

11th

ANNUAL
REPORT

T O R O N T O T R A N S I T C O M M I S S I O N



1964





AWARDED TO
TORONTO TRANSIT COMMISSION
FOR HIGH ACHIEVEMENT IN TRAFFIC
AND PASSENGER SAFETY AMONG TRANSIT
COMPANIES OF THE UNITED STATES
AND CANADA SERVING URBAN POPULATIONS
OF 1,000,000 AND OVER
1964
AMERICAN TRANSIT ASSOCIATION

Toronto Transit Commission

ELEVENTH ANNUAL REPORT

TO THE
MUNICIPALITY OF
METROPOLITAN TORONTO

1964



RALPH C. DAY



CHAS. A. WALTON



FORD G. BRAND



C. C. DOWNEY, Q.C.



D. F. HAMILTON



J. G. INGLIS



W. H. PATERSON



H. E. PETTETT



TORONTO TRANSIT COMMISSION

COMMISSIONERS

RALPH C. DAY, Chairman

CHAS. A. WALTON, Vice-Chairman

FORD G. BRAND, Commissioner

C. C. DOWNEY, Q.C., Commissioner

DOUGLAS F. HAMILTON, Commissioner

OFFICIALS

J. G. INGLIS, General Manager of Operations

W. H. PATERSON, General Manager—Subway Construction

H. E. PETTETT, General Secretary

J. H. KEARNS, Assistant General Manager of Operations

J. W. H. DAY, Q.C., General Counsel

R. R. GILLESPIE, Treasurer



July 6th, 1965.

Wm. R. Allen, Esq., Q.C., Chairman,
And Members of the Council of
The Municipality of Metropolitan Toronto,
67 Adelaide Street East,
TORONTO 1.

Ladies and Gentlemen:

ANNUAL REPORT — 1964

The Commission is pleased to submit herewith the eleventh Annual Statement of the Toronto Transit Commission covering the year 1964.

A SUCCESSFUL YEAR

The year 1964 was a successful one for the transit system and its passengers. Riding during the year increased by 4,187,746 passengers over 1963 to a total of 275,291,000. This is the third successive year that the system has gained more customers, and in each of these years the increase has been greater than the year before. In the past three years the increase in riders totals over 7,700,000, and the Commission is encouraged by this substantial evidence that its continuing extensive program of service expansion and improvement is winning the support of more and more Metro citizens.

Annual passenger service miles on regular routes climbed to a new high of 54,424,595, an increase of 2,337,332 over 1963. The expansion program will be continued during 1965 by the addition of another 1¼ million miles of service. An additional 758,595 miles was operated on charter and special service work.

Financially, too, the year 1964 was a success. Although operating expenses rose by \$1,156,905, reflecting both the increased cost of labour and materials and the additional miles of service provided, revenue exceeded expenses by \$3,899,859.

At the outset, it should be acknowledged that this satisfactory financial position is due in large measure to the fact that Metropolitan Toronto has relieved the transit system of a large part of subway construction costs thus reducing the Commission's debt servicing requirements. The Commission believes strongly that this community investment in rapid transit will be returned many times over in the years ahead. It will be returned in the form of increased assessment that will follow new development and redevelopment along the entire route. It will be returned in the form of increased automotive traffic capacity for motorists following the removal of street cars from Bloor Street, Danforth Avenue and other streets. It will be returned in the form of faster, more efficient public transportation along the entire length of Metro's main east-west traffic artery.

It should not be overlooked, however, that the transit rider also contributed an important share of the increased revenue as a direct result of increased riding and the fare increase which was introduced on January 1st, 1964. Passenger revenue for the year was up by \$6,398,202 over 1963. The fare change was effected with practically no adverse criticism. On the contrary, there was every indication that transit

passengers understood and accepted the fact that it was necessary to increase fares in order to continue to build subways, purchase new equipment and to extend transit lines into new areas. An increase of over 4 million riders in 1964 despite the fare increase is in direct contrast to the experience of almost every other Canadian and U.S. transit system, where a rise in fares has been invariably followed by a drop in the number of passengers.

At the risk of appearing contradictory, however, it must be stated the transit fare cannot be permitted to go beyond a price considered reasonable by the riders for the service received. The Commission is convinced that the future success of the T.T.C. and the contribution the transit system will make towards the balanced transportation system which is Metro's goal will depend to a great extent on a policy of maintaining reasonable and stable public transit fares. This it is determined to do.

In this regard, the Commission is faced continually with pressures from a variety of sources that would result in substantial increased operating costs or reduced revenues. These pressures include demands for costly service extensions that are premature; demands for the elimination of fare zone boundaries; demands for free or reduced fares for special groups such as the handicapped or senior citizens; and demands for the extended use of lower fare student tickets. Although sympathetic to many of these demands the Commission is opposed to granting of free or reduced fares to such groups at the expense of its regular riders, the majority of whom are themselves in the lower income brackets. The Commission is of the opinion that if concessions are to be made to special groups the costs involved should be borne by the community as a whole and not solely by the transit rider.

PREPARATIONS FOR THE SUBWAY OPENING

It is expected that the new subway (Keele to Woodbine) will be opened on December 30th, 1965. Planning for the opening of this section and the associated surface routes has been going on for several months and will continue. Implementation of this planning will make for an exceedingly busy year.

At least thirty street car and bus routes which connect with the present Bloor street car line will be directly affected by the opening of this new subway line. Some street car routes will be discontinued and replaced by bus lines, new bus lines will be started, some routes will be combined and others will be extended, all with the aim of providing the best possible surface route connections to the twenty new subway stations. It will be the biggest route change-over in T.T.C. history.

With the opening of the Bloor Subway between Keele Street and Woodbine Avenue, street cars will continue to operate from the present Jane and Luttrell Loops as a temporary measure until the easterly and westerly extensions are opened.

One of the major jobs arising from the subway opening and the associated route changes is the hiring and training of over 300 new drivers, operators and maintenance men. All of the substantial additional labour and operating costs involved in this necessary recruiting and training program will be incurred during 1965, but unfortunately there will be no corresponding contribution towards passenger revenue from this program until 1966.

The following pages show in more detail the financial and operating results for the year 1964.

FINANCIAL RESULTS

Operations in the year 1964 resulted in net earnings of \$3,899,859, being the excess of gross revenue of \$47,951,951 over total expenses of \$44,052,092.

A summary of revenue and expenses for 1964 with comparative figures for 1963 is as follows:

	1964	1963
Gross revenue.....	\$47,951,951	\$41,358,509
Operating expenses including depreciation.....	42,770,698	41,613,793
	<hr/>	<hr/>
	5,181,253	(255,284)
Debenture interest and discount.....	1,281,394	2,728,883
	<hr/>	<hr/>
Net earnings (loss before subsidy).....	3,899,859	(2,984,167)
Subsidy received from The Municipality of Metropolitan Toronto.....	—	2,500,000
	<hr/>	<hr/>
Net earnings (loss).....	<u>\$ 3,899,859</u>	<u>\$ (484,167)</u>

Increases occurred in 1964 in both miles operated and passengers carried (fares collected). The total number of miles operated was 55,183,190 compared with 52,951,004 in 1963. The net increase of 2,232,186 was made up of an increase of 2,337,332 miles on the zone-fare system and a decrease of 105,146 miles in charter and special services.

The change in the zone-fare system mileage may be analysed as follows:

	Miles	
Increases —motor bus operation.....	2,021,322	
—subway operation.....	506,602	
	<hr/>	2,527,924
Decreases—street car operation.....	183,905	
—trolley coach operation.....	6,687	
	<hr/>	190,592
Net Increase.....	<hr/>	<u>2,337,332</u>

These figures reflect the continued expansion of motor bus operations, mostly in the suburbs, and a full twelve months' operation in 1964 of the University Avenue Subway, which opened on February 28, 1963. New bus routes and extensions and changes in service in 1964 are discussed in the "Operations" section of this report.

Passengers carried (fares collected) showed an increase for the third successive year, reaching 275,291,005 in 1964 as against 271,103,259 in 1963 and 268,804,636 in 1962, the figures having previously declined from a high of 320,249,800 in 1954 to a low of 267,582,653 in 1961.

STATEMENT OF EARNINGS:

The gross revenue of the Commission in 1964 increased by \$6,593,442, of which \$6,398,202 came from passenger services. The principal factors contributing to this increase in revenue from passenger services were the fare increase on January 1, 1964, which is dealt with in detail under the caption "Fare Structure", and the increase in miles operated in 1964. Other increases were \$144,615 in rental income, \$4,019 in advertising revenue, \$38,000 in dividend income from Gray Coach Lines, Limited, and \$17,674 in income from various other sources. Interest earned on invested funds and bank balances decreased by \$9,068.

The net increase of \$1,156,905 in operating expenses for 1964, was accounted for by the increases and decreases in expense categories shown in the following tabulation:

Increases:

Wages, salaries and other employee costs	\$1,571,588
Gasoline and diesel oil, including provincial taxes.....	117,598
Municipal taxes.....	65,893
Vehicle and other licences.....	6,726
	<hr/>
	\$1,761,805

Decreases:

Depreciation.....	459,434
Public liability and property damage costs.....	41,082
Electric traction power purchased.....	14,030
Other expenses, including cost of materials used and equipment rentals.....	90,354
	<hr/>
	604,900
	<hr/>
	<u>\$1,156,905</u>

This increase of \$1,156,905 in operating expenses was more than offset by a reduction of \$1,447,489 in Debenture interest and discount costs.

The increase in wages, salaries and other employee costs may be attributed to increased wage rates and a larger labour force required to provide improved and extended services in 1964. Gasoline and diesel oil costs, including provincial taxes, were higher as a result of increased mileage operated and increases in the cost of the fuel and in provincial taxes. On February 13, 1964, the gasoline tax was increased to 15c per gallon from 13c and fuel oil tax to 20½c per gallon from 18½c. The continuing increases in assessment and tax rates accounted for the increase in municipal taxes, there having been no additions to operating lands or buildings reflected in the assessments for 1964.

The major decreases in expenses occurred in Depreciation and in Debenture interest and discount costs.

The Municipality of Metropolitan Toronto assumed responsibility from January 1, 1964 for the payment of debenture debt issued to finance right-of-way costs of the Yonge Street and Bloor-Danforth-University subways, with consequent reductions in depreciation and debenture interest costs to the Commission.

FARE STRUCTURE:

On January 1, 1964, a new fare structure was put into effect. The basic adult zone fare was increased by 16.67% from 7 tickets or tokens for \$1.00 to 6 tickets or tokens for \$1.00. The combination ticket (zone 1 & 2) was increased by 13.47% from 4 tickets for \$1.10 to 4 tickets for \$1.25 and the scholars' rate was increased by 11.11% from 10 tickets for \$1.00 to 9 tickets for \$1.00. Cash fares continued at 20c for adults and 10c for children and children's tickets remained unchanged at 4 for 25c.

BALANCE SHEET:

The total assets of the Commission, after deducting accumulated depreciation and capital contributions received from The Municipality of Metropolitan Toronto, amounted to \$76,433,757, an increase of \$2,499,186 over the total of \$73,934,571 shown in the revised Balance Sheet as of January 1, 1964.

Expenditures on and funds appropriated for construction of the Bloor-Danforth Subway in the year 1964 amounted to \$41,746,515, but \$37,702,370 of this total was contributed by the Municipality towards right-of-way costs.

CASH INCLUDING INTEREST BEARING DEPOSITS:

Cash on hand and on deposit was \$772,190 on January 1, 1964 and \$932,461 at December 31, 1964, an increase of \$160,271.

ACCOUNTS RECEIVABLE:

Accounts receivable, including accrued interest, increased slightly from \$460,516 at January 1, 1964 to \$504,401 at December 31, 1964.

MATERIALS AND SUPPLIES:

Reductions in the value of inventories of materials and supplies continued during 1964 with a decrease of \$64,524, the balance being \$1,789,516 at the close of the year as compared with \$1,854,040 at January 1, 1964. The reduction in the past five years has amounted to \$179,772 as a result of careful control of the inventories.

INVESTMENTS:

No additions were made to the Commission's investments in 1964. The total of mortgages receivable was reduced from \$256,464 to \$209,680 by payments against mortgages, two of which were retired during the year.

CAPITAL ASSETS:

Capital assets of the Commission including land, buildings, power distribution system, subways in operation, trackwork, rolling stock, buses and other equipment are shown at a cost of \$193,471,595 at December 31, 1964, an increase of \$1,177,433 over the total of \$192,294,162 at January 1, 1964. These figures include contributions made by the Municipality of Metropolitan Toronto towards construction costs of subways in operation in the amounts of \$64,774,285 and \$64,330,438 respectively. The net increase in the cost to the Commission of these assets was \$733,576, being additions of \$2,366,131 less retirements of \$1,632,555.

Additions, at cost, were:

53 General Motors diesel buses and spare parts.....	\$1,842,571
Track and overhead reconstruction.....	196,834
Land purchases for Wilson Yard.....	93,438
Completion of additional storey to the Hillcrest Administration Building.....	90,303
Shop equipment.....	73,271
Automotive service equipment.....	60,093
Queensway Garage—preliminary planning.....	49,392
Furniture.....	14,435
Preliminary plans and studies re Yonge St. subway extension, Spadina rapid transit and Bloor-Danforth (Warden to Kennedy) extension.....	10,493
Hillcrest Heating Plant replacement—progress payment.....	9,867
University Subway.....	2,582
	<hr/>
	\$2,443,279
Less—Plans and studies re East-West Subway transferred in 1964 to cost of subway under construction.....	77,148
	<hr/>
	<u>\$2,366,131</u>

Retirements, shown at original cost, were:

42 Buses sold.....	\$ 661,227
Trackwork and related power distribution structures rehabilitated or abandoned.....	308,629
10 Automotive Service Vehicles sold.....	41,575
3 Rail work cars sold.....	25,536
Furniture sold or scrapped.....	22,771
Property sales.....	15,161
Shop equipment disposed of or held for disposal.....	14,553
Fare Handling equipment disposed of or held for disposal.....	9,194
Franchises acquired with independent bus lines, fully amortized.....	533,909
	<hr/>
	<u>\$1,632,555</u>

Accumulated depreciation increased during 1964 by \$2,679,503 rising to \$77,439,930 from \$74,760,427 at the beginning of the year.

BLOOR-DANFORTH SUBWAY:

Substantial progress was made in 1964 on the construction of the Bloor-Danforth Subway and it is anticipated that this extension to the subway system extending from Keele Street on the west to Woodbine Avenue on the east, will be completed and in operation by the end of 1965.

Construction expenditures and funds appropriated for construction of the Bloor-Danforth Subway increased to \$75,825,958 at December 31, 1964 from \$34,079,443 at January 1, 1964. An analysis of these figures is as follows:

	<u>December 31,</u> <u>1964</u>	<u>January 1,</u> <u>1964</u>
Engineering and Administration.....	\$ 8,785,922	\$ 6,352,037
Tunnel and Structures.....	56,325,057	24,140,872
Track.....	4,243,913	1,597,675
Supervisory Control and Traction Power.....	1,683,286	741,555
Signal System.....	558,652	—
Rolling Stock.....	517	—
Greenwood Yard and Shops.....	5,682,891	3,126,220
Greenwood Yard and Shops—Land.....	1,542,180	1,407,072
Interest during construction.....	890,692	673,740
	<u>\$79,713,110</u>	<u>\$38,039,171</u>
Engineering and Administration— East-West Extensions.....	1,002,797	—
TOTAL CONSTRUCTION COST.....	<u><u>\$80,715,907</u></u>	<u><u>\$38,039,171</u></u>
Miscellaneous costs and receivables.....	\$ 297,998	\$ 176,152
Cash in bank.....	169,023	42,955
Proceeds of debentures not yet drawn from Metro Treasurer.....	—	890,569
Temporary investments—Interest-bearing deposits.....	4,590,592	—
	<u>\$85,773,520</u>	<u>\$39,148,847</u>
Less:		
Accounts payable and accruals.....	\$ 4,729,161	\$ 2,192,335
Contract holdbacks.....	5,218,401	2,877,069
	<u>\$ 9,947,562</u>	<u>\$ 5,069,404</u>
Total expenditures and funds appropriated.....	<u><u>\$75,825,958</u></u>	<u><u>\$34,079,443</u></u>

The financing of these expenditures has been carried out in accordance with the provisions of Ontario Municipal Board Order No. F3033-63 dated January 27, 1964, which amended Order No. E287-58 dated June 6, 1961. At December 31, 1964, the contributions by the Municipality of Metropolitan Toronto and the Toronto Transit Commission were as follows:

Funds provided by Metro.....		\$57,297,642
Funds provided by T.T.C.:		
Current funds.....	\$11,486,145	
Proceeds of debenture issues.....	7,042,171	18,528,316
		<u><u>\$75,825,958</u></u>

CURRENT LIABILITIES:

Current liabilities of \$4,408,670 at December 31, 1964 show a reduction of \$541,527 from the \$4,950,197 outstanding at January 1, 1964.

PROVISION FOR TICKETS AND TOKENS HELD BY THE PUBLIC:

The provision for tickets and tokens in the hands of the public was brought up to \$575,000 at December 31, 1964, an increase of \$245,000 over the provision of \$330,000 at January 1, 1964. This increase was required to provide for the large excess of tickets and tokens sold in 1964 over those collected from passengers as well as for the increased value of tickets and tokens due to the fare increase on January 1, 1964.

CAPITAL DEBT:

All capital borrowings required by the Commission are effected through the issue of Municipality of Metropolitan Toronto debentures. The Commission is required to provide the Municipality with funds to meet all principal and interest payments on such debentures. There were no new debenture issues for Commission purposes in 1964.

The net capital debt of the Commission at December 31, 1964, was \$36,662,747 in respect of the following debenture issues:

Type of Debenture	Year of Issue	Year of Final Payment	Net Debt
Serial.....	1950	1980	\$ 2,702,900
Serial.....	1951	1981	4,383,530
Serial.....	1953	1983	6,933,316
Serial.....	1954	1984	2,690,673
Sinking Fund.....	1955	1980	1,475,966
Sinking Fund.....	1956	1986	2,107,710
Serial.....	1962	1992	4,051,536
Sinking Fund.....	1963	1993	2,060,031
Serial.....	1963	1993	9,862,000
Foreign exchange premiums received less discounts paid on transfer of proceeds of outstanding debentures issued in United States funds.....			395,085
NET DEBT.....			\$36,662,747

Interest rates on these debentures range from 2 $\frac{5}{8}$ % to 5 $\frac{1}{2}$ %.

The outstanding debt at December 31, 1964 included \$13,866,620 on which principal and interest payments are made in United States funds. The cost of servicing this portion of the debt is influenced by the rate of exchange on United States dollars at the time of payment.

EARNINGS RETAINED IN THE SYSTEM:

Earnings retained in the system since January 1, 1954 amounted to \$8,483,607 at December 31, 1964, having increased by \$3,899,905 during the year. This increase is made up of net earnings for 1964 of \$3,899,859 augmented by \$21,060 profit on sale of real estate and reduced by \$21,014 net foreign exchange cost in 1964 on repayment of capital debt in United States funds.

TAXES:

The upward trend of direct tax costs continued unabated in 1964 as shown by the following comparison with the year 1963:

	<u>1964</u>	<u>1963</u>
Municipal:		
City of Toronto.....	\$ 1,121,683	\$ 1,059,570
Other area municipalities.....	70,121	66,341
	<u>\$ 1,191,804</u>	<u>\$ 1,125,911</u>
Provincial:		
Motor vehicle licences.....	\$ 131,789	\$ 125,245
Gasoline and diesel fuel taxes.....	779,248	682,142
	<u>\$ 911,037</u>	<u>\$ 807,387</u>
Federal:		
Unemployment insurance.....	<u>\$ 239,551</u>	<u>\$ 237,768</u>

As previously mentioned the increase in gasoline and diesel fuel taxes resulting from increased consumption of these commodities was aggravated by the increased tax of 2c per gallon which went into effect on February 13, 1964. This is equivalent to an increase of 15.38% in the gasoline tax and 10.81% in the diesel fuel tax, based on the former rates of 13c and 18½¢ per gallon respectively. These taxes will have an increasingly detrimental effect on the financial results of the Commission's operations as present bus lines are extended or new bus lines added to supplement the subway services and to meet the growing demand for service in the suburban areas.

Increases in indirect taxation also occurred in 1964. The federal sales tax on building materials and production machinery, which was at the rate of four per cent until March 31, 1964, became eight per cent from that date until December 31, 1964. The rate was further increased to 11% on January 1, 1965.

The direct and indirect taxes mentioned above contribute in ever increasing measure to the difficulty with which the Commission is faced in endeavouring to provide adequate service at a reasonable rate of fare.

FINANCIAL STATEMENTS AND AUDIT:

Messrs. Price Waterhouse & Co., the independent public accountants retained by the Commission, have audited the books and examined the financial statements, and their certificate is attached to the annual accounts which are a part of this report.

The Metropolitan Auditor has submitted his report covering the year 1963 and is currently engaged on his review of the 1964 accounts.

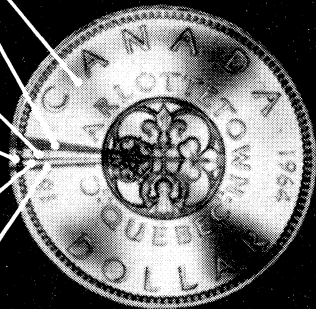
1964

WHERE EACH DOLLAR CAME FROM

Passenger Services		
\$46,248,806	96.45%	
Rental of equipment and buildings		
\$ 762,218	1.59%	
Rental of advertising space		
\$ 509,959	1.06%	
Interest earned		
\$ 87,65718%	
Dividend from Gray Coach Lines, Limited		
\$ 153,00032%	
Miscellaneous		
\$ 190,31140%	
<hr/>		
\$47,951,951	100.00%	

WHERE EACH DOLLAR
WENT

Wages and salaries		
\$29,404,324	61.32%	
Electric power		
\$ 2,227,590	4.65%	
Gasoline and diesel oil (including provincial taxes \$779,248)		
\$ 1,353,100	2.82%	
Vehicle and other licences		
\$ 132,16628%	
Municipal taxes		
\$ 1,191,804	2.48%	
Public liability and property damage costs		
\$ 401,69384%	
Depreciation		
\$ 4,278,734	8.92%	
Cost of materials used, equipment rentals, etc.		
\$ 3,781,287	7.89%	
Debenture interest and discount		
\$ 1,281,394	2.67%	
Net earnings retained		
\$ 3,899,859	8.13%	
<hr/>		
\$47,951,951	100.00%	



OPERATIONS

The highlight of the Commission's 1964 operations was the continued rapid pace of expansion into Metro's suburban districts. The sweeping grid system extensions introduced on September 1, 1963 were followed by still more extensions and schedule improvements that together added 2,337,000 miles to the service on the routes in 1964. More than 1½ million miles of this additional service was in suburban areas.

Two new bus routes were started during the year and twelve others were extended to serve new districts.

New Routes: CALEDONIA and THORNCLIFFE PARK

Extensions: BATHURST-Glencairn, BATHURST-Steeles, BAYVIEW, CHAPLIN, EGLINTON EAST-Guildwood, KEELE, KENNEDY, LAWRENCE EAST, PHARMACY, SHEPPARD, TRETHERWEY and WOODBINE.

In addition, hours of service were extended and more frequent schedules were introduced on several other lines.

The full extent of the Commission's suburban expansion program since the formation of Metropolitan Toronto is shown on the map on pages 14 and 15.

SPECIAL SERVICES:

The Commission continued its efforts to win new business for its express and special bus services to sporting events and other attractions. The express routes to the Canadian National Exhibition carried 263,602 riders, a gain of 15% over 1963. The special services to hockey, football, horseracing and the Christmas Light tours also attracted more than a quarter of a million passengers. Daily summer service was again provided to the Donald Summerville swimming pool. Special summer-week-end trips were operated to Pioneer Village, but riding continued to decline and it is regretted that this service cannot be justified in 1965.

TRACK AND ROADWAY:

Major trackwork completed during the year was as follows:

Queen Street—McCaul to Church Streets.

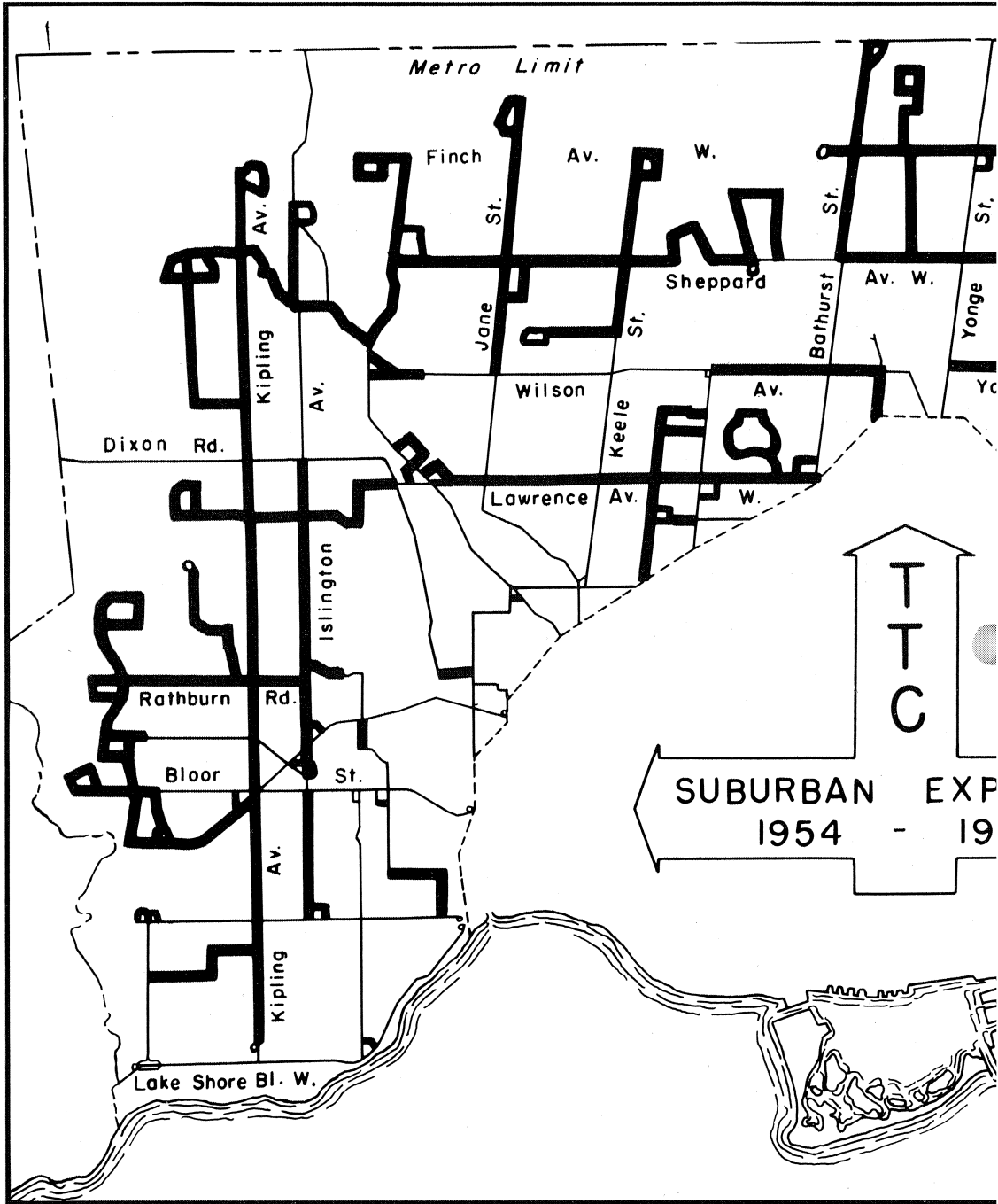
Track rehabilitation work in this area was carried out in conjunction with work by the City of Toronto preparatory to the opening of the new City Hall.

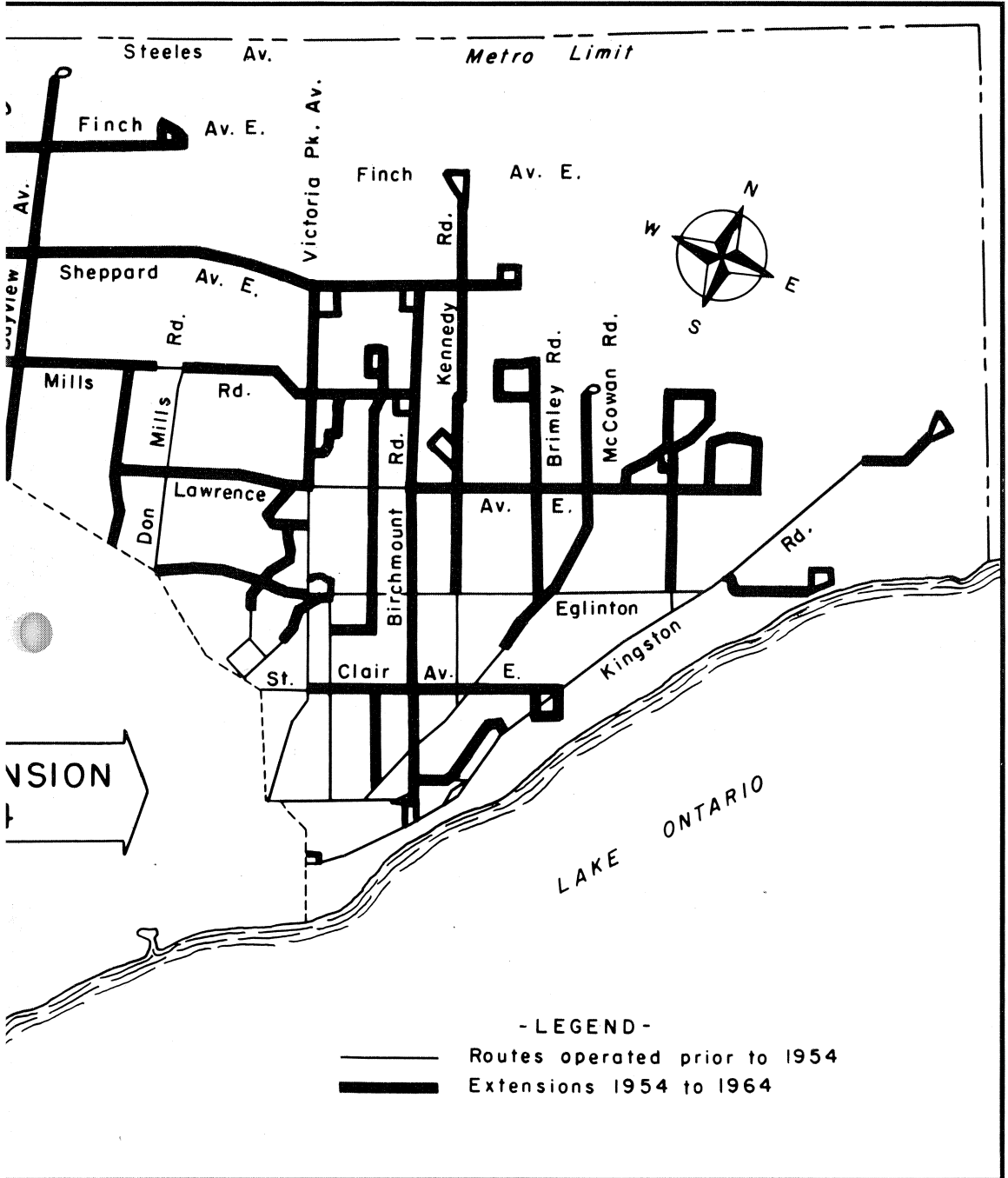
Front Street—Yonge to Sherbourne Streets.

Coincident with the widening of Front Street, the Commission removed all track and overhead which had not been used for regular operation since the opening of the Yonge subway.

Bathurst Street—Front to King Streets.

Track replacement work on this section completed the Bathurst Street track rehabilitation program which has been carried out in stages over several years. All rail on the line which was installed





by the T.T.C. in 1921 has now been replaced. In addition, Metro and C.N.R. work on the Bathurst Street bridge south of Front Street required the removal, temporary relocation and restoration of track.

Worn rail was replaced by heat-treated rail on three curves on the Yonge subway. At December 31, 1964, total miles of single track in service were:

Surface track.....	190.79
Subway track.....	18.25
	<hr/>
TOTAL.....	209.04

Miles of streets and highways in Metropolitan Toronto served by bus and trolley coach lines at the year end were:

Trolley bus.....	27.51
Motor bus.....	351.92
	<hr/>
TOTAL.....	379.43

VEHICLES:

Fifty-three new Canadian-built buses of the most modern design available were delivered and placed in service during the year. The remaining 22 vehicles of the 75-bus order were not delivered in time to go into service until early 1965. Sixteen automotive service vehicles were purchased in 1964.

At the year end, the passenger and service fleet was as follows:

<u>Type</u>		<u>Total</u>
Street Cars:		
P.C.C. cars.....	741	
Witt type.....	13	754
	<hr/>	
Subway Cars.....		170
Trolley Buses.....		153
Motor Buses.....		725
Service Vehicles:		
Rail-Surface.....	29	
Rail-Subway.....	6	
Automotive.....	127	162
	<hr/>	<hr/>
TOTAL.....		1,964

Forty-two old buses, three rail service cars and ten automotive service vehicles were retired during the year.

BUILDINGS AND PROPERTY:

A modern vacuum pumping system was installed on the rectifiers in Richmond Substation which supplies power to a large section of surface system in the central area. The new pumping equipment, which exhausts air from the rectifier tanks and

maintains the vacuum necessary to insure an uninterrupted supply of power, replaced an obsolete system which could no longer be maintained efficiently.

A new fire alarm system was installed in the Hillcrest buildings and yard. Other major building maintenance projects completed during the year included the modernization of lighting at Sherbourne Garage and Hillcrest Shops.

NEW BUS GARAGE:

Work on the design and contract drawings for a new bus garage to be built at Evans Avenue and Wickman Road in Etobicoke was started during the year. Construction is expected to be completed by the end of 1965. The new operating garage is needed to handle the expanding bus fleet serving west end routes. When it is completed the operating section of Parkdale garage will be converted to provide additional heavy repair shop facilities.

PUBLIC INFORMATION:

An extensive public information program was maintained during the year. The telephone information staff answered 792,000 requests for route, schedule and fare information during the year. More than 75,000 transit route maps and 400,000 pocket bus schedules were distributed by drivers, guides and direct mail. The regular program of installing permanent and temporary signs at terminals and stops along the routes to announce route extensions and schedule changes was continued. More than 3,000 such signs were used in 1964. New telephone answering equipment was installed during the year for more efficient handling of transit information inquiries. This new Automatic Call Distributor Equipment distributes calls to the information staff in sequence, holds overflow calls, makes appropriate recorded announcements when all lines are busy, provides a control monitor and counts both the number of calls handled and the overflow.

The Commission again provided its subway model and other material for use in the Metropolitan Toronto exhibit at the Canadian National Exhibition.

SAFETY:

The Commission is proud of the achievements of its men in the field of traffic and passenger safety and is pleased to report that another new all-time safety record was established in 1964 with a 5% improvement over 1963. In the past ten years the T.T.C. traffic accident rate has been cut by 52%, a record unmatched by any other comparable transit system in North America.

T.T.C. operators and drivers won the American Transit Association's top safety award for cities with over a million population. The Commission presented seventy-one men with special awards for ten consecutive years of safe driving.

LABOUR RELATIONS:

Union agreements negotiated in the fall of 1963 and early 1964 cover wages and working conditions for a two-year period, expiring December 31, 1965 for two of the three unions which represent Commission employees. The third expires March 31, 1966. The provisions of these agreements have been carried out in a spirit of co-operation. Negotiations for new labour contracts will begin in the fall of 1965.

SUBWAY CONSTRUCTION

The Bloor-Danforth-University Subway including its easterly and westerly extensions, is being built jointly by Metropolitan Toronto and the Toronto Transit Commission at a cost of \$277,000,000. The first ten miles of this 16-mile addition to Toronto's subway system were originally scheduled for final completion in 1969, but the Province of Ontario made available a \$60,000,000 loan and the target date for completion was advanced to 1967. Work on the two-mile University section began in the fall of 1959, and it was opened on February 28, 1963.

During 1963, the Province announced that beginning in April, 1964 it would contribute towards basic right-of-way construction costs of the project. Also during 1963, an accelerated construction program was put into effect which again advanced the completion date. It is now expected that the 8-mile Bloor-Danforth line from Keele to Woodbine will be opened on December 30, 1965. This will complete the original 10-mile project.

During 1964, formal approval was given by Metropolitan Toronto Council and the Ontario Municipal Board for the construction of two extensions to the Bloor-Danforth line. To be built at a total cost of \$77,000,000, the extensions will carry the east-west line from Keele Street to Islington Avenue in the west, a distance of 3.49 miles, and from Woodbine Avenue to Warden Avenue in the east, a distance of 2.77 miles. These will be the first subway extensions into suburban municipalities.

BLOOR-DANFORTH SECTION:

Good progress was made on the construction of the eight-mile Bloor-Danforth subway line between Keele and Woodbine Stations. At December 31, 1964, seven major structural contracts were completed, four others were virtually completed and satisfactory progress was being maintained on the remaining five contracts. Construction of the two temporary terminal stations, Keele and Woodbine, was less advanced than other sections of the line because the start of work was delayed pending the decision to extend the subway into Etobicoke and Scarborough. Despite this unavoidable late start, work on these contracts is going on at a good rate and is expected to be completed on schedule.

Several station finish contracts and contracts for the supply and installation of escalators, signals, traction power equipment, electrical substations and subway cars were awarded during 1964, and at the year end work on these contracts was proceeding generally according to schedule.

During the year, labour strikes in the construction industry affected subway construction for a total of 46 working days in four trades. This retarded some construction work in the spring and necessitated time extensions on six contracts. Work on these contracts has since progressed on schedule without adverse effect on completion of the project as a whole.

EAST-WEST EXTENSIONS:

Satisfactory progress was also made on design work and contract specifications for the extensions to Islington Avenue in Etobicoke and to Warden Avenue in Scarborough. The first structural contract, covering the section from Riverside Drive

to Humber Boulevard was advertised on November 30, 1964. The contract includes an 800 foot prestressed concrete bridge over the Humber River and the Old Mill Station structure.

Following the acquisition of property and the demolition of buildings by Metro, construction work will begin in 1965. Completion of both extensions is scheduled for December 1967.

GENERAL

The Commission wishes to pay tribute to all its employees for their conscientious and efficient work during the year.

The Commission also gratefully acknowledges the co-operation of Metropolitan Councillors and officials and of the elected representatives and officials of area municipalities.

Yours truly,



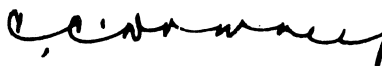
Chairman



Vice-Chairman



Commissioner



Commissioner



Commissioner

TORONTO TRAMWAY
BALANCE SHEET —

A S S E T S

CURRENT AND WORKING ASSETS:

Cash including interest bearing deposits	\$	932,461
Accounts receivable, less allowance for doubtful accounts.....		504,401
Gray Coach Lines, Limited—current account....		595,884
Working funds advanced to employees and agents		372,144
Materials and supplies valued on the basis of cost, less allowance for obsolete items.....		1,789,516
Prepaid expenses.....		473,404

\$ 4,667,810

INVESTMENTS:

Canadian Government bonds, at market value....		162,775
Mortgages receivable and conditional sale agreement on property sold.....		209,680

372,455

INVESTMENT IN CAPITAL STOCK OF GRAY COACH LINES, LIMITED, A WHOLLY OWNED SUBSIDIARY, at cost (Note 6).....

1,000,000

CAPITAL ASSETS: (Notes 1 and 2):

Land, buildings, subways, power distribution system, trackwork, rolling stock, buses and other equipment, at cost.....		193,471,595
Less—Capital contributions toward construction costs of subways in operation received from The Municipality of Metropolitan Toronto.....		64,774,285
		128,697,310
Less—Accumulated depreciation.....		77,439,930
		51,257,380

Bloor-Danforth subway under construction:

Expenditures on and funds appropriated for construction of the subway (Note 3).....		75,825,958
Less—Capital contributions received from The Municipality of Metropolitan Toronto.....		57,297,642
		18,528,316

69,785,696

UNAMORTIZED DEBENTURE DISCOUNT.....

607,796

\$ 76,433,757

ST COMMISSION

DECEMBER 31, 1964

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued liabilities.....	\$ 4,207,970	
Debenture interest accrued.....	200,700	
	<hr/>	\$ 4,408,670

PROVISIONS:

For tickets and tokens held by the public.....	575,000	
For workmen's compensation and public liability..	1,500,000	
	<hr/>	2,075,000

CAPITAL DEBT (Note 1):

The Municipality of Metropolitan Toronto—		
For debentures maturing in annual instalments from 1965 to 1993 (including \$11,267,620 debentures payable in United States funds)	30,623,955	
For sinking fund debentures maturing between 1980 and 1993 (including \$2,599,000 de- bentures payable in United States funds) less sinking fund balance of \$1,110,293 (Note 4).....	5,643,707	
	<hr/>	
Total, including debentures maturing and sinking fund payments due in 1965 aggre- gating \$1,080,569.....	36,267,662	
Foreign exchange premiums received less dis- counts paid on transfer of proceeds of out- standing debentures issued in United States funds.....	395,085	
	<hr/>	36,662,747

EARNINGS RETAINED IN THE SYSTEM:

Balance January 1, 1954 at which date the system was acquired from the Toronto Transportation		
Commission.....	24,803,733	
Add—Earnings retained since January 1, 1954, per statement attached.....	8,483,607	
	<hr/>	33,287,340
		<hr/>
		<u>\$76,433,757</u>

TORONTO TRANSIT COMMISSION

STATEMENT OF EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1964 (with comparative figures for 1963)

	<u>1964</u>	<u>1963</u>
Revenue:		
Passenger services.....	\$46,248,806	\$39,850,604
Rental of equipment and buildings to Gray Coach Lines, Limited, municipalities and others.....	762,218	617,603
Rental of advertising space.....	509,959	505,940
Interest earned.....	87,657	96,725
Dividend from Gray Coach Lines, Limited.....	153,000	115,000
Miscellaneous.....	190,311	172,637
	<u>47,951,951</u>	<u>41,358,509</u>
Expenses:		
Wages, salaries and other employee costs.....	29,404,324	27,832,736
Electric traction power purchased.....	2,227,590	2,241,620
Gasoline and diesel oil, including provincial taxes \$779,248 (1963—\$682,142).....	1,353,100	1,235,502
Vehicle and other licences.....	132,166	125,440
Municipal taxes.....	1,191,804	1,125,911
Public liability and property damage costs.....	401,693	442,775
Depreciation.....	4,278,734	4,738,168
Other expenses including cost of materials used and equipment rentals.....	3,781,287	3,871,641
	<u>42,770,698</u>	<u>41,613,793</u>
Earnings (loss) before debenture interest and subsidy.....	5,181,253	(255,284)
Debenture interest and discount.....	1,281,394	2,728,883
	<u>3,899,859</u>	<u>(2,984,167)</u>
Subsidy received from The Municipality of Metropolitan Toronto.....	—	2,500,000
Net earnings (loss) for the year.....	<u>\$ 3,899,859</u>	<u>\$ (484,167)</u>

TORONTO TRANSIT COMMISSION

STATEMENT OF EARNINGS RETAINED SINCE JANUARY 1, 1954

Balance December 31, 1963.....	\$ 4,583,702
Net earnings for the year 1964.....	3,899,859
Profit on sale of real estate.....	21,060
	8,504,621
Deduct—Net foreign exchange cost on repayment of capital debt in United States funds.....	21,014
	\$ 8,483,607

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1964

NOTE 1:

On December 5, 1963 the Council of The Municipality of Metropolitan Toronto adopted a cost sharing formula under which the Municipality assumed responsibility from January 1, 1964 for right-of-way construction costs of the Yonge Street and Bloor-Danforth-University subways. The Ontario Municipal Board in an order dated January 27, 1964 approved this cost sharing arrangement and authorized the Municipality to:

- (a) Pay right-of-way costs amounting to \$135,363,000 of the total estimated cost of \$200,000,000 for construction of the Bloor-Danforth-University subway. These amounts include the estimated cost of land for the right-of-way, which is purchased by the Municipality and not recorded on the Commission's books.
- (b) Assume from the Toronto Transit Commission on January 1, 1964 responsibility for the payment of the following amounts of unmatured debenture debt originally incurred for construction of:

Yonge Street subway.....	\$34,201,946
Bloor-Danforth-University subway.....	15,149,293
	\$49,351,239

The assumption by the Municipality of responsibility from January 1, 1964 for this debenture debt materially changed the Commission's financial position and was initially reflected in a balance sheet as at January 1, 1964 which was included with the financial statements at December 31, 1963.

NOTE 2:

Under authority of an Ontario Municipal Board order dated February 3, 1964, The Municipality of Metropolitan Toronto and the Commission were authorized to proceed with the construction of the East-West extensions of the Bloor-Danforth subway at a total estimated cost of \$77,723,000 of which \$60,091,000 is to be borne

by The Municipality of Metropolitan Toronto. These amounts include the estimated cost of land for the right-of-way, which is purchased by the Municipality and not recorded on the Commission's books.

NOTE 3:

Expenditures on and funds appropriated to December 31, 1964 for construction of the Bloor-Danforth subway and the East-West extensions (exclusive of right-of-way land costs incurred by the Municipality) were as follows:

Construction costs.....		\$80,715,907
Miscellaneous costs and receivables.....		297,998
Cash in Bloor-Danforth subway bank account.....		169,023
Temporary investments—interest bearing deposits.....		4,590,592
		85,773,520
Less:		
Accounts payable and accruals.....	\$ 4,729,161	
Contract holdbacks.....	5,218,401	
		9,947,562
Balance at December 31, 1964.....		\$75,825,958

NOTE 4:

The sinking fund balance of \$1,110,293 at December 31, 1964 includes the annual levies paid by the Commission into The Municipality of Metropolitan Toronto sinking fund together with interest credited at the rate of 3% per annum, which is the rate required to provide sufficient funds to retire the debentures at maturity. The actual earnings of the sinking fund investments of the Municipality have exceeded 3% per annum, and the Commission's equity in the excess earnings at December 31, 1964 was \$87,604 which is not reflected in the financial statements. The Municipality of Metropolitan Toronto Act provides that at such time as the sinking fund committee of the Municipality applies a sinking fund surplus to any of the purposes set forth in the Act, the Commission will share in such distribution of the surplus in the proportion that its contributions to the sinking fund bear to the total contributions made to the sinking fund account by all participating bodies.

NOTE 5:

The Statement of Earnings reflects charges of \$1,307,780 (1963—\$1,171,682) made to Gray Coach Lines, Limited by the Toronto Transit Commission for rental of property and equipment, use of joint facilities and administrative services.

NOTE 6:

Earnings of the wholly-owned subsidiary, Gray Coach Lines, Limited, which operates outside the Toronto Metropolitan area, are recorded in the accounts of the Toronto Transit Commission to the extent of dividends received during the year ended December 31, 1964 of \$153,000 (1963—\$115,000). Net income of Gray Coach Lines, Limited for the year amounted to \$312,698 (1963—\$306,046) and the company's net worth as shown by its balance sheet at December 31, 1964 was \$6,268,223.

AUDITORS' REPORT

To the Chairman and Members
of the Toronto Transit Commission:

We have examined the balance sheet of Toronto Transit Commission as at December 31, 1964 and the statements of earnings and earnings retained for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and statements of earnings and earnings retained present fairly the financial position of the Commission as at December 31, 1964 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price Waterhouse & Co.

TORONTO, May 28, 1965.

Chartered Accountants.

TORONTO TRANSIT COMMISSION

1964 STATISTICS

Revenue passengers* carried—zone fare system.....	275,291,000
Revenue passengers*—normal week day average zone fare system.....	897,000
Miles operated—including chartered and special services.....	55,183,190
Miles operated—normal week day—zone fare system.....	171,000
Miles of single track in operation.....	209.04
Bus route miles including operation to Richmond Hill.....	358.78
Trolley coach route miles.....	27.51
Street cars owned.....	754
Buses owned.....	725
Trolley coaches owned.....	153
Subway cars owned.....	170

*—(Number of fares collected)

Fares

Zone 1

- Adults —20c cash or 1 ticket or token (6 for \$1.00 or 2 for 35c)
(Books of 18 tickets for \$3.00)
- Children—(not over 56" in height)—10c cash or 1 ticket (4 for 25c)
- Scholars—1 ticket—(9 for \$1.00) (1 scholar's ticket good for ride anywhere
in Metro area and may be used on school days from 6:30 A.M.
to 4:30 P.M.)

Zone 2—Same as Zone 1.

Zones 1 and 2 continuous—1 combination ticket (4 for \$1.25).

Zones 2 and 3 combined

- Adults —30c cash or 1 ticket or token (6 for \$1.00) plus 1 ticket (4 for 30c).
- Children—15c cash or 1 ticket (4 for 25c) plus 5c.
- Scholars—2 tickets (9 for \$1.00).

Zones 3 and 4 (Beyond Metro)

Single Zone

- Adults —10c cash.
- Children—5c cash only.
- Scholars—1 ticket (9 for \$1.00).

Two Zones

- Adults —15c cash or 2 tickets (4 for 30c).
- Children—10c cash or 1 ticket (4 for 25c).
- Scholars—1 ticket (9 for \$1.00).

Electric traction power consumption—kilowatt hours.....	182,850,000
Gasoline consumption in gallons—including Gray Coach Lines.....	676,696
Diesel oil consumption in gallons—including Gray Coach Lines.....	4,769,808
Taxes paid on gasoline and diesel oil.....	\$ 779,248
Property taxes paid.....	1,191,804
Other taxes and licences paid.....	132,166
Total taxes and licences paid.....	\$ 2,103,218
Number of regular employees—including Gray Coach Lines.....	5,844
Gross payroll—including Gray Coach Lines.....	\$32,788,700
Metropolitan Area population.....	1,715,701

