

# 2025 | Budget Update

TTC Board Presentation - September 24, 2024



# 2024 | Budget Overview



# 2024 Budget Highlights

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## Operating:

- Attentive to affordability challenges
- Restore Service
- Transit Expansion & Conversion
- New Investments in Safety, Security & Well-Being and a focus on People
- 2024 COVID-19 net impact of \$272M funded by the City; 28% increase in funding



## Capital:

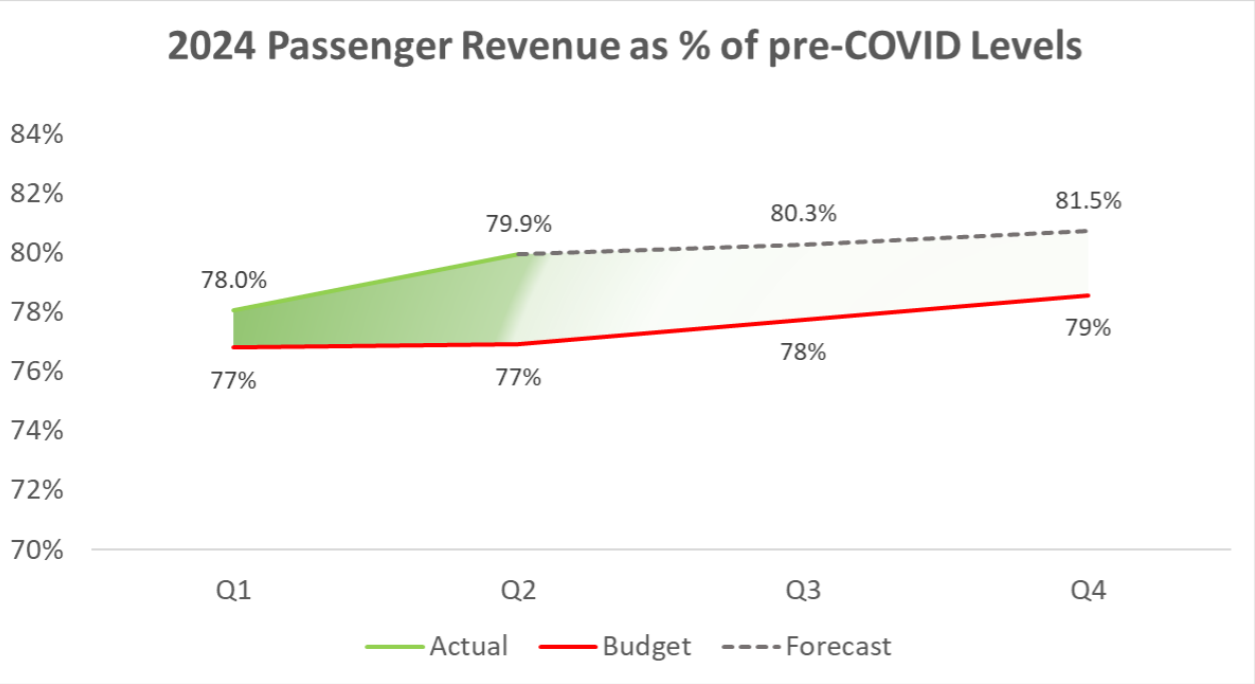
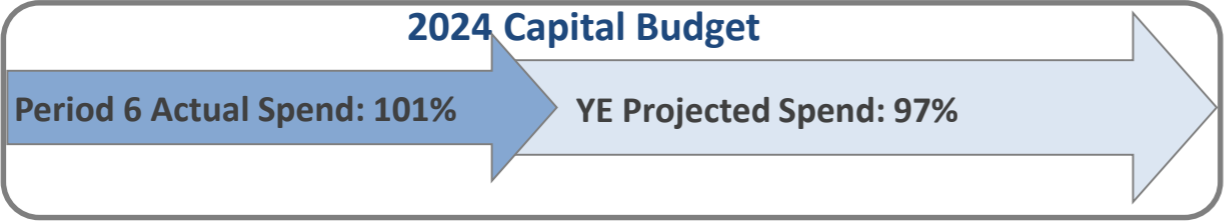
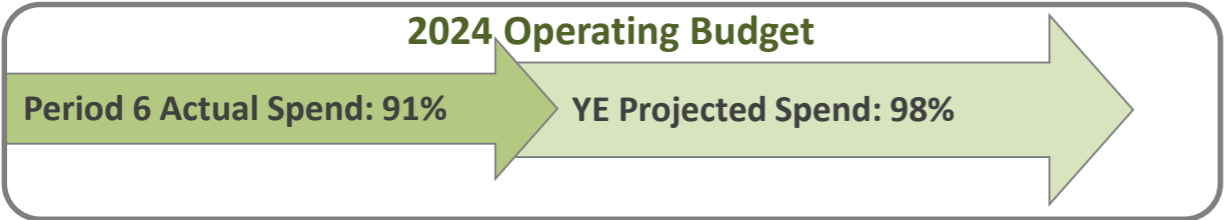
- Repurposed \$500M to address critical priorities
- Added SOGR funding to address risk on Line 2; Funded 1/3 share for Line 2 Trains
- Continued funding to deliver Hybrid buses, e-buses and charging infrastructure, and Streetcars
- Advances work on major capacity improvement projects
- Continues business modernization and establishes steady state cybersecurity SOGR program



# New Deal Funding Allocation

	Total Funding (\$M)	2024 Prov. Funding	Comment
<b>Operating Investments</b>			
Support for New Subway - Integrated Provincial Transit Projects	<b>\$330.0</b>	<b>\$75</b>	Annual operating funding over three years, beginning in 2024/25, for the provincially-owned Finch West LRT and the Eglinton Crosstown LRT. Funding will support bringing these projects online.
Subway and Transit Safety, Recovery and Sustainable Operations Fund	<b>\$300.0</b>	<b>\$100</b>	One-time operating funding is conditional on the City establishing a new Transit Rider Safety Commitment. The TTC and City are evaluating the financial impact of all 3 criteria identified in the Term Sheet.
<b>Capital Investments</b>			
Funding for New Subway Trains (55 trains for Line 2 trains replacement)	<b>\$758.0</b>	TBD	The new subway train procurement is a top priority for the TTC to address the safety and reliability of the subway network. The provincial commitment is conditional on federal matching funding, which has not been committed to and has therefore not been included in the TTC's 10 Year Capital Plan.
Re-allocated City Funding to SOGR due Gardiner/DVP Upload	<b>\$500.0</b>	<b>\$0</b>	City Council approved reallocation of City Funding to TTC SOGR as a result of Provincial Upload as part of the New Deal agreement.

# 2024 Financial Results To Date



**Operating Variance:**

- As of end of June, operating results indicated a net year-to-date favourable variance of **\$66.7 million or 90.6%**, which reflect an under-expenditure of \$51.1 million and a favourable revenue variance of \$15.6 million
- For the full year, the TTC’s 2024 Operating Budget of \$2.568 billion gross and \$1.231 billion net, is projected to be underspent by **\$52.2 million net or 98.4%**.

**Capital Variance:**

- As of end of June, the TTC’s capital expenditures totaled \$557.2 million, representing a **spending rate of 101.1%** when compared to the year-to-date plan of \$551.0 million
- By year-end, the TTC’s total capital spending is projected to be in the order of \$1.325 billion, representing an overall **97.4% spending rate**

**Ridership:**

- Ridership reached **81%** of pre-COVID levels in Period 6, 2024 due to higher than anticipated ridership growth on both weekends and weekdays
- Ridership is anticipated to sustain the growth experienced in Period 6 2024, reaching an approximate average of **81.5%** of pre-COVID levels for Q4/2024
- Further commuter ridership recovery constrained by hybrid work models



# Status of 2024 New Initiatives

New Initiative (In \$000s)	2024 Budget		
	Gross	Net	Pos
<b>Toronto Transit Commission - Conventional</b>	<b>28,450.3</b>	<b>27,996.3</b>	<b>10.0</b>
System Safety, Cleanliness & Well-Being	26,187.9	26,187.9	
Toronto Green Standard	593.2	139.2	1.0
Service Support as part of ModernTO	67.0	67.0	1.0
People Strategy	1,602.2	1,602.2	8.0
<b>Toronto Transit Commission - Wheel Trans</b>	<b>218.4</b>	<b>218.4</b>	<b>3.0</b>
Service Support - Travel Trainers	218.4	218.4	3.0
<b>Sub-total Toronto Transit Commission</b>	<b>28,668.7</b>	<b>28,214.7</b>	<b>13.0</b>

Status	If N, expected implementation date (MM/YY)	2024 YTD Actual (as of Jul 31)		
		Gross	Net	Pos #s
		<b>14,111.6</b>	<b>14,002.0</b>	<b>5.0</b>
●		13,678.5	13,678.5	
●		109.6	-	-
●	Q3, Q4 2024	-	-	-
●	Q1 2025	323.5	323.5	5.0
		<b>66.2</b>	<b>66.2</b>	<b>3.0</b>
●		66.2	66.2	3.0
		<b>14,177.8</b>	<b>14,068.2</b>	<b>8.0</b>



# 2024 Outlook for 2025 & 2026

**Inflation, Service Demand and Transit Expansion will drive increases for 2025 and 2026**

## Highlights

### Operating Pressures\*

- **\$74** million in 2025
- **\$44** million in 2026

### Key 2025 Drivers

#### Base

- Economic Factors & Legislative Impacts \$41M
- Reserve Draw Reversal \$15M

#### Service

- Demand \$14M
- Expansion (Eglinton & Finch West LRT) \$44M

### Funding Changes

- 2% Passenger Revenue Increase (\$24M)
- Increase in Provincial New Deal Funding (\$35M)

\*Note outlooks do not include CBA beyond April 2024 expiry of collective agreement, service acceleration based on demand or service improvement



# Key Challenges for 2025

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**Customer experience and satisfaction critical to retaining and attracting riders**



**Toronto is a growing and dynamic City with changing demographics**



**Ability to meet City's 2025 Budget target of 0%, given increasing demands and cost structure without impacting service**



**Limited funding to address the TTC's SOGR requirements**



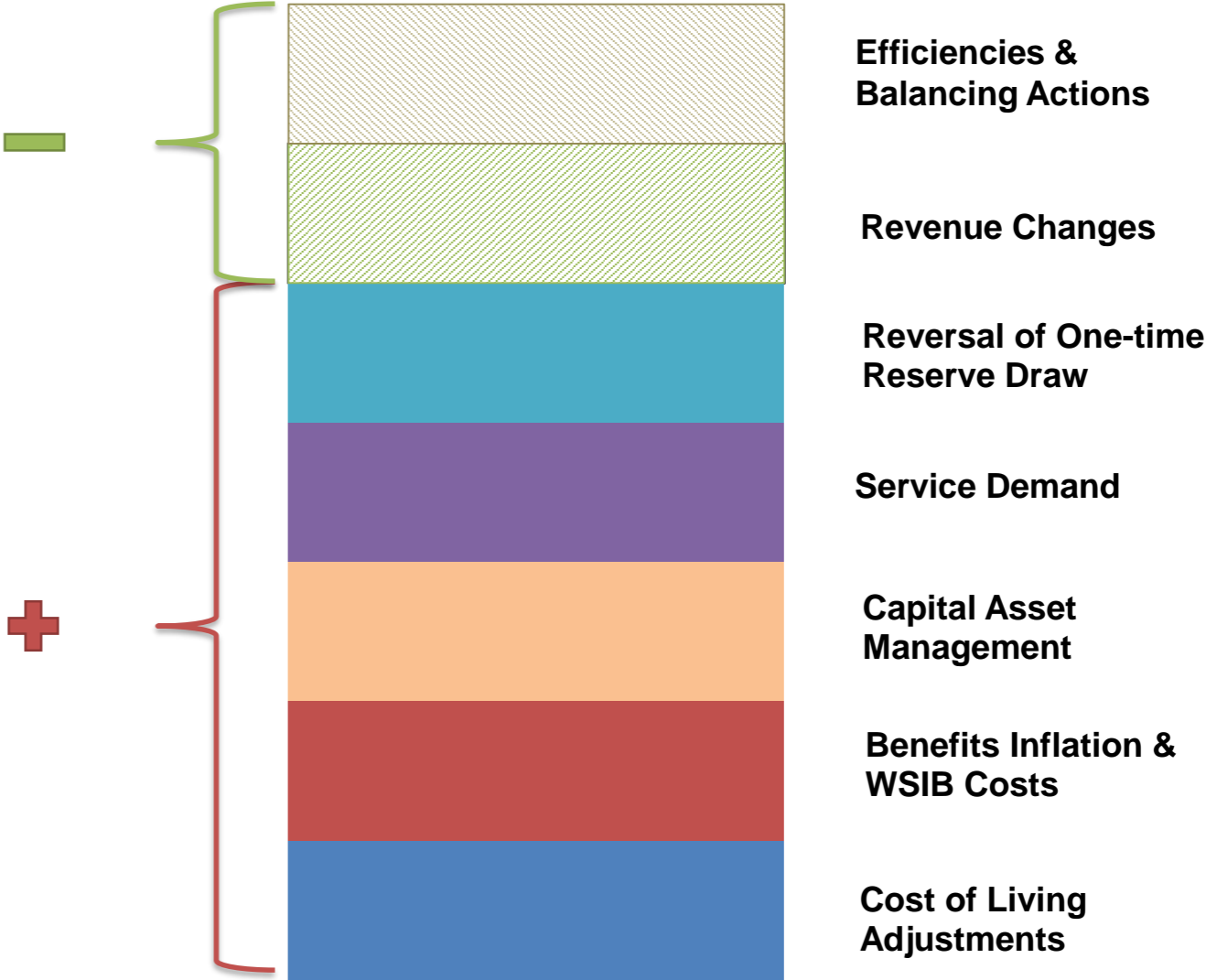
**2025**

Operating Budget:  
Key Pressures

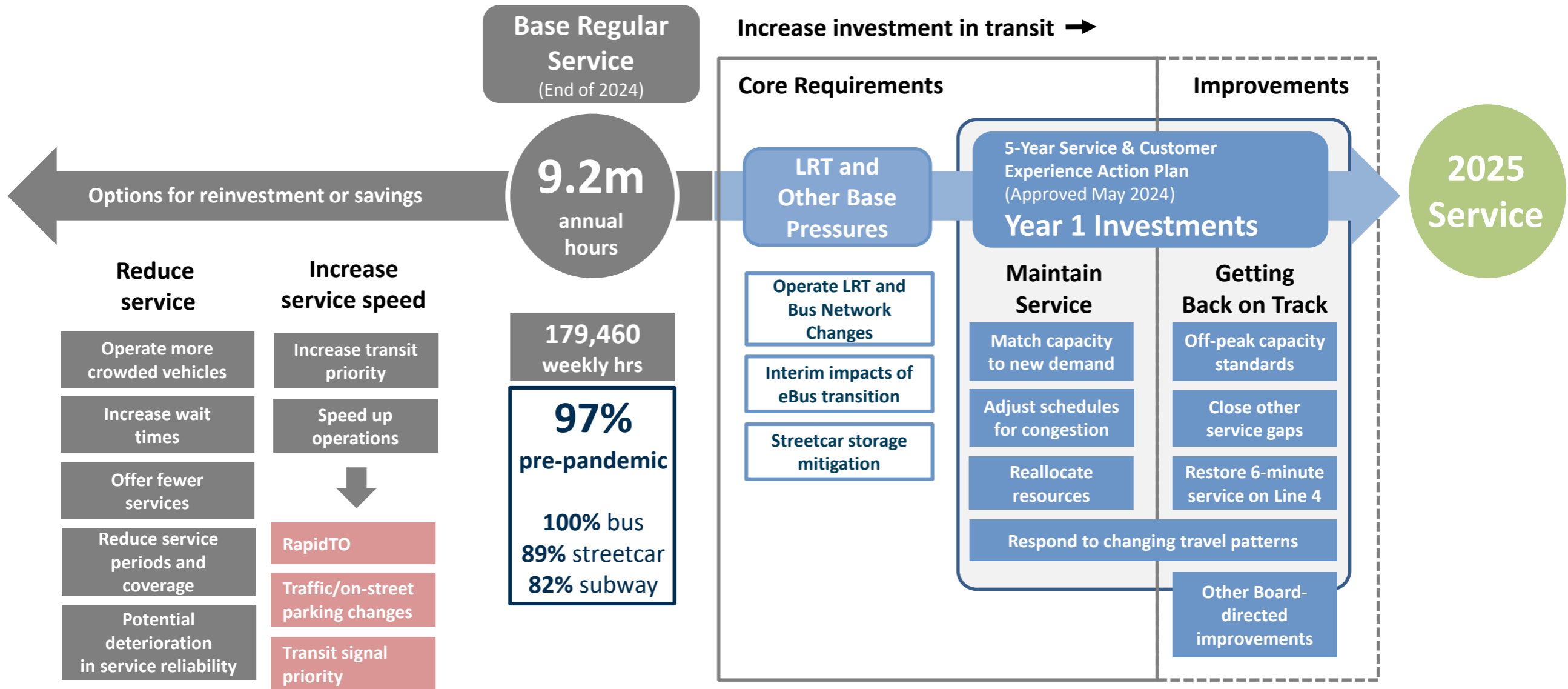


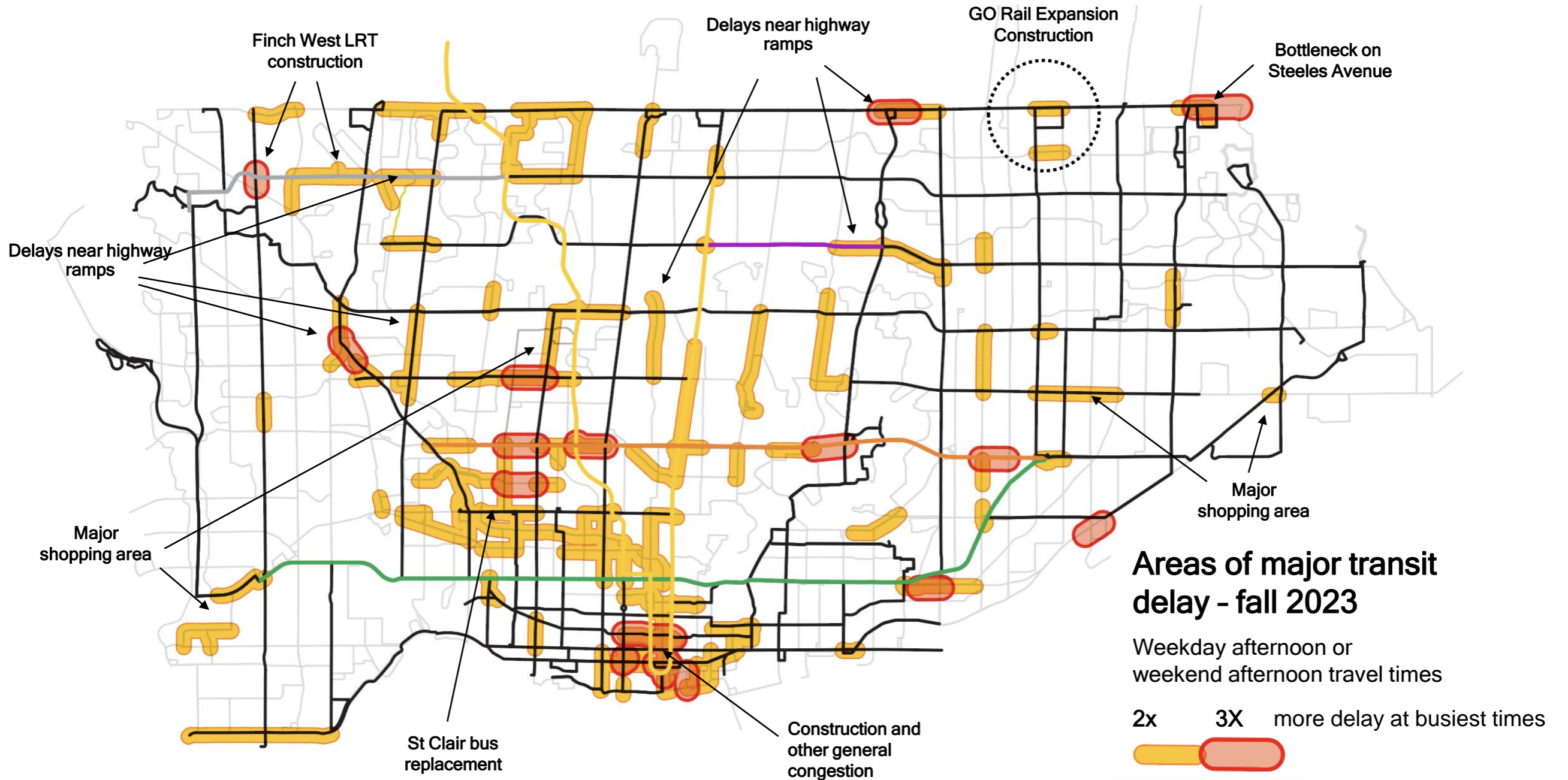
# 2025 Operating Budget Base: Key Drivers

Collective bargaining results, fixed operating costs and maintaining service reliability driving base budget pressures for 2025



# Initial Directions – 2025 Service Budget





# Congestion Comes at the Cost of Service Productivity: Longer Waits or Higher Cost

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Example: 35 Jane – weekday afternoon peak period

## Round Trip Travel Time



### No change in operating cost

**2020** 26 buses = 5 minute headway  
12 trips per hour

**2024** 26 buses = 6 minute headway  
10 trips per hour

#### Result:

**Zero cost, but** longer waits and lost capacity, deferred investment in capacity

**OR**

### Maintain capacity/wait times

**2020** 26 buses = 5 minute headway  
12 trips per hour

**2024** 31 buses = 5 minute headway  
12 trips per hour

#### Result:

**100 hours per week, 2+ operators, 5,200 hours per year, \$650,000 annual cost**

# Transit Priority Means Less Congestion and Operating Pressures

**Corridors with better transit priority have seen fewer travel time impacts**

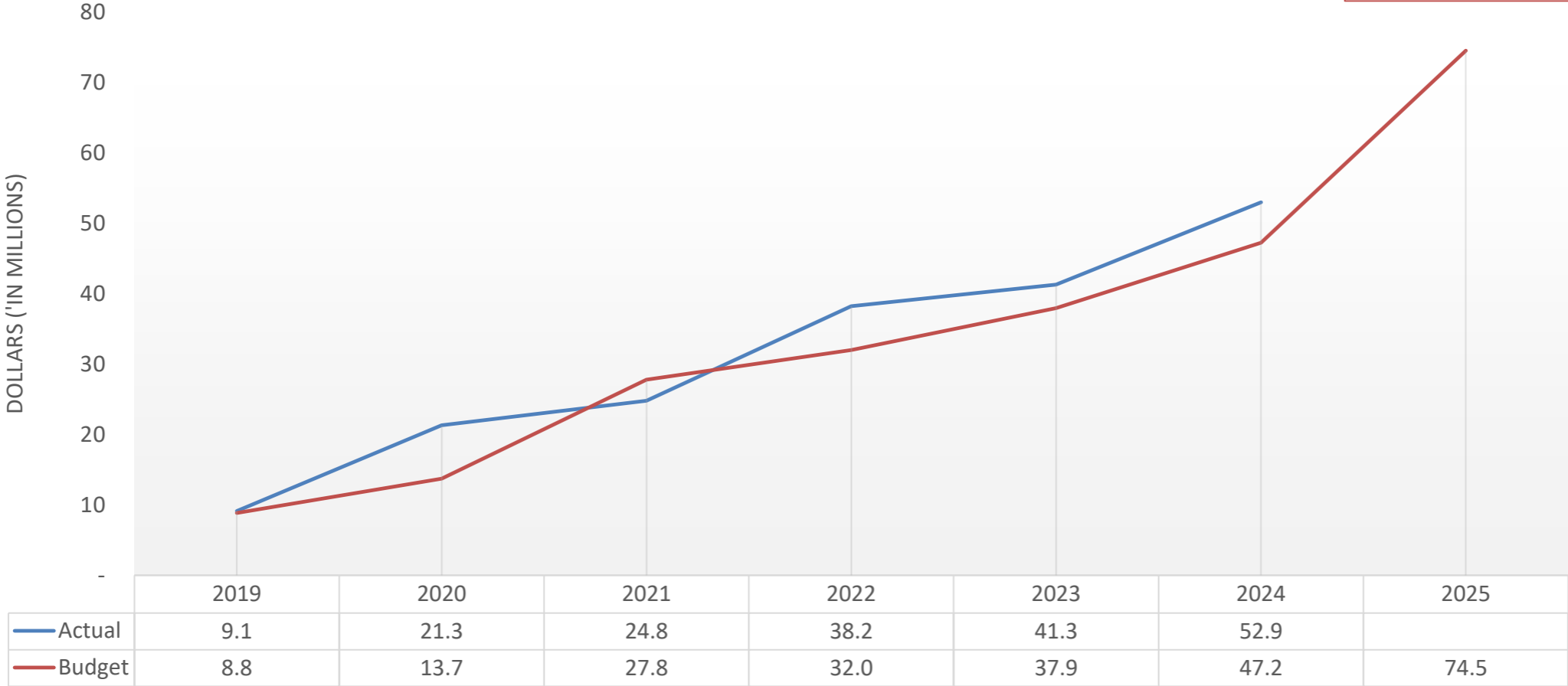
		2020 PM Peak Average Speed	2024 PM Peak Average Speed
<b>Bus</b>			
25 Don Mills	HOV Lanes	16.5 km/h	16.7 km/h (+1%)
35 Jane	Mixed-Traffic	16.2 km/h	13.0 km/h (-20%)
39 Finch East	Mixed-Traffic	20.2 km/h	16.5 km/h (-18%)
116 Morningside	RapidTO	20.8 km/h	18.8 km/h (-10%)
905 Eglinton East	RapidTO	21.6 km/h	20.0 km/h (-7%)
<b>Streetcar</b>			
504 King	Priority Corridor	10.6 km/h	9.8 km/h (-8%)
505 Dundas	Mixed-Traffic	9.9 km/h	9.2 km/h (-7%)
510 Spadina	Right of Way	8.9 km/h	9.3 km/h (+4%)
512 St Clair	Right of Way	12.4 km/h	11.9 km/h (-4%)



# WSIB Costs Continue to Rise

WSIB Cost- Budget vs Actuals Trends

**2025 Budget Pressure: \$27.3M**

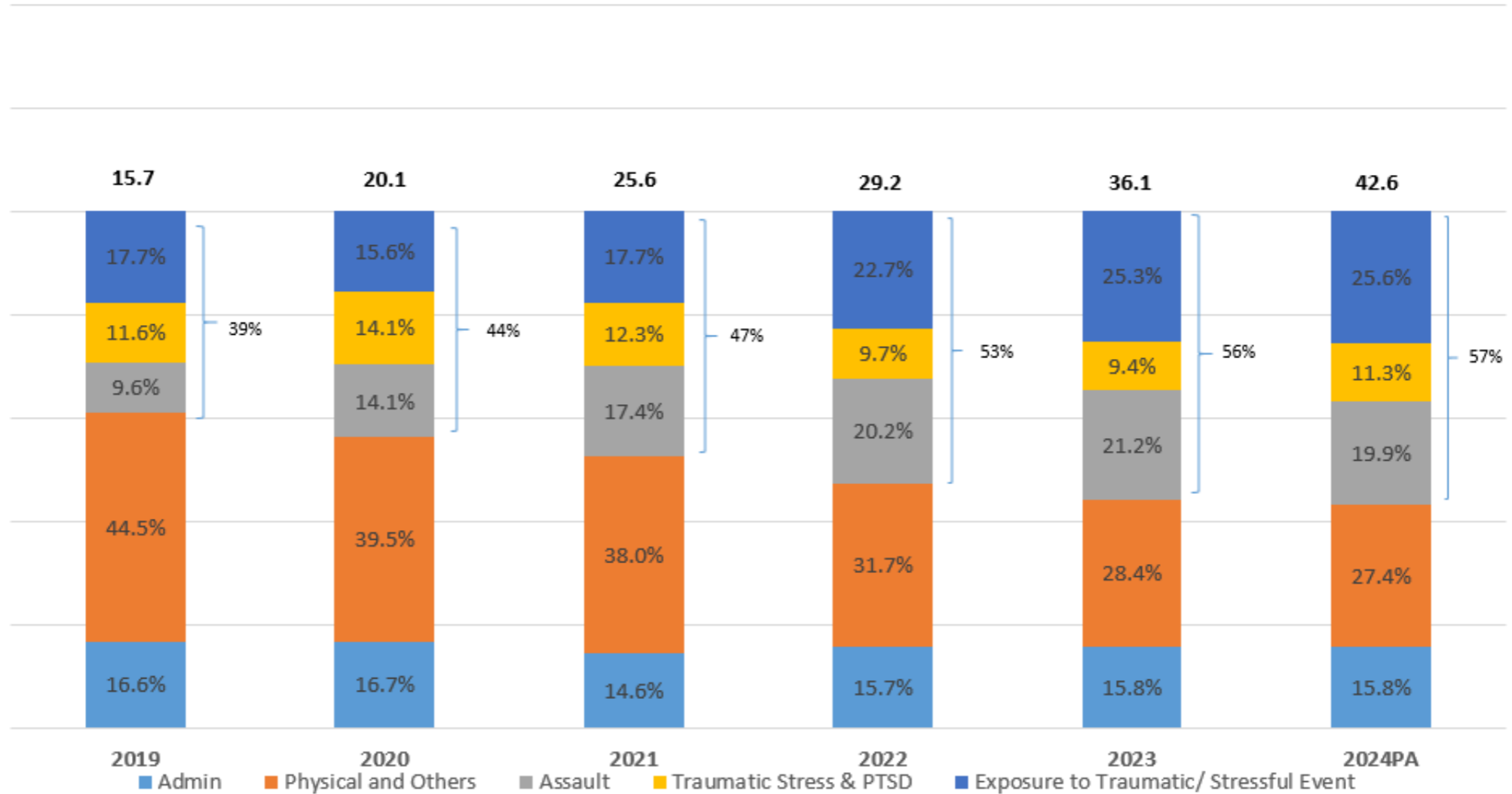


\*2024 represents projected actuals



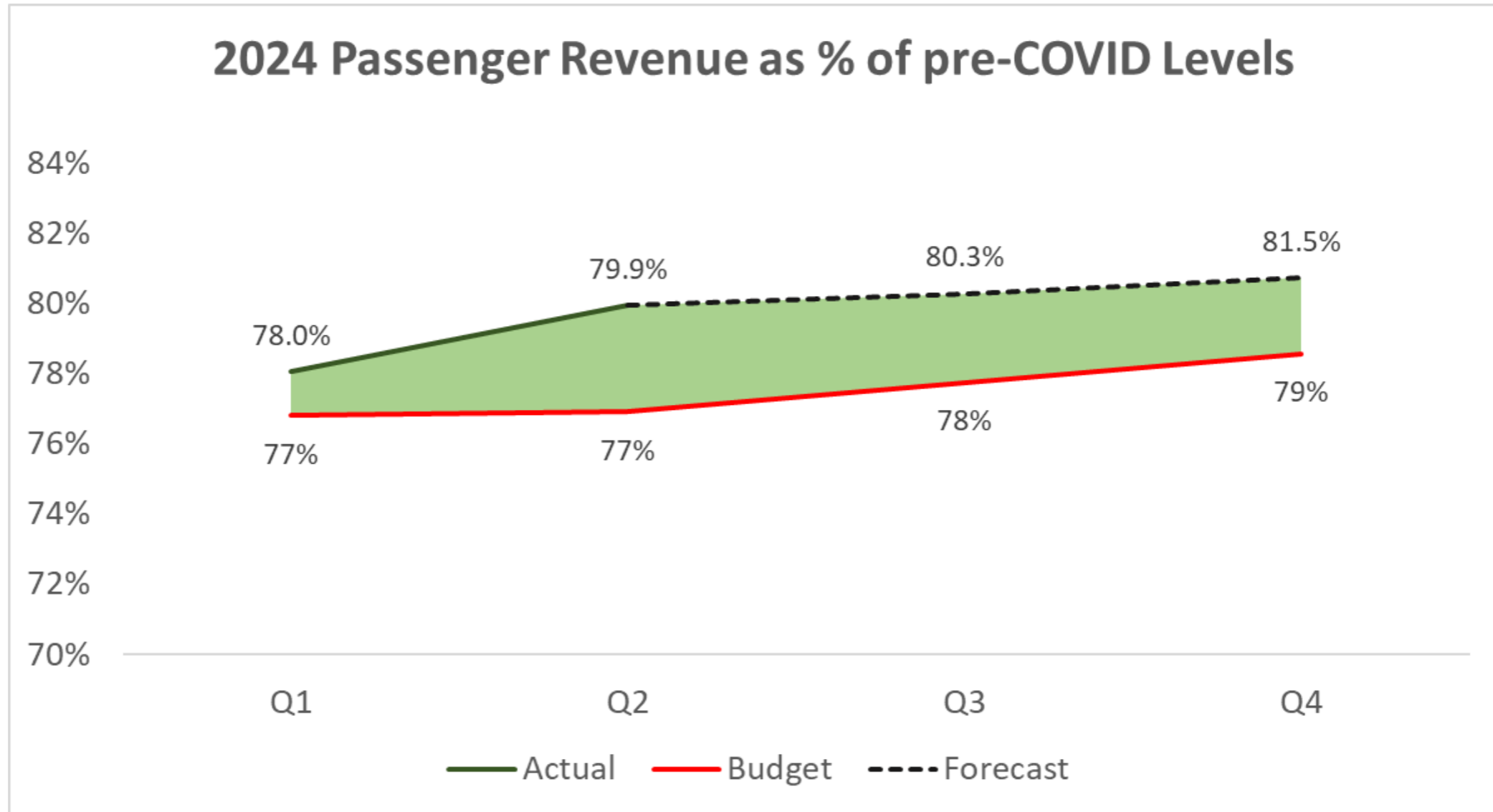
# WSIB Costs by Claim Type

WSIB Cash Cost Break-down by Claim Type  
(in Millions)





# \$36M Forecasted Additional Revenue – Starting Point for 2025

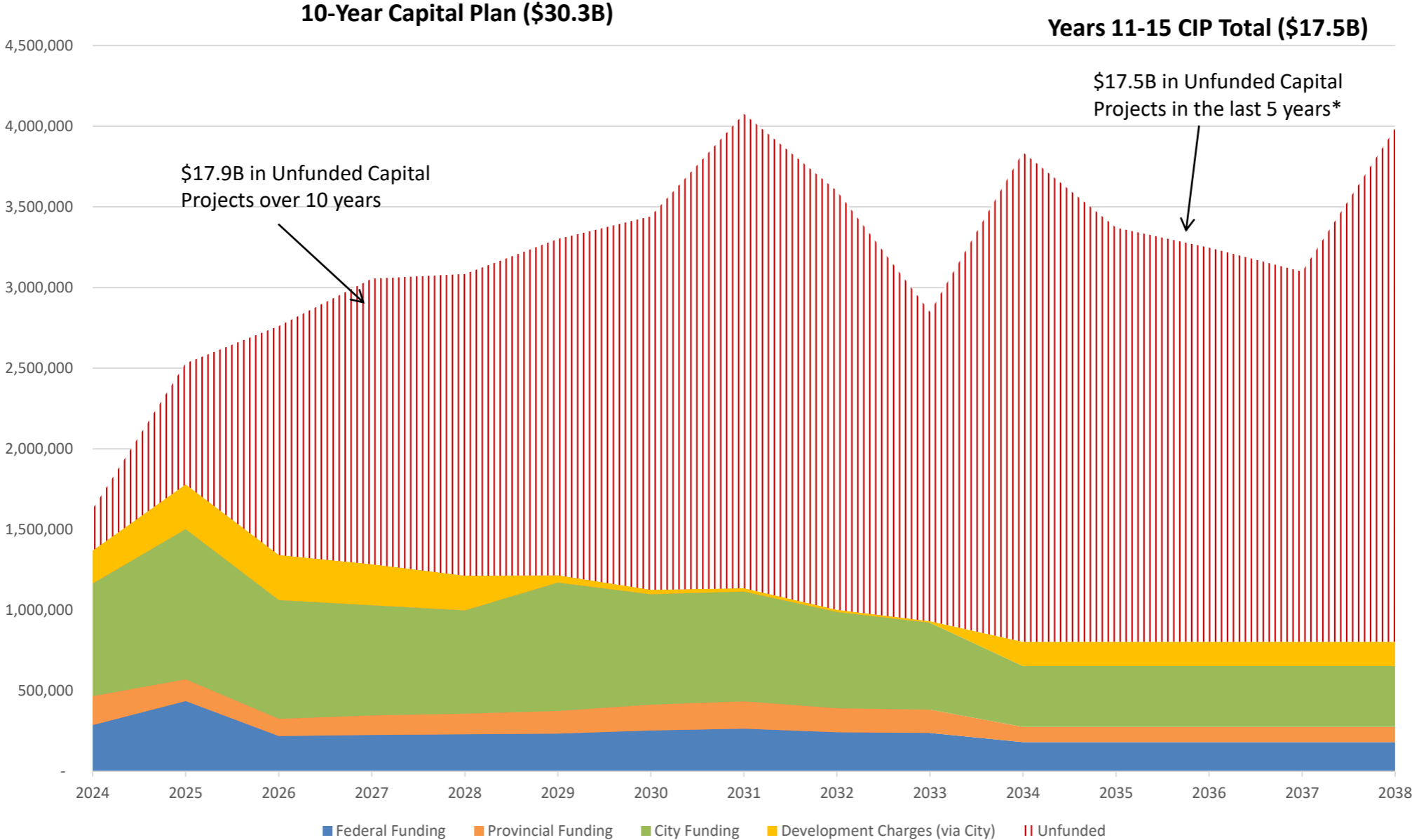


**2025-2034**

Capital Budget & Plan:  
Key Unfunded Needs





# Capital Investment Plan: Funding Overview



# Funding Unmet Capital Priorities

**10-Year: \$7.0B**  
**Annual: \$0.7B**

	<b>Eglinton East LRT</b> \$4.5B 10-Year \$445 M Annually
	<b>Waterfront LRT</b> \$2.6B 10-Year \$255 M Annually

**10-Year: \$3.3B**  
**Annual: \$0.3B**

<b>Platform Edge Doors</b> \$252 M 10-Year \$25 M Annually	<b>Platform Edge Doors</b> \$4.1 B 15-Year \$273 M Annually
<b>TransformTO</b> \$3.1 B 10-Year \$311 M Annually	<b>TransformTO</b> \$5.3 B 15-Year \$356 M Annually

**15-Year: \$9.4B**  
**Annual: \$0.6B**

**10-Year: \$14.5B**  
**Annual: \$1.4B**

<b>Growth</b> \$2.4 B 10-Year \$240 M Annually	<b>Growth</b> \$4.9 B 15-Year \$324 M Annually
<b>Service Improvement</b> \$3.5 B 10-Year \$347 M Annually	<b>Service Improvement</b> \$7.6 B 15-Year \$504 M Annually
<b>H&amp;S, LEGIS, SOGR</b> \$8.6 B 10-Year \$863 M Annually	<b>H&amp;S, LEGIS, SOGR</b> \$13.5 B 15-Year \$902 M Annually

**15-Year: \$26.1B**  
**Annual: \$1.7B**

10 Year Unfunded Needs

15 Year Unfunded Needs



# Immediate State-of-Good-Repair Priorities Requiring Funding

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As an integrated network, each mode has immediate SOGR priority funding needs in the next 5 years.

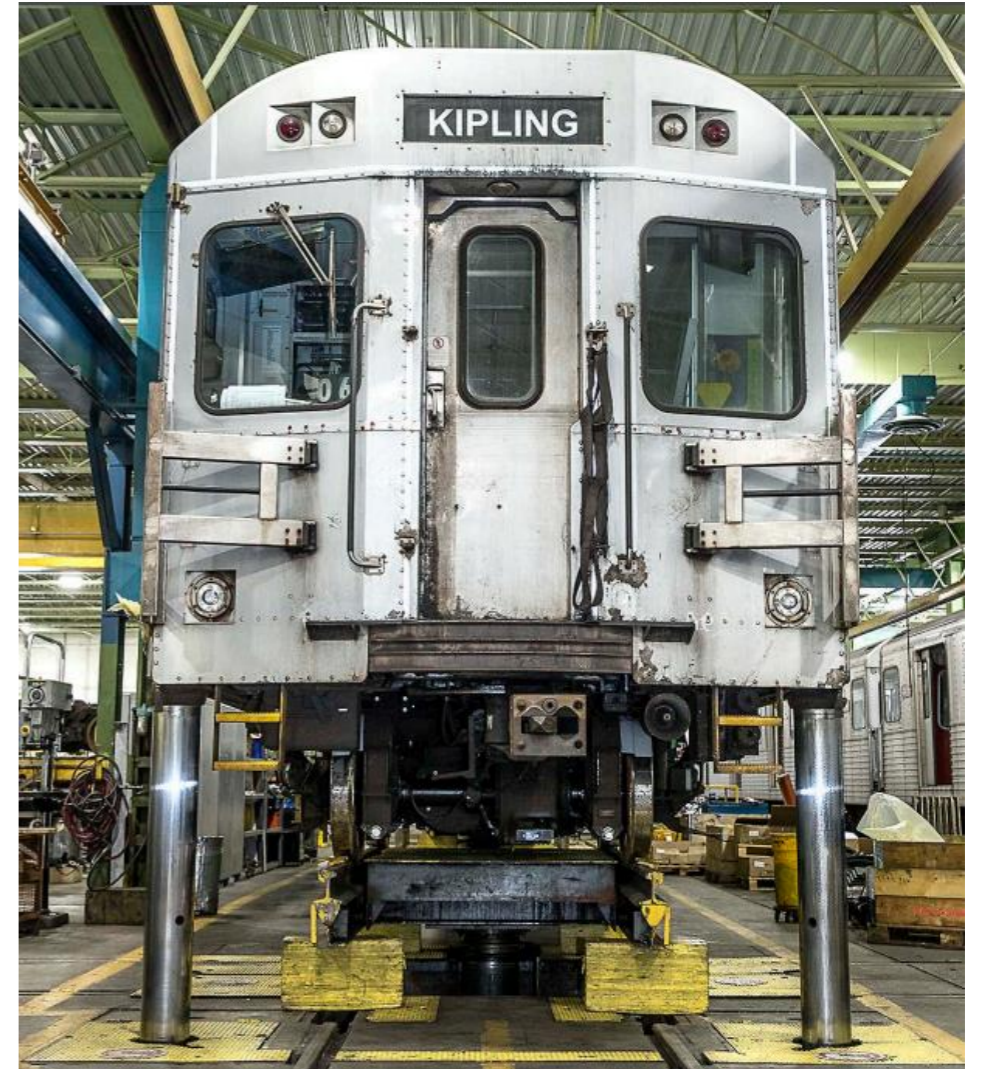
These include, but are not limited to:

- **\$1.52 billion** associated with two-thirds cost of the Line 2 replacement trains;
- **\$1.91 billion** for bus fleet replacement, bus fleet overhauls and associated infrastructure;
- **\$313.4 million** for Line 1 subway TR mid-life overhauls, and infrastructure programs for facilities and systems; and;
- **\$149.2 million** for streetcar fleet overhaul programs.



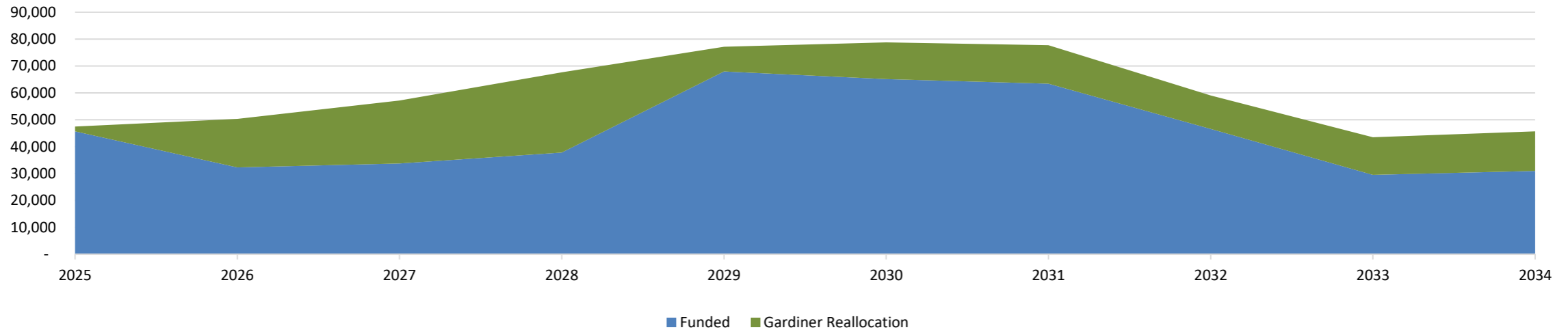
# Maximizing Use of Approved Funding

- Through the recalibration of the Capital Plan and incremental new 10th year funding, available funding directed towards addressing:
  - Cost escalation for inflight projects;
  - Emergent priorities;
  - Line 2 state of good repair; and;
  - Energy Efficiency and Resiliency measures
- An additional **\$500 million** in funding from the Gardiner reallocation is being allocated to funding shortfalls in vehicle overhaul programs

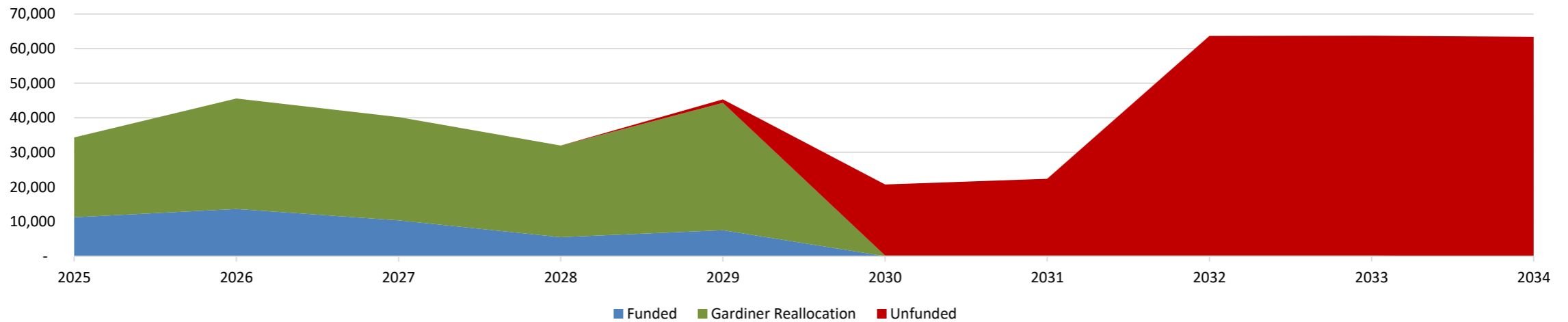


# Funding Requirements: Subway and Streetcar Overhaul

### Subway Car Overhaul

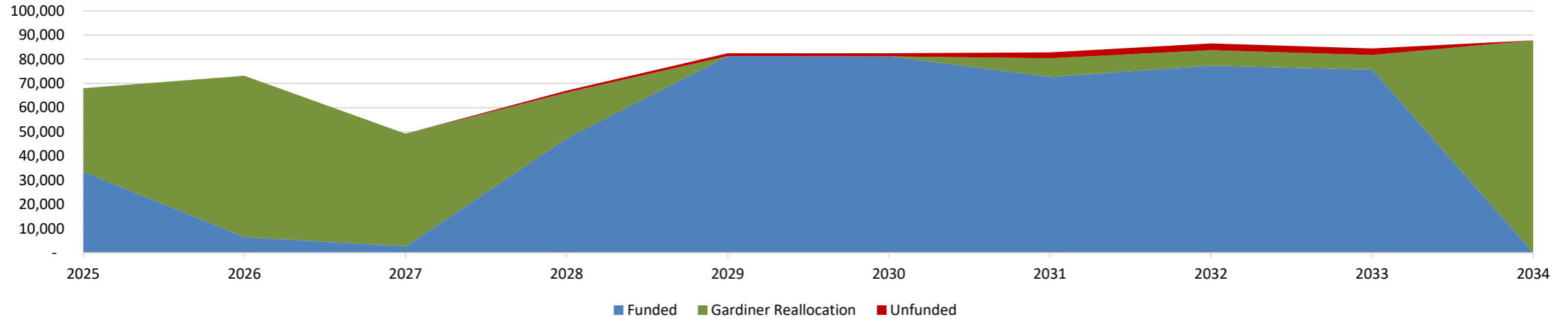


### Streetcar Overhaul

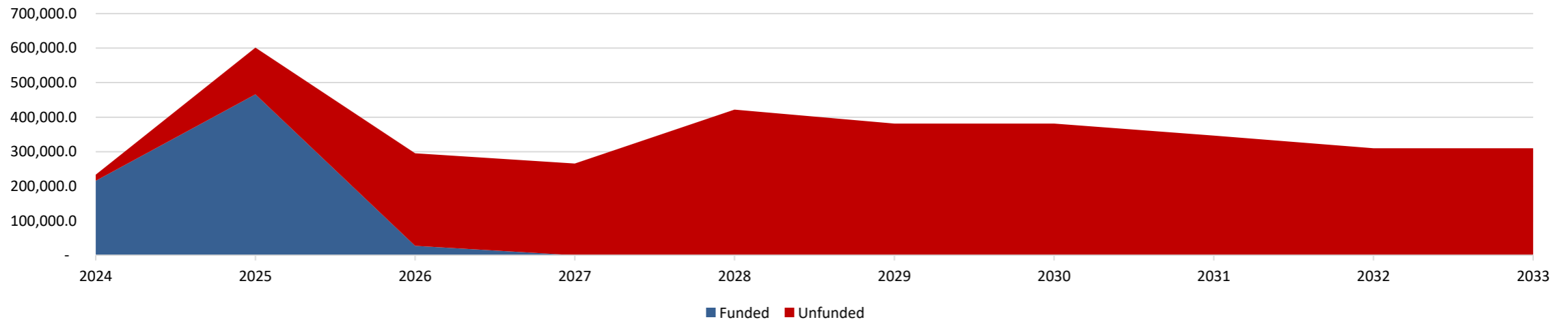


# Funding Requirements: Bus Fleet

## Bus Overhaul



## Conventional and WT Bus Procurements





# 2025 | Budget Process: Next Steps



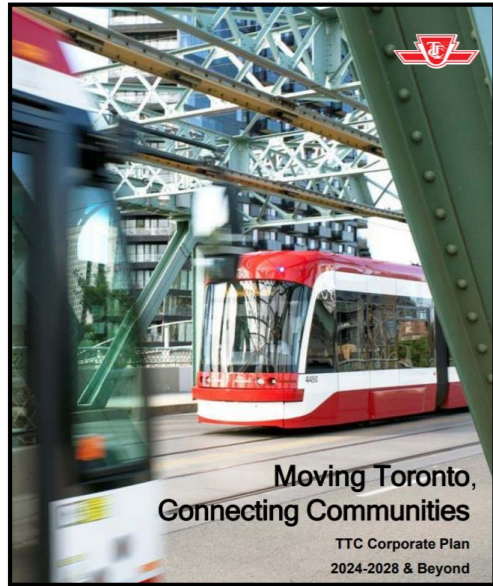
# Budget Preparation Continues

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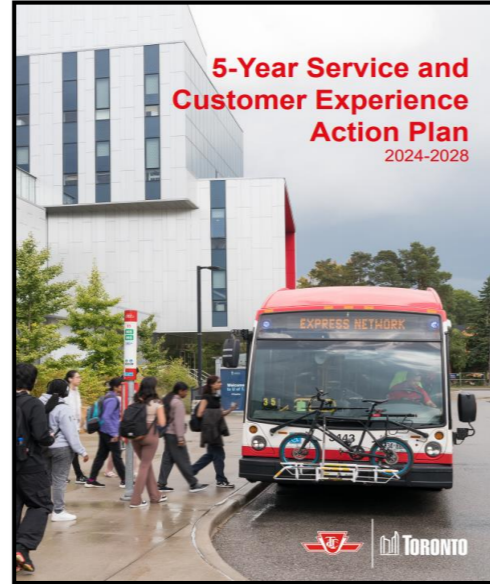
- Refine operating budget pressures based on actual experience
- Confirm customer demand and ridership revenue based on September results
- Revise L5 & L6 service commencement dates
- Establish preliminary fare compliance revenue target
- Integrate interdependent capital project plans to ensure coordination of resources; workcars and system access
- Confirm capital funding availability from the City
- Finalize CEO and Board new investment priorities

# Key Strategies and Plans to Guide New Priority Investments

## Corporate Plan 2024-2028



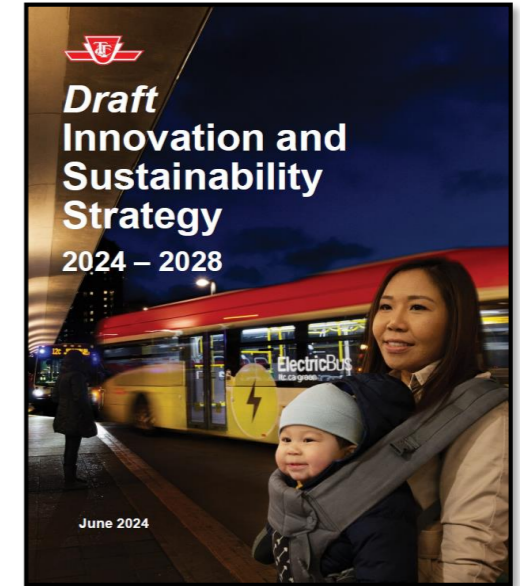
## Updated 5 Year Service Plan



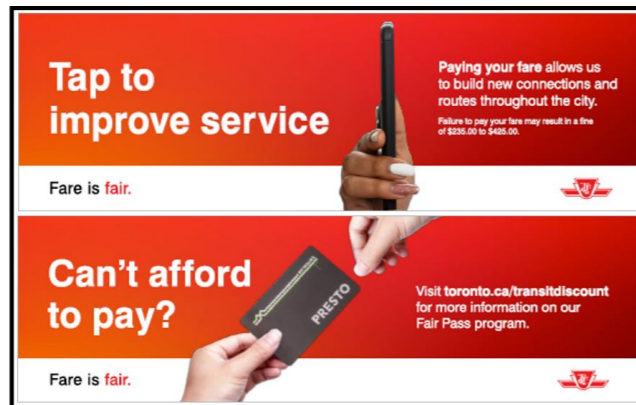
## SOGR Prioritization Report



## Innovation Report



## Fare Compliance Action Plan



## Update to Community Safety and Well Being



# TTC Corporate Plan 2024-2028

## 5 Strategic Directions



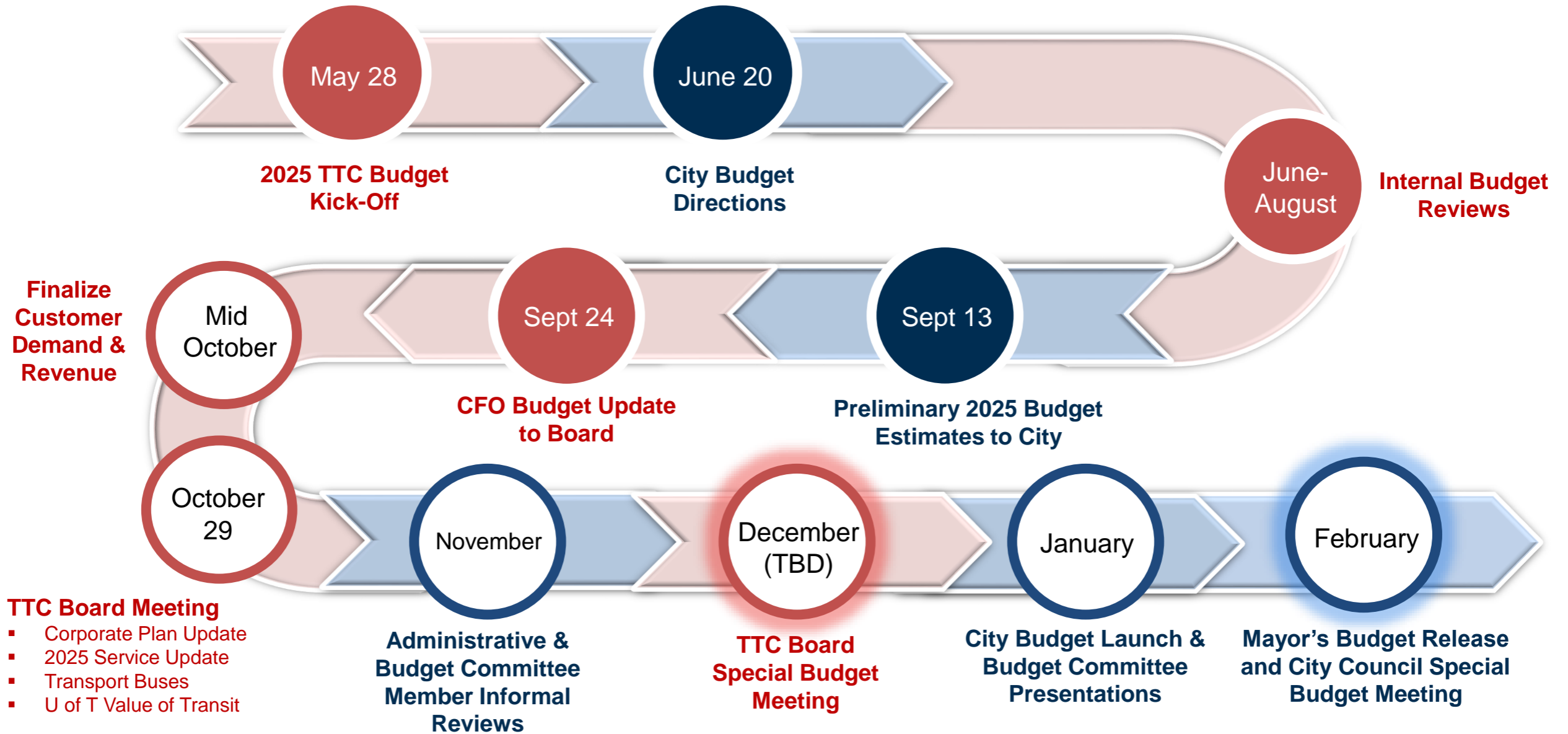
## Key Principles

Integrated in the TTC's approach, is a commitment to plan, deliver, and evaluate our services by applying the following perspectives to everything we do:

-  Safety & Security as a Cornerstone
-  Equity, Diversity, Inclusion, and Accessibility (EDIA)
-  Environmental Sustainability
-  Innovation



# 2025 Budget Timelines



**Thank you** | **Questions?**

