



STAFF REPORT ACTION REQUIRED

2016 TTC and Wheel-Trans Operating Budgets

Date:	November 9, 2015
To:	TTC Budget Committee
From:	Chief Executive Officer

Summary

Over the course of the summer, the newly-established TTC Budget Committee met on four separate occasions to review the 2016 TTC and Wheel-Trans Operating Budgets and the 2016-2025 TTC Capital Budget. At the September 15, 2015 TTC Budget Committee meeting, staff presented that the 2016 TTC operating budget pressure was in the order of \$95 million and that work was continuing to reduce and refine that figure. In addition, various possible 2016 fare increase scenarios and possible service improvement options (beyond what was approved as part of the 2015 budget approval process) were presented for discussion.

This report will show how the shortfall has been reduced from \$95 million down to \$53 million, a reduction of \$42 million.

This report will also show for each of the fare increase scenarios how much City of Toronto operating subsidy would be needed on top of the fare increase to balance the 2016 TTC operating budget. It should be noted the fare scenarios assume a January 2016 implementation date.

Recommendations

It is recommended that the Budget Committee:

- (1) Endorse the \$42 million in expenditure reductions, bringing the current 2016 TTC operating budget pressure to \$53 million as discussed in this report and the accompanying presentation;
- (2) Recommend a fare increase scenario;

- (3) Discuss and recommend any of the additional 2016 service improvement initiatives;
- (4) Approve the 2016 Wheel-Trans Operating Budget as discussed in this report and the accompanying presentation; and,
- (5) Forward this report to the Toronto Transit Commission Board for consideration at its November 23, 2015 meeting.

Issue Background

2016 TTC Operating Budget

In approving the 2015 TTC Operating Budget, the Commission and City Council adopted a \$95 million investment (on an annual basis), a fare increase and increased city operating subsidy all to enable the TTC to implement the much needed service increase in 2015 and 2016.

In preparing the 2016 TTC Operating Budget submission, TTC staff, working with the newly-established TTC Budget Committee, have established a budget designed to achieve the following objectives:

1. Complete the rollout of the service increases approved in 2015, as mentioned above;
2. Achieve the City's 2% efficiency target through: (a) locking in low diesel fuel prices saving \$14 million, (b) rebuilding ALRV streetcars rather than CLRVs reducing operating costs saving almost \$4 million, (c) freezing overtime costs despite the 2% CBA mandated wage increase starting in April 2016 and (d) implementing an across-the-board \$10 million cut in departmental non-labour costs;
3. Accommodate an expected record ridership of 555 million passenger trips, marking the 12th consecutive year of record ridership levels.
4. Recognize both the magnitude of the service increases approved in 2015 and the broader fiscal pressures facing the City.

The TTC 2016 operating budget pressure sits at approximately \$53 million, before factoring in any revenue that will result from a possible fare increase or any increase in City operating subsidy. This is down from the \$95 million figure presented to the TTC Budget Committee on September 15, 2015.

The \$95 million figure was based on the following:

Net expenditure increases	\$101 million
Less: revenue increases (before any fare increase)	(\$ 15 million)
Plus: loss of 1-time 2015 draw from Stabilization Reserve Fund	\$ 9 million
	<hr/>
Net	\$95 million

This was presented in detail to the TTC Budget Committee on September 15, 2015 in the presentation entitled “2016 TTC Operating Budgets Update.”

The \$42 million in expenditure reductions are as follows:

Leasing Requirements	(5.2)	cancelled Concord Garage acquisition
	(9.3)	deferred 250 Bus Garage until later in 2016
	<u>(0.5)</u>	other changes
	<u>(15)</u>	
Departmental Non-labour Reduction	(10)	across-the-board cut based on recent experience
Accident Claims	(3.5)	flatlined to 2015 budget
Service	(3)	refined calculation
Hydro	(2)	reduced volume
Employee Benefits	(1)	actuarial projection re: reduced WSIB long-term liability
Diesel	(1)	reflects reduced futures price for unhedged volume
Leap Year	(1)	1-time draw from TTC Stabilization Reserve
Contribution to Capital	(5)	all 50 new buses to be received in 2015, rather than phase in
Other/Rounding	<u>(0.5)</u>	
TOTAL	<u>\$42</u>	

It is important to note that the TTC has been searching and finding lasting savings for years. Some of those efficiencies to date have been:

- Diesel fuel – hedged contracts
- 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

Total: operating \$30 million+ annually
 capital \$100 million+

These efficiencies amount to about the revenue generated by a 10-cent fare increase. In other words, fares would already have risen by 10-cents had these savings not been found.

2016 Fare Scenarios

These were presented in detail to the TTC Budget Committee on September 15, 2015 in the presentation entitled “Preliminary 2016 TTC Operating Budget Fare Scenarios”, attached as Appendix A.

The table below shows the scenarios, the net 2016 revenue generated by these and the remaining City of Toronto subsidy needed to balance the 2016 TTC Operating Budget.

Fare Scenario	Revenue Generated (\$Millions)	City Subsidy Needed (\$Millions)
1. No Fare increase	0	53
2. 5¢ on all fare media; 25¢ on cash fares	24	29
3. 10¢ on all fare media; 25¢ on cash fares	36	17
4. 5¢ on all fare media-single cash fare	24-29	29-24
5. 10¢ on all fare media-single cash fare	36-41	17-12
6. 5¢ on all fare media, excl. Metropass; 25¢ on cash fares	15	38
7. 5¢ to Metropass only	10	43
8. 25¢ on cash fares only	6	47

It should be noted that the revenue generated assumes a January 2016 implementation.

2016 Additional Service

Initiative	Net Operating Cost (in \$millions)	
	2016	Annual
Bus Service Reliability	\$2.0	\$5.2
Streetcar Service Reliability	\$1.2	\$2.6
Subway Service Reliability	\$0.6	\$0.9
LINE 1: Three-Minute-or-Better Service	\$2.8	\$7.1
Earlier Sunday Transit Service	\$0.6	\$1.4
New and Enhanced Express Bus Service	\$1.6	\$4.5
New Streetcar Service on Cherry Street	\$0.8	\$2.1
Total	\$9.6	\$23.8

These were also presented to the September 15 TTC Budget Committee meeting in the presentation entitled “Proposed Service Improvements for the 2016 Operating Budget,” attached as Appendix B. It should be noted that no funding source for these items has been identified.

Post-2016

Looking forward past 2016, there are a number of items which will affect future budgets in a significant way. They include:

- The full rollout of PRESTO which will revolutionize how the TTC interacts with its customers each and every time somebody enters the system or boards a vehicle and pays a fare. It will also mark the coincidental payment of the 5.25% PRESTO fee system-wide; a figure that will approach \$55 million annually. This will be partially offset by reductions in the current fare media sales and revenue processing system. While the fees commenced in 2015, the transition from the old to the new system will take place throughout 2017.
- The completion of the TYSSE project and commencement of revenue service in 2018. This will result in a world class subway extension, but come at the cost of an annual increase of \$30 million or so in operating expenses.
- The planned implementation of one-person train operation (OPO) on the subway system similar to the one-person operation utilized on the Scarborough RT and in most other subway systems around the world. This will dramatically reduce operating costs for the subway while maintaining passenger safety.
- The continued rollout of the subway station management plan accompanying the implementation of both PRESTO and OPO
- The completion of the automatic train signal system on Line 1 followed by Line 2.

- The completion of the new low floor streetcar order to transform the streetcar fleet to the most modern, efficient and accessible streetcar fleet in the world.
- The implementation of CAD/AVL to modernize how the TTC manages both the bus and streetcar system.
- The continued rollout of bus reliability centered maintenance and the long-term warehousing needs strategy currently under development.
- The implementation of SAP to modernize TTC back office functions to reduce costs and better manage the organization.

All of these actions will result in a more comfortable, modern, reliable, efficient and leaner world class transit system for all residents of the City of Toronto to be proud of.

2016 Wheel-Trans Operating Budget

The 2016 Wheel-Trans Operating Budget has a need for an additional \$8 million in funding to cover off inflationary increases, to accommodate double digit growth in ridership demand and to satisfy AODA requirements. It is worth noting that Wheel-Trans covers about 5% of its operating costs through fares collected (Wheel-Trans riders pay the same fares as all other TTC riders), while the conventional system covers about 70% of its expenses. Consequently, a fare increase has a much larger impact on the conventional system's budget than it does for Wheel-Trans. The details of this budget have been presented to the TTC Budget Committee over the course of the summer.

Contact

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Attachments: Presentation – 2016 TTC and Wheel-Trans Operating Budgets

Appendix A – Preliminary 2016 TTC Operating Budget Fare Scenarios

Appendix B – Proposed Service Improvements for the 2016 Operating Budget



2016 TTC AND WHEEL-TRANS OPERATING BUDGETS

November 9, 2015



2016 TTC AND WHEEL-TRANS OPERATING BUDGETS



2016 TTC OPERATING BUDGET (as at Sept.15/15) (Millions)

	2015 BUDGET	PRELIMINARY 2016 BUDGET	CHANGE
Rides	545	555	10
Revenues - Passenger*	\$1,140	\$1,155	\$15
- Other	67	67	-
Total Revenues	\$1,207	\$1,222	\$15
Expenses	\$1,690	\$1,791	\$101
Total Subsidy Required	\$483	\$569	\$86
Total Subsidy Available	\$474	\$474	-
Draw from TTC Stabilization Reserve	\$9	-	(\$9)
Shortfall	-	\$95	\$95

*Based on current fare structure



2016 TTC AND WHEEL-TRANS OPERATING BUDGETS



SHORTFALL REDUCTION: \$42M (from \$95M to \$53M)

- Leasing Requirements \$15M
- Departmental Non-Labour Reduction 10M
- Contribution to Capital (re: 50 new buses) 5M
- Accident Claims 4M
- Service (refined budget) 3M
- Hydro 2M
- Employee Benefits 1M
- Diesel 1M
- Leap Year (funded from TTC Stabilization Reserve) 1M

TOTAL

\$42M



2016 TTC AND WHEEL-TRANS OPERATING BUDGETS



2016 TTC OPERATING BUDGET (as at Nov.9/15) (Millions)

	2015 BUDGET	2016 BUDGET	CHANGE
Rides	545	555	10
Revenues - Passenger*	\$1,140	\$1,155	\$15
- Other	67	67	-
Total Revenues	\$1,207	\$1,222	\$15
Expenses	\$1,690	\$1,750	\$60
Total Subsidy Required	\$483	\$528	\$45
Total Subsidy Available	\$474	\$474	-
Draw from TTC Stabilization Reserve	\$9	\$1	(\$8)
Shortfall	-	\$53	\$53

*Based on current fare structure



2016 TTC AND WHEEL-TRANS OPERATING BUDGETS



ANNUAL RIDES (M)	2015 BUDGET	2015 PROBABLE	2016 FORECAST
Base	535	545	540
Major Factors:			
Economic Growth	+ 7	-1	+ 8
Service Enhancements	+ 2	0	+ 5
Fare Increase	-2	-1	0
Metropass Trip Rate	+ 3	0	0
Calendarization / Leap Year	-1	0	+ 1
Other*	<u>+ 1</u>	<u>-3</u>	<u>+ 1</u>
Sub-Total	<u>+ 10</u>	<u>-5</u>	<u>+ 15</u>
Total	545	540	555

*Other: weather, planned subway closures, bus spares ratio, etc.

2016 TTC AND WHEEL-TRANS OPERATING BUDGETS



2015 projected year-end ridership is 537M; 8M under the 545M budget
Shortfall is mainly due to:

- Severe winter weather in January 2015
- Impact of March/15 fare increase, particularly re: Metropass sales trends
- Ongoing impact of planned subway closures
- Possible lag effect in achieving expected ridership from Q4/15 service enhancements

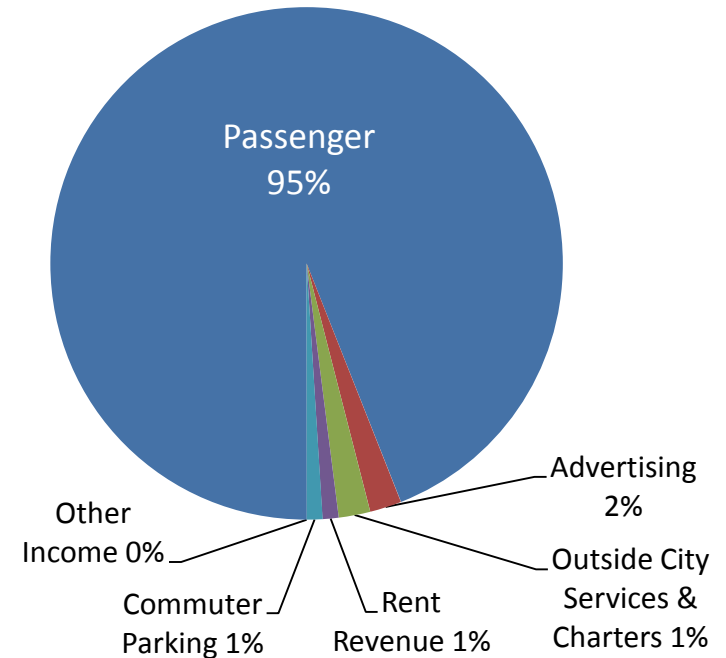
2016 ridership forecast of 555M is a stretch target which may be negatively impacted by several factors:

- Further decreases in 2015 projected year-end ridership
- Latest economic forecast for Toronto CMA indicates a slight downgrade in employment and GDP growth
- Possible lag effect in achieving expected ridership from 2015 service enhancements
- Ongoing impact of planned subway closures
- Continued volatility in Metropass sales trends
- Transition from legacy fare media to PRESTO Farecard



2016 BUDGET – SOURCES OF REVENUE (\$Millions)

Passenger	1,155	95%
Advertising	28	2%
Outside City Services & Charters	17	1%
Rent Revenue	11	1%
Commuter Parking	9	1%
Other Income	2	0%
Total	1,222	





REVENUE CHANGES: +\$15M

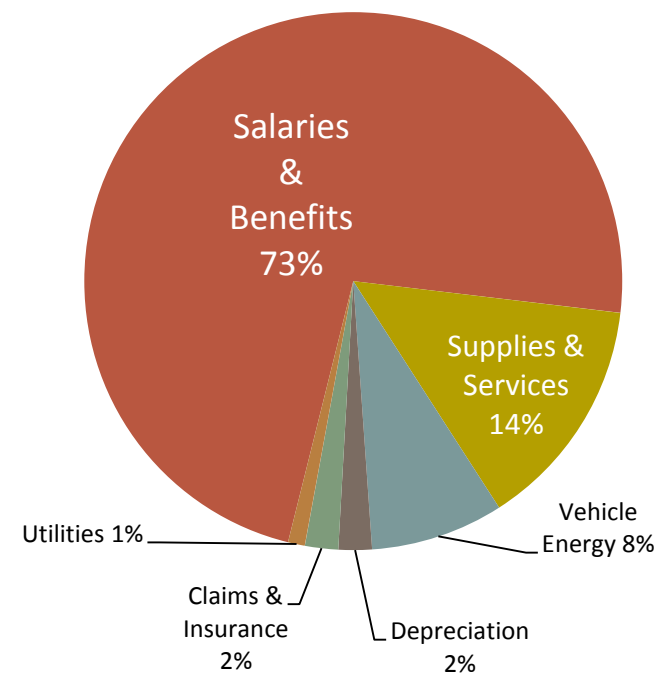
- Passenger Revenues* \$15M
- Advertising 2M
- Outside City Services (1M)
- Commuter Parking (1M)

*Based on (1) existing fare structure and (2) 2015 projection of 540M rides.



COMPONENTS OF EXPENSES (\$Millions)

Salaries & Benefits	1,273	73%
Supplies & Services	245	14%
Vehicle Energy	141	8%
Depreciation	34	2%
Claims & Insurance	31	2%
Utilities	26	1%
<i>Total</i>	1,750	



2016 TTC AND WHEEL-TRANS OPERATING BUDGETS



EXPENDITURE CHANGES: +\$60M

Annualization of Prior Year Actions/Decisions:

• Service – maintain existing, annualize current, growth to 555M	\$43M
• Collective Bargaining Agreement (CBA)	10M
• Reliability Centered Maintenance	8M
• Annualization of 2015 workforce changes	4M
• Leasing Requirements	3M
• POP Fare Inspectors – Deferred from 2015	<u>2M</u>
Total Annualization of Prior Year Actions/Decisions	<u>70M</u>

Inflationary Increases:

• Employee Benefits	7M
• Traction Power & Utilities (Hydro and Water)	5M
• Material Price Inflation	<u>3M</u>
Total Inflationary Increases	<u>15M</u>

Sub-total 85M

• PRESTO Commissions & Attendants	5M
• Contribution to Capital	(14M)
• Diesel Hedging	(14M)
• Departmental Non-Labour Reduction	(10M)
• Other (vehicle requirements, Leap Year, depreciation, stop pole replacements)	<u>8M</u>

TOTAL

\$60M





Expenditures: Efficiencies to date

- Diesel fuel – hedged contracts
- 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



2% Efficiency Target: (\$9.5M)

- Diesel hedging - \$14M reduction from 2015 Budget
- Departmental Non-Labour reduction of \$10M
- Overtime budget flatlined for second consecutive year despite annual contractual general wage increases in accordance with the collective bargaining agreements
- Rollout of LRVs



Future Issues: Efficiency Opportunities

- PRESTO fee offsets: Handling/Collecting of legacy fare media
- One Person Train Operation (2016 pilot)
- Low-Floor Light Rail Vehicles (current to 2019)
- Automatic Train Control (Line 1 then Line 2)
- Computer Aided Dispatch/Automatic Vehicle Location (2020)
- SAP (2019)
- Future articulated bus purchases (under review)
- Reliability Centered Maintenance – cost savings in the long run
- Warehousing



Future Issues: Additional Costs

- TYSSE first year of operation (2018)
 - Full implementation of PRESTO and related PRESTO fees (2017)
 - Construction impacts from major City/TTC/Metrolinx projects (ongoing)
 - Energy prices (ongoing)
 - Bus Facility Constraints (current)
 - Transit Fare Equity Policy (to Council in 2015)
 - CBA negotiations (2018)
 - Service Initiatives not included in base budget (2016 and ongoing)
 - AODA (2017)
- Projected 2017 Expenditure increases: +\$165M
- Projected 2018 Expenditure increases: +\$70M

2016 TTC AND WHEEL-TRANS OPERATING BUDGETS



TTC OPERATING WORKFORCE CHANGES @ Dec. 31, 2016:

Service Related:

• 50 New Buses (Express Routes and Peak Period Overcrowding)	21
• Ridership Growth to 555M & Maintain Existing Service Levels	123
• POP Fare Inspectors – Deferred from 2015	20
• Leslie Barns	<u>4</u>
	<u>168</u>

Other:

• New LRVs	(13)
• Streetcar Reliability	(37)
• Track Safety Initiative	20
• Safe Service Action Plan	11
• Other	<u>4</u>
	<u>(15)</u>

Sub-total 153

• PRESTO Attendants	11
• 3 RD Party Recovery (net)	<u>(1)</u>

TOTAL OPERATING WORKFORCE INCREASE* 163

*Excludes 2016 Service Initiatives



2016 WHEEL-TRANS OPERATING BUDGET (as at Sept.15/15) (Millions)

	2015 BUDGET	PRELIMINARY 2016 BUDGET	CHANGE
Rides	3.2	3.7	0.5
Revenues*	\$6.2	\$6.9	\$0.7
Expenses	\$115.3	\$124.7	\$9.4
Total Subsidy Required	\$109.1	\$117.8	\$8.7
Total Subsidy Available	\$108.8	\$108.8	-
Draw from TTC Stabilization Reserve	\$0.3	-	(\$0.3)
Shortfall	-	\$9.0	\$9.0

* Based on current fare structure

2016 TTC AND WHEEL-TRANS OPERATING BUDGETS



SHORTFALL REDUCTION: \$1M (from \$9M to \$8M)

• Taxi fee decrease	\$0.3M
• Employee Benefits	<u>0.7M</u>
TOTAL	<u>\$1M</u>



2016 WHEEL-TRANS OPERATING BUDGET (as at Nov.9/15) (Millions)

	2015 BUDGET	2016 BUDGET	CHANGE
Rides	3.2	3.7	0.5
Revenues*	\$6.2	\$6.9	\$0.7
Expenses	\$115.3	\$123.7	\$8.4
Total Subsidy Required	\$109.1	\$116.8	\$7.7
Total Subsidy Available	\$108.8	\$108.8	-
Draw from TTC Stabilization Reserve	\$0.3	-	(\$0.3)
Shortfall	-	\$8.0	\$8.0

* Based on current fare structure



Wheel-Trans Operating Budget

- Ridership growth @ 13.7% - almost twice the growth rate of prior years
- AODA: 0.5% average unaccommodated rate
- Comparable cost implications as TTC Operating Budget
- Revenue only covers about 5% of costs



WHEEL-TRANS EXPENDITURE CHANGES: +\$8.4M

• Service to accommodate 3.7M rides	\$7.8M
• AODA Mandated Eligibility	0.9M
• CBA	0.6M
• Diesel	(0.8M)
• Other	<u>(0.1M)</u>
	<u>\$8.4M</u>



WHEEL-TRANS OPERATING WORKFORCE CHANGES @ Dec. 31, 2016:

Service Related:

• Reservationists	<u>3</u>
<u>TOTAL OPERATING WORKFORCE INCREASE</u>	<u>3</u>



RECOMMENDATIONS

- Approve the 2016 TTC Operating Budget
- Approve the 2016 Wheel-Trans Operating Budget
- Forward the 2016 TTC and Wheel-Trans Operating Budgets to the Board for approval



PRELIMINARY 2016 TTC OPERATING BUDGET:
POSSIBLE FARE SCENARIOS

September 15, 2015





Approved motions from July 30 2015 Budget Committee:

1. That staff provide an information report at the next Budget Committee meeting with a summary of fare scenarios that includes, but is not limited to:
 - an increase to cash fares only
 - an increase to metropass
 - freezing the cost of a metropass
 - freezing the cost of all fare media
 - a fare increase spread across all fare media; and
2. Include in the report the impact of various fare scenarios on ridership and revenue, and PRESTO implementation; and
3. The impact of PRESTO on the TTC Metropass.
4. That staff report back to the next budget meeting with a list of additional service enhancements to be considered by the Board for the 2016 budget.



FARE ISSUES



- Requirement for additional revenue to cover inflationary cost increases and added service
- Fare scenarios
- Cash fares unchanged since 2010
- Transition to PRESTO system-wide in 2017





FARE SCENARIOS

1. No fare increase
2. 5¢ on all fare media; 25¢ on cash fares
3. 10¢ on all fare media; 25¢ on cash fares
4. 5¢ on all fare media—single cash fare
5. 10¢ on all fare media—single cash fare
6. 5¢ on all fare media, excl. Metropass; 25¢ on cash fares
7. 5¢ on Metropass only
8. 25¢ on cash fares only



CPI – TORONTO CMA



YEAR	CPI ANNUAL	CPI COMPOUNDED
2010	2.5%	N/A
2011	3.0%	5.6%
2012	1.5%	7.2%
2013	1.2%	8.4%
2014	2.5%	11.1%
2015F	1.2%	12.5%
2016F	2.2%	15.0%

Data source is Conference Board of Canada – Metropolitan Outlook



SCENARIO 1: NO FARE INCREASE



- Doesn't provide for inflationary cost increase
- Would need to be covered by additional City subsidy



SCENARIOS 2/3/4/5: INVOLVE CASH FARE CHANGES



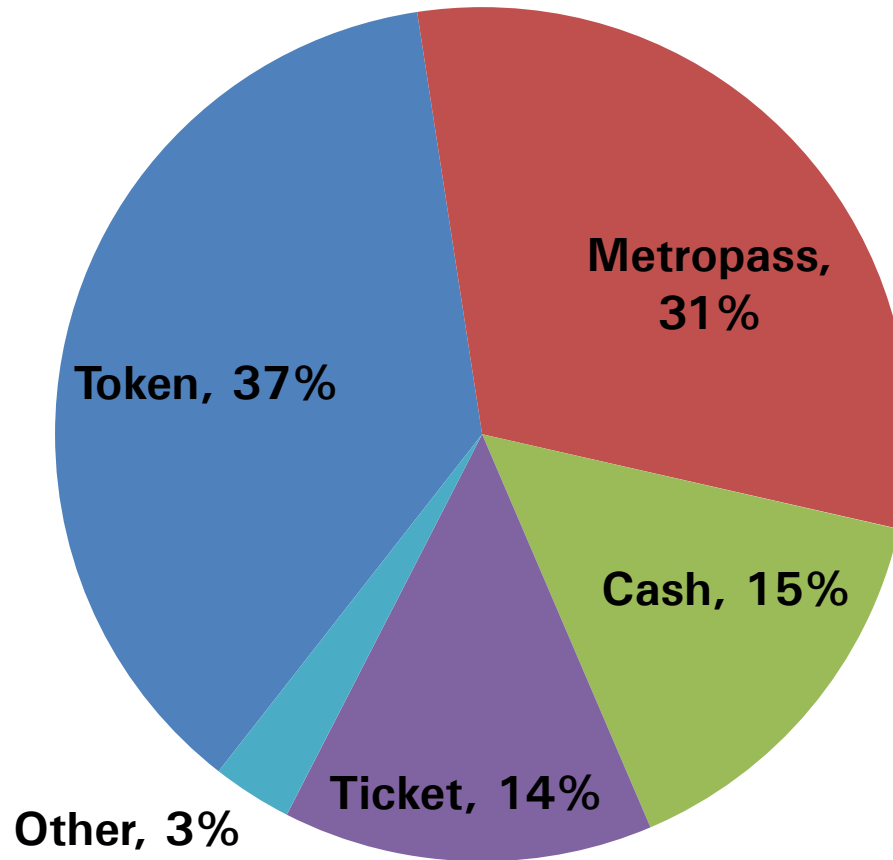
- TTC Customer Satisfaction Survey (CSS) data indicate customers with lower income levels are more likely to use tokens or Metropasses vs. cash
- This customer group is not disproportionately impacted by cash fare changes
- Visitors/Tourists are not included in CSS but it is assumed that they are above-average users of tokens and cash



CASH FARE CHANGES



Profile of fare media usage by lower-income (< \$45K) TTC customers:



SCENARIOS 2 & 3: INCLUDE "STANDARD" CASH FARE CHANGES



- **Cash fares last raised in 2010:**
 - Adult: \$2.75 to 3.00 (+ 8.3%)
 - Senior/Student: \$1.85 to \$2.00 (+ 12.5%)
- Compounded Toronto CPI from 2010 to 2016 = + 15%
- **Premium for single Adult ride has eroded since 2010:**
 - 2010: Adult Cash \$3.00, Token \$2.50; premium = 20%
 - 2015: Adult Cash \$3.00, Token \$2.80; premium = 7%
- A smaller premium encourages growth in cash usage
- Adult cash fare held at \$3.00 for convenience (toonie & loonie)



SCENARIO 2: 5¢ ON ALL FARE MEDIA; 25¢ ON CASH FARES



- **Weighted average % increase: 2.6%**
 - Non-cash fare media: 1.8%
 - Adult cash fare: 8.3%*
- Metropass - 5¢ pro-rata increase,
no change to trip multiple
- **Revenue generated: \$24 million**
- **Ridership lost: 2 million**

*8.3% for Adult; 12.5% for Senior/Student
First increase since 2010 and less than CPI over that time



SCENARIO 3: 10¢ ON ALL FARE MEDIA; 25¢ ON CASH FARES



- **Weighted average % increase: 4.2%**
 - Non-cash fare media: 3.6%
 - Adult cash fare: 8.3%*
- Metropass - 10¢ pro-rata increase,
no change to trip multiple
- **Revenue generated: \$36 million**
- **Ridership lost: 3 million**

*8.3% for Adult; 12.5% for Senior/Student
First increase since 2010 and less than CPI over that time





These scenarios involve creating a single cash fare

- i.e., Adult and Senior/Student both at \$3.25

Why go to a single cash fare in 2016?

- Ensures consistency with regional fare policy
 - Other GTHA transit agencies have aligned their Adult cash fare with at least one other customer group
- Consistent with PRESTO migration strategy
- Simplifies fare structure



SCENARIOS 4/5: SINGLE CASH FARE



Cash Fares – GTHA Transit Agencies:

AGENCY	ADULT	STUDENT	CHILD	SENIOR
York Region	\$4.00			
Burlington	\$3.50			
Oakville	\$3.50			
Mississauga	\$3.50			
Milton	\$3.25			
Hamilton	\$2.75			
Brampton	\$3.75			\$1.00
Durham	\$3.50		\$2.25	
TTC	\$3.00	\$2.00	Free	\$2.00





Adult cash fare from \$3.00 to \$3.25 (+ 8.3%):

- Past practice has been to increase cash fares in 25¢ increments
- Results in a fare revenue gain after some ridership loss and switching to other fare media



SCENARIO 4: 5¢ ON ALL FARE MEDIA; SINGLE CASH FARE



- **Weighted average % increase: 3.6%**
 - Non-cash fare media: 1.8%
 - Cash fares: 8.3%*
- Metropass - 5¢ pro-rata increase,
no change to trip multiple
- **Revenue generated: \$24 to \$29 million**
- **Ridership lost: 3 to 4 million**

*From \$3.00 current Adult cash fare



SCENARIO 5: 10¢ ON ALL FARE MEDIA; SINGLE CASH FARE



- **Weighted average % increase: 5.2%**
 - Non-cash fare media: 3.6%
 - Cash fares: 8.3%*
- Metropass - 10¢ pro-rata increase,
no change to trip multiple
- **Revenue generated: \$36 to \$41 million**
- **Ridership lost: 4 to 5 million**

*From \$3.00 current Adult cash fare





- **These scenarios involve applying fare increases to some but not all fare media:**
 - Scenario 6: increase all fare media except outright freeze of Metropass price
 - Scenario 7: increase Metropass only
 - Scenario 8: increase cash fares only
- **Partial fare increases not recommended:**
 - Work against objective to maximize revenue from a fare increase
 - Negative customer perception – increases for certain segments only



SCENARIO 6: INCREASE METROPASSES ONLY



- In addition to pro-rata fare increases, the price of one additional ride was added to the Adult Metropass in each of the last two fare increases to reflect increasing pass usage.
- Adult Metropass sales growth has slowed over the past two years.
- For 2016, not recommending to apply a trip adjustment – apply pro-rata increase only



2016 FARE SCENARIOS – SUMMARY

RIDERSHIP / REVENUE EFFECTS



FARE SCENARIO ¹		2016 RIDES (M)	2016 REV (\$M)
1. No fare increase	Base:	555	\$1,155
2. 5¢ on all fare media; 25¢ on cash fares		-2	+ \$24
3. 10¢ on all fare media; 25¢ on cash fares		-3	+ \$36
4. 5¢ on all fare media–single cash fare ³		-3 to -4	+ \$24 to + \$29
5. 10¢ on all fare media–single cash fare ³		-4 to -5	+ \$36 to + \$41
6. \$0.05 on all fare media, excl. Metropass; 25¢ on cash fares		-2	+ \$15
7. 5¢ to Metropass only ²		0	+ \$10
8. 25¢ on cash fares only		-2	+ \$6

¹All options assume fare increase is effective January 1 2016

²Excludes estimated ridership/revenue impacts re: switching to lower-priced fare media

³Involves creating a single cash fare of \$3.25 for Adult and Senior/Student categories



CURRENT FARES – TTC VS. GTHA



Group	Fare Media	TTC	Brampton	Burl	Durham	Hamilton	Milton	Miss	Oakville	York
Adult	Cash	\$3.00	\$3.75	\$3.50	\$3.50	\$2.75	\$3.25	\$3.50	\$3.50	\$4.00
	PRESTO E-Purse	\$2.80	\$2.80	\$2.70	\$3.00	\$2.15	\$2.60	\$2.90	\$2.80	\$3.40
	Weekly Pass	\$40.75	\$31.00	—	—	—	—	—	—	—
	Monthly pass	\$141.50	\$118.00	\$97.00	\$112.00	\$94.60	\$70.00	\$125.00	\$110.00	\$136.00
Post-Sec.	PRESTO E-Purse	—	—	—	—	—	—	\$2.65	—	—
	Monthly Pass	\$112.00	—	—	—	—	—	—	—	—
	Semester U-Pass	—	—	—	\$103.00	—	—	—	—	—
	Annual U-Pass	—	—	—	—	\$138.50	—	—	—	—
Student	Cash	\$2.00	\$3.75	\$3.50	\$3.50	\$2.75	\$3.25	\$3.50	\$3.50	\$4.00
	PRESTO E-Purse	\$1.95	\$2.50	\$1.85	\$2.70	\$1.80	\$1.90	\$2.25	\$2.20	\$2.60
	Weekly Pass	\$33.00	\$27.00	—	—	—	—	—	—	—
	Monthly Pass	\$112.00	\$105.00	\$71.00	\$91.00	\$79.20	\$50.00	—	\$70.00	\$102.00
Senior	Cash	\$2.00	\$1.00	\$3.50	\$2.25	\$2.75	\$3.25	\$3.50	\$3.50	\$4.00
	PRESTO E-Purse	\$1.95	\$1.00	\$1.85	\$2.00	\$1.80	\$1.90	\$1.90	\$1.80	\$2.10
	Weekly Pass	\$33.00	\$15.00	—	—	—	—	—	—	—
	Monthly Pass	\$112.00	\$50.00	\$59.25	\$45.00	\$23.50	\$50.00	\$57.00	\$50.00	\$57.00
Child	Cash	\$0.00	\$3.75	\$3.50	\$2.25	\$2.75	\$3.25	\$3.50	\$3.50	\$4.00
	PRESTO E-Purse	\$0.00	\$2.50	\$1.85	\$2.70	\$1.80	\$1.90	\$2.25	\$2.20	\$2.60
Other	Day Pass	\$11.50	—	—	—	\$12.90	\$7.50	—	—	—
	GTA Weekly Pass	\$61.00	\$61.00	—	—	—	—	\$61.00	—	\$61.00



TTC ANNUAL RIDERSHIP BY FARE MEDIA (AS AT AUGUST 1 2015)

Group	Fare Media	000's	%
Adult	Cash	49,151	9.2%
	Token	111,167	20.8%
	PRESTO E-Purse	10,783	2.0%
	Weekly Pass	9,140	1.7%
	Metropass	210,337	39.3%
Post-Sec	Metropass	46,467	8.7%
Sr/Stud	Cash	12,196	2.3%
	Ticket	32,721	6.1%
	PRESTO E-Purse	161	0.0%
	Weekly Pass	526	0.1%
	Metropass	24,324	4.5%
Child	Free	11,632	2.2%
Other	Day Pass	9,217	1.7%
	GTA Weekly Pass	6,074	1.1%
	Downtown Express	484	0.1%
	Blind/War Amps	1,098	0.2%
System Total		535,478	100%





TORONTO TRANSIT COMMISSION



Proposed Service Improvements

for the 2016 Operating Budget (\$12M/\$33M)





- objective, transparent, quantifiable, reproducible
- grounded in business logic, principles & applied consistently, equitably

Service Standards, Decision Rules, Processes

- coverage and access
- accessibility
- maximum wait times
- on-board crowding standards
- effects on customers (benefits and inconveniences)
- productivity
- minimum ROI – new services





On-board crowding standards used to:

- identify overcrowding on routes:
 - increase service
- identify surplus capacity on routes:
 - service reduction when required





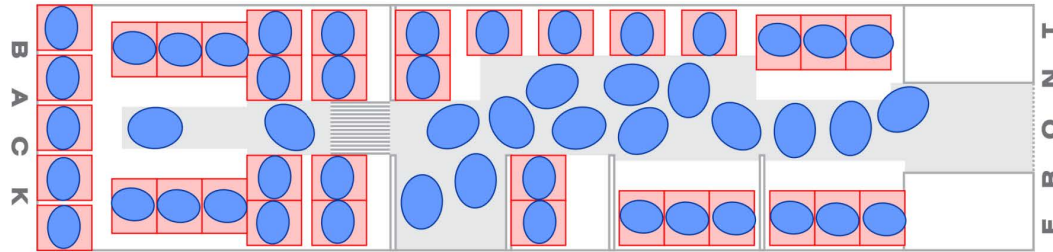
On-board crowding standards:

- “tolerable” crowding / comfort
- move to, from doors
- accommodate surge loading

<u>Vehicle</u>	<u>Peak Crowding Standard</u>
bus	50 to 53
articulated bus	77
streetcar	74
articulated streetcar	108
low-floor streetcar	130

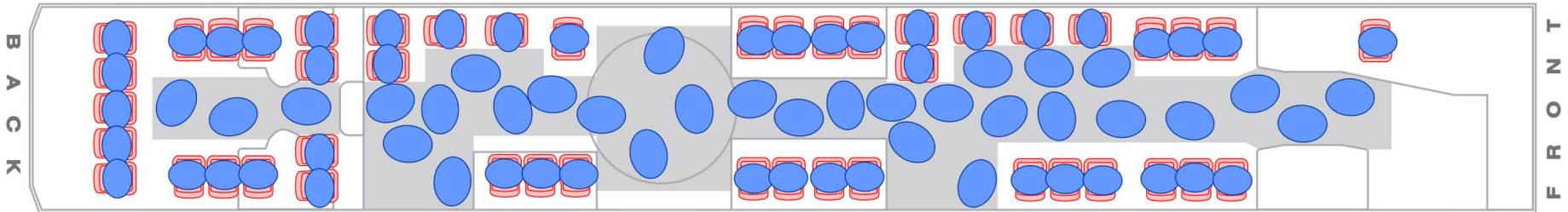


Regular 12 metre Bus



Typical Crowding During Peak Periods
51 People

Articulated 18 metre Bus



Typical Crowding During Peak Periods
77 People

Service Standards



- prevent overcrowding
- prevent customer discomfort, dissatisfaction





2016 Service / Operating Budget





based on known and projected factors:

- counts of current ridership and projections of future ridership growth
- changes in “cost of doing business”:
 - traffic congestion
 - fleet mix and capacity - new vehicle designs
 - capital works projects: road, track construction
 - operational changes (e.g. new bus garage)





based on known and projected factors:

- planned route and service changes
- new policy initiatives: e.g. 2015 Service Initiatives “Opportunities”
- special events: e.g. 2015 Pan Am & Parapan Am Games
- contract services: e.g. York Region
- calendar: more / fewer weekdays





seasonal adjustments:

- college, university closures: mid-May to Labour Day
- vacations, school closures: mid-June to Labour Day
- Christmas / New Year break: schools closed, vacations
- summer waterfront activities: mid-May to Labour Day
- shopping peaks: mid-November to New Year's
- New Year's Eve: additional service to 4 AM

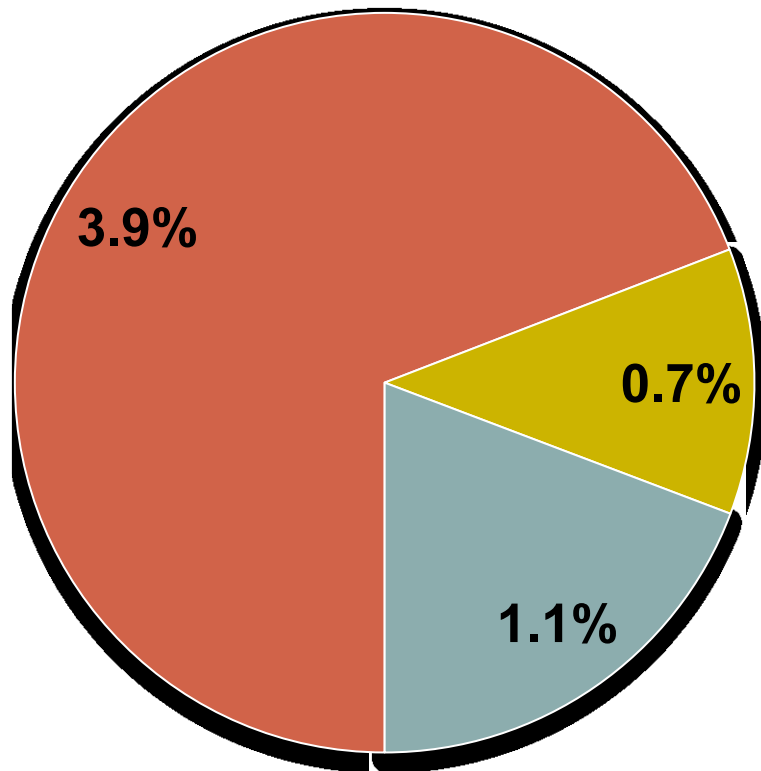


2016 Service Budget



2016 Service Budget (Service Hours)

- Base Budget: 4.6% increase over 2015, excluding TTC capital construction



- 2015 Service Initiatives "Opportunities"
- 2016 Normal Service Requirements
- 2016 New Service Initiatives





Carry-forward of 2015 Normal Service Requirements:

- (-41,000) hours savings – reversal of service adds for Pan Am Games
- 34,000 hours – unbudgeted 2015 changes (service reliability, late delivery of streetcars)

Carry-forward of 2015 Service Initiatives “Opportunities”:

- 276,000 hours – annualized effect of 2015 service changes (Opportunities)
- pending 54,000 hours – new & enhanced express routes (50 buses)
- pending 23,000 hours – reduce peak crowding (50 buses)





2016 Normal Service Requirements:

- 59,000 hours – additional service to carry ridership of 555 million trips
- (-8,000) hours savings – introduction of new low-floor streetcars
- (-8,000) hours savings – reduced contract service in York Region
- 46,000 hours – City construction
- 75,000 hours – TTC capital construction (excluded from 4.6% increase)





Carry-Forward of 2015 Service Initiatives

Council's \$95 Million Investment in Better Service



Children Aged 12 & Under Ride Free

Operating Cost

2015: \$5.4 million

Annual: \$7.1 million



11 million
annual customers

- make public transit more affordable for families
- children riders become adult riders

All-Door Boarding & Proof-of-Payment

Operating Cost

2015: \$2.7 million

Annual: \$5.6 million



Proof-of-Payment



Proof-of-Payment (POP) is required at all times.

Penalty for misuse - fine or criminal charges

92 million
annual customers

- speed-up time to serve stops: decreases travel times

Subway Service Resiliency

Operating Cost

2015: \$1.0 million

Annual: \$1.5 million



170 million
annual customers

- running time adjustments, improved route management:
 - peak periods, Lines 1, 2 improve reliability, reduce delays

Subway Service Reliability

Operating Cost

2015: \$2.8 million

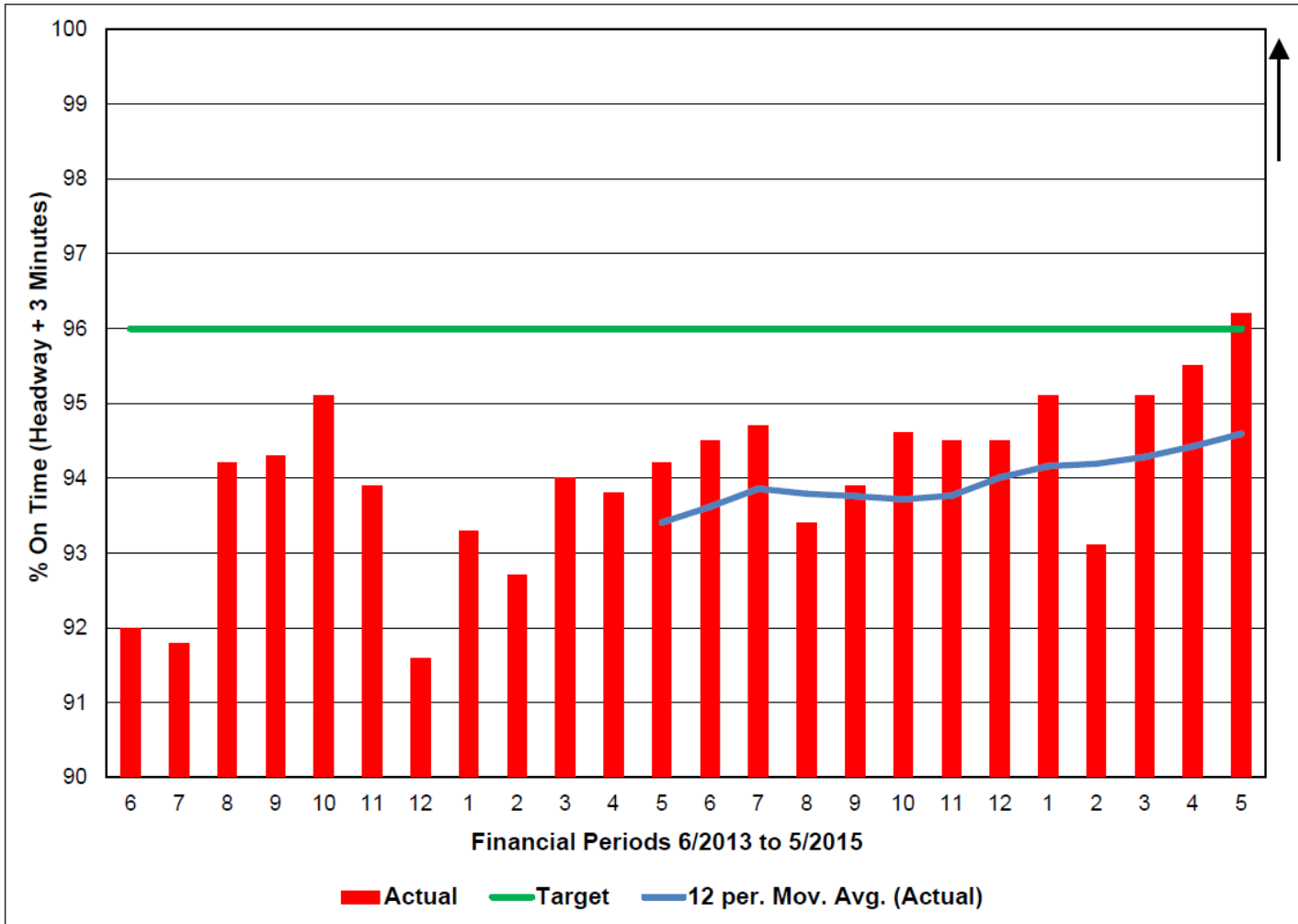
Annual: \$2.8 million



- improve reliability of signals, track, communication systems:
 - reduce delays on subway



Punctuality: LINE 1, Yonge-University Subway



Bus, Streetcar Service Reliability

Operating Cost

2015: \$0.9 million

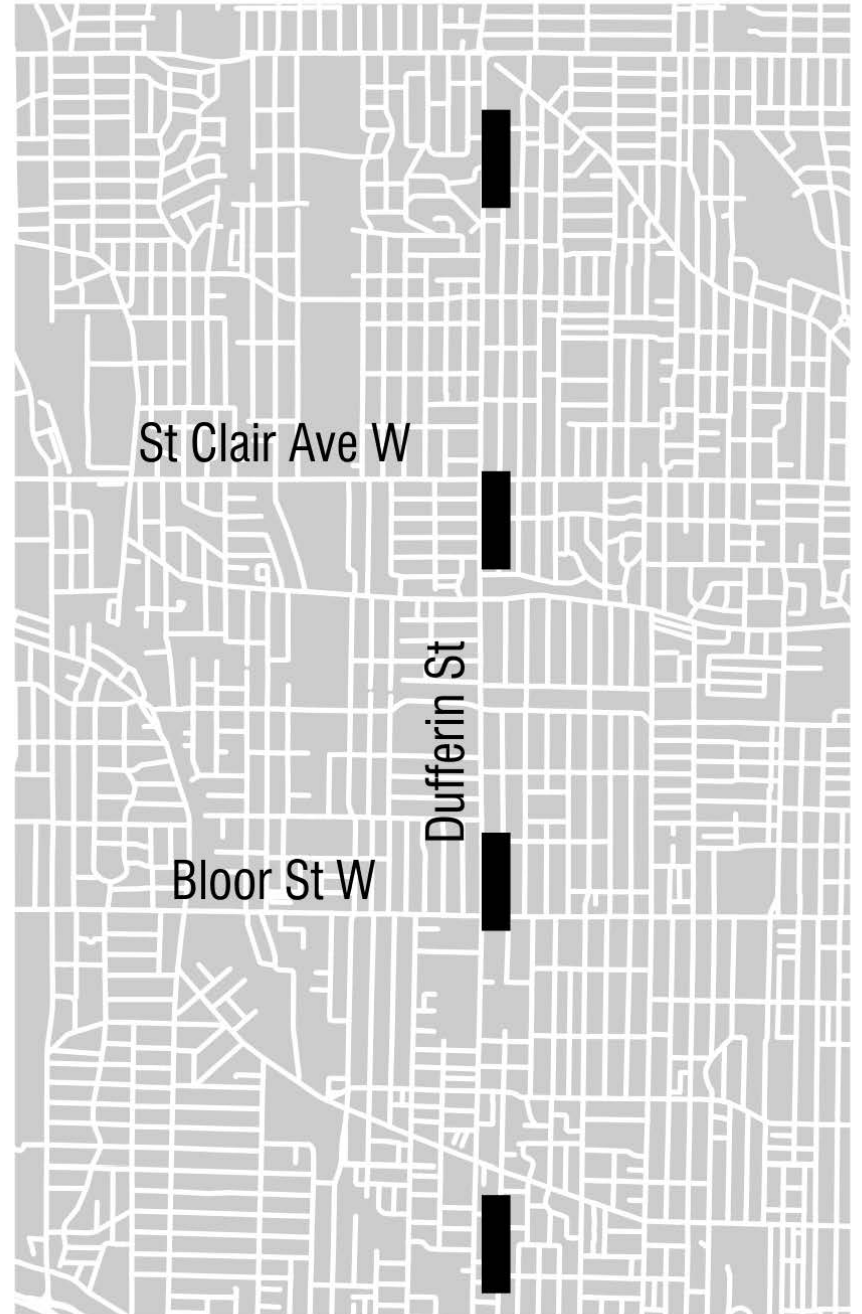
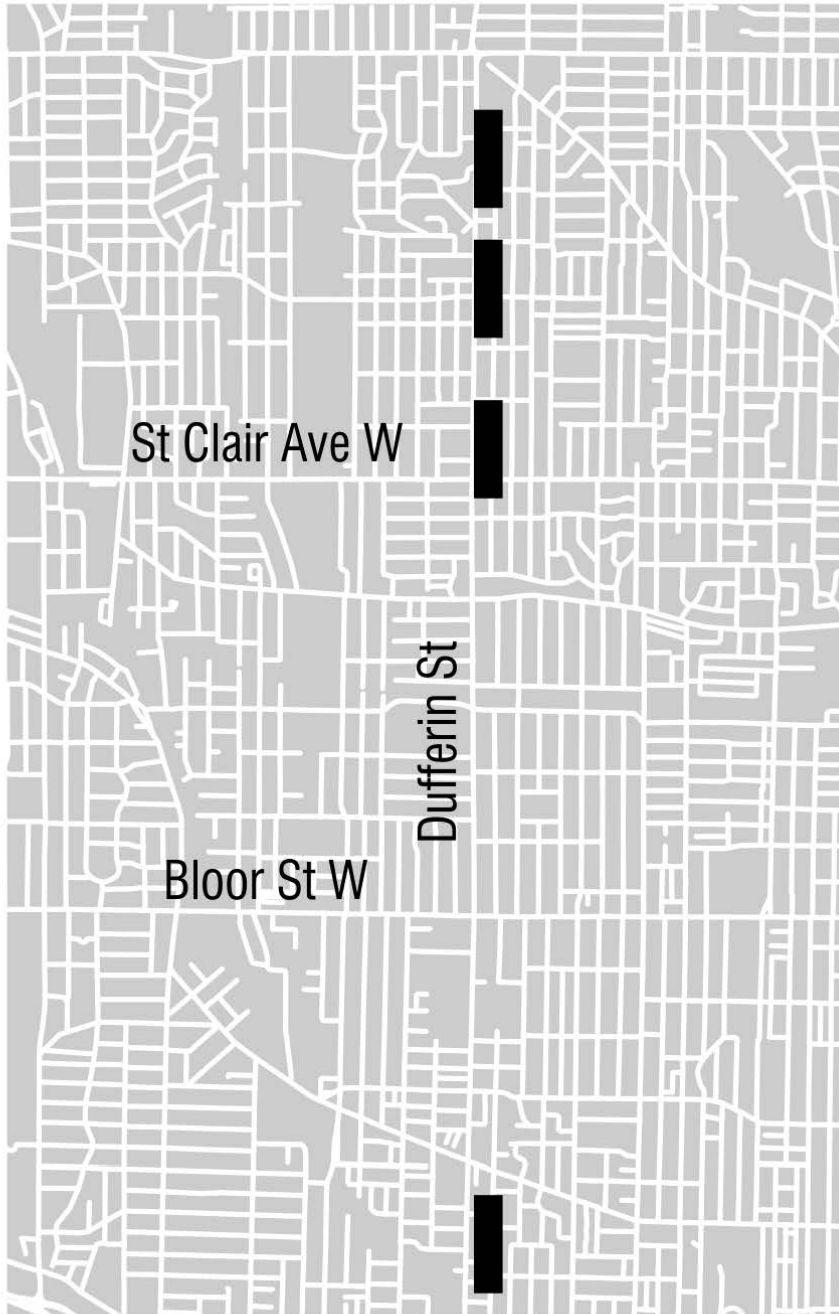
Annual: \$2.0 million



44 million
annual customers

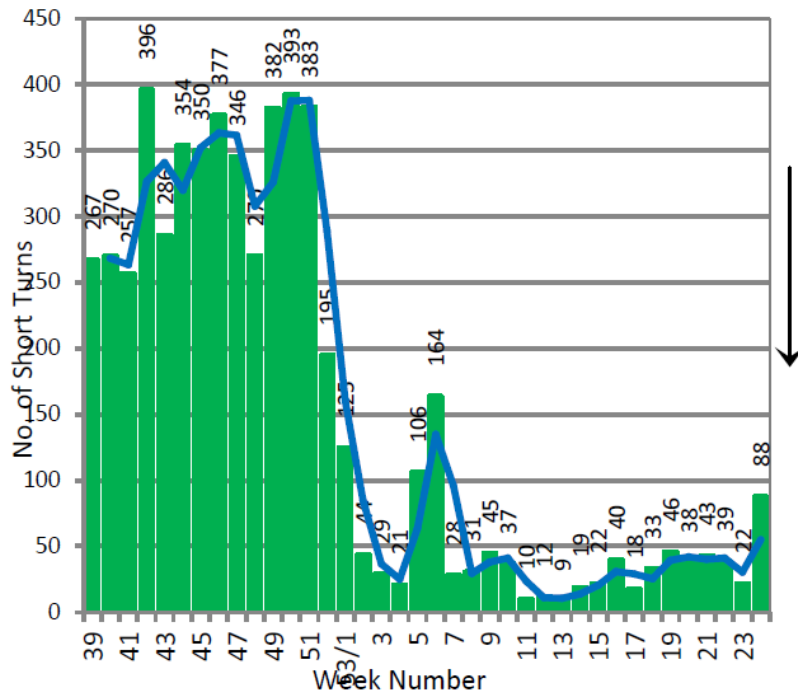
- running time adjustments, improved route management:
 - reduce short-turns, bunching, gapping on bus, streetcar routes



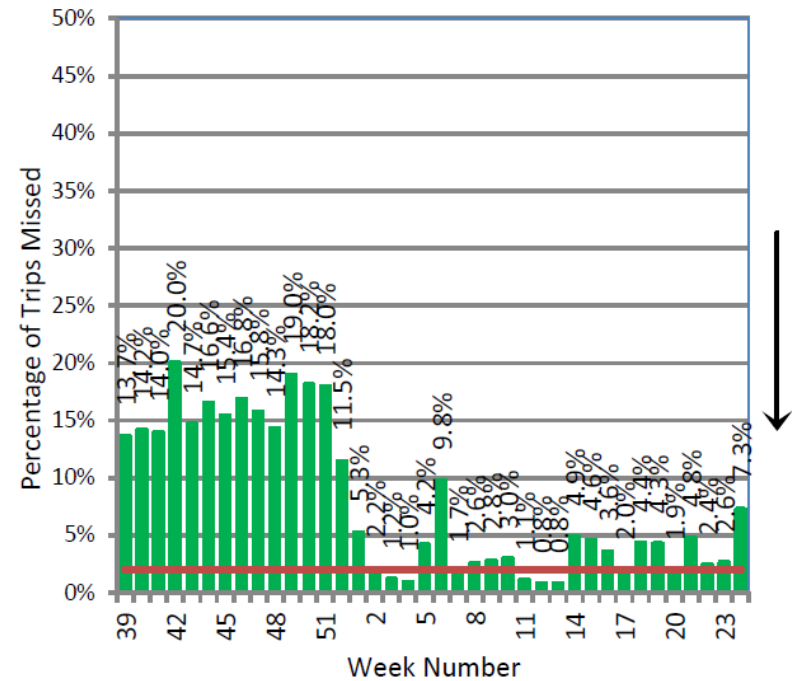


504 King

Short Turns



Missed Trips



New Buses



- more buses for peak service (2016):
 - new express services, reduced crowding, wait times



Express Bus Network

Operating Cost

2015: \$0.0 million

Annual: \$8.5 million



30 million
annual customers

- 2016: create new, improved express services – peak, off-peak:
 - faster, more-comfortable service for customers

Reduce Wait Times & Crowding

Operating Cost

2015: \$0.0 million

Annual: \$2.5 million



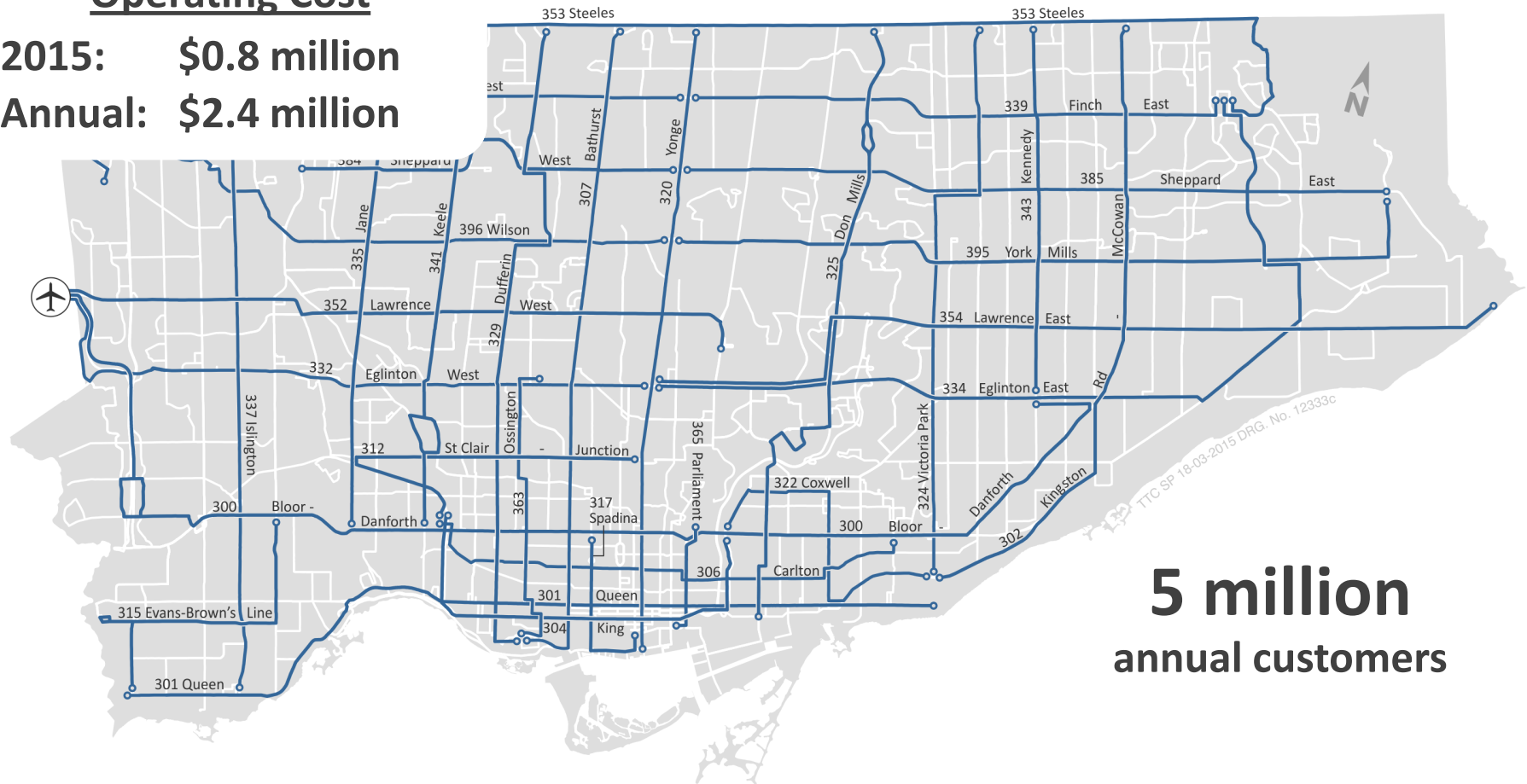
- 2016: restore 2012 service cuts on busiest bus, streetcar routes
 - add peak service on 20+ routes in 25+ periods of operation

Overnight Network

Operating Cost

2015: \$0.8 million

Annual: \$2.4 million



5 million
annual customers

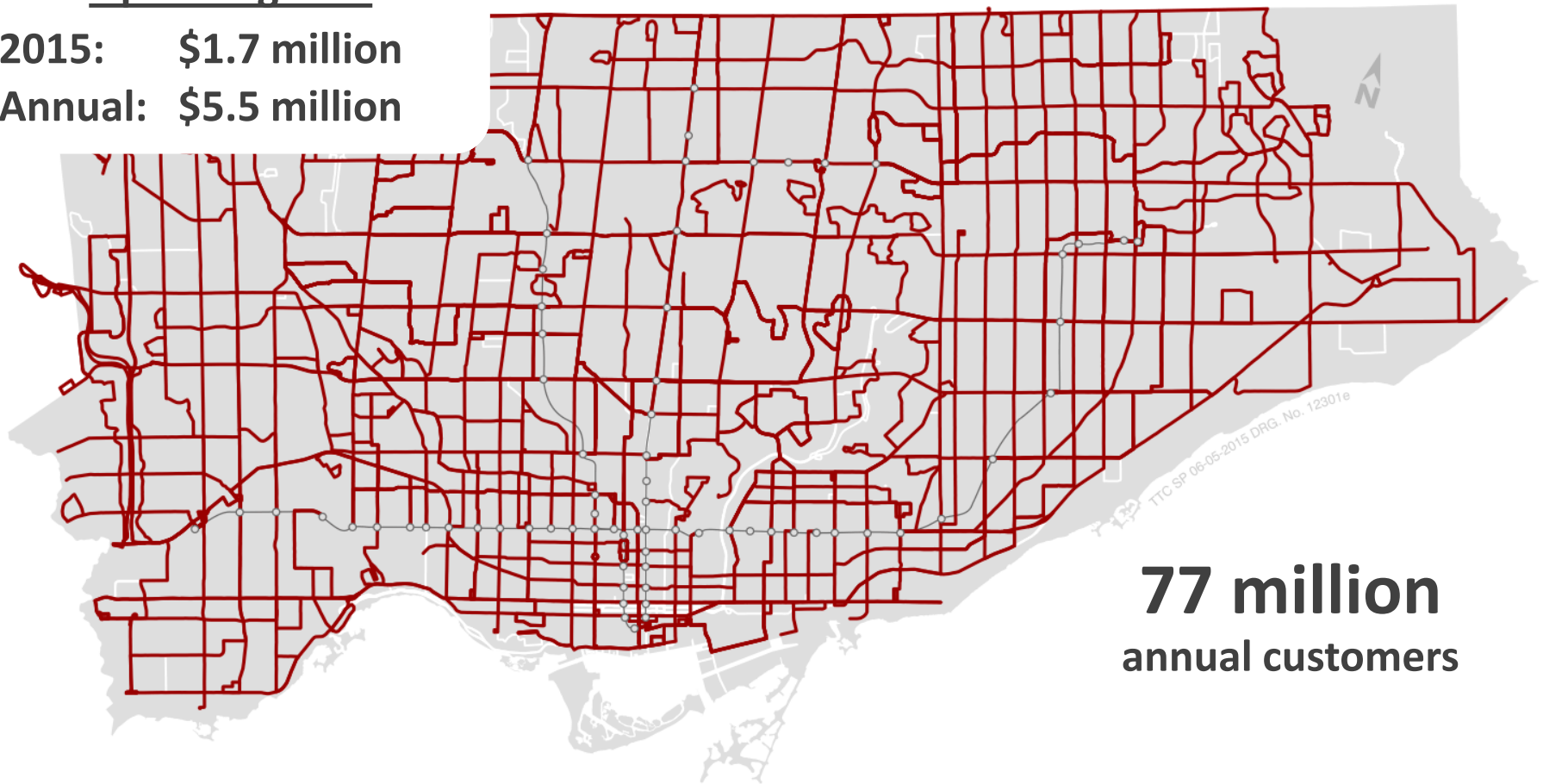
- accommodate diverse travel needs in Toronto:
 - 99% of Torontonians within 15-minute walk of service

All-Day, Every-Day Service

Operating Cost

2015: \$1.7 million

Annual: \$5.5 million



77 million
annual customers

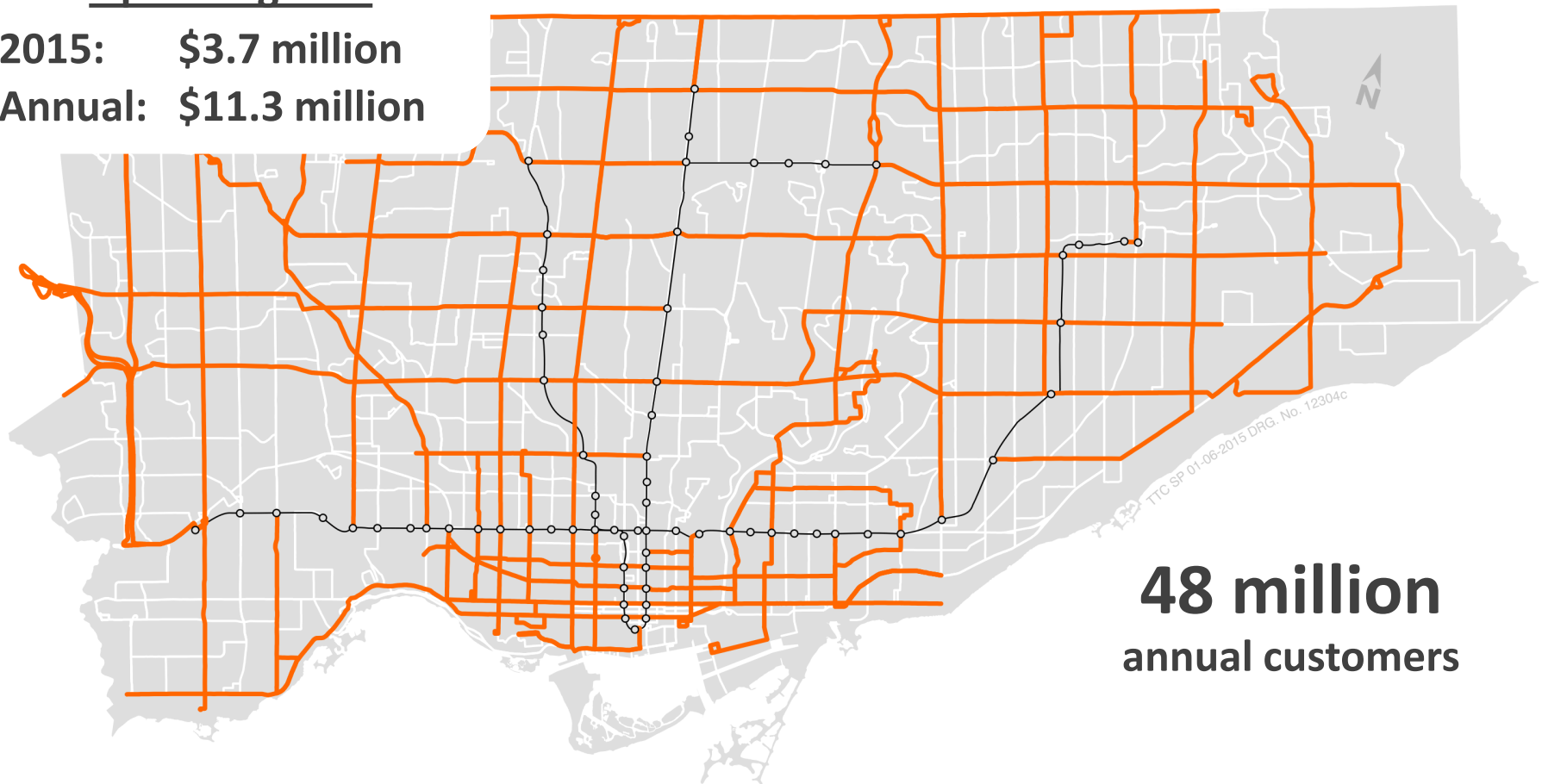
- restore 2011 service cuts -- 43 routes, 122 periods of operation:
 - customers can count on transit any time for their travel needs

Ten-Minute-or-Better Network

Operating Cost

2015: \$3.7 million

Annual: \$11.3 million



48 million
annual customers

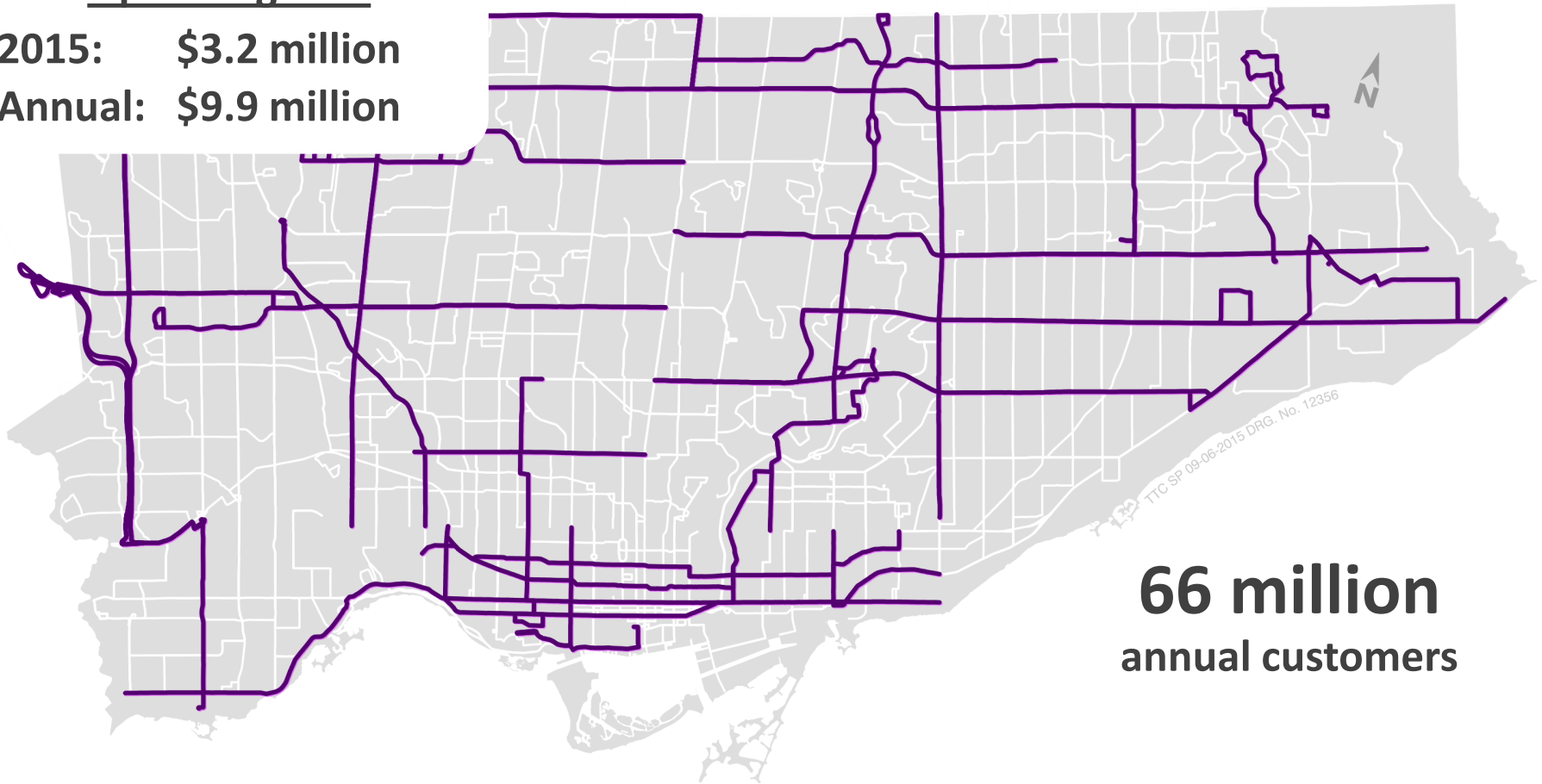
- establish city-wide network of frequent bus, streetcar routes
 - frequent, reliable service all day, all evening, every day

Reduce Off-Peak Wait Times, Crowding

Operating Cost

2015: \$3.2 million

Annual: \$9.9 million



66 million
annual customers

- restore 2012 service cuts on busiest bus, streetcar routes
 - add off-peak service on 30 routes, 102 periods of operation

Operating Costs



2015 Service Initiatives	Operating Costs (in \$ millions)
	Annual
Children Aged 12 & Under Ride Free	\$7.1
All-Door Boarding & Proof-of-Payment	\$5.6
Subway Service Resiliency	\$1.5
Subway Service Reliability	\$2.8
Bus, Streetcar Service Reliability	\$2.0
Express Bus Network, Peak & Off-Peak	\$8.5
Reduce Peak Crowding	\$2.5
Overnight Network	\$2.4
All-Day, Every-Day Service	\$5.5
Ten-Minute-or-Better Network	\$11.3
Reduce Off-Peak Wait Times, Crowding	\$9.9
Other (Non-Service Related Items)	\$36.2
Total	\$95.3



Proposed Service Initiatives

for the 2016 Operating Budget (\$12M/\$33M)





City of Toronto population growth:

- 2,753,000 (2011) → 3,080,000 (2031)

City of Toronto employment growth:

- 1,317,000 (2011) → 1,830,000 (2031)





OP, “Feeling Congested”: maximize urban mobility:

- use road space to move people, not vehicles
- make walking, cycling, transit more attractive than driving
- move towards more-sustainable transportation system
- develop comprehensive rapid transit, surface transit plan



Rapid Transit Improvements



Initiative

Probable Opening

- | | |
|--|-------|
| • Toronto York Spadina Subway Extension: | 2017 |
| • Eglinton Crosstown: | 2021 |
| • Finch West Light Rail Transit: | 2021 |
| • Scarborough Subway Extension: | 2023 |
| • Sheppard East Light Rail Transit: | 2024 |
| • Downtown Relief Line: | 2030+ |
| • Yonge North Subway Extension: | 2030+ |



Bus Service Reliability

Operating Cost

2016: \$2.0 million

Annual: \$5.8 million



28 million
annual customers

- continue initiative piloted on 29 DUFFERIN, 111 EAST MALL, 123 SHORNCLIFFE:
 - running time adjustments, improved route-management practices

Streetcar Service Reliability

Operating Cost

2016: \$0.9 million

Annual: \$2.6 million



37 million
annual customers

- continue initiative piloted on 512 ST CLAIR, 504 KING:
 - running time adjustments, improved operating practices

Subway Service Reliability

Operating Cost

2016: \$1.0 million

Annual: \$2.1 million



376 million
annual customers

- continue subway service reliability initiative:
 - running time, other adjustments: improve reliability, fewer delays



LINE 1: Three-Minute-or-Better Service

Operating Cost

2016: \$4.6 million

Annual: \$12.7 million



119 million
annual customers

- reduce subway wait times -- more-frequent subway service:
 - every 3 minutes or better until 10:00 p.m.

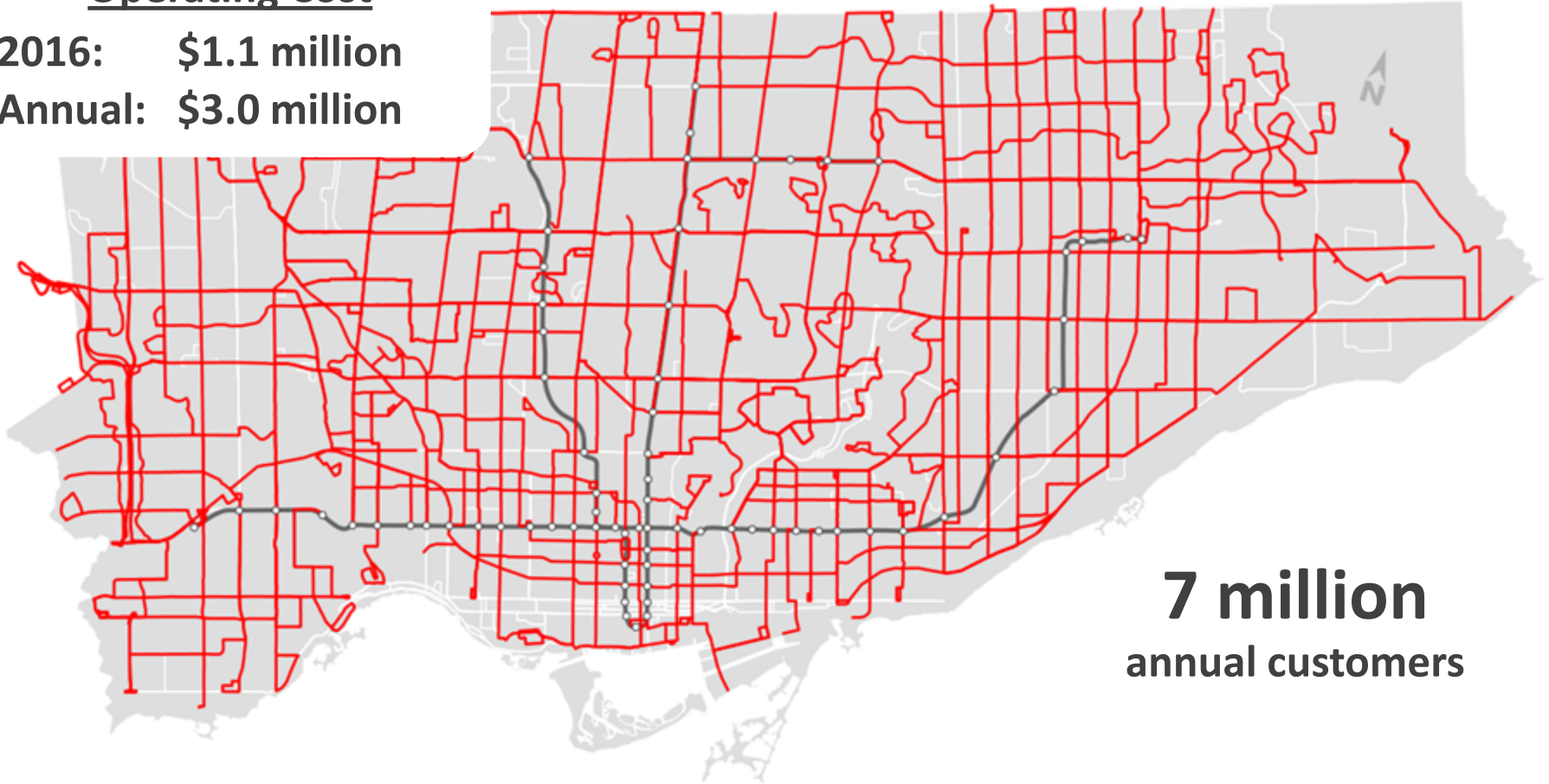


Earlier Sunday Transit Service

Operating Cost

2016: \$1.1 million

Annual: \$3.0 million



7 million
annual customers

- earlier Sunday morning subway, and connecting bus, and streetcar service
 - subway service to start at 8:00 a.m.

New & Enhanced Express Bus Service

Operating Cost

2016: \$1.7 million

Annual: \$4.9 million



- complete implementation of first four new express routes:
 - off-peak service: weekdays, weekends

New Streetcar Service on Cherry Street

Operating Cost

2016: \$0.8 million

Annual: \$2.1 million



- dedicated resources to implement new streetcar service on Cherry Street



Additional Operating Costs

2016 Service Initiatives	Operating Costs (in \$millions)	
	2016	Annual
Bus Service Reliability	\$2.0	\$5.8
Streetcar Service Reliability	\$0.9	\$2.6
Subway Service Reliability	\$1.0	\$2.1
LINE 1: Three-Minute-or-Better Service	\$4.6	\$12.7
Earlier Sunday Service	\$1.1	\$3.0
New and Enhanced Express Bus Service	\$1.7	\$4.9
New Streetcar Service on Cherry Street	\$0.8	\$2.1
Total	\$12.1	\$33.2



Additional Fare Revenue



2016 Service Initiatives	Fare Revenue (in \$millions)	
	2016	Annual
Bus Service Reliability	\$0.4	\$1.2
Streetcar Service Reliability	\$0.4	\$1.4
Subway Service Reliability	\$0.4	\$1.2
LINE 1: Three-Minute-or-Better Service	\$1.8	\$5.6
Earlier Sunday Service	\$0.5	\$1.6
New and Enhanced Express Bus Service	\$0.1	\$0.4
New Streetcar Service on Cherry Street	\$0.0	\$0.0
Total	\$3.6	\$11.4



Additional Net Operating Costs

2016 Service Initiatives	Net Operating Costs (in \$millions)	
	2016	Annual
Bus Service Reliability	\$1.6	\$4.6
Streetcar Service Reliability	\$0.5	\$1.2
Subway Service Reliability	\$0.6	\$0.9
LINE 1: Three-Minute-or-Better Service	\$2.8	\$7.1
Earlier Sunday Service	\$0.6	\$1.4
New and Enhanced Express Bus Service	\$1.6	\$4.5
New Streetcar Service on Cherry Street	\$0.8	\$2.1
Total	\$8.5	\$21.8





No additional capital costs are required

- additional peak buses already have funding approval through 2015-2024 Capital Budget
- additional peak streetcars available: new low-floor streetcars free-up older streetcars
- additional peak subway trains for LINE 1 and LINE 2 available





TTC Annual Ridership

from 1995 - 2016, millions

