



TORONTO
TRANSIT
COMMISSION

ANNUAL
REPORT
1968

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TRANSIT
COMMISSION

ANNUAL
REPORT
TO
THE
MUNICIPALITY
OF
METROPOLITAN
TORONTO

1968

RALPH C. DAY



FORD G. BRAND



J. T. FISHER



D. F. HAMILTON



D. C. SMYTH



JAMES H. KEARNS



W. H. PATERSON



H. E. PETTETT

TORONTO TRANSIT COMMISSION

COMMISSIONERS

RALPH C. DAY, Chairman

FORD G. BRAND, Vice-Chairman

J. T. FISHER, Commissioner

D. F. HAMILTON, Commissioner

D. C. SMYTH, Commissioner

OFFICIALS

JAMES H. KEARNS, General Manager of Operations

W. H. PATERSON, General Manager—Subway Construction

H. E. PETTETT, General Secretary

R. G. WAITE, Assistant General Manager of Operations

L. O. MORLEY, Treasurer

D. A. ELLIOTT, Q.C., General Counsel



Wm. R. Allen, Esq., Q.C., Chairman
And Members of the Council of
The Municipality of Metropolitan Toronto
City Hall,
TORONTO 100.

Ladies and Gentlemen:

ANNUAL REPORT — 1968

The high point of the year was the opening of the easterly and westerly extensions to the Bloor-Danforth subway. Formal opening ceremonies were held on May 10 and the extensions were opened for passenger service on Saturday, May 11. The easterly extension runs from Woodbine station to Warden station, at St. Clair and Warden Avenues in the Borough of Scarborough, a distance of 2.72 miles. The westerly extension runs from Keele station to Islington station, at Bloor Street West and Islington Avenue in the Borough of Etobicoke, a distance of 3.44 miles. The two extensions increased the length of Metro's crosstown subway line to fourteen miles.

Passenger response to the new subway extensions has been excellent. Subway riding increased by an estimated 7.7% over 1967.

The subway extensions and the accompanying extensive surface route expansion helped to boost the total number of revenue passengers carried by the system to an all-time high, 323,481,655, an increase of 9,068,169 over the previous year. It was the seventh consecutive annual riding increase on the system.

Again this year transit progress in suburban Boroughs exceeded all previous records. Miles of passenger service provided reached 19,821,886, a jump of 2,857,370 miles over last year, and the number of suburban route passengers carried increased by 5,421,768 to a total of 78,701,486 for the year.

Despite the encouraging increase in riding, however, the Commission regretfully reports a loss of \$1,185,735 for the year 1968, compared with net earnings of \$2,412,481 in 1967. This changed financial position is due to substantially increased wage, salary and fringe benefit costs, increased costs of operating more than six million miles of additional passenger service, and to generally rising costs of material and services purchased.

Wage agreements with the labour unions representing Commission employees expired during 1968 and negotiations with Division 113 of the Amalgamated Transit Union, which represents the majority of T.T.C. employees, began in April. Negotiations continued until June 1, when, by mutual agreement, the matter was taken to conciliation. The Ontario Department of Labour Conciliation Board conducted eleven days of hearings and the Board's report was released on August 12, 1968. The report was not accepted by the Union. Further meetings were held and on

August 21, about 24 hours in advance of a strike deadline, agreement was reached.

Although the agreement called for the highest wage and fringe benefit settlement in Commission history, it was generally in line with wage and fringe benefit patterns which had already been established in the Metropolitan Toronto area and in the transit industry in other Canadian cities. The Commission therefore had to balance the high cost of this settlement against the tremendous loss of wages and retail business and the chaos and hardship that would have been inflicted upon the whole community if a transit strike had occurred.

Agreements were subsequently negotiated with the other unions representing Commission employees, and it is estimated that in 1969 labour costs resulting from contract wage agreements and other salary adjustments will be \$5 million higher than in 1968. At the year end, therefore, the Commission, under its statutory obligation to operate the transit system on a self-sustaining basis, had no alternative but to take the necessary steps to increase fares early in 1969.

Your Commission is deeply concerned about the continuing escalation of labour and other costs. We realize that your Council faces the same problems and that inflation is nation-wide. Nevertheless, we must point out that there is a limit beyond which transit fares must not be permitted to rise. Otherwise, it is inevitable that a vicious circle of fewer riders, curtailed expansion, service cuts, higher fares and then again fewer riders will develop. If this is permitted to happen, Metropolitan Toronto's heavy investment in its transit system will suffer, and will no longer yield the dividends it has in the past in the form of low-cost mobility for all Metro citizens which is so important to the continued growth and prosperity of the community.

The following pages show the detailed financial and operating results for 1968.

FINANCIAL RESULTS

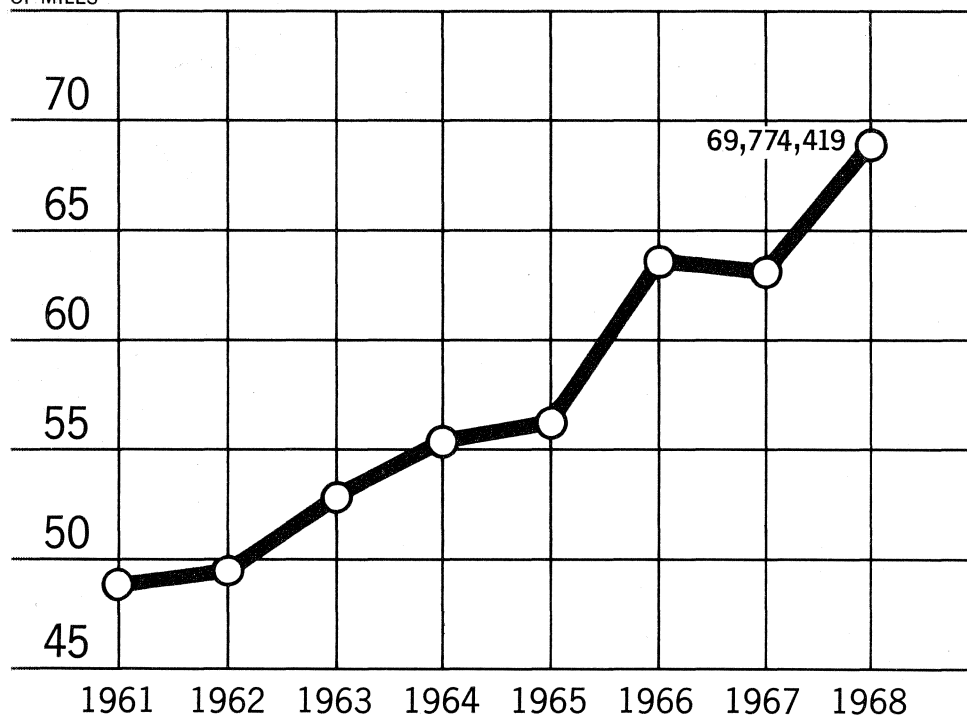
Operations for 1968 resulted in a loss of \$1,185,735 compared with net earnings of \$2,412,481 in 1967, a decrease of \$3,598,216. Substantial increases in miles operated following opening of the East-West Subway extensions in May, 1968 and higher costs for wages, salaries and fringe benefits arising from new union agreements negotiated in the summer of 1968 contributed to the loss for 1968.

The following is a summary of the results for 1968 in comparison with 1967:

	1968	1967	Increase (Decrease)
Gross revenue	\$66,755,432	\$62,506,278	\$ 4,249,154
Operating expenses			
including depreciation	64,703,253	56,987,611	7,715,642
	<u>\$ 2,052,179</u>	<u>\$ 5,518,667</u>	<u>\$ (3,466,488)</u>
Debenture interest and discount expense	3,237,914	3,106,186	131,728
(Loss) or Net Earnings	<u><u>\$ (1,185,735)</u></u>	<u><u>\$ 2,412,481</u></u>	<u><u>\$ (3,598,216)</u></u>

MILES OF SERVICE OPERATED

MILLIONS
OF MILES



Total revenue miles operated in 1968 increased by more than 10% as shown in the following table:

Miles operated:

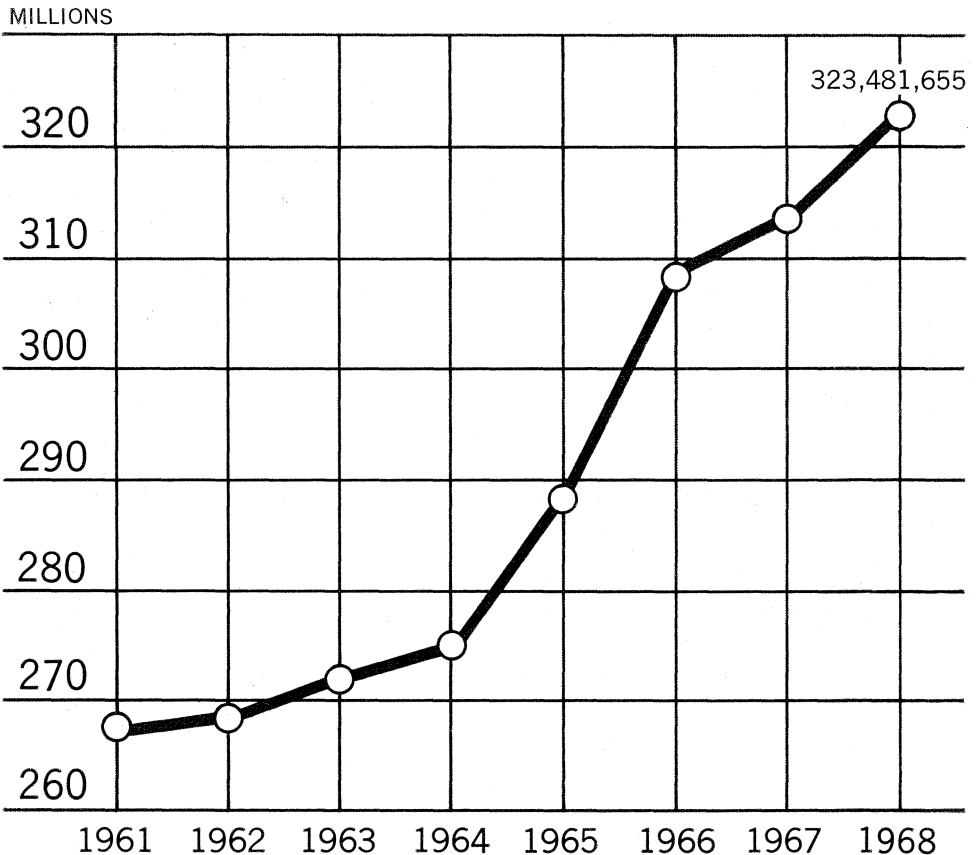
	1968	1967	Increase (Decrease)
Motor buses	31,466,571	28,287,282	3,179,289
Subway	20,536,788	16,417,656	4,119,132
Streetcar	12,741,032	13,792,939	(1,051,907)
Trolley bus	4,071,456	3,940,400	131,056
Zone-fare system	68,815,847	62,438,277	6,377,570
Charter and special services	928,572	849,816	78,756
Total	69,744,419	63,288,093	6,456,326

The increases in subway and motor bus miles operated resulted chiefly from the opening of the East-West Subway extensions on May 11, 1968 and the accompanying extension and improvement of feeder bus routes. This is discussed in more detail in the Operations Section of this report.

Revenue passengers increased from 314,413,486 in 1967 to 323,481,655 in 1968, a gain of 9,068,169 or 2.88%.

TTC REVENUE PASSENGERS CARRIED

(NUMBER OF FARES COLLECTED)



STATEMENT OF EARNINGS

Gross revenue was made up as follows:

	1968	1967	Increase
Passenger service	\$64,440,622	\$60,411,243	\$4,029,379
Other sources	2,314,810	2,095,035	219,775
	<u>\$66,755,432</u>	<u>\$62,506,278</u>	<u>\$4,249,154</u>

Revenue from passenger services in 1968 was 6.67% higher than in 1967 and was 96.53% of total revenue.

The fare structure, which became effective on March 25, 1967 and remained in force throughout 1968, in summary form was as follows:

TICKETS AND TOKENS

Adult —

Basic 1-zone fare	5 for \$1.00
Ticket books	15 for 3.00
2-zone fare, zones 1 and 2	6 for 2.00
Zones 3 and 4, 2 tickets @	4 for .35

Children —

1-zone fare	4 for \$.30
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Scholar —

1 or 2-zone ride between 6:30 a.m. and 4:30 p.m.	10 for \$1.25
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CASH FARE

Adult —

Zones 1 or 2	25c
Zones 3 or 4	10c

Children —

Zones 1 or 2	10c
Zones 3 or 4	5c

Revenue from other sources included rental of land, air rights and subway concessions, rental of advertising space, interest earned and dividend from Gray Coach Lines, Limited.

Increases occurred in 1968 in all categories of expense except municipal taxes, as shown in the following table:

	1968	1967	Increase (Decrease)	%
Wages, salaries and other employee costs	\$45,467,045	\$38,566,249	\$ 6,900,796	17.89
Electric traction power purchased	2,654,753	2,422,370	232,383	9.59
Automotive fuel, including provincial taxes \$1,385,147 (1967 - \$1,173,304)	2,243,714	1,950,129	293,585	15.05
Vehicle and other licences	195,399	183,486	11,913	6.49
Municipal taxes	1,164,735	1,970,671	(805,936)	(40.90)
Public liability and property damage costs ..	948,364	778,832	169,532	21.77
Depreciation	6,287,871	6,190,674	97,197	1.57
Other expenses, including cost of repair and maintenance materials ..	5,741,372	4,925,200	816,172	16.57
	<u>\$64,703,253</u>	<u>\$56,987,611</u>	<u>\$ 7,715,642</u>	<u>13.54</u>
Debenture interest and discount expense	3,237,914	3,106,186	131,728	4.24
	<u>\$67,941,167</u>	<u>\$60,093,797</u>	<u>\$ 7,847,370</u>	<u>13.05</u>

The 1968 expenses include costs of operation and fixed charges relating to the East-West extensions of the Bloor-Danforth subway from the opening date on May 11, 1968.

Wages, salaries and other employee costs increased by 17.89% in 1968 and accounted for 66.92% of total expenses, compared with 64.18% in 1967. The decrease in municipal taxes is a direct result of the enactment of legislation by the Province of Ontario exempting the Commission from realty and business taxes on properties used for rapid transit purposes with effect from January 1, 1968.

BALANCE SHEET

Total assets of the Commission at December 31, 1968 are shown in the balance sheet at \$117,204,396, after deducting accumulated depreciation and capital contributions towards subway construction costs received from The Municipality of Metropolitan Toronto.

CURRENT ASSETS AND LIABILITIES

Although current assets were \$2,813,373 higher at the close of 1968 than at the close of 1967, this was largely offset by an increase in current liabilities of \$2,535,512, resulting in a small improvement of \$277,861 in the working capital position. The details of this change are set out in the Statement of Source and Application of Funds which accompanies this report.

CAPITAL ASSETS

The Commission's investment in capital assets at December 31, 1968 after deducting accumulated depreciation was \$106,026,018, a reduction of \$2,557,289 from the 1967 amount. This reduction results from the retirement in 1968 of obsolete streetcars, track and related assets, because of the opening of the East-West extensions to the Bloor-Danforth subway.

Subway assets at December 31, 1968 including those under construction amounted to \$100,927,127, compared with \$89,674,212 for all other assets.

Subway extensions and related projects under construction are shown in the Balance Sheet at \$3,708,157. This total includes \$1,092,543 for grading and preparation of the commuter parking lots at Islington, Warden and Victoria Park stations. It is expected that these costs will be recovered over a period of years from the Parking Authority of Toronto, which is operating the lots under an informal agreement until such time as a formal lease can be completed.

Additions to and retirements of capital assets in operation are summarized below.

Additions, at Cost:

Rapid transit: (Mainly East-West extensions to Bloor-Danforth subway, transferred to subways in operation on completion of extensions in May, 1968).

Right-of-way construction costs	\$50,350,457
Less capital contributions received from Metropolitan Toronto	<u>50,350,457</u>

Equipment costs:

Signal system	\$ 3,024,245
Trackwork	2,744,427
Power distribution system	1,901,770
Substation equipment	1,665,124
Communications system	1,360,244
Greenwood Yard land	763,979
Substation buildings	528,708
Rail service vehicles	467,474
Fare-handling and station equipment	376,833
Other costs	93,795
	<u>\$12,926,599</u>

Other additions:

25 General Motors diesel buses	\$ 934,621
Track and overhead reconstruction	300,830
Shop and other equipment	111,964
Automotive service vehicles	92,361
Preliminary rapid transit studies	34,379
Modernization of 1 trolley bus	30,842
Subway cars — communication equipment and spare parts	29,908
Land — Wilson Yard	4,468
Signals	1,254
Other expenditures	1,359
	<u>\$ 1,541,986</u>

Total additions after deducting capital contributions received from Metropolitan Toronto	<u>\$14,468,585</u>
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Retirements, shown at original cost, were:

229 streetcars, including 97 retired but not disposed of	\$ 5,499,389
Track and related power distribution system	792,500
22 motor buses	492,647
Structures	263,383
Land	139,299
Automotive service vehicles	54,212
Shop and other equipment	30,663
Trolley bus No. 9020	19,238
Other retirements	1,125
	<u>\$ 7,292,456</u>

Net increase in capital assets in operation	<u>\$ 7,176,129</u>
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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 issues for Commission purposes in 1968.

During 1968 a total of \$1,872,065 was paid to the Municipality to provide funds for principal repayments and sinking fund levies.

The net capital debt of the Commission at December 31, 1968 after deducting sinking fund balances of \$2,427,452 was \$65,859,207 in respect of the following debenture issues:

Type of Debenture	Year of Issue	Interest Rate	Year of Final Payment	Net Debt
Serial	1950	2 $\frac{5}{8}$ % - 2 $\frac{3}{4}$ %	1980	\$ 2,029,440
Serial	1951	3 $\frac{1}{4}$ % - 3 $\frac{3}{8}$ %	1981	3,554,540
Serial	1953	3 $\frac{1}{4}$ % - 4%	1983	5,846,720
Serial	1954	3 $\frac{1}{2}$ %	1984	2,289,080
Sinking Fund	1955	3 $\frac{3}{4}$ %	1980	1,167,526
Sinking Fund	1956	4 $\frac{1}{8}$ %	1986	1,814,909
Serial	1962	5 $\frac{3}{8}$ %	1992	3,768,221
Sinking Fund	1963	5%	1993	1,866,252
Serial	1963	5 $\frac{1}{2}$ %	1993	9,229,000
Serial	1965	5 $\frac{1}{4}$ %	1995	19,089,000
Sinking Fund	1966	6%	1996	8,311,492
Sinking Fund	1967	6%	1997	3,018,530
Sinking Fund	1967	7%	1997	3,575,838
				\$65,560,548

Foreign exchange premiums received less discounts on transfer of proceeds of outstanding debentures issued in United States funds	298,659
NET DEBT	<u>\$65,859,207</u>

The outstanding debt at December 31, 1968 included \$11,699,770 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.

FINANCIAL STATEMENTS AND AUDIT

Messrs. Price Waterhouse & Co., the independent public accountants retained by the Commission, have reviewed the accounting procedures and made such tests of the accounting records and other supporting evidence for 1968 as they considered necessary. Their report is appended to the financial statements which are a part of this report.

The Metropolitan Auditor has submitted his report covering the year 1967 and is currently engaged on his review of the 1968 accounts.

OPERATIONS

BLOOR-DANFORTH SUBWAY EXTENSIONS

As previously mentioned, two extensions to the Bloor-Danforth subway were opened to the public simultaneously at 6.00 a.m. on May 11, 1968 and brought the total length of the crosstown line to fourteen miles. With the extensions in operation for eight months in 1968, the estimated total number of subway riders increased from 136,400,000 in 1967 to 147,000,000 in 1968. At the year end, an estimated 530,000 passengers were being carried on the subway on an average weekday, up 50,000 a day from the previous year.

SURFACE ROUTE CHANGES ASSOCIATED WITH THE OPENING OF THE SUBWAY EXTENSIONS

Co-incident with the opening of the new subway extensions, the Commission introduced the most extensive surface route change and improvement program in its history. The new routes and extensions were planned to provide as many direct-to-subway feeder routes as practicable so that suburban riders would get the maximum benefit from faster subway service. In all, twelve new routes were started, sixteen were rerouted or extended to subway stations and more frequent service was introduced on many more routes.

In addition to the new and extended routes associated with the subway extensions, several other suburban routes were extended or rerouted to provide improved service during the year. The extent of the Commission's efforts to keep pace with the transportation needs of suburban residents is indicated in the following figures:

Miles of Service in Suburban Areas	
1962	9,774,452
1963	11,012,844
1964	12,522,760
1965	13,577,823
1966	15,762,705
1967	16,964,516
1968	19,821,886

The Commission knows of no other transit system on this continent that has matched this record of suburban expansion.

MANPOWER AND LABOUR RELATIONS

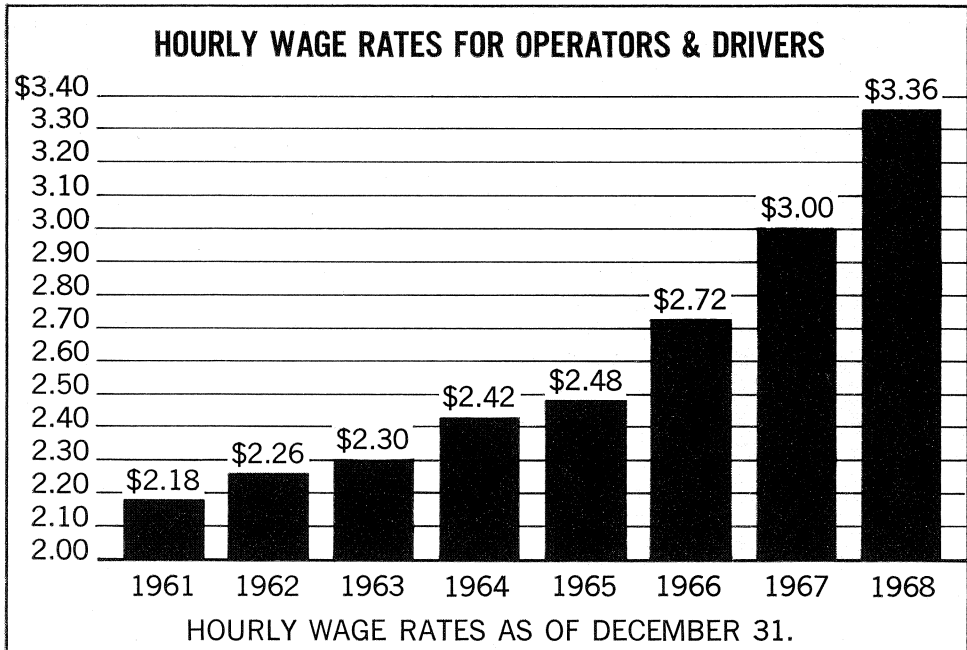
The total number of regular employees on strength at December 31, 1968 was 6,498, an increase of 97 over the previous year.

The total amount paid in wages, salaries and other employee costs during 1968 was \$45,467,045, an increase of \$6,900,796 over 1967. It is estimated that these costs will rise a further \$5 million during 1969.

As detailed previously in the report, collective agreements with the Commission's three labour unions were renewed during the year for a period of two years.

The new agreement with Division 113, Amalgamated Transit Union, which represents the majority of Commission employees, expires on June 30, 1970. Agreements with Local 2, Canadian Union of Public

Employees and Lodge 235, International Association of Machinists and Aerospace Workers, expire on March 31, 1970.



TRACK AND ROADWAY

Surface track rehabilitation projects were completed on Queen Street from Shaw Street to Dovercourt Road, on College Street from Grace Street to Sheridan Avenue, on Gerrard Street from River Street to Broadview Avenue and on Dundas Street from Bathurst Street to Ossington Avenue. Two projects initiated in 1967 were completed in 1968, namely track rehabilitation on Roncesvalles Avenue from Queen Street to Boustead Avenue and on St. Clair Avenue from Bathurst Street to a point approximately 500 feet east of Yonge Street.

At December 31, single track mileage on the system was as follows:

Surface		
Operating tracks	119.671	
Carhouse and Yard tracks	11.791	
Non-operating track	2.860	134.322
Subway		
Operating tracks	46.681	
Yard tracks	13.628	60.309
Total System Trackage		194.631

VEHICLES AND MAINTENANCE

Twenty-five new buses were received in 1968 and 22 were retired. At the year end, the passenger and service vehicle fleet was as follows:

Passenger Vehicles	Active	Storage	Total	
Streetcars	446	97	543	
Subway cars	334	—	334	
Motor buses	931	11	942	
Trolley buses	153	—	153	1,972
Service Vehicles				
Rail - surface	20	—	20	
Rail - subway	11	—	11	
Automotive	135	—	135	166
TOTAL				2,138

One hundred and thirty-two streetcars, surplus to the Commission's requirements, were disposed of during the year. Seventy-six were sold to Egypt, 55 were sold as scrap and one was donated to Duke of York Public School in Toronto.

The Commission continued to stress high standards of fleet maintenance and is pleased to report that for the fourth consecutive year its Equipment Department has been awarded the "Fleet Owner" Magazine Maintenance Efficiency Award. The award is given for attaining a high level of maintenance performance at a cost consistent with the demands of today's transportation industry.

NEW SUBWAY MAINTENANCE VEHICLES

An electric locomotive and a self-propelled crane car for use in the subway were delivered from Japan in May. Specifications and the design concept for these specialized service vehicles were developed by the Commission's engineers.

The locomotive is dual powered so that it can use 600 volt D.C. power from the subway contact rail for normal operation, or its own 300 volt D.C. battery power for emergency use when regular power is not available. The 50-ton vehicle has four axle-hung motors which develop 11,500 lbs. of tractive effort and a maximum speed of 45 m.p.h.

The crane car is basically a flat car with low sides along which a gantry can travel from end to end. The gantry carries a boom that can be used horizontally within the subway tunnels or elevated to work in the yard.

TROLLEY BUS MODERNIZATION TEST

The first vehicle in a two-vehicle trolley bus modernization test approved last year was delivered in September. Its completely new body was built in Winnipeg. The second vehicle is being rebuilt in England.

The purpose of the test is to evaluate the use of trolley bus traction motors, control equipment and other components from the existing trolley bus fleet in the new modern bus-type bodies. Much of the electrical equipment in the present fleet is in good condition, but the bodies are obsolete and are nearing the end of their useful life. For this test, the motors and other equipment were overhauled in the Commission's shops and shipped to the body manufacturers.

The chief factors which influenced the Commission's decision to embark on the test program were:

1. A rebuilt trolley bus in new condition will have a lower capital cost than a new diesel bus.
2. Trolley buses cost less to operate on heavily travelled routes in Toronto than diesel buses.
3. Concern about the problem of diesel exhaust fumes and air pollution.
4. In Toronto, the expanding subway system will ensure the continuance of ample low cost electric power.



A new look for an old TTC trolley bus. This is the first of two test trolley buses to have completely new bodies designed around the traction motors, control equipment and other electrical components taken from trolley buses from the existing fleet. The new vehicle shown above was rebuilt in Winnipeg. A second vehicle is being rebuilt in England.

SAFETY

Safety programs, both industrial and traffic, continued to receive close attention throughout the Commission's work force.

In 1968, for the second consecutive year, TTC men won the American Transit Association's highest award for traffic and passenger safety, in competition with U.S. and Canadian cities of over a million population.

This is the eleventh A.T.A. traffic safety award won by TTC men in the past seventeen years, and during that time they have cut the accident rate by more than 70%. Last year, the number of traffic accidents was reduced by 8% to a record low rate of 7.0 accidents per 100,000 miles of surface operation. Subway operation is not a factor in this competition.

The Commission's Safe Driving Awards program continued to be an important part of the safety effort and the results for 1968 were as follows:

	Number of Men Qualified		Increase
	1968	1967	
10-year Awards	201	173	28
5-year Awards	291	274	17
1-year Awards	1,261	1,221	40

In the field of industrial safety, the Commission is pleased to report that its industrial accident rate was the lowest in history in 1968. Safety awards were made to several groups including two gold awards for 1,000,000 man-hours accident free work. There are 42 competing work groups in the Commission's "Zero" accident program and 32 awards were made for safety performance in 1968. Special mention should be made of the employees at Birchmount garage whose last lost-time injury occurred in April 1961 and who are approaching 1,000,000 man-hours worked without accident.

PUBLIC INFORMATION

The Commission's telephone information staff answered 1,076,622 requests for route, schedule and fare information during the year. This was a record high due in large part to the opening of the subway extensions and the associated extensive surface route changes. This was also reflected in the distribution of printed information. More than 90,000 transit route maps and 789,000 pocket bus schedules were produced for distribution on the vehicles, at subway stations, and by mail. The regular program of posting permanent and temporary signs at terminals and stops to announce route extensions, diversions and schedule changes was continued. More than 7,000 such signs were used in 1968.

Public relations work in connection with the opening of the Bloor-Danforth subway extensions was an important part of the year's activities. Inspection tours were arranged for press, radio and television reporters and a major newspaper advertising program was carried out to inform Metro citizens of the important transit changes.

Later in the year, initial contacts were established with residents and businesses near the route of the Yonge subway northerly extension to keep them advised in advance of the start of construction.

SUBWAY CONSTRUCTION

BLOOR-DANFORTH EXTENSIONS

As described elsewhere in the report, two extensions to the Bloor-Danforth subway line on which construction began in March 1965 were opened for regular passenger service on May 11, 1968. Some surface restoration, landscaping and the completion of parking lots continued after May 11 and were completed by the year end. In all, the Bloor-Danforth extensions comprised six major structural contracts, two combined structural and station finish contracts, five station finish contracts and sixteen supply and installation contracts. The total cost of the extensions is expected to be within the original estimate of \$77 million.

ADDITIONAL ESCALATORS BLOOR-DANFORTH SUBWAY

On June 11, 1968, the Commission approved the installation of ten additional escalators in eight of the original Bloor-Danforth subway stations. A contract for nine of these escalators — two at Lansdowne station, two at Dufferin, and one at each of Spadina, Broadview, Pape, Donlands and Woodbine stations — was awarded in August, and work was well under way at the year end. A contract for structural modifications required at Bay Station for the installation of another escalator was awarded later in the year and work will commence early in 1969.

YONGE SUBWAY NORTHERLY EXTENSION

This project, as approved to date by Metropolitan Toronto Council and the Ontario Municipal Board, covers the extension of the Yonge subway north to Sheppard Avenue in the Borough of North York at an estimated cost of \$79,553,000 of which the TTC will bear \$17,445,000.

The extension consists of 4.02 miles of subway structure to run northerly from the present terminus at Eglinton Avenue to Sheppard Avenue, with stations to be located at Lawrence Avenue, York Mills Road and Sheppard Avenue. The line will be mostly in tunnel beneath Yonge Street to approximately Hoggs Hollow, then slightly to the east for the Don River crossing and back to the Yonge Street alignment to Sheppard Avenue. The twin shield-driven tunnels will vary in depth from 35 to 110 feet below ground level. At Eglinton Avenue, the Don River crossing and the three stations, construction will be done by the cut-and-cover method.

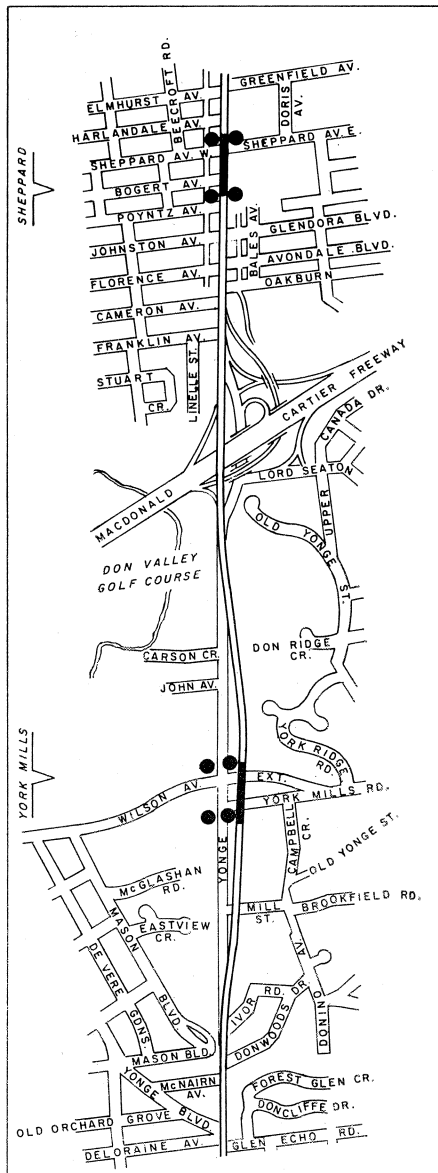
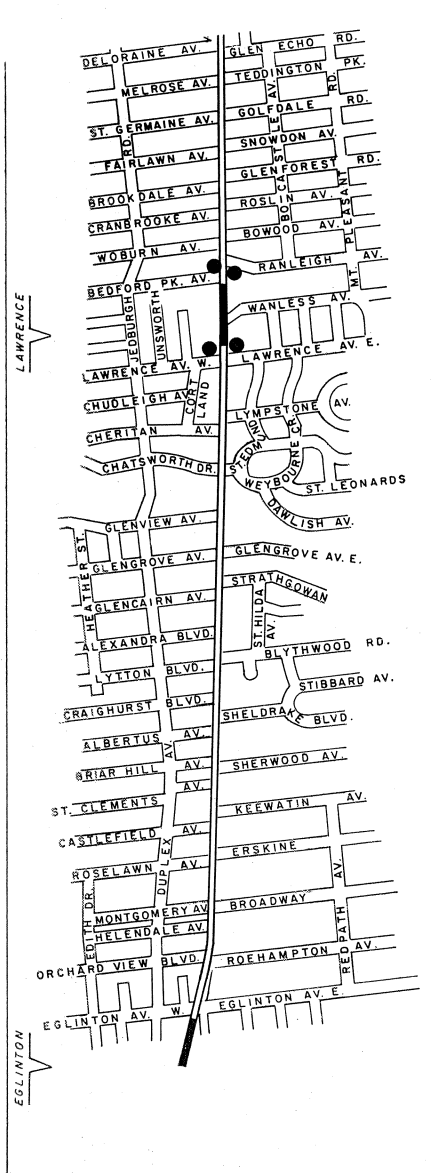
The project will involve:

- 3 twin tunnelling contracts
- 3 structural cut-and-cover construction contracts including station finish
- 1 structural cut-and-cover contract
- 1 station finish contract
- 2 supply contracts for cast iron and concrete tunnel liners
- 7 ancillary equipment supply and installation contracts

As of December 31, 1968, four of the above contracts had been awarded and a fifth was out for tender. Also at the year end subsurface investigation of soil and ground water conditions which began in 1967 was continuing at 141 test boreholes and four observation wells.

The possibility of extending the line from Sheppard Avenue to Finch Avenue, a distance 1.25 miles, was under review at the year end.

ALIGNMENT OF YONGE SUBWAY Northerly Extension — Eglinton to Sheppard





ABOVE — Mayor Edward A. Horton, Borough of Etobicoke, is shown at the controls of the train as it enters Islington station to officially open the extension of Metro's Bloor - Danforth subway on May 10, 1968.

BELOW — Mayor Albert M. Campbell, Borough of Scarborough, gave a cheerful wave as he broke the welcome banner for the first train at Warden station on opening day.



CONCLUSION

To sum up, 1968 was a busy and fruitful year for the Commission and its staff. The opening of six miles of new subway is a major undertaking and it, together with the associated major realignment and expansion of surface routes, was carried out efficiently and smoothly. It could only be done with the fullest effort by a capable and conscientious staff.

The Commission also expresses its appreciation to the members of your Council and to all elected representatives and officials of area municipalities for their continued support and co-operation. We would be remiss if we did not single out for special thanks this year the members of council and officials of the Boroughs of Etobicoke and Scarborough who worked so hard with us to ensure the successful opening of the subway extensions into their Boroughs.

The Commission also wishes to record its appreciation to its former General Manager of Operations, J. G. Inglis, who retired on pension on June 30, 1968 after 32 years' service with the Commission.

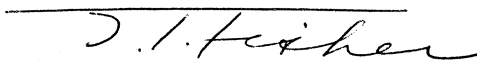
Yours truly,



Chairman



Vice-Chairman



Commissioner



Commissioner



Commissioner

July 3, 1969

TORONTO TRANSIT
BALANCE SHEET AT

ASSETS

	1968	1967
Current and working assets		
Cash including interest bearing deposits	\$ 2,428,851	\$ 1,469,485
Portion of proceeds of debenture issue receivable from The Municipality of Metropolitan Toronto	1,594,684	—
Accounts receivable, less allowance for doubtful accounts	694,503	543,143
Gray Coach Lines, Limited — current account	1,000,811	897,930
Working funds advanced to employees and agents	333,724	404,939
Materials and supplies valued on the basis of cost, less allowance for obsolete items	2,045,159	1,897,444
Prepaid expenses	529,495	600,913
	<u>8,627,227</u>	<u>5,813,854</u>
Investments		
Canadian Government bonds, at market value	—	152,575
Mortgages on property sold and other long-term receivables	416,533	509,444
Capital stock of Gray Coach Lines, Limited, at cost (Note 1)	1,000,000	1,000,000
	<u>1,416,533</u>	<u>1,662,019</u>
Capital Assets (Note 2)		
Land, buildings, subways, power distribution system, trackwork, rolling stock, buses and other equipment, at cost	382,571,670	325,045,084
Less—Capital contributions toward construction costs of subways in operation received from The Municipality of Metropolitan Toronto	195,678,488	145,328,031
	<u>186,893,182</u>	<u>179,717,053</u>
Less—Accumulated depreciation	84,575,321	85,339,763
	<u>102,317,861</u>	<u>94,377,290</u>
Subway extensions and related projects under construction (Note 3)	5,847,668	58,437,566
Less—Capital contributions received from The Municipality of Metropolitan Toronto	2,139,511	44,231,549
	<u>3,708,157</u>	<u>14,206,017</u>
Total capital assets	<u>106,026,018</u>	<u>108,583,307</u>
Unamortized debenture discount	1,134,618	1,191,543
	<u>\$117,204,396</u>	<u>\$117,250,723</u>

COMMISSION
DECEMBER 31, 1968

LIABILITIES

Current liabilities	1968	1967
Accounts payable and accrued liabilities	\$ 9,596,568	\$ 7,053,765
Debenture interest accrued	553,478	560,769
	<u>10,150,046</u>	<u>7,614,534</u>
Provisions		
For tickets and tokens held by the public	800,000	675,000
For public liability and workmen's compensation	1,500,000	1,500,000
	<u>2,300,000</u>	<u>2,175,000</u>
Capital Debt		
The Municipality of Metropolitan Toronto —		
For debentures maturing in annual instalments from 1969 to 1995 (including \$9,100,770 debentures payable in United States funds)	45,806,001	47,151,455
For sinking fund debentures maturing between 1980 and 1997 (including \$2,599,000 debentures payable in United States funds) less sinking fund balance of \$2,427,452 (Note 4)	19,754,547	20,297,882
Total, including \$1,876,625 serial debentures maturing and sinking fund payments due in 1969	65,560,548	67,449,337
Foreign exchange premiums received less discounts on transfer of proceeds of outstanding debentures issued in United States funds	298,659	323,194
	<u>65,859,207</u>	<u>67,772,531</u>

EQUITY

Equity acquired from Toronto Transportation Commission on January 1, 1954		
Earnings retained and invested in improvement and expansion of the system by Toronto Transportation Commission	24,803,733	24,803,733
Earnings retained and invested in the system		
by Toronto Transit Commission	14,091,410	14,884,925
	<u>38,895,143</u>	<u>39,688,658</u>
	<u>\$117,204,396</u>	<u>\$117,250,723</u>

TORONTO TRANSIT COMMISSION

STATEMENT OF EARNINGS RETAINED AND INVESTED IN THE SYSTEM FOR THE YEAR ENDED DECEMBER 31, 1968

	1968	1967
Balance at January 1	\$ 14,884,925	\$ 12,291,155
(Loss) or net earnings for the year	(1,185,735)	2,412,481
Gain on sale of real estate	414,910	205,341
	14,114,100	14,908,977
Deduct—Net foreign exchange cost on re- payment of capital debt in United States funds	22,690	24,052
Balance at December 31	\$ 14,091,410	\$ 14,884,925

STATEMENT OF EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1968

	1968	1967
Revenue		
Passenger services	\$ 64,440,622	\$ 60,411,243
Rental of land, air rights, buildings, sub- way concessions and equipment	977,751	961,521
Rental of advertising space	680,702	728,197
Interest earned	119,190	79,276
Dividend from Gray Coach Lines, Limited	314,000	100,000
Miscellaneous	223,167	226,041
	66,755,432	62,506,278
Expenses		
Wages, salaries and other employee costs	45,467,045	38,566,249
Electric traction power purchased	2,654,753	2,422,370
Automotive fuel, including provincial taxes of \$1,385,147 (1967 - \$1,173,304)	2,243,714	1,950,129
Vehicle and other licences	195,399	183,486
Municipal taxes	1,164,735	1,970,671
Public liability and property damage costs	948,364	778,832
Depreciation	6,287,871	6,190,674
Other expenses including cost of repair and maintenance materials	5,741,372	4,925,200
	64,703,253	56,987,611
Earnings before debenture interest	2,052,179	5,518,667
Debenture interest and discount expense	3,237,914	3,106,186
(Loss) or net earnings for the year	\$ (1,185,735)	\$ 2,412,481

TORONTO TRANSIT COMMISSION

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED DECEMBER 31, 1968

	1968	1967
Source of funds		
Passenger revenue	\$ 64,440,622	\$60,411,243
Other income	2,314,810	2,095,035
	66,755,432	62,506,278
Proceeds of debenture issues	—	6,545,653
Proceeds of capital asset disposals	903,659	268,698
	67,659,091	69,320,629
Application of funds		
Operating expenses and debenture interest	67,941,167	60,093,797
Less—Depreciation \$6,287,871 and other adjustments \$114,158 not requiring the current outlay of funds	6,402,029	6,147,376
	61,539,138	53,946,421
Expenditures on construction of subways	10,686,460	27,273,623
Less—Capital contributions received from The Municipality of Metropolitan Toronto	8,258,419	17,005,124
	2,428,041	10,268,499
Additions to other capital assets	1,541,986	5,020,512
Debenture debt repayments	1,872,065	1,684,444
	67,381,230	70,919,876
Change in working capital position — increase (decrease)	\$ 277,861	\$ (1,599,247)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1968

NOTE 1:

Gray Coach Lines, Limited, a wholly-owned subsidiary, the financial statements of which are published separately, operates interurban coach services. Its earnings are recorded in the accounts of the Toronto Transit Commission to the extent of dividends of \$314,000 received during the year ended December 31, 1968 (\$100,000 in 1967). The 1968 dividend represents approximately 50% of Gray Coach Lines' 1967 net earnings of \$627,860; Gray Coach Lines' operations in 1968 resulted in a loss of \$38,906 and its net worth as shown by its balance sheet at December 31, 1968 was \$7,146,294.

The Statement of Earnings reflects charges of \$2,198,833 (\$2,050,360 in 1967) 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 2:

(a) On December 5, 1963, the Council of The Municipality of Metropolitan Toronto adopted a cost sharing formula under which The Municipality assumed responsibility for all right-of-way land and construction costs of the Bloor-Danforth-University subway. Equipment costs including track, power distribution and signal systems, yards, shops and rolling stock remain the responsibility of the Toronto Transit Commission. The Municipality also assumed responsibility from January 1, 1964 for the payment of unmatured debenture debt originally incurred for right-of-way construction costs of the Yonge Street subway which was completed in 1954. East-West extensions of the Bloor-Danforth subway were completed in 1968 under the same cost sharing formula.

(b) At December 31, 1968 the Commission was proceeding with the construction of a northerly extension to the Yonge Street subway using the same cost sharing formula, under the authority of the following Ontario Municipal Board Orders:

Orders dated July 13 and October 6, 1967:

Northerly extension of the Yonge Street subway at a total estimated cost of \$79,553,000, of which land and right-of-way construction costs of \$62,108,000 are to be borne by The Municipality of Metropolitan Toronto.

(c) Land for the right-of-way of the subway extensions is purchased by the Municipality and is not recorded on the Commission's books.

NOTE 3:

Subway extensions and related projects under construction comprise: Northerly extension to the Yonge Street subway (exclusive of right-of-way land costs incurred by the Municipality):

Expenditures and funds appropriated to December 31, 1968 —

Construction costs	\$4,754,805
Miscellaneous costs and receivables	121,044
Cash in subway bank account	42,105
	4,917,954
Less—Accounts payable and accruals and contract holdbacks	941,225

\$3,976,729

Bloor-Danforth-University subway and East-West extensions:

Expenditures to December 31, 1968 —

Unified Control Centre	\$ 498,724
Additional escalators for Bloor-Danforth line	279,672

778,396

Commuter parking lots at Islington, Warden and Victoria Park stations:

Expenditures on grading and preparation of the lots to December 31, 1968	
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1,092,543
\$5,847,668

NOTE 4:

The sinking fund balance of \$2,427,452 at December 31, 1968 consists of 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, 1968 was \$257,069 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.

AUDITORS' REPORT

PRICE WATERHOUSE & CO.

P.O. Box 51

TORONTO DOMINION CENTRE

TORONTO 111

May 23, 1969.

To the Chairman and Members
of the Toronto Transit Commission:

We have examined the balance sheet of Toronto Transit Commission as at December 31, 1968 and the statements of earnings, earnings retained and invested in the system and source and application of funds for the year then ended. 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 these financial statements present fairly the financial position of the Commission as at December 31, 1968 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price Waterhouse Co.

Chartered Accountants.

WHERE THE DOLLARS CAME FROM

OTHER INCOME	\$ 2,314,810	3.47%
PASSENGER SERVICES	\$64,440,622	96.53%
TOTAL REVENUE	\$66,755,432	100.00%
LOSS FOR THE YEAR	\$ 1,185,735	

1968

WHERE THE DOLLARS WENT

MUNICIPAL TAXES	\$ 1,164,735	1.71%
BUS FUEL \$858,567, FUEL TAX \$1,385,147, LIC. \$195,399	\$ 2,439,113	3.59%
ELECTRIC TRACTION POWER PURCHASED	\$ 2,654,753	3.91%
DEBENTURE INTEREST	\$ 3,237,914	4.77%
DEPRECIATION	\$ 6,287,871	9.25%
OTHER EXPENSES	\$ 6,689,736	9.85%
WAGES, SALARIES AND OTHER EMPLOYEE COSTS	\$45,467,045	66.92%
TOTAL EXPENSES	\$67,941,167	100.00%

TORONTO TRANSIT COMMISSION

Five Year Summary

	1968	1967	1966	1965	1964
FINANCIAL SUMMARY:					
Gross revenue..	\$ 66,755,432	\$ 62,506,278	\$ 53,610,814	\$ 50,086,720	\$ 47,951,951
Wages, salaries & other em- ployee costs ..	45,467,045	38,566,249	35,130,954	30,751,004	29,404,324
Automotive fuel tax	1,385,147	1,173,304	1,085,845	860,538	779,248
Property taxes	1,164,735	1,970,671	1,677,893	1,294,595	1,191,804
Total expenses	67,941,167	60,093,797	54,585,970	45,990,957	44,052,092
Net earnings (loss)	(1,185,735)	2,412,481	(975,156)	4,095,763	3,899,859
OPERATING STATISTICS:					
Revenue passen- gers, (number fares collected) — zone fare system	323,481,655	314,413,486	307,148,930	288,038,489	275,291,005
Revenue passen- gers, average week-day—zone fare system ..	1,061,000	1,034,000	996,000	941,000	897,000
Miles operated in- cluding charter & special services:					
Motor bus ..	32,394,222	29,135,421	27,492,437	23,020,306	21,437,944
Subway	20,536,788	16,417,656	17,806,316	9,347,948	9,474,168
Streetcar	12,741,953	13,794,616	14,614,215	19,917,487	20,122,780
Trolley bus	4,071,456	3,940,400	3,971,315	3,880,031	4,148,298
Total	<u>69,744,419</u>	<u>63,288,093</u>	<u>63,884,283</u>	<u>56,165,772</u>	<u>55,183,190</u>
Electric traction power con- sumption — Kilowatt hrs...	227,322,000	209,637,000	211,646,000	185,471,000	182,850,000
Diesel oil consumption — gallons	5,747,131	5,165,104	4,771,111	3,937,240	3,479,073
Gasoline consumption —gallons	242,616	328,676	419,090	454,681	595,867
Average number of regular em- ployees includ- ing Gray Coach Lines ..	6,551	6,435	6,171	6,030	5,844
Passenger ve- hicles owned:					
Buses	942	939	868	812	725
Streetcars ..	543	675	691	738	754
Subway cars	334	334	334	334	170
Trolley buses	153	153	153	153	153
Total	<u>1,972</u>	<u>2,101</u>	<u>2,046</u>	<u>2,037</u>	<u>1,802</u>
Metropolitan area population ..	2,000,000 (approx.)	1,940,000	1,881,700	1,778,400	1,715,700

