and more people resumed their use of transit, revenue ridership grew steadily, close to or meeting budgeted levels, and reached 49% of pre-COVID levels in November. With the emergence of the Omicron variant, the Province reintroduced capacity limits in a number of settings on December 19, 2021. Ridership revenue reached an annual high of 53% of pre-COVID normal levels at the start of December but dropped down to 47% at the end of December, after the capacity limits were re-introduced.

For 2021 revenue ridership totalled 16.6 million rides or 8% below the annual 2021 revenue ridership budget. Passenger revenue trends are discussed further in the Financial Update section below.

### **Service Hours**

For the year, actual service hours operated were 5.5% below budgeted levels. In the first half of the year, service capacity was lower than budget due to the continual alignment of service capacity with customer demand, while also applying COVID-19 modified maximum planning capacity thresholds. Throughout the year, actual service hours operated increased as ridership returned. Due to the implementation of the Mandatory Vaccine Policy, effective November 21, 2021 some temporary service adjustments were necessary due to the reduced availability of operators. To mitigate the

impact, actions were taken to accelerate operator hiring, and weekend construction diversions were paused.

### **Financial Update – Operating**

Overall, the unfavourable revenue variance experienced in 2021 has been offset by under-expenditures. While the revenue and recoveries shortfall of \$47.4 million is primarily driven by underachieved passenger revenue for both TTC Conventional and Wheel-Trans service, it also incorporates a forgone budgeted reserve draw of \$15.8 million that is no longer required given the favourable expenditure variance. The \$135.7 million in under-expenditures is primarily driven by Conventional service operating below budgeted levels as outlined above; lower than budgeted Wheel-Trans ridership demand; lower than planned COVID response expenses and ongoing expenditure management to eliminate or defer costs where possible. By fully offsetting the 2021 net revenue and recovery loss, the favourable net expenditure variance is reduced to \$88.3 million.

The net favourable variance of \$88.3 million will be contributed to the TTC Stabilization Reserve, in accordance with the direction approved by City Council at its October 1, 2021 meeting, that any net 2021 favourable year-end variance be contributed to the TTC Stabilization Reserve. This reserve contribution is critical as the 2022 City Council-approved budget relies on this contribution to fund a 2022 reserve draw of \$17.7 million to address fuel and insurance price volatility, one-time 2022 new and enhanced initiatives and LRT construction disruption service. Additional use of reserve funding may be required to address further fuel price increases, which have emerged since budget approval.

### **COVID-19 Financial Impact**

#### ***TTC Conventional Passenger Revenue***

The 2021 Operating Budget anticipated a \$796.4 million financial impact due to COVID-19, most of which related to an anticipated \$725 million passenger revenue loss net of PRESTO commissions.

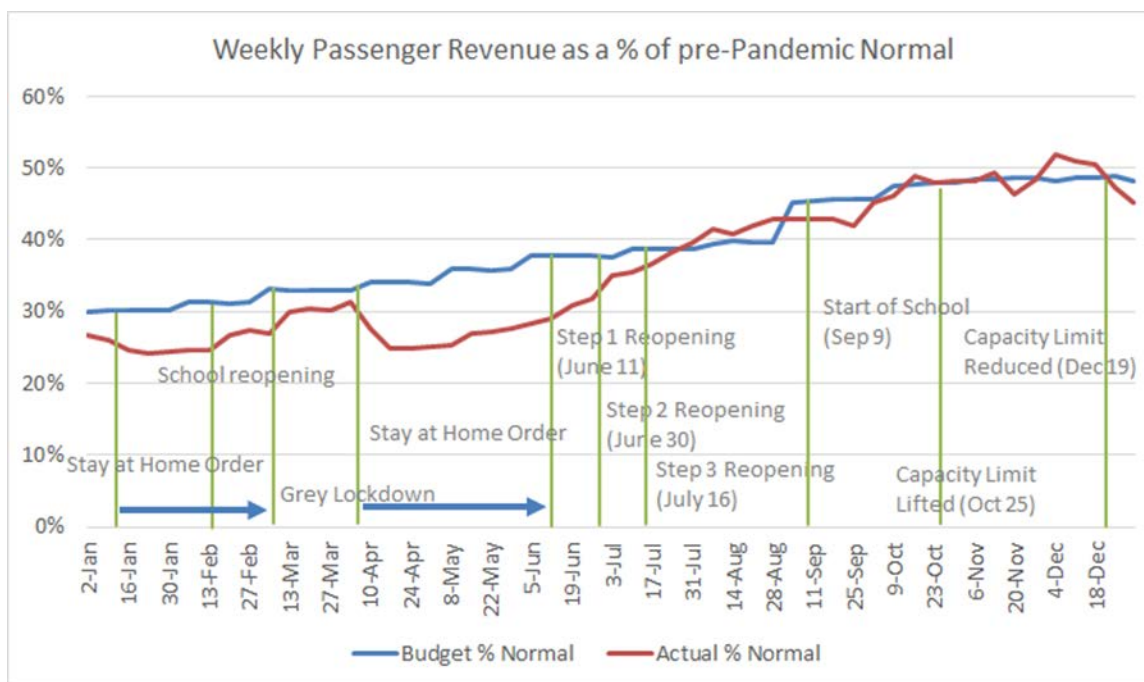
Passenger revenue was below budget throughout the first six months of the year, with the most significant shortfalls occurring during the Stay-at-Home orders that caused TTC passenger revenues to fall as low as 25% of pre-COVID experience. Outside of these Stay-at-Home orders, TTC passenger revenue grew steadily and was essentially consistent with budgeted levels in second half of the year.

With the emergence of the Omicron variant, the Province reintroduced capacity limits in a number of settings on December 19 2021. TTC passenger revenue reached an annual high of 52% of pre-COVID normal levels at the start of December but dropped to 49% at the end of December, after the capacity limits were re-introduced.



The TTC's 2021 full year Conventional passenger revenue was \$452.6 million, representing 92% of the annual budget of \$492.0 million, resulting in a budget shortfall of \$39.4 million or \$37.6 million net of PRESTO commissions.

A weekly breakdown of revenue relative to pre-COVID experience is illustrated in the following chart:



### COVID-19 Expenses

The COVID-19 financial impact incorporated into the 2021 Operating Budget included \$55.5 million in COVID-19 response expenses to protect customer and employee safety. As outlined in the following table, the TTC experienced a \$9.1 million favourable variance to budget at year-end, primarily due to revised vehicle disinfection requirements and cost estimates partially offset by higher costs associated with COVID-19-related absences.

COVID-19 Expenses			
Item (\$Millions)	Year-End Results		
	Budget	Actual	Variance
<b>Safety and Other Required Measures</b>			
Vehicle Disinfection	25.8	11.7	(14.1)
Personal Protective Equipment	5.9	4.1	(1.8)
Vehicle Ventilation Filters	1.4	0.8	(0.6)
Facility Disinfection, Decals and Other	5.8	4.2	(1.6)
Hand Sanitizer for Customers	2.3	1.0	(1.3)
Welcome Back Campaign	-	1.8	1.8
Employee Screening Costs	5.5	7.3	1.8
<b>Managing Resourcing</b>			
Incremental Labour Costs	2.7	3.4	0.7
Sick Benefit Costs	6.1	12.1	6.0
<b>Total COVID-19 Expense</b>	<b>55.5</b>	<b>46.4</b>	<b>(9.1)</b>

### **Total Financial Impact**

The following table compares the 2021 financial impacts of COVID-19 as anticipated in the 2021 Operating Budget against actual results. The impact of the unfavourable passenger revenue variance to budget has been fully offset by operating under-expenditures as outlined in the following table.

Total Financial Impact			
in Millions	2021 Budget	2021 Actual	Variance Over/(Under)
Passenger revenue loss, net of PRESTO Commissions	\$725.0	\$761.9	\$36.9
Ancillary Revenue loss	\$15.9	\$29.8	\$13.9
COVID-19 Expenses	\$55.5	\$46.4	(\$9.1)
<b>COVID-19 Financial Impact</b>	<b>\$796.4</b>	<b>\$838.1</b>	<b>\$41.7</b>
Under-Expenditures applied to COVID-19 Budget Variance		(\$41.7)	(\$41.7)
<b>Total Financial Impact</b>	<b>\$796.4</b>	<b>\$796.4</b>	<b>\$0.0</b>

## **Preliminary Year-End Results by Service**

### ***TTC Conventional Service: 2021 Operating Results by Key Account Grouping and Comparison to 2020***

Revenue and recovery losses for 2021 amounted to \$46.6 million, primarily comprised of lower passenger revenues realized during the first half of the year and the foregone budgeted reserve draw. These revenue losses were fully offset by TTC Conventional Service under-expenditures of \$116.7 million or 5.7% below budget.

The majority of this underspending is attributable to TTC Conventional service hours delivered being approximately 5.5% below budget on average for the year. This reduced service level reflects both matching of service capacity to demand in the early part of 2021, and the impact of the vaccine mandate effective November 21, 2021 and resulting workforce shortages.

The remainder of the under-expenditures result from:

- Lower than anticipated COVID-19 incremental expenses.
- One-time savings associated with deferred hiring and spending where possible, reflective of management's response to reduced passenger revenues.
- One-time savings associated with a delay in planned Q4 Eglinton Crosstown hiring and onboarding activities, due to a change in the revenue service commencement date.
- Efficiencies, including overtime management and lower electricity rates realized in 2021, which are incorporated in the approved 2022 Operating Budget.

For the year, TTC Conventional Service under-expenditures, after offsetting the revenue shortfall, amounted to \$70.1 million. This amount will be contributed to the TTC Stabilization Reserve, consistent with the October 1, 2021 City Council authority, to arrive at a net \$0 variance at year end.

As part of COVID-19 recovery, service levels are gradually returning to pre-pandemic levels. Combined with the recent increase in energy prices, under-expenditures experienced in 2021 are not expected to continue into 2022.

TTC Conventional Service				
Item (\$Millions)	Year-End Actual			Status
	Budget	Actual	Variance	
<b>Revenues</b>				
Passenger Revenue	492.0	452.6	(39.4)	✘
Other Ancillary Revenue	54.7	63.3	8.6	✔
Reserve Draw	15.8	-	(15.8)	✘
<b>Total Revenue</b>	<b>562.5</b>	<b>515.9</b>	<b>(46.6)</b>	<b>✘</b>
<b>Expenses</b>				
Departmental Labour & Benefits	1,469.5	1,410.7	(58.8)	✔
Departmental Non-Labour	257.9	223.7	(34.2)	✔
Diesel	71.0	68.8	(2.2)	✔
Traction Power & Utilities	85.4	72.5	(12.9)	✔
PRESTO Commissions	21.3	19.0	(2.3)	✔
Other Corporate Costs	92.4	94.6	2.2	✘
COVID-19 Costs	53.7	45.3	(8.4)	✔
<b>Subtotal</b>	<b>2,051.2</b>	<b>1,934.5</b>	<b>(116.7)</b>	<b>✔</b>
Reserve Contribution	-	70.1	70.1	✔
<b>Total Expenses</b>	<b>2,051.2</b>	<b>2,004.6</b>	<b>(46.6)</b>	<b>✔</b>
<b>Net (Operating Funding)</b>	<b>1,488.7</b>	<b>1,488.7</b>	<b>0.0</b>	<b>✘</b>

### 2021 vs. 2020 Results Comparison

Passenger revenue is \$59.5 million (11.6%) lower in 2021 than 2020, largely reflecting that January and February 2020 had normal levels of passenger revenue and the comparable 2021 amounts were 70% below normal, pre-COVID levels. The unfavourable variance in early 2021 was partially offset by higher passenger revenue in 2021, relative to 2020 for the balance of the year.

Full year expenditures were \$86.0 million (4.7%) higher in 2021 than 2020, prior to the TTC Stabilization Reserve contribution. Key drivers of this net increase include:

- Higher cost containment savings in 2020
  - Matching service capacity to demand
  - Expenditure constraint
  - Deferred implementation of new service priorities
  - Workforce realignment strategy
- Increased diesel costs in 2021 due to higher pricing and continued progress towards the restoration of pre-pandemic service levels
- Annualization of COVID-19 costs to ensure public safety
- Local ATU 113 Collective Bargaining Agreement arbitrated settlement, retroactive to April 1, 2021. The impact of the retroactive wage increase is included under Corporate Costs in the table below:

<b>TTC Conventional Service</b>			
<b>Item (\$Millions)</b>	<b>Year-End</b>		
	<b>2021 Actual</b>	<b>2020 Actual</b>	<b>Change</b>
<b>Revenues</b>			
Passenger Revenue	452.6	512.1	(59.5)
Other Ancillary Revenue	63.3	57.9	5.4
Parliament St. Sale	-	18.0	(18.0)
<b>Total Revenue</b>	<b>515.9</b>	<b>588.0</b>	<b>(72.1)</b>
<b>Expenses</b>			
Departmental Labour & Benefits	1,410.7	1,371.2	39.5
Departmental Non-Labour	223.7	216.8	6.9
Diesel	68.8	60.7	8.1
Traction Power & Utilities	72.5	81.1	(8.6)
PRESTO Commissions	19.0	21.7	(2.7)
Other Corporate Costs	94.6	69.7	24.9
COVID-19 Costs	45.3	27.3	18.0
<b>Subtotal</b>	<b>1,934.5</b>	<b>1,848.5</b>	<b>86.0</b>
Reserve Contribution	70.1	18.0	52.1
<b>Total Expenses</b>	<b>2,004.6</b>	<b>1,866.5</b>	<b>138.1</b>
<b>Net (Operating Funding)</b>	<b>1,488.7</b>	<b>1,278.5</b>	<b>210.2</b>

***Wheel-Trans Service: 2021 Operating Results by Key Account Grouping and Comparison to 2020***

As of the end of 2021, passenger revenues are \$0.8 million (19%) below budget due to lower ridership demand with the continued impacts of COVID-19 and the province-wide Stay-at-Home orders implemented in early 2021. As the majority of the population became vaccinated in fall 2021, ridership gradually increased, but remained below budgeted levels.

As a result of the lower ridership demand, Wheel-Trans expenses were \$19.0 million or 15.9% below budget. These under-expenditures are primarily due to lower contracted taxi and bus service costs, consistent with lower than anticipated ridership demand due to the impact of the ongoing pandemic.

For the year, Wheel-Trans Service under-expenditures net of the revenue shortfall amounted to \$18.2 million. This amount will be contributed to the TTC Stabilization Reserve, consistent with the October 1, 2021 City Council authority, to arrive at a net \$0 variance at year end.

Wheel-Trans Service				
Item (\$Millions)	Year-End Actual			Status
	Budget	Actual	Variance	
<b>Passenger Revenues</b>	4.3	3.5	(0.8)	✘
<b>Expenses</b>				
Bus Service	52.2	45.8	(6.4)	✔
Contracted Taxi	31.1	23.8	(7.3)	✔
Employee Benefits	16.2	15.6	(0.6)	✔
Administration/Management	18.1	14.1	(4.0)	✔
COVID-19 Costs	1.8	1.1	(0.7)	✔
<b>Subtotal</b>	<b>119.4</b>	<b>100.4</b>	<b>(19.0)</b>	✔
Reserve Contribution	0.0	18.2	18.2	✔
<b>Total Expenses</b>	<b>119.4</b>	<b>118.6</b>	<b>(0.8)</b>	✔
<b>Net (Operating Funding)</b>	<b>115.1</b>	<b>115.1</b>	<b>0.0</b>	✔

### 2021 vs. 2020 Results Comparison

As noted in the following table, expenses were \$5 million (4.7%) lower and revenues were \$0.4 million lower than 2020 prior to the 2021 reserve contribution. Both variances were primarily due to reduced ridership demand in January and February on a year-over year basis, as a result of the full-year impact of COVID-19 in 2021.

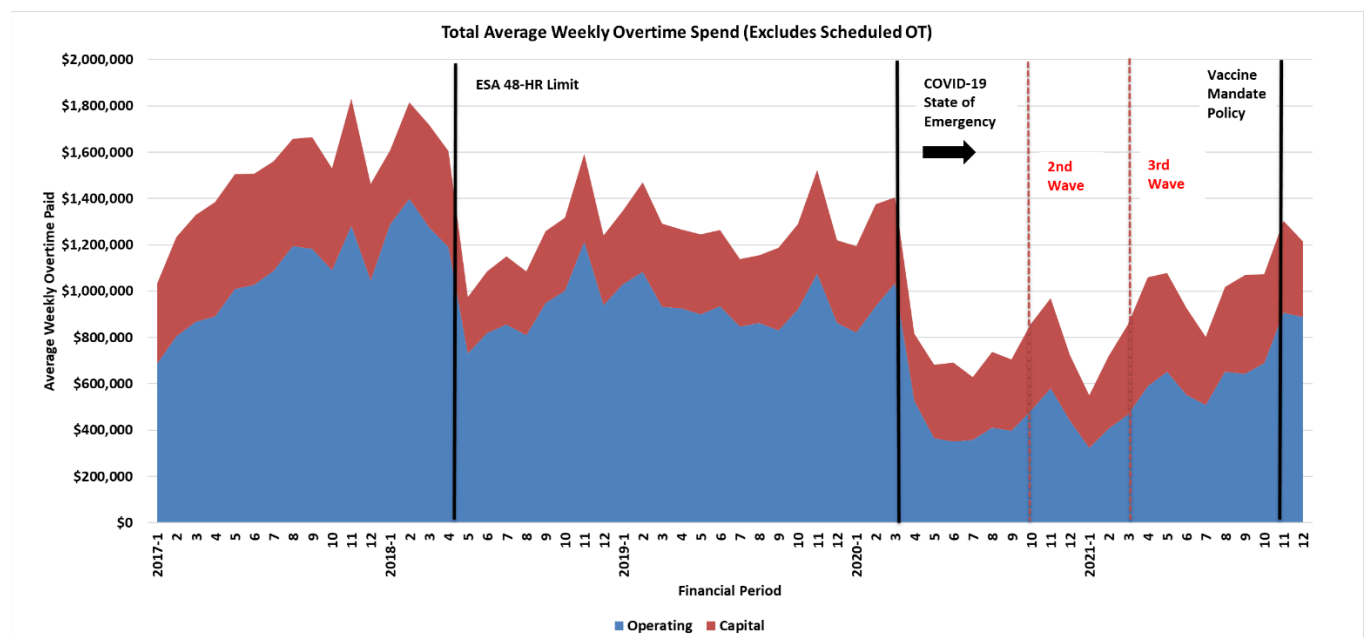
Wheel-Trans Service			
Item (\$Millions)	Year-End		
	2021 Actual	2020 Actual	Change
<b>Passenger Revenues</b>	3.5	3.9	(0.4)
<b>Expenses</b>			
Bus Service	45.8	49.3	(3.5)
Contracted Taxi	23.8	27.4	(3.6)
Employee Benefits	15.6	15.4	0.2
Administration/Management	14.1	13.3	0.8
COVID-19 Incremental Costs	1.1	0.0	1.1
<b>Subtotal</b>	<b>100.4</b>	<b>105.4</b>	<b>(5.0)</b>
Reserve Contribution	18.2	0.0	18.2
<b>Total Expenses</b>	<b>118.6</b>	<b>105.4</b>	<b>13.2</b>
<b>Net (Operating Funding)</b>	<b>115.1</b>	<b>101.5</b>	<b>13.6</b>

## Overtime Management

The management of overtime expenses continues to be a key area of focus for the TTC, one that contributes to meeting the TTC's service objective of enhancing its financial sustainability. 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 requirements support efforts to maximize productivity, while minimizing disruption during capital project delivery.

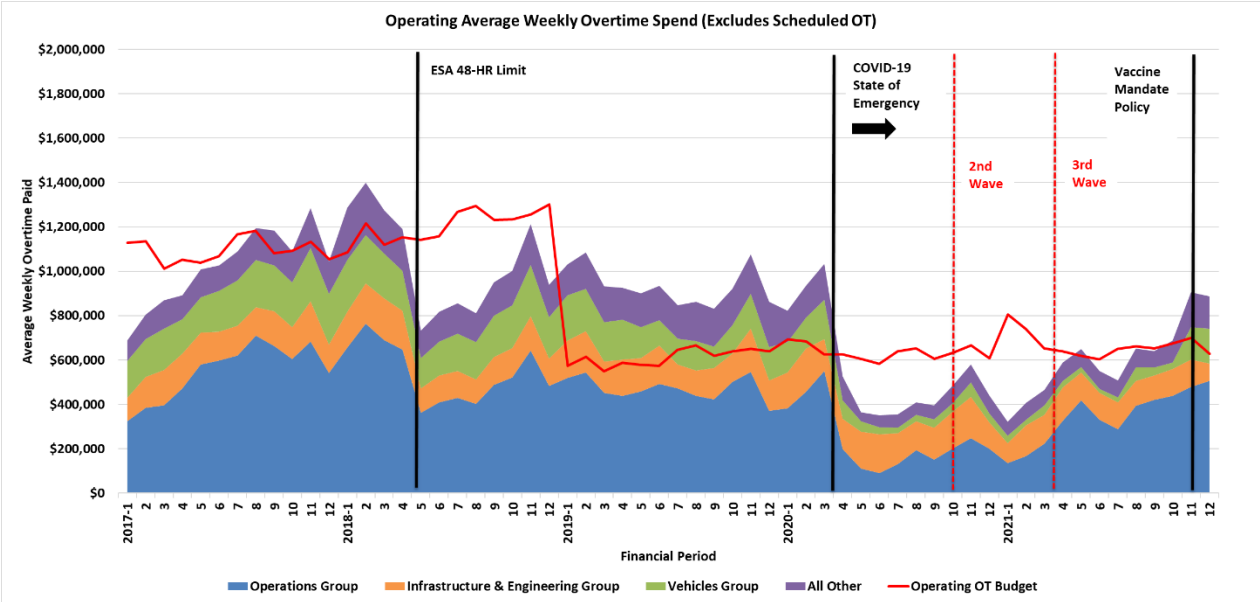
Excluding overtime required for scheduled service, the following graph shows that average weekly overtime spending (operating and capital combined) increased from 2020 levels, but remained approximately 25% below 2019 levels. The increase in overtime requirements in 2021, relative to 2020, was primarily driven by temporary measures to ensure service continuity. Overtime was required as a means to address increased absence coverage due to spikes in absences during the third wave of COVID-19, between April and June and the Omicron variant in December. In addition, the implementation of the Mandatory Vaccination Policy in November resulted in a reduction of available operators, requiring the use of overtime to mitigate service impacts.

Filling this open work on overtime was a last resort and a temporary measure to ensure service continuity. Combined with these peak operating requirements, there was also a major increase in capital overtime in Period 5 related to the 10-day subway closure for asbestos removal. Accelerating this work, which required the use of overtime, enabled the TTC to use a period of low ridership demand to eliminate the need to have 20 to 30 future weekend subway closures. Excluding these peak periods, average weekly overtime for 2021 was approximately \$0.8 million or 35% below 2019 levels.



**Operating Overtime**

Consistent with key 2021 events and the overall trend noted above, operating overtime in 2021 increased relative to the 2020 experience, but remained 28% below pre-pandemic levels from 2019. To maintain service continuity, higher levels of overtime were incurred in the Operations Group for operator overtime relative to 2020, particularly due to the third wave and the implementation of the Mandatory Vaccination Policy, as noted above. As shown in the following graph, operating overtime for other operating groups was broadly consistent with 2020 levels.



Overtime spending trends are actively being monitored by departments. Action plans to reduce overtime include, ongoing work to accelerate operator hiring and other vacant positions, and the ongoing review of potential schedule adjustments to reduce overtime requirements. \$5.1 million in overtime savings based on management actions established in 2021 were included in the 2022 Operating Budget.

**Preliminary 2022 Operating Budget Update**

***Amendment to Board-Approved Operating Budget***

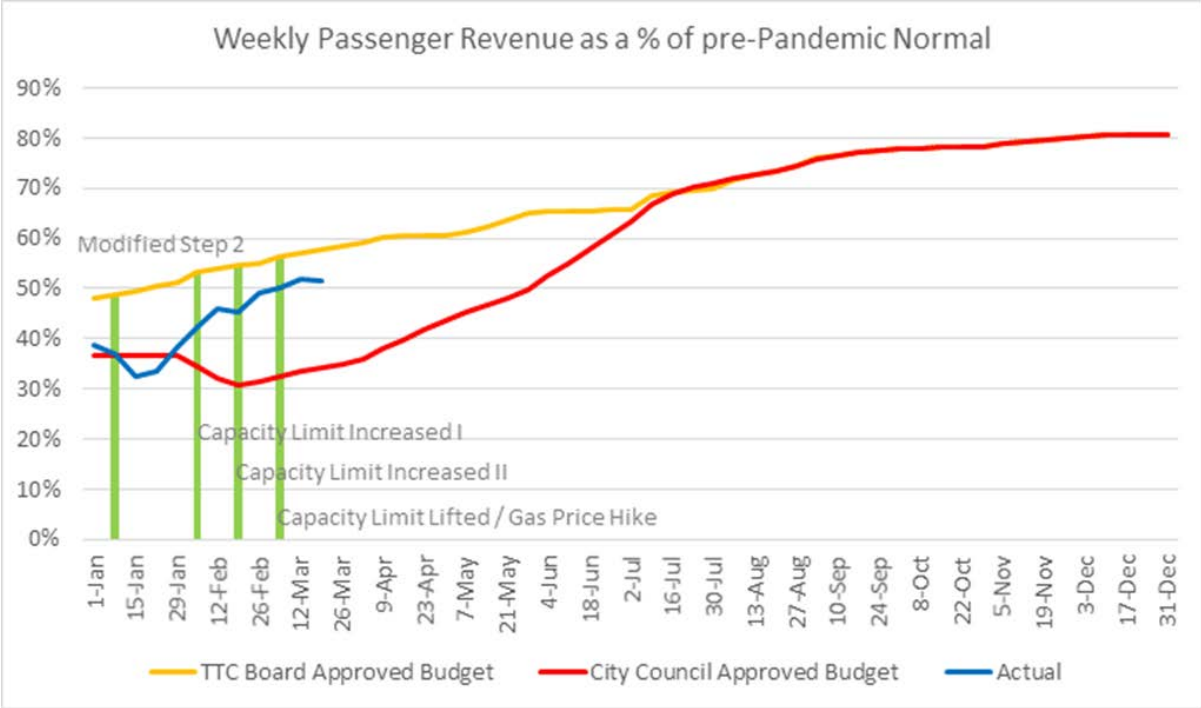
With the emergence of the Omicron variant and the January 3 announcement from the Province specifying further restrictions, and returning the province to a Modified Step 2 of the Provincial Roadmap to Reopening, the TTC’s 2022 Operating Budget was revised through the City’s 2022 Budget process to account for the Omicron variant impact on passenger revenue. The passenger revenue and PRESTO commissions



budgets were amended, resulting in an increase in the net funding requirement and net COVID impact by \$99.9 million, as shown in the following table.

<b>TTC Conventional &amp; Wheel-Trans Operating Budgets</b>			
<b>(In \$Millions)</b>	<b>City Council Approved Budget</b>	<b>TTC Board Approved Budget</b>	<b>City Council vs. Board approved</b>
<b>By Service</b>			
<b>Revenues</b>			
TTC Conventional	811.2	916.1	(104.9)
Wheel-Trans	6.0	6.0	0.0
<b>Total Revenues</b>	<b>817.2</b>	<b>922.1</b>	<b>(104.9)</b>
<b>Expenses</b>			
TTC Conventional	2,096.5	2,101.5	(5.0)
Wheel-Trans	133.2	133.2	0.0
<b>Total Gross Expenditures</b>	<b>2,229.7</b>	<b>2,234.7</b>	<b>(5.0)</b>
<b>City Funding</b>			
TTC Conventional	1,285.3	1,185.4	99.9
Wheel-Trans	127.2	127.2	0.0
<b>Total City Funding</b>	<b>1,412.5</b>	<b>1,312.6</b>	<b>99.9</b>
<b>COVID Impact</b>	<b>561.1</b>	<b>461.2</b>	<b>99.9</b>
<b>Total City Funding ex COVID</b>	<b>851.4</b>	<b>851.4</b>	<b>-</b>
<b>Approved Positions</b>	<b>16,467</b>	<b>16,467</b>	<b>-</b>

This change assumed restrictions continued throughout Q1 before recovery would recommence in Q2. Actual results were relatively consistent with this revised expectation in January. With the acceleration of the Provincial reopening plan, February’s passenger revenue reached 46% of pre-pandemic levels, which was notably higher than the 32% assumed in the Council approved budget. However, February results remained below the original TTC Board approved budget, primarily due to most office workers continuing to work from home. Continued recovery is expected as many major employers have announced the adoption of a hybrid working model for their office workers, with a return to office beginning in March and April. The following graph illustrates the actual ridership results to date against both the TTC Board and City Council approved revenue budgets:



**2022 COVID-19 Financial Impact Funding**

The January 2022 COVID financial impact was \$67.2 million, primarily comprised of passenger revenue below normal pre-pandemic levels. The Province has already provided funding to fully address this impact. This funding was sourced from Province-wide remaining surplus funds from the 2020-2021 Safe Restart Agreement, resulting in a remaining COVID funding gap of \$493.9 million against the total 2022 budgeted COVID impact of \$561.1 million.

As for the remaining COVID financial impact, the Federal government announced on February 17, 2022 that it intends to introduce legislation to invest a total national one-time payment of up to \$750 million to support municipalities facing transit operating shortfalls, in collaboration with provinces. Specific details, including the amount of funding that will be available to TTC, are still to be confirmed.

**2022 Diesel Fuel Costs**

The diesel budget for 2022 assumed an average market price of \$1.15 per litre, inclusive of the scheduled carbon price increase and after the application of the HST rebate. The budgeted \$1.15 per litre market price reflected a 30% increase relative to the average market price budgeted for 2021. As noted in the 2022 Operating Budget presented to the TTC Board on December 21, 2021, approximately 15% of 2022 diesel fuel requirements were hedged and the TTC has been reducing its reliance on diesel fuel through improved fuel consumption, which has been achieved through fleet renewal over the past several years.

Due to unanticipated global events in early 2022, market prices for diesel have been trending well above budget, reaching a high of \$1.90 per litre on March 9, 2022. Current available future market prices indicate that diesel fuel prices are expected to moderate later in the year, but would remain above budgeted levels. Should pricing for the balance of the year materialize consistent with market forecasts available in late March, an estimated full year budget impact of between \$15 million and \$20 million may be realized.

### ***2022 Operating Budget Variance Reporting***

Staff are continuing to monitor all developments noted above and regularly engage with City and Provincial staff. Complete operating variance projections, along with available funding and mitigation strategies will be presented to the Board through the four-month variance report, planned for the June 23, 2022 TTC Board meeting.

## **Financial Update – 2021 Preliminary Capital Results**

### **2021 Key Capital Project Achievements**

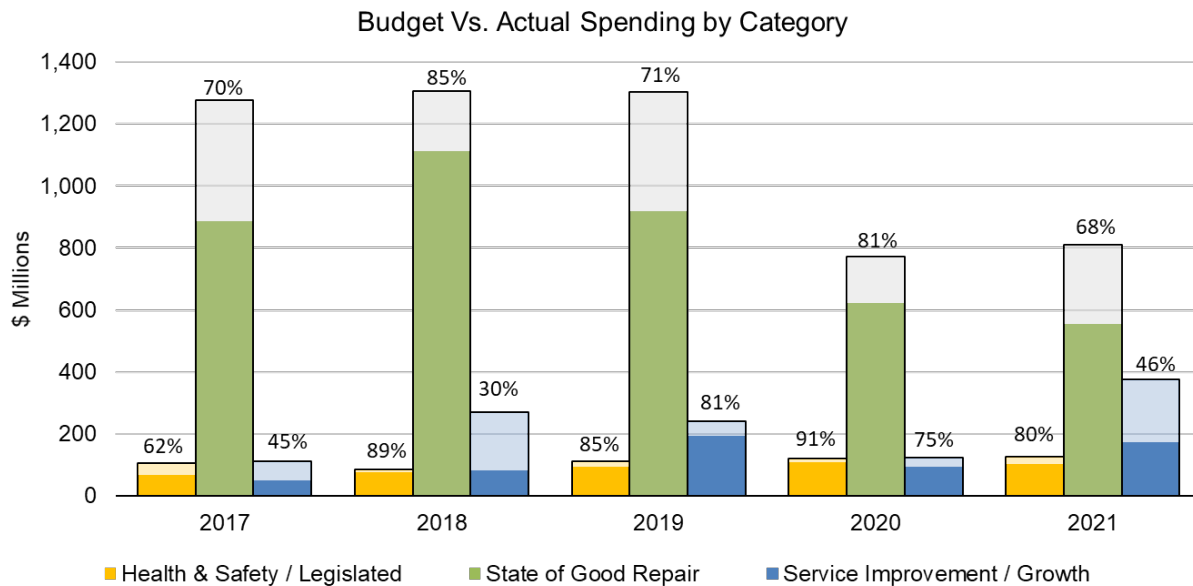
Despite continued impacts due to COVID-19, significant progress and milestones were achieved in 2021, some of which are highlighted below. In 2021, the TTC

- Completed the Easier Access projects for Yorkdale, Sherbourne and Keele Stations, bringing the total number of accessible subway stations to 53.
- Opened McNicoll Garage, the TTC's ninth bus facility on March 20, 2021 and the Board approved the second sourcing of its facility operations in September, 2021
- Successfully secured provincial and federal funding enabling the TTC Board to approve the procurement of 60 zero-emission, accessible streetcars and upgrades to the Toronto Hillcrest storage facility in May, 2021.
- Completed several large closures, including three 10-day closures on the portion of Line 1 between St George and St Andrew stations eliminating between 75-100 planned weekend closures over the next few years, and successfully completing 44,000 square feet of asbestos abatement at St Patrick and Queen's Park platforms among other accomplishments.
- Introduced a WiFi pilot on the 35 Jane and 102 Markham Road bus routes using in-house technology in the spring and awarded a contract for the Phase 2 pilot using vendor managed solutions
- Completed Stage Gate 2 Concept Design Phase and Stage Gate 3 Design Submission for Bloor-Yonge Capacity improvements.
- Completed Stage Gate 1 activities for the Line 1 Capacity Enhancement project.
- Initiated Stage Gate 0 planning and an assessment for the Line 2 Capacity Enhancement Program.
- Began the assessment of the Hillcrest Facility for scope requirements and required phasing of improvements to accommodate the new streetcars.

- Commissioned Phase 4 (Rosedale to Eglinton) for the Line 1 ATC Resignalling project. 10 Wheel-Trans buses (one seven metre and nine six metre) were delivered in 2021.
- Completed installation of wayside Smart Yard Infrastructure at Arrow Road and Queensway garages and the integration of Bustime (Vehicle Tracking Application) with www.ttc.ca for VISION project.
- Completed Finance Accounts Payable (Release 1); MyTTC: SAP Jam and Corporate Learning Centre projects and awarded the Time and Attendance vendor services contract.
- Accelerated work for track-level and surface-level projects.

### 2017-2021 Base Capital Program Spending Rates

The following chart provides the TTC's 2021 spending rate by project category for its base capital program and compares it to the TTC's experience over the previous four years:



As illustrated in the above graph, both the approved Capital Budget and actual capital expenditures over the last two years have decreased in both budget and expenditures as a result of the recalibration of the Capital Budget and Plan, to align annual cash flow estimates with spending, project readiness, activities and timelines and to create a more steady-state capital plan. The upload of expansion projects to the Province in 2019 has also decreased the planned spending in the past two years.

2021 spending on our base steady-state State of Good Repair (SOGR) program was consistent with prior years. However, more significant underspending in this category was caused by protracted negotiations for complex projects such as the purchase of buses, and resourcing/supply chain constraints in our VISION and Purchase of Wheel-

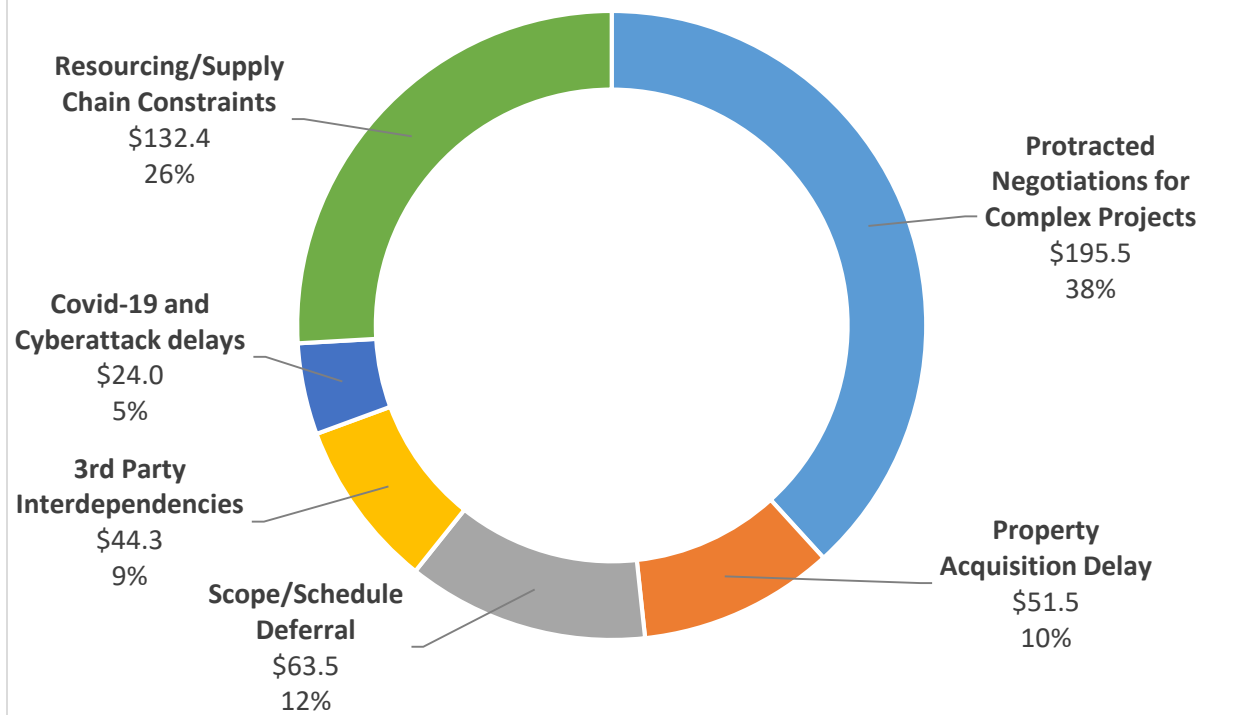
Trans Buses projects, which has caused SOGR spending to fall below historical averages. Service improvement/growth projects experienced underspending mainly due to property acquisition delays for the Bloor-Yonge Capacity Improvements and New Subway Maintenance and Storage Facility projects. Third-party dependencies in our Service Planning projects and resultant delays/schedule changes have also contributed to the underspending for these categories. Further details are provided in the following sections.

For the year-ending December 31, 2021, the TTC incurred \$830.0 million in capital spending, reflecting a spending rate of 64.9% for the TTC base capital program and \$34.8 million or 35.6% for transit expansion projects, resulting in an overall spending rate of 62.8% at year-end. The following table summarizes the TTC's preliminary year end results by key project type:

Description (\$ Millions)	2021 Budget	2021 Actuals		Variance
		\$	% Spent	\$
<b>TTC Base Capital</b>				
Infrastructure Projects	893.6	588.1	65.8%	(305.5)
Vehicle Related Projects	384.5	241.9	62.9%	(142.6)
<b>Total - Base Capital</b>	<b>1,278.1</b>	<b>830.0</b>	<b>64.9%</b>	<b>(448.1)</b>
<b>TTC Transit Expansion</b>				
Toronto York Spadina Subway Extension	59.9	15.6	26.1%	(44.3)
Scarborough Subway Extension	26.1	7.5	28.8%	(18.6)
Waterfront Transit - Design	11.9	11.7	98.6%	(0.2)
<b>Total - Transit Expansion</b>	<b>97.9</b>	<b>34.8</b>	<b>35.6%</b>	<b>(63.1)</b>
<b>Total TTC Base and Expansion</b>	<b>1,376.0</b>	<b>864.8</b>	<b>62.8%</b>	<b>(511.2)</b>

TTC's capital underspending has been summarized by the following 6 key drivers, as outlined in the following graph:

## 2021 Total Variance by Key Driver



The ability to acquire property and deliver capital projects with third parties are dependent on external factors are not fully within the TTC's direct control. If we were to exclude the budget and results for these projects from the base program, the spending rate increases to 67.1% for the TTC's base capital program and 64.4% overall, as summarized in the following table:

Description (\$ Millions)	2021 Budget	2021 Actuals	
		\$	%
<b>TTC Base Capital</b>			
Infrastructure Projects	893.6	588.1	65.8%
Vehicle Related Projects	384.5	241.9	62.9%
<b>Total - Base Capital</b>	<b>1,278.1</b>	<b>830.0</b>	<b>64.9%</b>
Excl. Deferred Property Acquisitions/3rd Party Interdependency	(233.7)	(129.5)	55.4%
<b>Total - Adjusted Base Capital</b>	<b>1,044.5</b>	<b>700.5</b>	<b>67.1%</b>
<b>TTC Transit Expansion</b>			
Toronto York Spadina Subway Extension	59.9	15.6	26.1%
SRT Life Extension	26.1	7.5	28.8%
Waterfront Transit - Design	11.9	11.7	98.5%
<b>Total - Transit Expansion</b>	<b>97.9</b>	<b>34.8</b>	<b>35.6%</b>
<b>Total (Excl. Deferred Property Acquisitions/3rd Party Interdependency)</b>	<b>1,142.3</b>	<b>735.3</b>	<b>64.4%</b>

Given that these interdependent projects have an impact the TTC's capital project delivery, the TTC has allocated capital funding in 2022 to enable the City to dedicate resources to address legal, real estate, project planning, co-ordination and technical matters regarding TTC's capital projects, as one measure to build capacity in TTC's capital project delivery.

Of the \$511.2 million Capital underspend, \$207 million was included as the estimated carry-forward amount during the 2022 Budget process and included in the total 2022-2031 Capital Budget and Plan. In accordance with the City's Carry Forward Policy, an incremental carry-forward adjustment of \$304.2 million will be included with the Adjustments to Capital Budget Carry Forward Funding and Future Year Commitments Report for City Council's consideration and approval. A total of \$46 million of incremental carry-forward funding will be requested for 2022 with the remaining \$258.2 million in 2023.

The results summarized above and outlined in Appendix 1 reflect adjustments made to the 2021 Capital Budget in order to offset projects that have had accelerated spending with projects that have experienced some delays and therefore lower spending. These budget adjustments, detailed in Appendix 2, will be submitted for City Council approval with the City's 2021 Year-End Capital Variance Report.

## **Key Variances**

The TTC's 2021 year-end capital underspending is primarily driven by delays in the purchase of Conventional and Wheel-Trans Buses. Underspending in infrastructure programs is primarily attributable to various Buildings and Structures programs as well as various Computer Equipment and Software programs while delays experienced in the Toronto-York Spadina Subway Extension (TYSSE) project and changes to the Scarborough Rapid Transit Life Extension capital workplan contribute to underspending in the Transit Expansion program.

## **Vehicle Related Projects**

### ***Purchase of Buses:***

While only \$5.4 million or 6% of the 2021 Approved Capital Budget of \$87.2 million was spent in 2021, the TTC released a Request for Proposal (RFP) for the procurement of 337 hybrid-electric buses on June 28, 2021 which resulted in a longer than planned procurement process. As part of the terms of this RFP, a payment representing 20% of the contract value (approximately \$70 million) would be required with the issuance of the Notice to Proceed. This payment was initially planned in 2021. Given the protracted procurement process, the Notice to Proceed payment is now expected to be made in Q2, 2022.

***Purchase of Wheel-Trans Buses:***

\$2.4 million or 9% of the \$25.3 million allocated for the purchase of Wheel-Trans Buses in the 2021 Approved Capital Budget was spent in 2021. Underspending is a result of the deferral of 109 seven-metre units to 2022 due to the vendor's supply chain constraints and resolution of technical challenges prior to production. The unspent funds will be carried over into 2022.

**Infrastructure Projects*****Equipment:***

\$23.3 million or 43% of the \$53.6 million allocated in the 2021 Approved Capital Budget was spent in 2021. The under spending is mainly due to the e-Bus Charging Systems project where protracted negotiations on the planning and design for Phase 1: Birchmount Proof of Concept has contributed. The unspent funds will be carried over and it is expected to be spent in 2022.

***Bloor-Yonge Capacity Improvements:***

\$8.3 million or 18% of the \$45.1 million allocated in the 2021 Approved Capital Budget was spent in 2021. The underspending is mainly due to ongoing negotiations for property purchases that are now expected to be finalized in 2022. The unspent funding in 2021 will be carried forward and included in the 2022 Capital Budget.

***Other Buildings and Structures:***

\$77.2 million or 64% of the \$119.9 million allocated for the Other Buildings and Structures program in the 2021 Approved Capital Budget was spent in 2021. The underspending is mainly reflective of property acquisition expenditures for the Subway Maintenance and Storage Facility being deferred to 2022, as these transactions were not completed by year-end, resulting in lower overall program spending in 2021. Additionally, physical distancing restrictions due to COVID-19 have delayed construction progress for the Sheppard and St Clair West stations hubs, resulting in underspending for the Stations Transformation project. The unspent funds will be carried forward and included in the 2022 Capital Budget.

***Computer Equipment and Software:***

\$39.4 million or 40% of the \$99.3 million included in the 2021 Approved Capital Budget was spent in 2021. The underspending is primarily driven by the VISION project, where software and hardware issues were identified during the testing of the Smart Yard solution and due to the recent cybersecurity incident, that has been re-forecasted to reflect the final roll-out of Yard Management to 2023. In addition, the SAP program was underspent as a result of vendor payments shifting to 2022 to align with the adjusted



project schedules along with minor delays experienced due to the impact of the cyberattack.

***Service Planning:***

\$10.8 million or 31% of the \$34.9 million included in the 2021 Approved Capital Budget was spent in 2021. The underspending is mainly due to various projects being delayed due to interdependencies with third-party schedules. For example, the execution and delivery of Transit Priority projects is dependent on maintaining the project timelines by the three parties involved: the TTC, Toronto Hydro, and the City. As a result, a change to one schedule or priorities results in delays to and/or the deferral of planned capital work. In addition, due to the requirement of additional design and modelling options for the Bus Lane Implementation project, and due to the time required to receive necessary approvals to expand the scope of work, the project has been further delayed to 2022. The TTC is working with the City to obtain approvals in timely manner and will be commencing the work for Transit Signal Priority (TSP) installations at 30 additional locations.

**TTC Transit Expansion**

***Toronto-York Spadina Subway Extension (TYSSE):***

\$15.6 million or 26% of the \$59.9 million included in the 2021 Approved Capital Budget for the TYSSE project was spent in 2021. The year-end underspending is due timing of project close out costs.

***Scarborough Subway Extension (SSE) – SRT Life Extension:***

\$7.5 million or 29% of the \$26.1 million included in the 2021 Approved Capital Budget for the SSE project has been spent in 2021. The year-end underspending is due a change in the work originally planned for 2021. In February 2021, the Board decided to keep the SRT in service until Q3 2023 rather than to the initially planned 2026 service end date, thereby adjusting the work plan and spending activity for 2021.

Additional information summarizing 2021 capital spending results for the period by capital program is provided in Appendix 1 – 2021 Capital Spending Summary by Program. Appendix 2 itemizes the budget adjustments that will be included in TTC's submission to the City for inclusion in the 2021 Year-End Variance Report to City Council for its approval.

**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: budget, staff

experience in delivery, risks and uncertainty behind the project itself, amongst other things.

The programs and projects referred to hereafter as projects, have been included in the dashboard due to their value, scope 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. See Appendix 4 for the 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 programs.

## **Contact**

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## **Signature**

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Josie La Vita  
Chief Financial Officer

## **Attachments**

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Appendix 1 – 2021 Capital Spending Summary by Program  
Appendix 2 – 2021 Budget Adjustments for Council Approval  
Appendix 3 – Category 3 Projects Capital Spending Dashboard  
Appendix 4 – Category 3 Major Projects Update

## Appendix 1 – 2021 Capital Spending Summary by Program

### Toronto Transit Commission 2021 Capital Budget Variance (Pd 12) For the Year Ended December 31, 2021

EXPENDITURES BY PROGRAM	2021 Budget	Year-to-Date		
		Actuals	Variance	%
<b>TRACK</b>	<b>95.353</b>	<b>71.737</b>	<b>23.616</b>	<b>75%</b>
1.1 Subway Track	43.477	35.693	7.783	82%
1.2 Surface Track	51.877	36.044	15.833	69%
<b>ELECTRICAL SYSTEMS</b>	<b>132.621</b>	<b>109.442</b>	<b>23.179</b>	<b>83%</b>
2.1 Traction Power	26.584	25.449	1.135	96%
2.2 Power Distribution/Electric Systems	8.713	8.710	0.003	100%
2.3 Communications	19.304	14.327	4.977	74%
2.4 Signal Systems	16.358	14.221	2.136	87%
ATC Resignalling	61.662	46.734	14.928	76%
<b>BUILDINGS &amp; STRUCTURES</b>	<b>480.531</b>	<b>335.521</b>	<b>145.010</b>	<b>70%</b>
3.1 Finishes	39.248	28.967	10.281	74%
3.2 Equipment	53.640	23.309	30.331	43%
3.3 Yards & Roads				
Streetcar Network Upgrades & BRT	3.829	2.691	1.137	70%
On-Grade Paving Rehabilitation Program	13.730	10.698	3.032	78%
Bicycle parking at stations	0.382	0.182	0.200	48%
Transit Shelters & Loops	0.591	0.000	0.590	0%
3.4 Bridges & Tunnels	36.564	30.006	6.558	82%
3.9 Buildings and Structures Projects				
Fire Ventilation Upgrades & Second Exits	35.585	35.585	0.000	100%
Easier Access Phase III	82.718	72.590	10.128	88%
Leslie Barns	3.516	1.825	1.691	52%
Toronto Rocket/T1 Rail Yard Accommodation	41.144	41.144	0.000	100%
McNicoll New Bus Garage	2.347	1.708	0.639	73%
Warehouse Consolidation	2.240	1.403	0.837	63%
Yonge-Bloor Capacity Enhancement	45.148	8.252	36.897	18%
Other Buildings and Structures	119.850	77.162	42.688	64%
<b>VEHICLES</b>	<b>384.530</b>	<b>241.895</b>	<b>142.635</b>	<b>63%</b>
REVENUE VEHICLES				
4.11 Purchase of Buses	87.163	5.413	81.751	6%
4.11 Purchase of Buses - Wheel Trans Buses	25.316	2.373	22.943	9%
4.12 Purchase of Subway Cars	8.876	5.635	3.241	63%
4.13 Bus Overhaul	62.228	60.973	1.255	98%
4.15 Streetcar Overhaul	4.640	3.710	0.930	80%
4.16 Subway Car Overhaul	32.715	27.517	5.198	84%
4.18 Purchase of Streetcars	151.719	129.222	22.497	85%
NON-REVENUE VEHICLES				
4.21 Purchase Automotive Non-Revenue Vehicles	6.369	3.088	3.281	48%
4.22 Rail Non-Revenue Vehicle Overhaul	3.418	2.337	1.081	68%
4.23 Purchase Rail Non-Revenue Vehicles	2.087	1.628	0.459	78%

EXPENDITURES BY PROGRAM	2021 Budget	Year-to-Date		
		Actuals	Variance	%
<b>TOTAL OTHER</b>	<b>185.115</b>	<b>71.413</b>	<b>113.702</b>	<b>39%</b>
TOOLING, MACHINERY & EQUIPMENT				
5.1 Shop Equipment	12.439	6.627	5.812	53%
5.2 Revenue & Fare Handling Equipment	12.360	2.454	9.906	20%
5.3 Other Maintenance Equipment	2.863	0.933	1.930	33%
5.4 Fare System	3.971	3.002	0.969	76%
ENVIRONMENTAL PROGRAMS				
6.1 Environmental Programs	17.939	8.141	9.798	45%
6.1 Safety and Reliability	1.004	0.023	0.981	2%
COMPUTER EQUIPMENT & SOFTWARE				
7.1 Computer Equipment & Software	99.308	39.408	59.900	40%
OTHER				
9.1 Furniture & Office Equipment	0.299	0.041	0.258	14%
9.2 Service Planning	34.931	10.784	24.147	31%
<b>Total Base Programs</b>	<b>1,278.150</b>	<b>830.009</b>	<b>448.142</b>	<b>65%</b>
<b>Toronto York Spadina Subway Extension</b>	<b>59.900</b>	<b>15.632</b>	<b>44.269</b>	<b>26%</b>
<b>Scarborough Subway Extension</b>	<b>26.136</b>	<b>7.515</b>	<b>18.621</b>	<b>29%</b>
<b>Waterfront Transit - Design</b>	<b>11.854</b>	<b>11.685</b>	<b>0.168</b>	<b>99%</b>
<b>Total Transit Expansion Projects</b>	<b>97.890</b>	<b>34.832</b>	<b>63.058</b>	<b>36%</b>
<b>Total TTC Base &amp; Transit Expansion Projects</b>	<b>1,376.040</b>	<b>864.840</b>	<b>511.200</b>	<b>63%</b>

## Appendix 2 – 2021 Budget Adjustments for Council Approval

CTT	Program	Amount (\$ 000's)
CTT001	Subway Track	(227.4)
CTT002	Surface Track	54.0
CTT003	Traction Power	1,593.8
CTT005	Power Distribution/Electric Systems	572.6
CTT006	Communications	591.1
CTT008	Signal Systems	33.8
CTT012	Equipment	1,180.0
CTT015	Yards and Roads	(1,000.0)
CTT024	Fire Ventilation Upgrades and Second Exits	2,808.4
CTT028	Easier Access Phase III	614.0
CTT051	Subway Car Overhaul	(3,585.0)
CTT054	Rail Non-Revenue Vehicle Overhaul	5.0
CTT055	Shop Equipment	317.8
CTT056	Revenue and Fare Handling Equipment	(500.0)
CTT061	Computer Equipment and Software	(3,000.0)
CTT110	Other Buildings and Structures	(651.6)
CTT113	Other Maintenance Equipment	(54.0)
CTT141	Fare System	(614.0)
CTT145	Leslie Barns	(1,260.1)
CTT146	Toronto Rocket/T1 Rail Yard Accommodation	6,161.3
CTT149	Bicycle Parking at Stations	(269.9)
CTT151	Waterfront Transit - Design	2,576.7
CTT154	Corporate Initiatives	(5,346.7)
<b>Total Adjustments</b>		<b>-</b>

## Appendix 3 – Category 3 Projects Capital Spending Dashboard

Category 3 Projects Capital Spending Dashboard																	
Projects/Programs	Critical Path	Cost (millions)										Schedule		Scope		Overall	
		2021 YTD		2021	2021	Approved	Actual		Projected		CS	OS	CS	OS	CS	OS	
		Budget	Actual	Approved	Forecast	Budget	LTD	CS	EFC	OS							
<b>Category 3</b>																	
ATC Resignalling - Line 1	3	\$57.8	\$45.7	\$57.8	\$45.7	\$737.0	\$609.9	G	\$737.0	G	Y	G	G	G	G	G	
Easier Access Phase III	4	\$82.7	\$72.6	\$82.7	\$72.6	\$1089.1	\$460.3	Y	\$1089.1	G	G	Y	G	G	G	Y	
Fire Ventilation Upgrades	Safety	\$35.6	\$35.6	\$35.6	\$35.6	\$513.3	\$338.6	G	\$2243.9	G	G	G	G	G	G	G	
Purchase of Buses	3	\$86.1	\$4.8	\$86.1	\$4.8	\$899.3	\$210.7	R	\$3572.9	Y	R	Y	G	G	R	Y	
Charging Systems	3	\$17.7	\$1.3	\$17.7	\$1.3	\$117.9	\$40.5	R	\$696.2	Y	Y	G	G	G	R	Y	
Purchase of 60 Streetcars	3	\$114.5	\$114.5	\$114.5	\$114.5	\$468.0	\$114.5	G	\$468.0	G	G	G	G	G	G	G	
Wheels Trans 10-Yr Transformation Program	4	\$4.1	\$2.9	\$4.1	\$2.9	\$49.8	\$31.0	G	\$49.8	G	G	Y	G	Y	G	Y	
PRESTO	3	\$3.4	\$2.8	\$3.4	\$2.8	\$79.8	\$62.9	Y	\$79.8	Y	Y	Y	Y	Y	Y	Y	
Stations Transformation	4	\$8.8	\$6.0	\$8.8	\$6.0	\$50.8	\$30.4	Y	\$50.8	G	G	G	Y	G	Y	G	
VISION Program (CAD/AVL)	3	\$31.1	\$7.5	\$31.1	\$7.5	\$114.7	\$88.0	Y	\$114.7	G	Y	Y	G	G	Y	Y	
SAP ERP Implementation	5	\$16.5	\$9.5	\$16.5	\$9.5	\$272.8	\$87.1	G	\$272.8	G	G	G	G	G	G	G	
<b>Total</b>		<b>\$458.4</b>	<b>\$303.4</b>	<b>\$458.4</b>	<b>\$303.4</b>	<b>\$4,392.5</b>	<b>\$2,074.0</b>		<b>\$9,375.0</b>								

<b>1</b> Transform for financial sustainability	
<b>2</b> Enable our employees to succeed	
<b>3</b> Move more customers more reliably	
<b>4</b> Make taking public transit seamless	
<b>5</b> Innovate for the long-term	

**Cornerstone Safety & Security**

	Cost (\$Millions)			
	2021 YTD Budget	2021 YTD Actual	Approved Budget	Estimated Final Cost
<b>Total Base Capital Program (Cat 3)</b>	<b>\$458.4M</b>	<b>\$303.4M</b>	<b>\$4,392.5M</b>	<b>\$9,375.0M</b>

**Performance Scorecard Status**

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

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

**Note:**

- Financials are reported as of Period 12, including Carry Forward amounts from 2020 and reflect budget approvals as of February 18, 2021 (Council Approval) and in-year adjustments subject to approval. All other Project Performance Indicators (overall status, schedule and scope) reflect year-to-date results as of December 31, 2021.

## Appendix 4 – Category 3 Major Projects Update

### 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.

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

Symbols:

Scorecard:      Good      Caution      At Risk

## Line 1 ATC Re-Signalling

### Description

Re-signalling Line 1 (Yonge-University-Spadina) to enable reliability and provide customers with increased on-time service and reduced travel time.

### Financials

Program Start	Forecast Completion Year	Total Approved Budget	Spend to Date	Estimated Final Cost
2009	2023	\$737.0M	\$609.9M	\$737.0M
Overall Performance		2021 YTD Budget	2021 YTD Actuals	2021 Approved Budget
Current Status	Outlook to Completion			
<b>G</b>	<b>G</b>	\$57.8M	\$45.7M	\$57.8M

### Project Deliverables

- Phase 1 (Yorkdale to Dupont) - Completed – In service Q4 2017
- Phase 2 (VMC to Sheppard West) - Completed – In service Q4 2017
- Phase 2B/2C (Wilson Yard Interface) - Completed – In service Q4 2018
- Phase 3A (Dupont to St. Patrick) - Completed – In service Q2 2019
- Phase 3B (St. Patrick to Queen) - Completed – In service Q1 2020
- Phase 3C (Queen to Rosedale) - Completed – In service Q4 2020
- Phase 4 (Rosedale to Eglinton) - Completed – In service Q4 2021
- Phase 5 (Eglinton to Finch) - In progress, targeted for In service Q3 2022
- Phase 6 (ATC enhancements) - In development – Scope and Schedule under review.

### Progress Update (Q4)

- ATC is in operation from Vaughan Metropolitan Centre to Eglinton station. Phase 4 of ATC (Rosedale to Eglinton) was commissioned in Oct 2021.
- The project is forecasting Phase 5 (Eglinton to Finch) will be commissioned by Sept 2022 resulting in the full implementation of ATC on Line 1. Recent progress on Phase 5 includes:
  - Phase 5 Part 1 Low Speed testing completed in November 2021.
  - 18 workcars have been equipped with Automatic Train Protection (ATP).
- The project team is currently developing the scope for a new Phase 6 as a result of the inclusion of ATC flanking and fouling enhancements in Phase 4 and 5. Some non-safety critical functional changes has been moved into the new Phase 6.

### Key Issues/Risks and Mitigation Activities

- Required closures have been identified for 2022. However, any closure cancellations due to a) City events, and/or, b) COVID-19 compliance requirements could potentially impact project completion. Mitigation: a) Regular meetings are held with Senior Management to continue prioritization of ATC closures, and b) Regular coordination meetings between TTC and Alstom are ongoing.



- Eglinton Crosstown LRT interface with ATC Project (Platform Change): The LRT project may impact the ATC implementation timeline. Mitigation: The ATC team is working with Alstom to assess implementation scenarios and impacts post Phase 5 and post Phase 6. Eglinton Crosstown LRT is yet to provide an updated schedule.

### Next Steps

The following are the next key milestones under Phase 5 of the ATC project:

- Phase 5 Low Speed Testing Part 2 (Feb 2022).
- Phase 5 High Speed Testing Part 1 (Mar 2022)
- Phase 5 High Speed Testing Part 2 (May 2022)
- Phase 5 Performance Testing (Aug 2022)
- Commissioning – Eglinton to Finch (Sep 2022).

The following are next key milestones under Phase 6:

- Finalize scope discussions and issue RFQ to Alstom for Phase 6 as a result of the ATC flanking and fouling (to provide additional system protection for trains operating in emergency/manual (non-ATC) modes through a switch area) enhancements. (Apr 2022)
- Phase 6 Enhancement Deployment (Q1 2023 under review)

### Note:

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

## Easier Access Phase III

### Description

Make all remaining subway stations accessible and compliant with required legislation by 2025.

### Financials

Program Start	Forecast Completion Year	Total Approved Budget	Spend to Date	Estimated Final Cost
2007	2025	\$1089.1M	\$460.3M	\$1,089.1M
Overall Performance		2021 YTD Budget	2021 YTD Actuals	2021 Approved Budget
Current Status	Outlook to Completion			
<b>G</b>	<b>Y</b> <sup>1</sup>	\$82.7M	\$72.6M	\$82.7M

### Project Deliverables

- Make subway stations accessible by providing elevators, ramps, wide fare gates, automatic sliding doors and signage improvements. Currently, 55 stations meet AODA requirements.

### Progress Update (Q4)

- Completed Detail Design Review for Warden Station – Passenger Pick Up and Drop Off (PPUDO) and Platform Elevator
- Commenced Detail Design Review for Old Mill Station
- Posted Tender package for Museum and Lawrence stations.

The table below provides the status by station for the Elevator in Service (EIS) date, which is key to the TTC meeting its AODA requirements. The table also outlines the date by which substantial completion of all station works is anticipated:

Station Status (Mar 25, 2022)			
Station	Current Status	Elevators in Service	Substantial Completion
Keele	Completed	In Service	Achieved
Yorkdale	Construction	In Service	Q4 2022
Sherbourne	Completed	In Service	Achieved
Donlands	Construction	Q2 2023	Q3 2023

<b>Station Status (Mar 25, 2022)</b>			
Lansdowne	Construction	Q4 2022	Q4 2022
College	Construction	Q4 2023	Q4 2023
Summerhill	Construction	Q4 2023	Q1 2024
Castle Frank	Construction	Q4 2023	Q1 2024
Rosedale	Construction	Q4 2023	Q1 2024
Greenwood	Construction	Q4 2023	Q1 2024
Glencairn	Construction	Q1 2024	Q2 2024
Christie	Tender	Q1 2024	Q3 2024
Lawrence	Tender	Q4 2024	Q4 2024
Spadina	Design (100%)	Q4 2024	Q1 2025
High Park	Design (100%)	Q4 2024	Q4 2024
Museum	Design (100%)	Q4 2024	Q4 2024
King	Design (100%)	Q4 2024	Q1 2025
Old Mill	Detailed Design	Q4 2024	Q2 2025
Islington <sup>1</sup> (EA/Re-dev)	Detailed Design	Q4 2024	Q2 2026
Warden EA <sup>2</sup>	Design (100%)	Q4 2023	Q1 2024
Warden (Re-dev)	Detailed Design	Q4 2024 <sup>3</sup>	Q3 2026

<sup>1</sup> Islington (EA/Re-dev) work will provide accessibility from new street entrance (ramp) to concourse and from concourse to subway platform (elevator). Accessibility from new bus terminal to concourse will be provided with an elevator as part of the Re-development. Bus access to new street level entrance to be completed by end of 2024.

<sup>2</sup> Warden EA Contract will provide accessibility from drop-off PPUDO to concourse (first elevator) and concourse to subway (second elevator).

<sup>3</sup> Warden Station will become accessible once construction of the temporary bus terminal is completed (end of 2024) under the Re-development contract.

## Key Issues/Risks and Mitigation Activities

- Warden Station accessibility: Magnitude and complexity of the bus terminal re-developments and interfacing with existing station may delay full station accessibility. Site Plan Approval (SPA) by the City is required by mid-2022, including completion of design related work and acceptance in parallel. Delay in completion of the geotechnical study until January 2022 due to the cybersecurity incident. Mitigation: PPUDO and platform elevators, and electrical upgrades have proceeded to tender in Q1 2022, with Q2 targeted for award.
- Islington Station accessibility: Magnitude and complexity of the bus terminal re-development and interface with existing station may delay full station accessibility. Site Plan Approval (SPA) by the City is required by mid-2022. Approvals by Hydro One, Toronto Water, and CreateTO and completion of design related work including internal acceptance is required by 2022. Comments on SPA are outstanding by City Transportation. Mitigation: TTC-City Executive steering committee has been arranged to facilitate high-level approvals with the City for the program. Agreement required with the City to mitigate municipal requirements (Council approval) in order to achieve SPA approval on time. Continuing to investigate opportunities for advancing new accessibility entrance and platform elevator through construction staging.
- Property Expropriation/Easement. Property acquisitions may take longer than anticipated. Potential impact on EIS date for Old Mill and High Park. Mitigation: Agreement for High Park in final stage and anticipated in Q2, 2022. The work at Old Mill requires multiple property easements and takings. Ongoing discussions with City Real Estate Services and property owners while processing expropriations in parallel.
- 3rd Party - Permits and Approvals, Utility relocations: Schedule impacts at Greenwood, King, Christie, Museum and Spadina. Christie station impacted by municipal approval delay. Mitigation: Continue co-ordination with the City and by providing additional resources at the City to prioritize EA work. Obtain municipal agreement to proceed with construction in parallel with ongoing discussion on provincial environmental protection mandate. Continue close co-ordination with utility companies.
- Design Complexities: Impacts due to retrofit of complex stations including stairs/escalators, adjacent properties, utility conflicts result in longer design durations to resolve issues. Impacted stations: King, Lawrence, Old Mill, High Park and Spadina. Mitigation: Continue resolving issues to completion including, continued support from Operations during construction, service relocations, support for track level access, and closures to facilitate the work. Utility conflicts at Spadina have been resolved, with Enbridge relocation currently in-progress. Achieved agreement in principle on Enwave utility issue at King Station.

## Next Steps

- Detail Design Review completes for Warden Station EA (Q1 2022).
- Detail Design Review begins for Old Mill Station (Q1 2022).
- Tender package to be posted for Warden Station EA (Q1 2022), King (Q2 2022), Spadina (Q1 2022), Museum (Q1 2022), Lawrence (Q1 2022) and High Park Stations (Q1 2022).
- Award for Christie Station (Q1 2022), Museum (Q2 2022), Lawrence (Q2 2022) and High Park (Q2 2022).
- Implement recommended action from the EY Report to set up Executive Steering Committee for Easier Access (Q1 2022).

## Fire Ventilation Upgrade (FVU)

### Description

Improvement of ventilation in subway tunnels, construction of second exits at 14 high-priority stations to provide second means of egress, and replace the existing subway ventilation equipment, which are nearing the end of its service life or due to failure.

### Financials

Program Start	Forecast Completion Year	Total Approved Budget	Spend to Date	Estimated Final Cost
1998	2030	\$513.3M	\$338.6M	\$2,243.9M*
Overall Performance		2021 YTD Budget	2021 YTD Actuals	2021 Approved Budget
Current Status	Outlook to Completion			
<b>G</b>	<b>G</b>	\$35.6M	\$35.6M	\$35.6M

### Project Deliverables

- Subway Ventilation System Upgrades (5 Completed, 1 in construction).
  - Completed: York Mills, Sheppard, Finch, Union, Lawrence.
- Subway Ventilation Equipment Replacement (3 completed, 2 in construction).
  - Completed: Bloor F#2, Sheppard W. station F#2, Sherbourne.
- Second Exits at 14 priority stations (7 completed, 2 at planning/property search, 2 in Design, 1 in Procurement and 3 in Construction).
  - Completed: Broadview, Castle Frank, Pape, Dufferin, Woodbine, Wellesley, Chester.

### Progress Update (Q4)

Progress is ongoing for the following:

- Construction:
  - Eglinton Subway Ventilation Upgrade (Design Built by Metrolinx)
  - Sheppard West and Clanton Park ESB, and Dundas West Subway Ventilation Equipment Replacement
  - Chester, Donlands and College Station Second Exits Combined with /Easier Access
- Design Stage:
  - Completed detailed design for Museum Easier Access Station and Second Exit.
  - Summerhill and Dundas West Second Exit/Entrance.
- Bid package was posted for Museum Station Second Exits combined with Easier Access.

### Key Issues/Risks and Mitigation Activities

- Permits and approvals for Museum Second Exit may take longer than anticipated impacting the contract award timelines. Mitigation: The TTC has delegated approval for Right of Way (ROW) permits until 2025. A dedicated team within the City has been

assigned to process TTC approvals. Easement agreement is being finalized with University of Toronto.

- Unexpected site conditions and community impacts at College and Donlands during construction may impact Substantial Performance. Mitigation: TTC site teams are working collaboratively with the contractors to develop and execute recovery plans.
- Complexity of Second Exit projects and concerns with impact to community for projects, such as Greenwood may cause the approval process to take longer than expected. Mitigation: The community and local Councillor have been engaged in design consultations.
- Complexity of Greenwood and Summerhill Second Exit projects may cause activities to take longer than expected and result in additional costs. Mitigation: Advance design and utility relocation work where possible. Consultations with local councillors for potential partial or full station closures is in progress. Request for additional funding may be identified as projects proceed through the stage gate process.
- Property unavailable and/or acquisition and may take longer than expected (Second Exit): Mitigation: Commence early consultations and negotiations with property owners for property acquisitions as required. Continue to work closely with the City and identify development opportunities early.

### **Next Steps**

- Close Tender for Museum Second Exit Combined with Easier Access (Q1 2022).

### **Note:**

- \*EFC includes \$1.5B in unfunded post 2030.

## Purchase of Buses

### Description

Replacement of vehicles at end-of-life to maintain service reliability, increase system accessibility for customers, increase fleet capacity to match customer demand and reduce overcrowding. Advance the TTC's transition towards zero-emissions fleet by 2040 and the City of Toronto's TransformTO target of Net-Zero by 2040.

### Financials

Program Start	Forecast Completion Year	Total Approved Budget	Spend to Date	Estimated Final Cost
Ongoing	2035	\$899.3M	\$210.7M	\$3,572.9M
Overall Performance		2021 YTD Budget	2021 YTD Actuals	2021 Approved Budget
Current Status	Outlook to Completion			
<b>R</b>	<b>Y</b>	\$86.1M	\$4.8M	\$86.1M

### Project Deliverables

- Current funding allows for the procurement of approximately 300 hybrid-electric buses and approximately 300 zero-emissions battery-electric buses (e-Buses) required between 2022 and Q1 2025.

### Progress Update (Q4)

- Hybrid-Electric Buses:
  - Completed technical evaluation of bid submissions and vendor presentations.
  - Commenced the CCM (Commercially Confidential Meeting) phase of the procurement.
  - Year-End underspend was a result of the hybrid contract not being awarded in 2021.
- e-Buses:
  - Developing technical and commercial terms
  - Work continues with other transit agencies through the Ontario Public Transit Association (OPTA) to facilitate a collaborative procurement of e-Buses with TTC as the lead.

### Key Issues/Risks and Mitigation Activities

#### Hybrid-Electric Buses:

- Issue Delay in contract award for Hybrid bus procurement will result in end of life vehicles remaining in service longer than expected and Notice to Proceed payment deferred from 2021 to 2022. Action Plan: a) work to expedite Contract Award and b) negotiate with vendors once the contract is awarded to identify opportunities to accelerate the delivery schedule.

#### e-Buses:

- Issue: Shortfall in Bus Program Funding. The current program of ongoing bus procurements is funded up to Q1 2025. Action Plan: The City and TTC are continuing to

work with the other levels of government to close the funding gap, ensure state-of-good-repair and continue greening of our bus fleet.

- Issue: Vehicle availability of the BYD fleet of buses is not meeting targets. Action Plan: Meet with vendors weekly to review repairs and report on availability.
- Risk: e-Bus delivery and operation is contingent on the charging systems infrastructure schedule. Action Plan: The project team is working closely with OPG/PowerON and all internal stakeholders to ensure alignment of schedules and interdependencies.

### **Next Steps**

#### Hybrid-Electric Buses:

- Completion of RFP evaluation (January 2022).
- Issuance of Contract award (February 2022).
- Commencement of design reviews (March 2022).

Note: As of February 28, 2022, the Contract for the Hybrid Buses has been awarded.

#### e-Buses:

- Present final results of the Head-to-Head e-Bus evaluation to the TTC Board (April 2022).
- Completion of Technical Specifications and Commercial Terms and Conditions with OPTA members (Q1 2022).
- Issuance of procurement RFP (April 2022).

#### **Note:**

- This project is included under 4.11 Purchase of Buses as indicated in Appendix 1.



## e-Bus Charging Systems

### Description

Construction of the e-Bus electrification infrastructure, advance the TTC's transition towards zero-emissions fleet by 2040 and the City of Toronto's TransformTO target of Net-Zero by 2040, or sooner.

### Financials

Program Start	Forecast Completion Year	Total Approved Budget	Spend to Date	Estimated Final Cost
2016	2035	\$117.9M	\$40.5M	\$696.2M
Overall Performance		2021 YTD Budget	2021 YTD Actuals	2021 Approved Budget
Current Status	Outlook to Completion			
<b>R</b>	<b>Y</b>	\$17.7M	\$1.3M	\$17.7M

### Project Deliverables

- Complete the charging infrastructure to support current 60 e-Buses in services at three garages (Arrow, Mount Dennis and Eglinton) – Completed Q2 2021.
- The installation of the charging infrastructure is aligned with the eBus delivery schedule as follows:
  - Phase 1 – Installation of up to 25% of charge points (up to 50 charge points) at six garages: Eglinton, Wilson, Birchmount, Malvern, Mc Nicoll and Queensway by 2024.
  - Phase 2 – Installation of 50% of charge points installed at each garage: Eglinton, Wilson, Birchmount, Malvern, Mc Nicoll, Queensway, Arrow Road. and Mtoun Dennis by 2027.
  - Phase 3 – Installation of 100% of charge points installed at each garage: Eglinton, Wilson, Birchmount, Malvern, McNicoll, Queensway, Arrow Road and Mount Dennis by 2036.

### Progress Update (Q4)

- e-Bus feasibility studies have been developed and are being finalized for the following garages: Malvern, Mount Dennis, McNicoll, Queensway, Eglinton, Wilson, Birchmount and Arrow Road.
- The installation of Birchmount Proof of Concept (PoC) and the planning and design for Phase 1 deferred to 2022 due to the delay in processing of the commercial documents.and longer than expected finalization of the Principal Agreement with PowerON.

### Key Issues/Risks and Mitigation Activities

- Risk: Inability to adapt to business transformation may impact program schedule and operations. Mitigation: The project team will continue to take a holistic view of capabilities of the new technologies and develop the appropriate training programs to enhance the internal skills and tools required to use and maintain the new technology efficiently. A full

fleet electrification feasibility study is expected to be completed by Q3 2022; this will provide a well-rounded understanding of the entire business needs.

- Risk: Lack of program funding may impact the ability to deliver on the full program scope. Mitigation: The TTC will continue to work with various levels of government to acquire the appropriate funding for the various phases of the program and will continue to update the TTC Board on the plan and its progress for the implementation of the system-wide charging infrastructure.

### Next Steps

- Approval request for commercial terms on the TTC-OPG Principal Agreement to be presented to the TTC Board in February 2022.
- PowerON Principal Agreement is expected to be completed in Q2 2022
- Full Fleet Feasibility Study is expected to be completed in Q3 2022
- Completion of Birchmount PoC is expected in Q3 2022.

**Note:** This project is included under 3.2 Equipment as indicated in Appendix 1.

## Purchase of 60 Streetcars

### Description

This project provides for the purchase of 60 new accessible streetcars to address latent service demand, projected increases in travel time due to traffic congestion, and enable growth.

### Financials

Program Start	Forecast Completion Year	Total Approved Budget	Spend to Date	Estimated Final Cost
2019	2026	\$468.0M	\$114.5M	\$468.0M
Overall Performance		2021 YTD Budget	2021 YTD Actuals	2021 Approved Budget
Current Status	Outlook to Completion			
G	G	\$114.5M	\$114.5M	\$114.5M

### Project Deliverables

- The procurement of approximately 60 streetcars – Target for Q2 2025

### Progress Update (Q4)

- Production of major sub-assemblies continue to ramp-up. The cab structure is manufactured at Alstom's Sahagun, Mexico facility while other sub-assemblies, including the truck frame, roof and side wall structures, articulation, and end portal have been transferred to their La Pocatière, Quebec facility. The "Start of Sub-Assembly" milestone was achieved accordingly.
- The project team continues to provide quality assurance and control oversight at Alstom production facilities.
- The setup of a Transfer Payment Agreement (TPA) and Contribution Agreement (CA) with the Ministry of Transportation (MTO) and Infrastructure Canada (INFC) are in progress.
- Note: With the truck frame, roof and side wall structures, articulation, and end portal works having been transferred to the La Pocatière, Quebec, manufacturing facility, Alstom reports that this will result in a significant increase in Canadian manufacturing jobs.

### Key Issues/Risks and Mitigation Activities

- Risk: Potential technical and quality issues with the remobilized production line and sub-suppliers. Mitigation: Regular meetings with Alstom with TTC quality oversight during Final Article Inspection (FAI) of components and joint quality gate reviews during production.
- Risk: Certain parts may become obsolete prior to production. Mitigation: Continue to work with Alstom to ensure obsolete parts are identified and alternative solutions are evaluated prior to production.

## Next Steps

- Set-up new Transfer Payment Agreement with MTO (Q2 2022).
- Set-up Contribution Agreement with Infrastructure Canada (Q2 2022).
- First Car Splice Completion (Q4 2022).
- Initiate a third-party assessment of Canadian Content to ensure contractual minimum of 25% and assess claims that: 1) Canadian Content will remain on par with the base contract at approximately 50%; and 2) Canadian manufacturing jobs have increased over the base contract.

## Wheel-Trans 10-Year Transformation Program

### Description

Implement 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.

### Financials

Program Start	Forecast Completion Year	Total Approved Budget	Spend to Date	Estimated Final Cost
2017	2026	\$49.8M	\$31.0M	\$49.8M
Overall Performance		2021 YTD Budget	2021 YTD Actuals	2021 Approved Budget
Current Status	Outlook to Completion			
<b>G</b>	<b>Y</b>	\$4.1M	\$2.9M	\$4.1M

### Project Deliverables

- Phase 1-4 (Reservation, Scheduling and Dispatch (RSD)):
  - Family of Services (FOS) operationalized in 2018.
  - Upgrade of the Integrated Voice Response (IVR) system completed in 2018.
  - Full complement of 128 six-metre ProMaster mini-buses in service by Dec 2019.
  - Customer Relationship Management facilitating mass emailing capability implemented in 2019.
  - Upgraded RSD to enhance FOS capabilities and introduced Mobile App pilot in 2020.
  - Construction of 16 Access Hubs completed in 2020.
  - Conditional trip matching in progress.
  - RSD Phase 4 Go-Live scheduled for Q4 2021.
- Phase 5-8 – Reservation, Scheduling and Dispatch Improvements: Initiated assessment.

### Progress Update (Q4)

- Scheduling and Dispatch project: Phase 4 completed (included Customer Relationship Management) with Go Live on November 28, 2021.
- Phase 4 completion has now expanded Family of Services (FOS) trips with more stops and ability to transfer between fixed routes; the Scheduling system was further expanded and is now capable of scheduling 5,000 FOS trips/day.
- Solution Assessment (Phase 5 to 8): RFP evaluator scoring was completed; Procurement released its recommendation report and secured executive signoff to award the RFP.

## Key Issues/Risks and Mitigation Activities

- BI Reporting and Analytics Phase 4 was delayed due to the Cybersecurity incident in October 2021 and resource constraints. Action Plan: Re-base to address these issues.
- Program Timelines for S&D Project have been extended to 2024 in order to apply a Stage Gate approach and complete the necessary due diligence. RFP was posted September 1 to find vendor to conduct the third party Solution Assessment.
- Potential risk that there will be negative customer response to mandatory re-registration and conditional trip matching (requiring 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 7,000 customers re-registered.

## Next Steps

- FOS assessment review - 2,000 stops being added for FOS trips, testing in progress.
- Contract Management project: Beck Accessible Taxi Service contract execution commences in January 2022.
- Re-baseline BI Reporting and Analytics Phase 4 (January 2022)
- WT Solution Assessment: Formally award the RFP in January 2022 (with project kickoff to follow) and present the recommendation report to the Board in Q3 2022.

### Note:

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

**Description**

Transforming the 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.

**Financials**

Program Start	Forecast Completion Year	Total Approved Budget	Spend to Date	Estimated Final Cost
2012	2024	\$79.8M	\$62.9M	\$79.8M
Overall Performance		2021 YTD Budget	2021 YTD Actuals	2021 Approved Budget
Current Status	Outlook to Completion			
Y	Y	\$3.4M	\$2.8M	\$3.4M

**Project Deliverables**

- Measure fare compliance system-wide across buses, streetcars and stations (2023).
- Human Machine Interface (HMI):
  - a) Provide customers with additional fare payment information including displaying card balances and time remaining in the two-hour transfer window
  - b) Display the same light and sound for Fair Pass concession card as Adult concession when tapped to avoid differentiation of customers using a Fair Pass.
  - c) Apply distinct light and sound for Child Concession to distinguish it from all other concession cards to avoid fraud.
  - d) Settlement Negotiation: Finalize Minutes of Settlement with settlement amount from Metrolinx and terms and conditions for Metrolinx to deliver all the outstanding requirements from the Metrolinx e-Master Agreement.

**Progress Update (Q4)**

- HMI fully implemented on all Faregates, Buses, Streetcars, Wheel-Trans TTC vehicles and contracted taxis providing customers with information on card balances, time remaining in the 2-hour transfer window. This also provides additional tools to track and enforce fare compliance.

**Metrolinx Settlement Negotiation:**

- Executed Minutes of Settlement - The TTC received the full settlement amount in November 2022. Arbitration process was formally terminated by both parties.
- Identified 16 delivery categories for Metrolinx to define the full completion of an integrated program plan consisting of each Delivery Plan on one integrated critical path showing key dependencies and milestone dates that will meet the TTC's requirement for a Recovery plan by March 31, 2022.
- Both Metrolinx and the TTC agreed on five priority delivery plans to be fully completed with detail activities and schedule by January 15, 2022. These five plans are:

1. Open Payment.
2. Device Refresh (for buses, street cars, wheel-trans vehicles, HHPOS used for revenue inspection – hand held devices).
3. Fare Gate reader upgrade.
4. Service Level Agreement performance metrics and reporting.
5. Expand PRESTO Third Party Network.

### **Key Issues/Risks and Mitigation Activities**

- Metrolinx's capability to deliver quality completion plan on time. Mitigation: Escalated to TTC-Metrolinx Governance body and monitor closely.
- TTC stakeholders have low confidence in delivery timelines and unclear risk mitigation strategies. Mitigation: Support Metrolinx to define the respective TTC-owned activities in the delivery plans. Identify project acceptance criteria's and establish a penalty structure due to project delay or cancellation by Metrolinx.

### **Next Steps**

- Collaborate with Metrolinx to develop integrated plan and roles and responsibility assignment for resource planning. (Ongoing)
- Define and agree on contingency plans and penalty structure with Metrolinx to reduce the risk of slippage of critical path milestones.
- TTC/Metrolinx Settlement Negotiation - Terminate arbitration once the settlement is signed by both parties.
- Establish project scopes and plan for the five critical projects. Develop action plan to augment resource capability and capacity (2022-2023).

### **Note:**

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



## Stations Transformation

### Description

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

### Financials

Program Start	Forecast Completion Year	Total Approved Budget	Spend to Date	Estimated Final Cost
2017	2024	\$50.8M	\$30.4M	\$50.8M
Overall Performance		2021 YTD Budget	2021 YTD Actuals	2021 Approved Budget
Current Status	Outlook to Completion			
<b>Y</b>	<b>G</b>	\$8.8M	\$6.0M	\$8.8M

### Project Deliverables

- Introduction of CSAs to proactively assist customers facing barriers in navigating the system.
- Upgrading the Public Announcement system (PA).
- Upgrading the stations Passenger Assistance Intercoms (PAI) by making them user friendly, improving sound quality and live video feed for customers needing assistance.
- Installing/upgrading of existing CCTV cameras.
- Constructing six zone Hubs to serve as central command posts monitoring the stations and responding to emergencies in an efficient manner.

### Progress Update (Q4)

- Installed CCTV monitors at 27 secondary entrances. This will enhance customers' security/safety and mitigate illegal behaviour including fare evasion deterrence.
- 360 degree camera upgrade completed at 63 stations. This will augment stations visibility and aid staff with investigations and improve safety and security of customers.
- Elevator Passenger Assistance Intercom (PAI) upgrade completed at all stations improving system reliability, visibility, and safety and security of customers.
- Installed and commissioned CCTV bulkhead monitors at Kipling hub providing staff with greater visibility augmenting the overall Station's operational capabilities.
- Awarded a contract for the Public Address Announcement system. This will allow the upgrade of the existing system resulting in a better, clear and reliable sound quality.

### Key Issues/Risks and Mitigation Activities

- Delayed transition to Customer Service Agent model. Staff is currently in the early stages of discussion with the Union, to re-evaluate the current collector job descriptions and merging the two Collector and CSA positions.

## Next Steps

- St Clair West and Sheppard Hubs projected to be completed in Q1 and Q2 2022 respectively.
- Security fare line monitored to be installed at all secondary entrances Q4 2022.

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

## VISION

### Description

Implementation of a new Computer Aided Dispatch/Automatic Vehicle Location (CAD/AVL) System on the TTC's bus and streetcar fleets to: a) enable tracking and managing communications with TTC's fleet of over 2,000 buses and streetcars 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.

### Financials

Program Start	Forecast Completion Year	Total Approved Budget	Spend to Date	Estimated Final Cost
2016	2022	\$114.7M	\$88.0M	\$114.7M
Overall Performance		2021 YTD Budget	2021 YTD Actuals	2021 Approved Budget
Current Status	Outlook to Completion			
Y	Y	\$31.1M	\$7.5M	\$31.1M

### Project Deliverables

- Data and voice communications, automatic vehicle location and stop display, stop announcements, vehicle performance monitoring: Completed.
- Integrating with the onboard camera and automatic passenger counting systems: Completed.
- Operator Performance: In Progress, 95% complete, target completion Q3 2021.
- Integrating the Yard Management System at all streetcar, car-houses and bus garages: In Progress, Construction 70% complete, Clever Devices Commissioning 10% complete, with Target completion in 2022.

### Progress Update (Q4)

- The vehicle tracking application (Bustime) was deployed online and integrated with the new TTC website. This is the first step in the eventual replacement of Nextbus.com with the Bustime solution. Bustime provides real time bus crowding and next vehicle arrival information for all vehicles including Run as Directed (RAD) vehicles. The integration with the TTC website provides customers with access to real time crowding and next vehicle arrival information.
- Smart Yard: In December, 2021 Clever Devices engaged the original Smart Yard equipment manufacturer Siemens to survey the Smart Yard installations and run tests. Siemens will deliver recommendations based on the preceding work to Clever Devices and the TTC in January 2022.

### Key Issues/Risks and Mitigation Activities

- Software and hardware issues were identified during the testing of the Smart Yard solution provided by Clever Devices, and the October 2021 Cybersecurity incident which has

delayed the completion of testing and as a result, the project has been re-forecasted to reflect the final roll-out of Yard Management to 2023. Action Plan: Issues escalated to Senior Executives at Clever Devices. Currently working with Clever Devices to develop a strategy to compress the schedule and advance the completion date.

- The delayed delivery of Smart Yard Software has delayed the commissioning of Leslie Barns, Mount Dennis, Arrow and Eglinton garages. Clever Devices continues to work on issues at Leslie Barns and Arrow Garage and have provided recommendations for the resolution of the issues. Once the issues at Leslie Barns and Arrow Garages have been resolved, the solutions will be propagated to the commissioning of Eglinton, Mount Dennis and the remaining garages and streetcar carhouses.

### **Next Steps**

- Re-baseline to address the schedule delays for the Smart Yard Solutions (Q2, 2022).
- Commission Yard Management at Leslie Barns and Arrow Rd Garages (Q3 2022).
- Roll out of General Transit Feed Specification/Real Time (Q3 2022).
- Integrate Transit Signal Priority (TSP) with the VISION system (Q4 2022).

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

## SAP Enterprise Resource Planning Program

### Description

Implementing an industry-standard enterprise software solution that modernizes TTC's 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.

### Financials

Program Start	Forecast Completion Year	Total Approved Budget	Spend to Date	Estimated Final Cost
2015	2025	\$272.8M	\$87.1M	\$272.8M
Overall Performance		2021 YTD Budget	2021 YTD Actuals	2021 Approved Budget
Current Status	Outlook to Completion			
<b>G</b>	<b>G</b>	\$16.5M	\$9.5M	\$16.5M

### Project Deliverables and Status

#### Phase 2:

- Finance Accounts Payable (Release1) – Launch Completed, Project Closeout in Progress.
- SAP Costing Solution for Operations – Solution Design Phase In Progress, targeted completion by September 2022.
- Time, Attendance and Workforce Scheduling System – In Progress, targeted completion by 2025.
- New Learning Management System (LMS) – Launch Completed, targeted completion by Q3 2021.
- Employee Engagement Platform – In Progress, assessment phase to start in Q3 2021
- Employee Mobile App – Launch Completed, Project Closeout in Progress.

#### Phase 3:

- Procurement and Category Management/Materials Management – In Progress, assessment phase targeted completion by Q3 2021.
- Asset Accounting – In Progress, assessment phase targeted completion by Q3 2021.

### Progress Update (Q4)

- SuccessFactors LMS: Handover completed. eLearning courses now offered through MyTTC including Cybersecurity and Confronting Anti-Black Racism. Closeout in Progress.
- SAP Procurement/Materials Management: Assessment Report completed providing TTC SAP roadmap.
- SAP Time and Attendance: Overall Global Design Workshops in Progress for all Releases. Operator Sign-Up Assessment completed with roadmap recommendations, approval in progress for Release 3.
- SAP Asset Accounting: Pilot assets identified for data sourcing aligned with Enterprise Assessment Management.
- SAP Costing Solution Release 1: Solution Design Completed. Final presentation in progress by Project Team for Sponsor Review and Approval.
- SAP Account Payable: Completed Project Closeout.

## Key Issues/Risks and Mitigation Activities

- Legacy System (Job Based Cost System) data quality and cleansing for Job number records may take longer than planned due to over 40 years of historical data. Mitigation: Business teams to review active jobs to prioritize data cleansing activities.

## Next Steps

- Learning Management System - Stage Gate 7 (Q2 2022)
- SAP Asset Accounting - Stage Gate 1 (Q2 2022)
- SAP Procurement and Category Management and Materials Management - Stage Gate 1 (Q2 2022).
- SAP Costing Solution Release 1 - Stage Gate 5 (Q4 2022).

### Note:

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