



STAFF REPORT INFORMATION ONLY

Presentation: TTC Budgets

Date:	June 17, 2015
To:	TTC Budget Committee
From:	Chief Executive Officer

Summary

Staff will deliver for the information of the Budget Committee a PowerPoint presentation entitled: TTC Budgets.

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TTC BUDGETS





1. Capital Budget
2. Operating Budgets
3. 2016 Process & Schedule



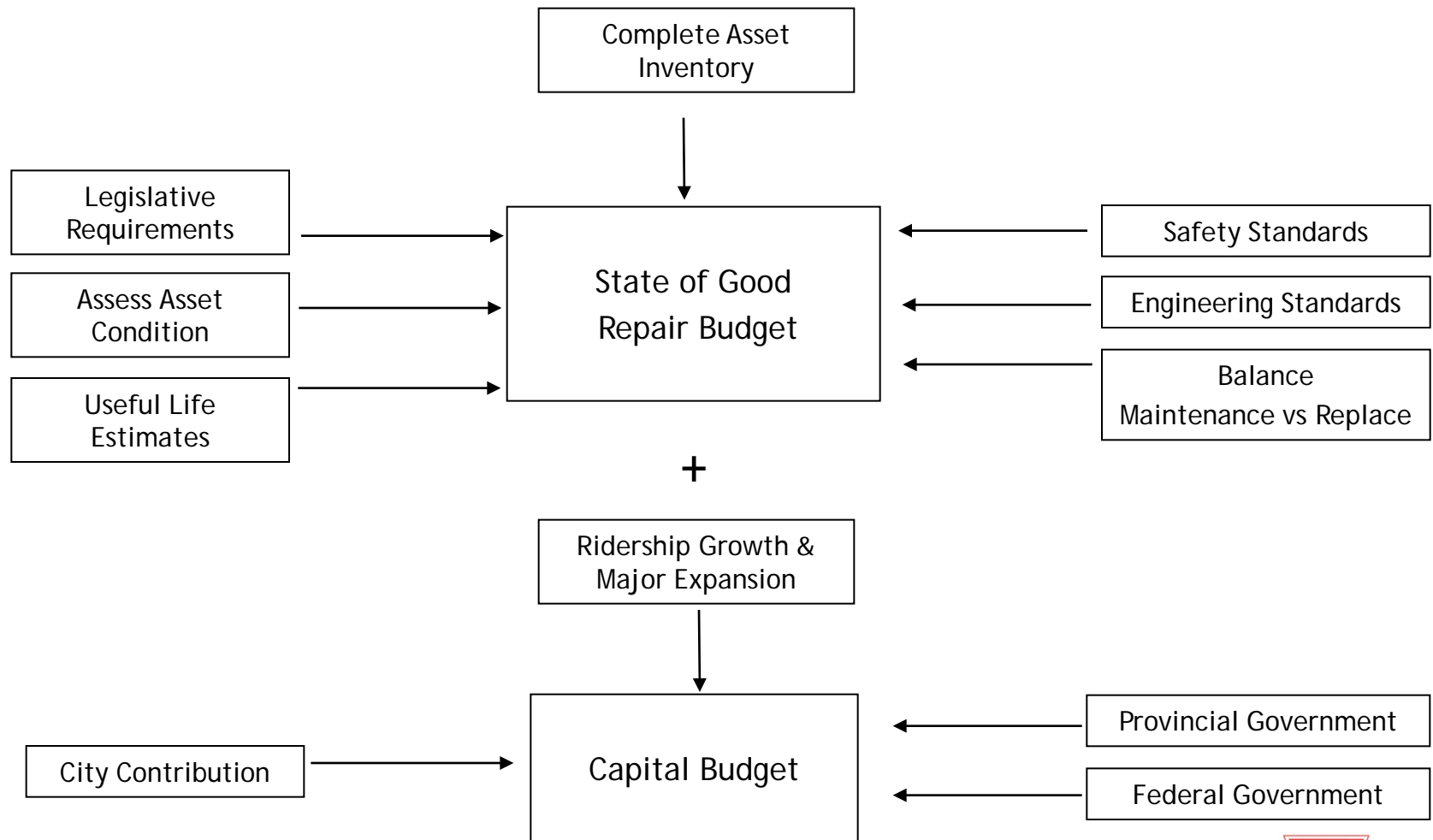


TTC CAPITAL BUDGET





Constructing the Capital Budget





Overall Capital Request 2015 – 2024 (\$13.6B)

• TTC Base Program	\$9.3B
• TYSSE	\$0.9B
• Scarborough Subway Extension	<u>\$3.4B</u>
Total Request	<u>\$13.6B</u>

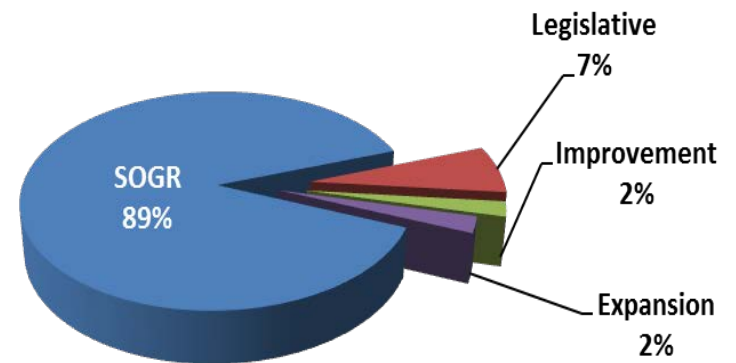




2015-2024 BASE CAPITAL BUDGET

Ten Year Envelope
By Major Category
(\$Millions)

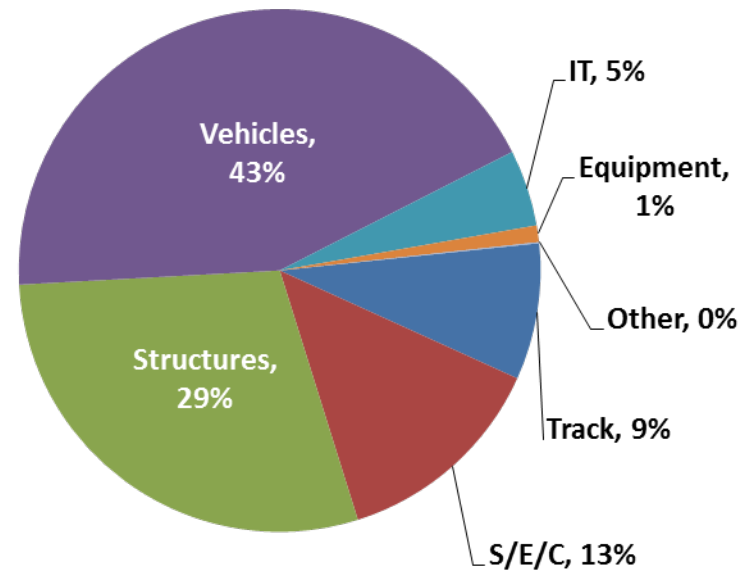
	<u>2015</u>	<u>2015-2024</u>	
SOGGR	1,053	8,199	89%
Legislative	45	647	7%
Improvement	32	202	2%
Expansion	19	220	2%
<i>Total</i>	1,149	9,268	





STATE OF GOOD REPAIR 2015-2024 (\$Millions)

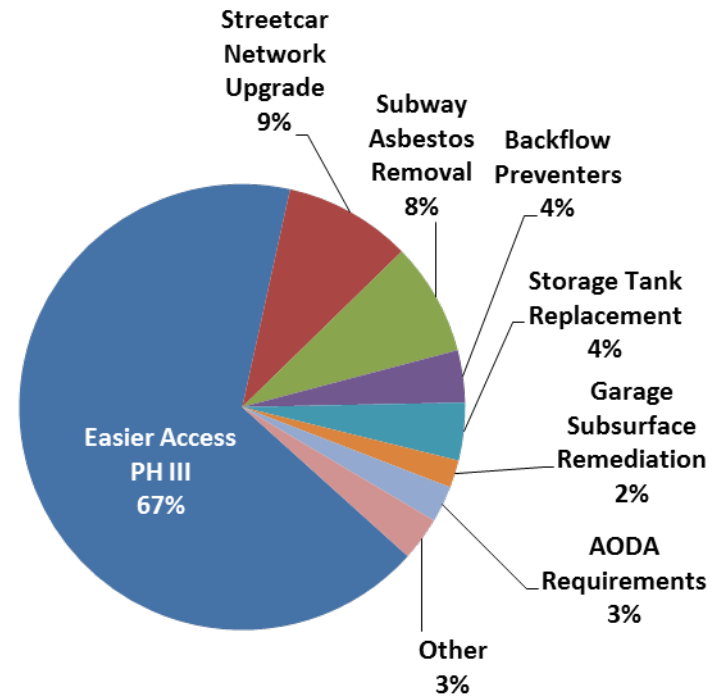
	\$	%
Track	692	9%
S/E/C	1,097	13%
Structures	2,376	29%
Vehicles	3,556	43%
IT	388	5%
Equipment	85	1%
Other	5	0%
<i>Total</i>	<i>8,199</i>	





LEGISLATIVE 2015-2024 (\$Millions)

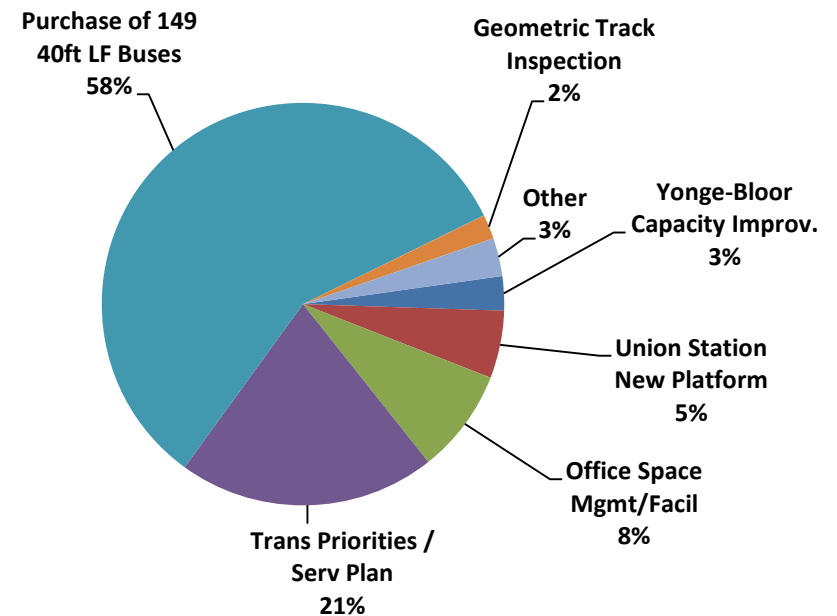
	\$	%
Easier Access Phase III	432	67%
Streetcar Network Upgrade	60	9%
Subway Asbestos Removal	53	8%
Backflow Preventers	24	4%
Storage Tank Replacement	27	4%
Garage Subsurface Remediation	13	2%
AODA Requirements	17	3%
Other	21	3%
Total	647	





IMPROVEMENT 2015-2024 (\$Millions)

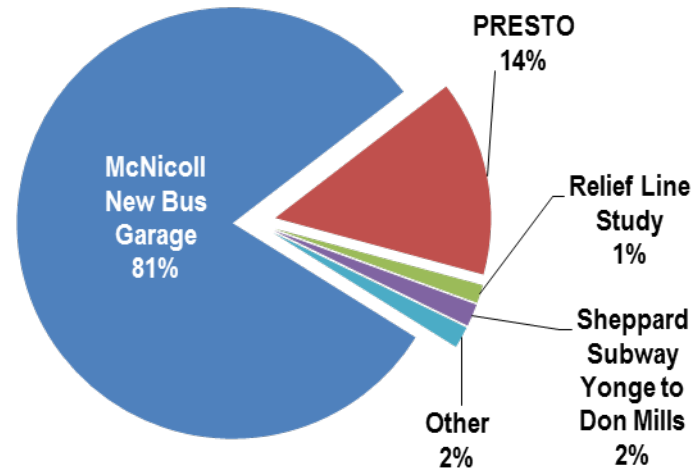
	\$	%
Yonge-Bloor Capacity Improv.	6	3%
Union Station New Platform	11	5%
Office Space Mgmt/Facil	17	8%
Trans Priorities / Serv Plan	42	21%
Purchase of 149 40ft LF Buses	117	58%
Geometric Track Inspection	4	2%
Other	6	3%
Total	202	





EXPANSION 2015-2024 (\$Millions)

	\$	%
McNicoll New Bus Garage	178	81%
PRESTO	32	14%
Relief Line Study	3	1%
Sheppard Subway Yonge to Don Mills	4	2%
Other	4	2%
Total	220	





TTC 2015 BASE CAPITAL BUDGET (\$Millions)

Vehicles:

Purchase of 82 (55 + delivery of 27 of 50) Low Floor 40' Diesel Buses	47	
Purchase of 234+126+60 Subway Cars	151	
Purchase of 204 + 60 LRV Cars	187	510
Vehicle Overhaul Programs (Bus, WT, Subway, Streetcar)	99	
Other (Non-Revenue Vehicle Purchase & Overhaul)	26	

Infrastructure Projects:

Finishes, Equip, Yards & Roads	39	
Bridges & Tunnels	53	
Leslie Barns (116), LRV CH (4), EA III (26), Facility Renewal/Other Build. Struct. (28), Fire Ventilation (29), TR Accommodation (34)	174	639
Track Programs	53	
Signals/Electrical/Communications (78), YUS/BD ATO (79)	157	
Shop/Maint. Equip/Fare Handling (26), Farecard (11), Environ (8), IT (46)	91	
Service Planning	9	
TTC REQUEST LEVEL	\$1,149	





BASE CAPITAL BUDGET - FUNDING

- Short Term
 - Fully funded for 2015
- Medium
 - \$0.6 B shortfall from 2015-2019 (\$140M in 2019)
 - Funding confirmation required before proceeding with certain projects
- Long Term
 - \$2.4 B shortfall from 2015-2024 (\$300+M each year after 2019)
 - Stable, predictable funding is a must



2015-2024 UNFUNDED PROJECTS

<u>PROJECT</u>	<u>\$ (Millions)</u>	<u>DECISION DATE</u>
372 Replacement Subway Cars	(616)	2017
201 Replacement Wheel-Trans Buses	(100)	2016
Purchase of 99 40' LF Buses Customer Service Initiative	(89)	2015
60 New LRVs for Growth	(366)	2016
Fire Ventilation Upgrade	(132)	2017
Train Door Monitoring System - T1 & TR	(51)	2015
Easier Access III	(165)	2018
Bus Heavy Rebuilt Program	(256)	2018
Capacity to Spend Opportunities	(573)	2015
Total	<u><u>(2,350)</u></u>	

** Request of \$9.3 B versus funding available of \$6.9 B = \$2.4 B shortfall*

** Additional \$17.8 M Workforce reductions (permanent & deferrals)*





Traditional Capital Funding Programs

Base Program:

- Bus Purchase - Province & Feds
- Rail Vehicles - Province & Feds
- Infrastructure - Province & Feds
 - CSIF, COIP, Building Canada Fund, Economic Stimulus
 - All coming to an end
- Capital Project Specific - Province & Feds
 - Expansion lines





Additional Considerations

- Compliance with AODA legislation by 2025 (including Easier Access, AODA communications upgrade, fleet, bus stops)
- Sufficiency of budget in later years
- Bus Life (18 to 15 years)
- Fire Ventilation Upgrades
- Various Studies underway that could lead to new projects in future – example:
 - ❖ Yonge-Bloor Capacity Improvements (Prelim. Design Study \$6M, Future needs EFC TBD)
 - ❖ Downtown Relief Line Study \$3M; Future needs TBD
 - ❖ Platform Edge Doors (PEDs) \$1M; Future needs TBD
 - ❖ Rail Yards Needs Assessment Study; Future needs TBD
 - ❖ Davisville Yard



Toronto York Spadina Subway Extension (EFC \$2.78B*)

- The Toronto-York Spadina Subway Extension project is jointly funded by the Government of Canada, the Province of Ontario, the City of Toronto and The Regional Municipality of York;
- The in service date is targeted for late 2017;
- Project “reset” underway;
- \$150 million* added to EFC;
- Report by year end on the final cost of the project, once detailed evaluation and negotiation has been undertaken on contractor claims.





Scarborough Subway Extension (\$3.6B)

- Replace aging Scarborough RT with a 7.6 km Scarborough Subway Extension;
- Scarborough Subway: 2015-2024 (\$3.290B); Post 2024 (\$13.5M); EFC (\$3.305B);
- SRT Life Extension – Facilities, Equipment & Vehicle: 2015-2024 (\$132M);
- SRT Decommissioning & Demolition: Post 2024 (\$123M);
- EA ongoing;
- Procurement decision by City expected by Q1 2016.





Federal

- 2015 Federal Budget announcement did not provide any new funding initiatives specifically for the TTC, but included:
 - A new Public Transit Fund:
 - a) program to promote public transit infrastructure investment;
 - b) \$750 million over two years starting in 2017 and 2018;
 - c) \$1 billion per year ongoing thereafter; and
 - d) Allocation based on merit to projects that will be delivered through alternative financing and funding mechanisms (AFP, P3s);
- They did reaffirm their \$660 million commitment to the Scarborough Subway Extension.



Provincial

- 2015 Provincial Budget announcement did not provide any new funding initiatives specifically for the TTC;
- Acknowledged funding for the LRVs, Presto, Scarborough Subway and Provincial Gas Tax);
- New: Trillium Trust and Move Ontario Forward will help create jobs while also investing in building bridges, transit, roads and other infrastructure initiatives across Ontario;
- Specifically, Ontario will be investing more than \$130 billion in public infrastructure over 10 years, including \$31.5 billion in dedicated funds available for public transit, transportation and other priority infrastructure projects under Moving Ontario Forward.





- Minimal changes to TTC's 2016 budget and 2017-2025 plan are expected;
- Debt targets for the years 2016-2024 are the same as those included in the approved 2015-2024 capital budget;
- For 2025, the debt target is \$252 million (an additional \$100 million from the 2024 debt target that was provided for the 2015-2024 Capital Budget);
- Need to stay within the City debt envelope approved as part of the 2015-2024 Capital Budget;
- The City has a prescribed limit for debt service charges of no more than 15% of the annual property tax assessment;
- No new projects are to be included in the first nine (9) years of the budget.
- Must refine and link operating budget impacts (\$ and workforce) to operating submissions.





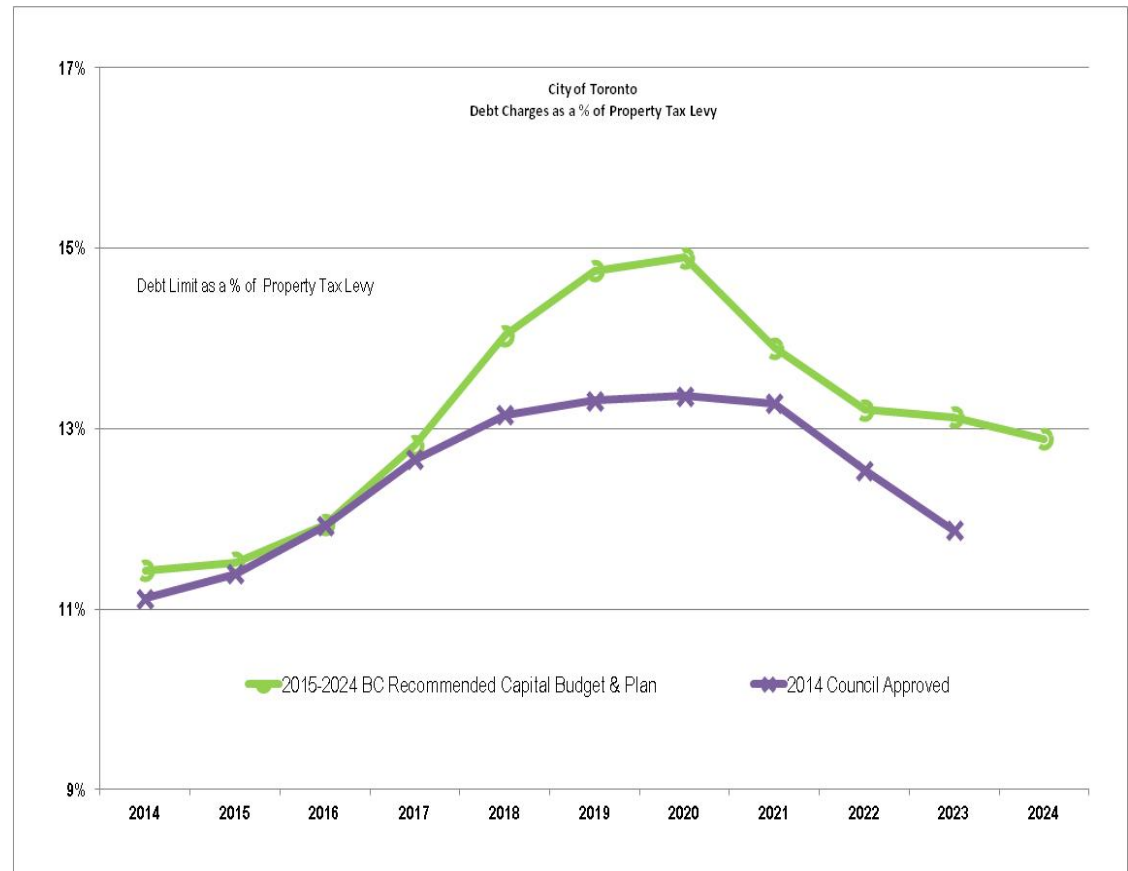
Capital Debt Targets

Debt Targets are provided to each Program by the City Manager and DCM & CFO

Significant increase in debt funding over the last 3 years to address major capital needs

Debt limit as a % of the property tax levy is near the 15% limit in 2020

Debt targets must be adhered to by year, to ensure we stay within the limit in the first 5 years of the Capital Budget and Plan

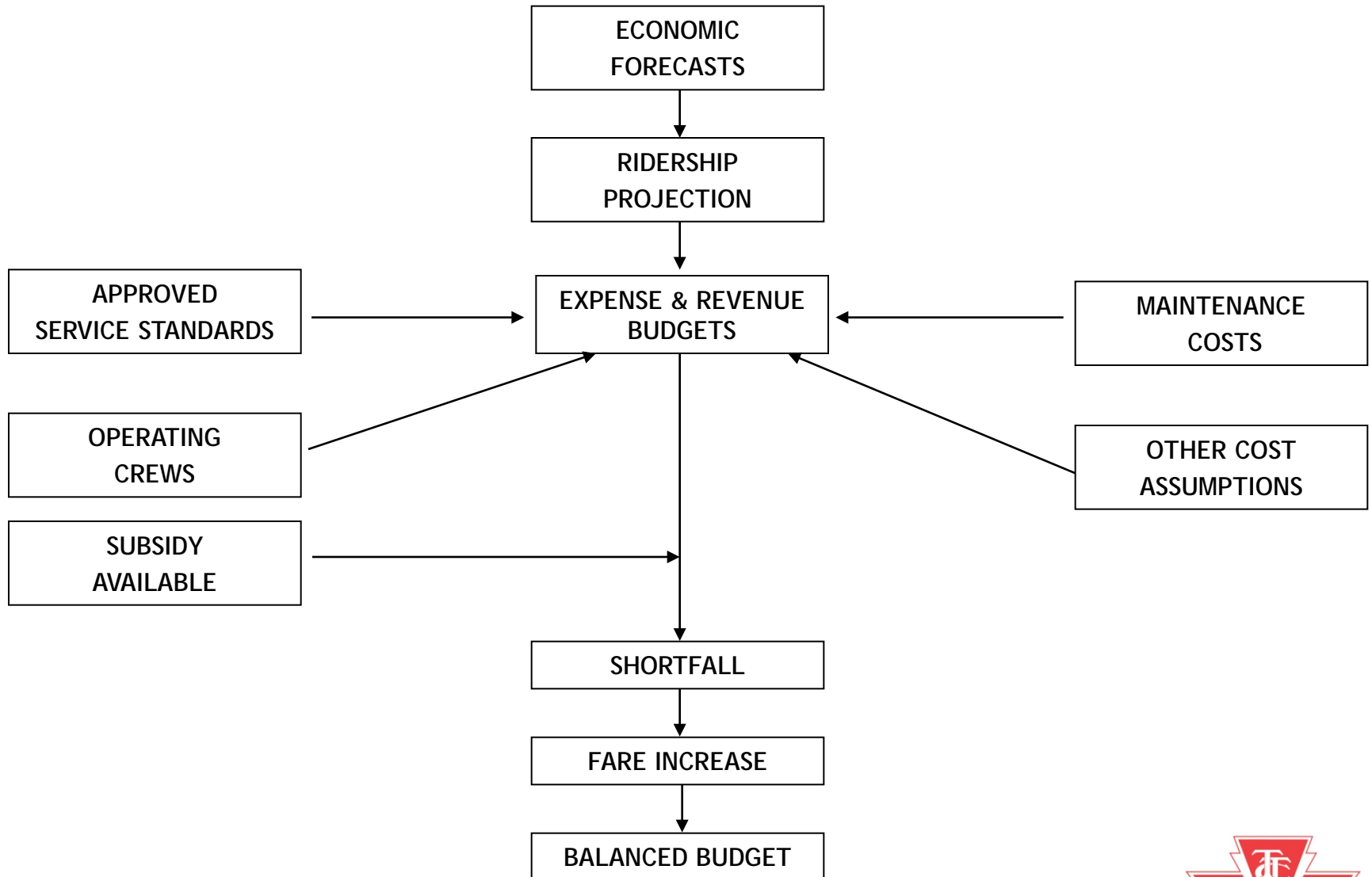




2015 OPERATING BUDGETS



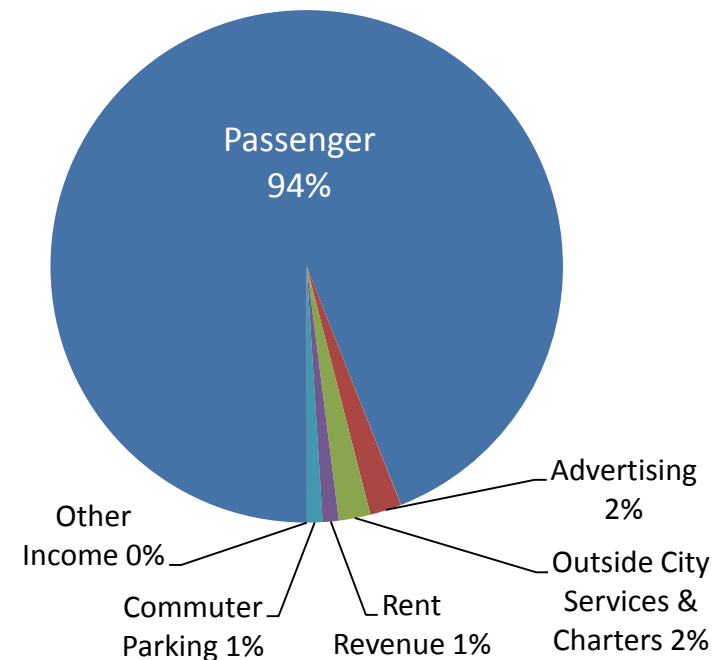
Constructing the Operating Budget





2015 BUDGET – SOURCES OF REVENUE (\$Millions)

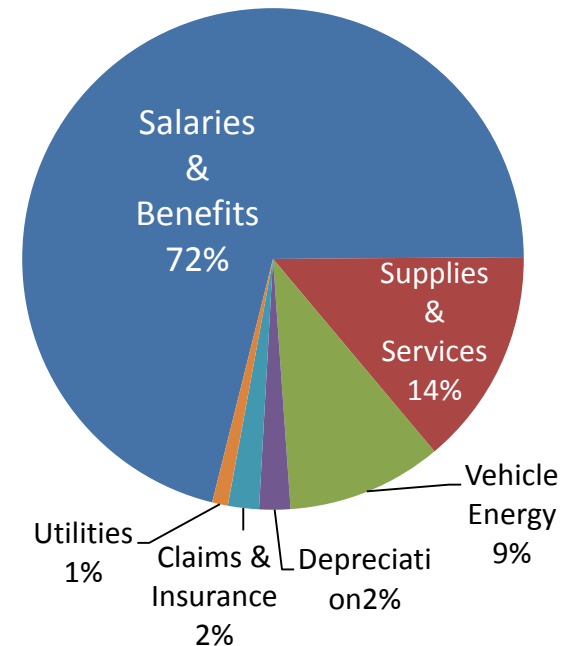
Passenger Revenue	1,140
Advertising	26
Outside City Services & Charters	18
Rent Revenue	10
Commuter Parking	10
Other Income	2
Total	1,207





2015 BUDGET – COMPONENTS OF EXPENSES (\$Millions)

Salaries & Benefits	1,210	72%
Supplies & Services	244	14%
Vehicle Energy	147	9%
Depreciation	32	2%
Claims & Insurance	31	2%
Utilities	25	1%
<i>Total</i>	1,689	





Expenditures: Efficiencies

- Diesel fuel – managed contracts
- Employee benefits contract – \$2.5M/yr
- Combined purchases with City - \$1M/yr Bell
- Cut Admin staff by 8% in 2011 - \$21.6M/yr
- Articulated buses - \$5.4M/yr – full roll-out
- End of line cleaning – efficient use of resources
- Bus Service line contracting out – saved \$2M/yr and improved cleanliness
- Collective Bargaining Agreements – \$100M cost avoidance
- Accident Claims – 80% reductions in no-fault payments
- Insurance – liability coverage increased and premiums reduced by \$0.7M for 2015-2017





HUGE PRODUCTIVITY IMPROVEMENT - 2015 VS 1992

	1992	2015	CHANGE	
			#	%
TTC OPERATING BUDGET WORKFORCE	9,442	11,691	2,249	24
SERVICE KILOMETRES (Millions)	187	239	52	28
REVENUE HOURS (Millions)	7	9	2	29
PASSENGERS (Millions)	410	545	135	33
POPULATION (Millions) *	2.3	2.8	0.5	22

Note: Population #'s used for 1992 is 1991 census data; 2015 – based on July 1, 2013 estimate (Statistics Canada)





PERFORMANCE

- Targets and performance indicators monitored in regular CEO's Report
- Benchmarks – OPTA, CUTA, APTA, NOVA
- NOVA - International urban rail properties group
 - - Imperial College of London
 - - 2012 review of TTC: one of two subways outside Asia and South America to cover operating
 - - Low operating costs by international standards
 - - Labour productivity exceptionally high
 -
- ⇒ “When compared with other metros in the world, Toronto's Subway offers excellent value for money”





Expenditures: Future Opportunities

- One-person train operation
- Additional Articulated buses
- Additional LRVs
- Shared Services
- PRESTO – Collectors, Revenue Operations
- SAP
- CBA – workplace efficiencies





Expenditures:

Future Pressures

- Leslie Barns
- TYSSE Opening
- Hybrid Buses
- Construction impacts from major City/TTC/
Metrolinx projects
 - Charged to projects
- Energy prices
- AODA
- Scarborough Subway Extension



Future Pressures

Cannot accommodate these new pressures without commensurate operating subsidy

- e.g. – When TYSSE opens, costs will exceed revenues – subsidy needed to fill the gap
- Spadina Subway and SRT received special Provincial ramp-up subsidies during initial years of operation





Subsidies

- Least-subsidized mass transit in North America
- Need long-term funding
 - Like “Users’ Fair Share” formula of the 70s & 80s



TTC BUDGETS

Subsidy/Rider Comparisons



Transit * System	OPERATING SUBSIDY (\$M)	REVENUE/ COST RATIO	REVENUE TRIPS (M)	SUBSIDY/RIDER
York Region	99	38%	23	\$4.34
Durham Region	43	33%	11	\$4.06
Los Angeles	968	27%	339	\$2.94
Brampton	54	47%	19	\$2.80
Philadelphia	557	35%	222	\$2.58
Washington, D.C.	730	51%	314	\$2.39
Mississauga	80	49%	36	\$2.23
Boston	485	44%	253	\$1.98
Edmonton	167	44%	87	\$1.92
Chicago	701	45%	377	\$1.91
Hamilton	37	48%	22	\$1.69
Ottawa	161	46%	98	\$1.65
Vancouver	376	44%	230	\$1.63
Calgary	173	52%	107	\$1.61
New York	3,545	53%	2,385	\$1.53
Montreal	505	47%	417	\$1.21
TTC	483	71%	545	\$0.89

*TTC 2015 budget, Canada 2013, US 2013 figures





Subsidy

- \$43M increase in subsidy for 2015
- 4% lower subsidy/rider than 2010 (12% lower after inflation)

	Total Operating Subsidy (\$ Millions)	Budgeted Ridership	Budgeted Subsidy/Rider
2010	430	462	93¢
2011	429	487	88¢
2012	411	503	82¢
2013	411	528	78¢
2014	440	540	81¢
2015	483	545	89¢



2015 Wheel-Trans Operating Budget

- Ridership growth @ 6%
- AODA - average unaccommodated rate for year
→ 0.9%
- Comparable cost implications as TTC
Operating Budget
- Revenue only covers about 5% of costs





City Guidelines for 2016 Operating Budgets

- Executive Committee review of service levels – June 30
- Previously projected 2016 pressures
 - TTC – approximately \$70M after City-assumed fare revenue increase of \$30M
 - Wheel-Trans – approximately \$7M
- Mayor’s 2% efficiency/productivity target
- Submission deadlines:
 - Preliminary budget due: June 15
 - Final budget due: August 28





City Budget Schedule

Budget Process Schedule

Activity	Operating / Capital Budget - Rate Supported Programs	Capital Budget - City Divisions & Agencies	Operating Budget - City Divisions & Agencies
Preliminary Budget Submission Deadline	June 15, 2015	June 15, 2015	June 15, 2015
Final Budget Submission Deadline	August 28, 2015	August 28, 2015	August 28, 2015
Standing Committee Review of Service Levels	June 15 - June 30, 2015	N/A	June 15 - June 30, 2015
Executive Director, Financial Planning Division	July 2 - 16, 2015		
Review with Programs and Agencies	September 9, 10, 11 & 14, 2015		
BC Members Informal Reviews	September 15 - October 1, 2015	September 15 - October 16, 2015	
CM/CFO Meeting with Programs	September 16 - 28, 2015	September 17 - October 20, 2015	
CM/DCM/CFO Final Meetings	October 6, 2015	October 26, 2015	
Budget Launch - Budget Committee	November 6, 2015 Includes Presentations	December 15, 2015	
Budget Briefings (Budget Committee)	November 13, 2015	January 5, 6, 8 & 11, 2016	
Public Presentations (Budget Committee)	November 13, 2015	January 12, 13 & 14, 2016	
Budget Committee Wrap-Up	N/A	January 18, 2016	
Budget Committee Final Wrap-Up	November 24, 2015 (Afternoon)	January 26, 2016	
Executive Committee	December 1, 2015	February 9, 2016 (Special Executive)	
Council	December 9 & 10, 2015	February 17 & 18, 2016 (Special Council)	



TTC Process and Schedule

- Staff are currently preparing the 2016 budgets based on CEO's direction as follows:
 - All budgets – absolute minimal workforce increases – only for service to accommodate ridership increase
 - Operating – rationalize and minimize non-labour requirements
 - Capital – few changes are anticipated
- Schedule:
 - June 29 – TTC Budget Committee Capital review
 - July tbd – TTC Budget Committee Operating review
 - TBD – preliminary submission to City
 - Factor in TTC Budget Committee members' review
 - Finalize by late August for submission to City
 - Oct 28 – formal submission to TTC Board for approval

