

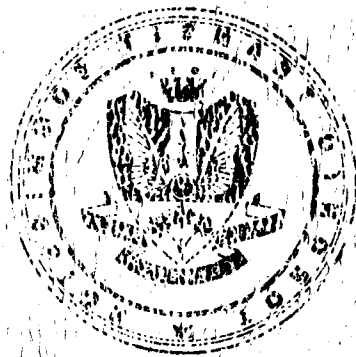
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1976 ANNUAL REPORT



TORONTO TRANSIT COMMISSION

REPORT
ANNUAL
1979



TORONTO TRANSIT COMMISSION

November 25, 1977

Paul V. Godfrey, Chairman,
And Members of the Council of
The Municipality of Metropolitan Toronto
City Hall
Toronto, Ontario

Ladies and Gentlemen:

The following is the Annual Report of the Toronto Transit Commission for the year 1976.

At a time when the need for tight financial restraint was imperative, financial results for 1976 can be regarded as satisfactory. The Commission's operating deficit was reduced by \$2,597,639, or 6.81%, from \$38,157,195 in 1975 to \$35,559,556 in 1976, thus reducing the burden on Metropolitan Toronto and Provincial taxpayers who shared equally the cost of the operating deficit. To achieve these results, however, it was necessary to increase passenger fares early in the year.

Disappointingly, but not unexpectedly, the substantial annual increase in transit riding that had been achieved since 1971 (an average annual increase of 19 million riders) was reversed in 1976. The number of passengers carried on the system dropped from 357,593,000 in 1975 to 350,633,000 in 1976, a decrease of 6,960,000, or 1.95%. The drop in riding reflects external factors beyond the influence of the Commission, such as the uncertain economy, continued high unemployment, zero population growth in Metropolitan Toronto, and to the increase in the price of fares.

So long as inflation continues to plague Canada, there will be continued upward pressure on the fares the Commission must charge its customers. The alternative is increased subsidy from the taxpayers and since it is clearly evident that the Provincial and Metropolitan governments are following policies of tight spending restraint, there seems little likelihood that any major

increase in transit operating subsidies will be available to the Commission to extend and improve service and at the same time maintain existing fare levels. Faced with this reality and the 1976 experience of the riding decline following large increases in fares after a long period of fare stability (fares were unchanged from 1969 until 1975), the Commission will be giving careful consideration to a policy of introducing fare changes, perhaps annually, in smaller amounts that reflect more closely cost increases resulting from inflation.

New Provincial Transit Operating Subsidy Policy

On September 22, 1976, the Minister of Transportation and Communications announced a new policy for allocation of provincial transit operating subsidy funds in 1977.

The new Provincial policy introduced two major changes as follows:

1. Basic subsidy payments of 13.75% of transit operating expenditures instead of the previous policy of paying 50% of the annual transit deficit.
2. Special operating subsidies for the first year of operation of new major transit facilities.

The Commission endorses fully the principles of a prescribed basic formula for Provincial transit operating subsidy allocation and subsidy payments that are sensitive to transit operating costs. A long-term Provincial commitment to an equitable formula on the above bases would provide the stability necessary to improve and refine operational and financial planning by the Commission.

However, preliminary analysis of the application of the subsidy formula for Metropolitan Toronto indicated that Metro's share of the transit deficit would be substantially larger than the Provincial share in 1978 and afterwards, and at the year end discussions with Metropolitan Toronto and the Province and more detailed studies were continuing.

Improved Productivity

In a concerted effort to operate efficiently in the demanding operating environment brought on by high inflation and unemployment and the decreasing growth rate in Metro, a number of major projects

were undertaken in 1976. Corporate policies and performance were examined to identify ways to improve productivity, strengthen cost discipline and to develop the capacity and methods to reduce the time required to respond to external economic and societal changes that affect the Commission.

Other projects included the development of standards for evaluating individual route performance; a study of alternative fare collection systems, including automated fare vending equipment and the use of transit passes; and a study aimed at improving the speed and operation of surface transit service. In addition, the Commission undertook its first Metro-wide market research study of riders and non-riders on which to build a stronger, more aggressive marketing program.

The following pages cover the detailed financial and operating results for 1976.

FINANCIAL

In 1976, the Commission's total expenses were \$167,665,481. Gross income amounted to \$132,105,925 resulting in a deficit from operations of \$35,559,556 or 10.14¢ (1975 - 10.67¢) per passenger carried.

The Municipality of Metropolitan Toronto assumed responsibility for the deficit, as it has in each year since 1971, and will recover approximately 50% from the Province of Ontario.

The summarized financial and statistical results for 1976 compared with 1975 were as follows:

	<u>1976</u>	<u>1975</u>	<u>Increase (Decrease)</u>	<u>%</u>
Total Expenses	\$167,665,481	\$146,020,410	\$21,645,071	14.82
Total Revenue	<u>132,105,925</u>	<u>107,863,215</u>	<u>24,242,710</u>	<u>22.48</u>
Excess of Expenses over Revenue	<u>\$ 35,559,556</u>	<u>\$ 38,157,195</u>	<u>\$(2,597,639)</u>	<u>(6.81)</u>
Vehicle Miles Operated	96,095,311	94,314,358	1,780,953	1.89
Passengers Carried	350,633,000	357,593,000	(6,960,000)	(1.95)

REVENUE

Revenue from passenger services increased by \$23,993,711 (23.09%) from 1975 to \$127,919,271. The Commission increased its adult fares by 20% on February 22, 1976 and on March 14, fare increases were instituted for students, children, senior citizens and family passes. The number of passengers declined slightly following the fare increases and a further drop occurred in July and continued for the remainder of the year, reflecting poor weather and more difficult economic conditions.

The average fare on regular services increased to 36.091¢ for 1976 (1975 - 28.644¢) as a result of the fare increases. Gross revenue for 1976 with comparative figures for 1975 includes:

	<u>1976</u>	<u>1975</u>	<u>Increase</u>	<u>%</u>
Passenger services	\$127,919,271	\$103,925,560	\$23,993,711	23.09
Other Revenue as shown in Statement of Revenue and Expenses	<u>4,186,654</u>	<u>3,937,655</u>	<u>248,999</u>	<u>6.32</u>
	<u>\$132,105,925</u>	<u>\$107,863,215</u>	<u>\$24,242,710</u>	<u>22.48</u>

The increased fares which took effect in 1976 are outlined below:

Tickets and Tokens

Adult -

Tickets or Tokens	5 for \$2.00
Ticket books or token packages.....	15 for \$6.00
Child tickets	8 for \$1.00
Scholar tickets	5 for \$1.00
Senior Citizen tickets	5 for \$1.00
Sunday or Holiday Pass	\$1.75

Cash Fares

Adult	50¢
Child	15¢
Scholar	25¢

Senior citizens tickets may be purchased at 5 for \$1.00 by all Metropolitan Toronto residents who have reached age sixty-five. The Municipality of Metropolitan Toronto reimburses the Commission for the difference between the regular rate of fare and the reduced rate for senior citizens. These payments amounted to \$4,995,266 in 1976 (1975 - \$4,922,577) and are included in revenue from passenger services.

EXPENSES

Total expenses in 1976 were \$167,665,481, an increase of 14.82% over 1975, as summarized below:

	<u>1976</u>	<u>1975</u>	<u>Increase (Decrease)</u>	<u>%</u>
Wages, salaries and other employee costs	\$128,333,874	\$109,968,025	\$18,365,849	16.70
Electric traction power	6,741,957	5,311,621	1,430,336	26.93
Automotive fuel, including provincial taxes of \$2,267,780 (1975 - \$2,175,557)	5,877,051	5,332,792	544,259	10.21
Vehicle and other licences	305,292	317,140	(11,848)	(3.74)
Municipal taxes	1,800,155	1,336,601	463,554	34.68
Public liability costs	1,559,112	1,814,818	(255,706)	(14.09)
Depreciation	6,364,384	6,804,241	(439,857)	(6.46)
Debenture interest	2,330,503	2,517,621	(187,118)	(7.43)
Other expenses, including cost of repair and maintenance materials	14,353,153	12,617,551	1,735,602	13.76
	<u>\$167,665,481</u>	<u>\$146,020,410</u>	<u>\$21,645,071</u>	<u>14.82</u>

Wages, salaries and other employee costs were the principal cause of the increase in expenses as wage rates rose by more than 11% and the average number of employees increased by 5%.

The price of electric traction power is escalating rapidly and in 1976 increased at a higher rate than the cost of automotive fuel. A mileage increase of 1.89% also contributed to higher costs.

The increase in municipal taxes reflects the opening of the new Wilson Garage as well as higher mill rates.

Depreciation and debenture interest continue to decrease due to the extensive capital subsidies received from the Province and the Municipality. Depreciation is taken on the net cost of capital assets after deducting capital subsidies. No new debenture issues were necessary in 1976 as the net cost of capital assets to the TTC was met from cash flow.

CAPITAL ASSETS AND CAPITAL CONTRIBUTIONS

Additions to capital assets in 1976 are set out below:

	Work done and billed to TTC in 1976	Increase (Decrease) in Accounts Payable and Accruals, Contract Holdbacks and Net Miscellaneous Costs	Expended in 1976
Subway Extensions and Improvements			
Spadina Rapid Transit Line			
Tunnel and station structures	\$ 41,705,160		
Engineering and administration	8,006,544		
Track, traction power and signal systems	12,481,847		
Rolling stock	6,584,598		
	<u>\$ 68,778,149</u>	\$12,330,250	\$56,447,899
88 Subway Cars - Final payments	384,561	(45,000)	429,561
134 Subway Cars - Progress payments net of amounts charged to Spadina, Kipling and Kennedy extensions	17,094,786	-	17,094,786
Bloor-Danforth line, Kipling and Kennedy extensions			
Tunnel and station structures	2,430,802		
Engineering and Administration	489,889		
Track, traction power and signal systems	1,881,032		
Rolling stock	5,821,871		
	<u>\$ 10,623,594</u>	271,956	10,351,638
Dundas Station improvements	1,616,174	133,930	1,482,244
Other	307,157	-	307,157
Surface Assets			
Light rail vehicles	-	(7,143,187)	7,143,187
19 buses	1,333,363	-	1,333,363
Wilson bus garage	848,871	(1,273,927)	2,122,798
Other	1,438,762	-	1,438,762
	<u>\$102,425,417</u>	<u>\$ 4,274,022</u>	<u>\$98,151,395</u>

Retirements in 1976 at cost were:

Street cars	673,953
Buses	539,819
Subway cars	403,683
Other	420,498
	<u>\$ 2,037,953</u>

The Province of Ontario contributes 75% of the cost of most capital expenditures for both the subway and surface systems. The Municipality of Metropolitan Toronto pays 25% of the cost of construction and equipment for extensions and major improvements to the subway system.

The Commission has ordered two hundred light rail vehicles from the Urban Transportation Development Corporation. Of these, seventy-five will be paid for and owned by the Province of Ontario and leased to the Commission for \$1.00 a year each. The cost of the remaining 125 vehicles is shared 75% by the Province and 25% by Metropolitan Toronto. The amount shown for light rail vehicles in the table of additions to capital assets represents progress payments on the 125 vehicles to be owned by the Commission.

Contributions in 1976 were -

	<u>Subway System and Light Rail Vehicles</u>	<u>Surface System</u>	<u>Total</u>
Province of Ontario	\$73,897,667	\$2,826,798	\$76,724,465
Metropolitan Toronto	<u>19,469,849</u>	<u>-</u>	<u>19,469,849</u>
	<u>\$93,367,516</u>	<u>\$2,826,798</u>	<u>\$96,194,314</u>

FINANCIAL STATEMENTS
AND AUDIT

Price Waterhouse & Co., the independent accountants retained by the Commission, have reviewed the accounting procedures and made such tests of the accounting records and other supporting evidence for 1976 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 1975 and is currently engaged on his review of the 1976 accounts.

OPERATIONS

The following major route extensions and service improvements were made in 1976:

BAY 6 - Route converted from diesel buses to electric trolley buses.

BRIMLEY 21 - Route extended north from the Scarborough Town Centre to Finch Avenue and McCowan Road.

FLEMINGDON PARK 100B - A new short-turn rush hour branch provided between Broadview subway station and Don Mills Road and St. Dennis Drive.

LAWRENCE 52C - A new rush hour branch introduced between Lawrence subway station and the Bathurst-Neptune Drive area.

MARKHAM ROAD 102 - A new bus route between Warden subway station and the Malvern residential area.

MIDLAND 57A - A new branch route introduced between Warden subway station and Brimley Road north of Finch Avenue.

MOUNT PLEASANT 74 - Street car service temporarily replaced by diesel bus operation until completion of conversion of route to electric trolley buses in 1977.

SHEPPARD EAST 85C - A new short-turn rush hour service introduced between Sheppard subway station and the Consumers Road industrial area.

In addition to the foregoing, major changes, routing and scheduling improvements were made on the following routes: MCCOWAN, KINGSTON ROAD, MALTON, DANFORTH (NIGHT), DUFFERIN, ROUGE HILL, SHEPPARD EAST (Zoo), CHURCH, BELLAMY, KEELE, KIPLING, FINCH WEST, CUMMER, VICTORIA PARK and CALEDONIA.

MANPOWER AND LABOUR RELATIONS

Throughout 1976, little difficulty was experienced in meeting overall manpower requirements. Applications for employment decreased from 21,266 in 1975 to 18,093. Turnover of active employees, not including retirements or deaths, amounted to 4.6% of employee strength, which is slightly less than half the average turnover experienced in 1976 by thirty-five of the larger local employers.

During 1976, collective agreements with all four unions expired and were re-negotiated. The initial agreements with three of the unions were rolled back by the Anti-Inflation Board from a 10% wage settlement to a maximum of 8%. All contracts were negotiated for a one-year period. It is anticipated that increases in labour costs associated with renewal of labour agreements in 1977 will be within the guidelines set by the Anti-Inflation Board.

ROUTE CRITERIA AND SERVICE STANDARDS

As mentioned briefly earlier, work continued on the development of standards to be used to compare the relative performance, including financial results, of individual routes in the transit system. In addition to this on-going process, work was also undertaken to develop more effective ways to estimate ridership and establish priorities for proposed new routes and extensions to the transit system. Factors such as route economics, access, transit dependency, transit travel time, land use planning and physical constraints are considered in the evaluation process.

At the year end, a preliminary report was being prepared to encourage input from Metropolitan Toronto, the Province, community groups and interested agencies.

MARKET RESEARCH STUDY

In 1976, the Commission undertook the TTC's first major market research study. The main purpose of the four-month study was to provide a base of information to enable the Commission to develop methods and strategies to increase riding by existing TTC customers and to attract new customers to the system.

The research consultants conducted over 4,100 telephone interviews with people in all parts of the community to obtain demographic information and rider and non-rider attitudes about dependability of service, cleanliness, driver courtesy, schedule information, passenger security, value for fare and many other factors.

The survey was completed in the Fall and the extensive research information is being used in TTC marketing and planning activities in 1977.

Perhaps one of the most important findings of the survey was the identification of the TTC's share of the transportation market within Metropolitan Toronto. Seventy-seven per cent of Metro residents over the age of fifteen use TTC services. This high usage reflects the importance of the continued expansion and improvement of the transit system made possible through the co-operation and financial support of the Metropolitan and Provincial levels of government.

TRANSPORTATION FOR THE
PHYSICALLY HANDICAPPED

Wheel-Trans, a two-year demonstration project to provide transportation to and from work for physically handicapped persons who are confined to wheelchairs or are otherwise unable to use regular public transit service, began its second year of operation in February 1976.

Wheel-Trans used seven special van-type vehicles, operated for the TTC by Wheelchair Mobile Services Limited, a private company experienced in providing transportation for the physically handicapped. By June 1976, fifty-five handicapped persons were being carried to and from work. The cost of the two-year project was approximately \$408,000 and this was shared equally by the Province of Ontario and Metropolitan Toronto.

Based on the recommendations of a special Metropolitan Toronto Task Force which reviewed and evaluated the first eighteen months of the Wheel-Trans project, the Province of Ontario and the Municipality of Metropolitan Toronto approved increased funding of up to \$1.7 million over a three-year period to expand the vehicle fleet to eighteen vans and increase the service hours to twelve hours a day, five days a week, to provide shopping, recreational and medical trips.

The expanded Wheel-Trans service began in February 1977. A fleet of eighteen special vans is now in service carrying an average of 350 passengers each work day.

AIDS FOR THE ELDERLY AND HANDICAPPED

Following successful testing, voluntary designated seating was introduced on all TTC surface vehicles to make travel easier for elderly and handicapped passengers. Signs installed over seats in the front of all buses, street cars and trolley buses suggest that able-bodied transit riders give the elderly and handicapped first choice of these seats. The signs also serve as reminders that the courtesy is appreciated by passengers who are less fortunate.

In addition, an extra stanchion has been installed in the entranceway of all street cars to assist passenger in boarding. Front door handholds were installed and tested in the entranceway of one hundred buses and trolley buses. Based on passenger reaction and acceptance, plans were underway to extend the handholds to all TTC buses and trolley buses in 1977.

SAFETY

During 1976, TTC operators and drivers reduced the overall traffic and passenger accident rate by 6% to a new low rate of 4.1 incidents per 100,000 miles of city surface operation. The system accident rate has been cut in half in the past ten years. During this same ten-year period, the Commission's industrial employees' injury rate had been reduced by 23%. The frequency rate of 13.3 lost-time injuries per million hours worked gained Commission employees a second place finish in one division of the National Safety Council Transit Employee Safety Contest.

Safety awards, including three American Public Transit Association gold awards for 1,000,000 man hours without a disabling injury, were also made to other TTC work groups.

In the Commission's "Zero Injury" program, thirty-seven awards were made for safety performance among the forty-two competing work groups. Special mention should be made of Plant Department employees (Subway and Surface Janitors section) who, during 1976, accumulated 1,000,000 and 1,200,000 injury-free hours respectively.

The Commission extended its eye safety program during 1976, making the wearing of approved safety eyeglasses mandatory for all maintenance department employees and visitors to shop maintenance areas. More than 2,000 maintenance employees were provided with safety glasses during the year.

TRANSIT SECURITY

During 1976, the Commission approved a comprehensive program to improve passenger security and communication throughout the subway system. The program was developed by a special TTC/Metro Police task force which analyzed the number, frequency and types of incidents that occurred on the system. The experience of other large North American transit systems was also studied.

Beginning in the summer, TTC subway cars were equipped with a special passenger assistance alarm designed to provide passengers with direct contact with the train crew from any car on the train in the event of sickness, fire, accidents or security-related incidents.

By year end, 284 cars were equipped with passenger assistance alarms and the remainder of the fleet was scheduled for completion early in 1977.

Other changes to improve security and communications included the installation of public telephones on all subway station platforms. Callers seeking assistance in an emergency can contact the operator without depositing any coins. Installation of the platform telephones in all stations is expected to be completed by the summer of 1977.

Special attention was also given to station areas identified as potential trouble spots. Security mirrors have been installed to let passengers check station corridors, escalators, and stairways before using them. Public telephones formerly located in alcoves were moved to more visible locations and unused alcoves and non-functional passageways were closed.

All surface transit vehicles were equipped with a special alarm system to be used by drivers in emergency situations.

COMMUNICATIONS AND INFORMATION SYSTEM PROJECT (C.I.S.)

The development and design of an electronic data and radio communications system for all TTC surface vehicles continued at a good pace during 1976. The new system will provide facilities for the direct and continual exchange of passenger, service and vehicle data between all surface transit vehicles and the Control Centre and will enable TTC controllers to determine the exact location of any bus, street car or trolley bus and to contact the driver at any time.

The project is being developed in stages and the testing of the radio and computer equipment associated with C.I.S. was successfully completed on ten surface vehicles. In 1976, approval was given to proceed with the development of a 100-vehicle test from the new Wilson Garage. This stage of the C.I.S. project is scheduled to run for two years, during which time the Commission will assess the costs and benefits of the new system and its effectiveness under varying operating conditions. A special C.I.S. Control Centre was under construction at Wilson Division during the year and continued improvements and refinements were being made in the design of the on-vehicle and Control Centre equipment.

C.I.S. is a joint project of the Province of Ontario and the TTC and provincial participation and funding is part of the government's program to assist public transit.

NEW SUBWAY CARS

Delivery of the first of 134 subway cars purchased from Hawker Siddeley Canada Limited began in October 1976.

The new cars are required to increase the subway car fleet for the Spadina subway and to meet additional service demands on the existing subway system.

For the first time in Toronto, the new transit vehicles will be air-conditioned. Other new features include a larger motorman's cab, brighter colour scheme, new heating system and improved passenger seats.

The new cars are equipped with energy-saving regenerative chopper controls. With these controls, energy loss during acceleration is almost eliminated and much of the energy lost in braking is returned to the power network for re-use. The Commission has tested chopper controls on six subway cars since 1973 and on the test cars the chopper equipment has reduced the energy consumption by at least 30 per cent.

The new cars will increase the number of vehicles in the TTC subway car fleet to 628 and delivery of the order is scheduled to be completed early in 1978.

LIGHT RAIL VEHICLES

The first six prototype cars in the Commission's order for two hundred new Light Rail Vehicles from the Urban Transportation Development Corporation are scheduled for delivery in late 1977.

Originally, ten single prototype cars were scheduled for delivery but responding to a request from the Province of Ontario in 1976, the Commission agreed that four of the first prototype cars be built as two longer articulated vehicles for experimental purposes.

The articulated vehicle is hinged, a design feature which enables it to pivot in the middle to negotiate tight curves. The vehicle is longer than a single car and the passenger compartment is continuous so there is free movement through the vehicle from one end to the other. The two articulated vehicles will be made available to the TTC for demonstration and testing purposes. Delivery of the articulated cars is scheduled for 1979.

NEW BUS MAINTENANCE
AND STORAGE GARAGE

Wilson Garage, the latest addition to the Commission's major bus maintenance and storage facilities, opened on March 14, 1976. Built on a 15.6-acre site, the new garage represents the completion of the first stage of the combined Wilson subway yard and bus garage being constructed in the vicinity of the northern terminal of the Spadina subway. The garage incorporates many operational, environmental and aesthetic design features that make it one of the finest bus garages in North America. Up to 250 buses can be parked inside the garage. Inspection, repair and cleaning facilities occupy over 41,000 square feet and include twelve repair hoists, four inspection pits and a wash rack area.

COMPUTERIZED TRAIN DESPATCH
AND INFORMATION SYSTEM

Based on the successful results of a five-month test at Finch subway station, the Commission in 1976 approved the replacement of all existing electro-mechanical subway train dispatchers with a new Computerized Train Dispatch and Information System, and good progress was made on the development and design work. In addition to replacing the existing train dispatching equipment, the new system will provide facilities for improved schedule control and will enable the TTC to respond more quickly to subway delays, unusual service changes and to accommodate future expansion. Also, the availability of subway operating data in computer-readable form will facilitate the recording of specific subway operating characteristics and the identification of areas requiring improvement. Considerable savings in energy because of improved train control will be another benefit of the system.

The first phase of the Computerized Train Dispatch and Information System will be operational with the opening of the new Spadina subway early in 1978.

SUBWAY CAR FIRE

On October 15, 1976, a fire occurred in the last car of a subway train on the Bloor-Danforth line. Passengers were off-loaded safely at Christie Station, but because of the dense smoke, intense heat and the confined area, the fire could not be contained. Four cars were completely destroyed and considerable damage was caused to station facilities.

An investigation into the cause of the fire was undertaken by the Ontario Fire Marshal's office and the TTC. Arson was suspected and the Commission and Metropolitan Toronto Police offered a total of \$20,000 in rewards for information leading to the arrest and conviction of the person or persons responsible for the \$2.5-million blaze. The Commission's property insurance provided coverage for the destroyed rolling stock and station damage at replacement value.

The Commission is grateful that no serious injuries occurred and it wishes to express its appreciation to the employees of the Toronto Fire Department, Metropolitan Toronto Police and Department of Ambulance Services for their fine work.

The Commission also commends the TTC employees who worked around the clock to remove the destroyed cars and repair station facilities to permit restoration of subway service over the affected section of line by Sunday, October 17.

PASSENGER VEHICLE FLEET

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

	<u>1976</u>	<u>1975</u>
Street cars	358*	388*
Subway cars	494	498
Motor buses	1219	1218
Trolley buses	<u>151</u>	<u>151</u>
	2222	2255

* Includes active and stored vehicles and Witt car #2766

During 1976, nineteen new buses were placed in service and eighteen buses which had reached the end of useful service were disposed of during the year. In addition, thirty surplus P.C.C. street cars were sold to the city of Philadelphia.

TRACK AND ROADWAY

During 1976, major street car track repair work was carried out on Queen Street from Coxwell Avenue to Eastern

Avenue and from Kingston Road to Woodbine Avenue; on Connaught Avenue from Queen Street to Eastern Avenue; on King Street from Berkeley Street to Parliament Street; and on Bathurst Street from Queen Street to Dundas Street. The work was co-ordinated with City of Toronto and Metropolitan Toronto repaving projects. Major repair work was also completed on the trackwork at the intersections of Dundas and Church; Dundas and Victoria; Dundas and Dundas Square; and King and Parliament.

Worn rail was replaced at twenty-two car stop locations and curved rail in the Yonge-University subway was replaced at seven locations.

SUBWAY CONSTRUCTION

SPADINA RAPID TRANSIT

Construction of the new Spadina subway continued at a good pace during 1976 and at year end ten major structural contracts had been completed and work was underway on twenty-eight others. In addition, one contract tender was being examined, one was out for tender and two other contracts had been awarded.

The \$220-million estimated cost of the 6.17-mile Spadina subway is being shared by the Province of Ontario and Metropolitan Toronto 75% and 25% respectively. Target date for opening is early 1978.

IMPROVED NOISE AND VIBRATION CONTROL

In all underground sections of the Spadina subway, trains will literally ride on rubber. Synthetic rubber components that float the track-support system have been designed to reduce the problem of ground-borne vibrations from trains. The new system consists primarily of large, precast concrete block double-ties supported on resilient pads of synthetic rubber. The concrete ties are approximately 10 feet wide and 5 feet long. They are spaced about 2 inches apart and supported on rubber pads measuring 13 inches in diameter and 3 inches in thickness. The ties are laterally supported from the subway structure and from each other with rectangular pads. It is expected that this new double insulation technique will provide additional vibration insulation of 12 to 16 decibels.

Track on the Spadina subway weighs 115 pounds per yard rail compared to the 100 pounds per yard rail used on previous subway lines built in Toronto. This change to heavier rail was based on results of a TTC test installation on a section of the Bloor-Danforth subway. The heavier rail noticeably improved train ride and, used in combination with the new concrete ties, is expected to require less maintenance and to have a longer life than lighter rail.

BLOOR-DANFORTH SUBWAY EXTENSIONS

Because of severe financial restraints, the scheduled 1977 target date for the opening of the 1.6-mile easterly extension from Warden Station to Kennedy Road and Eglinton Avenue and the one-mile westerly extension from Islington Station to Kipling Avenue was deferred until 1980. During the year, preliminary construction work continued on the westerly

extension. The work included diverting the Canadian Pacific Railway tracks to facilitate piling, excavation and construction of a section of the subway structure. The railway tracks were returned to their original alignment. In addition, a bridge, which will carry subway trains over Bloor Street, was built and track bed construction was completed to Kipling Avenue.

PRIVATE BUILDING ALONG THE SUBWAY ROUTES

As of December 31, 1976, major building projects were either underway or planned in the areas of Union, Dundas, St. Clair and Sheppard subway stations. Many of these developments include direct connections between the new building complexes and the adjacent subway station.

SPECIAL PROJECTS

Throughout the year, Subway Construction officials and staff were involved in the development and preparation of 125 preliminary drawings covering various Metro transportation projects including the proposed light rail line to Scarborough Town Centre, Spadina subway commuter parking lots, light rail vehicle design standards and the easterly extension of the Bloor-Danforth subway from Warden Station to Eglinton Avenue and Kennedy Road.

CONCLUSION

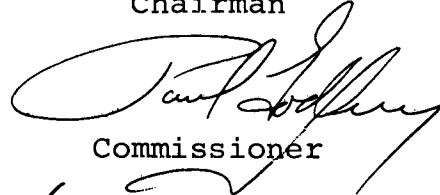
The Commission expresses its appreciation to Metropolitan Council and its officials, the elected representatives of the City and all area boroughs, the Province and the people of Metropolitan Toronto for their continued support and co-operation during 1976.

The Commission also wishes to gratefully acknowledge the conscientious and capable work of its employees throughout the year.

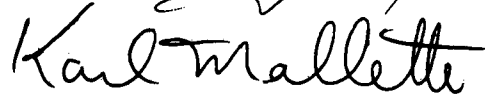
Yours truly,



Chairman




Commissioner



Commissioner



Commissioner

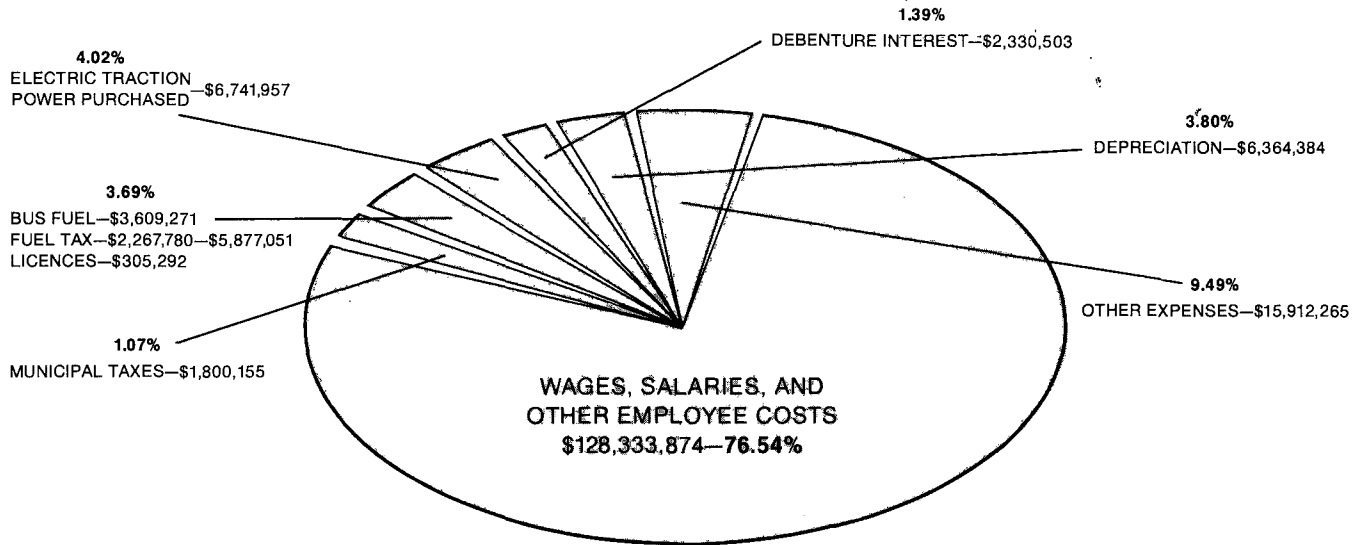


Commissioner



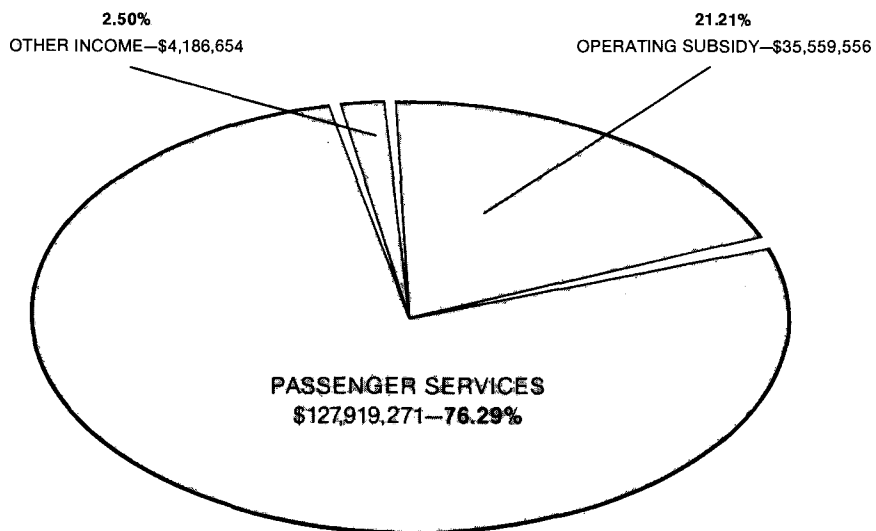
WHERE THE 1976 DOLLARS WENT

TOTAL EXPENSES—\$167,665,481



WHERE THE 1976 DOLLARS CAME FROM

TOTAL INCOME RECEIVED—\$167,665,481



April 19, 1977

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, 1976 and the statements of revenue and expenses and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures 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, 1976 and the results of its operations and the changes in its financial position 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

TORONTO TRANSIT COMMISSION

STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1976

	<u>1976</u>	<u>1975</u>
Revenue:		
Passenger services	\$127,919,271	\$103,925,560
Rental of land, air rights, buildings, subway concessions and equipment	2,185,139	2,076,287
Rental of advertising space	1,556,100	1,363,566
Miscellaneous	<u>445,415</u>	<u>497,802</u>
	<u>132,105,925</u>	<u>107,863,215</u>
Expenses:		
Wages, salaries and other employee costs	128,333,874	109,968,025
Electric traction power	6,741,957	5,311,621
Automotive fuel, including provincial taxes of \$2,267,780 (1975 - \$2,175,557)	5,877,051	5,332,792
Vehicle and other licences	305,292	317,140
Municipal taxes	1,800,155	1,336,601
Public liability costs	1,559,112	1,814,818
Depreciation (Note 3)	6,364,384	6,804,241
Debenture interest	2,330,503	2,517,621
Other expenses including cost of repair and maintenance materials	<u>14,353,153</u>	<u>12,617,551</u>
	<u>167,665,481</u>	<u>146,020,410</u>
Excess of expenses over revenue for the year	35,559,556	38,157,195
Operating subsidy (Note 1)	<u>35,559,556</u>	<u>38,157,195</u>
Balance for the year	<u>\$ -</u>	<u>\$ -</u>

ASSETS	<u>1976</u>	<u>1975</u>
Current assets:		
Cash and interest bearing deposits	\$ 732,175	\$ 132,028
Accounts receivable-		
Gray Coach Lines, Limited - current account (Note 4)	2,116,366	2,348,606
Other receivables	4,566,242	4,947,987
Operating subsidy receivable (Note 1)	15,570,246	9,167,137
Other-		
Materials and supplies, at cost	6,276,296	5,568,517
Working funds and prepaid expenses	<u>744,559</u>	<u>798,179</u>
	30,005,884	22,962,454
Investment in capital stock of Gray Coach Lines, Limited, at cost (Note 4)	1,000,000	1,000,000
Unamortized debenture discount	711,170	760,791
Capital assets (Note 2):		
Land, buildings, subways, power distribution system, trackwork, rolling stock, buses and other equipment, at cost	576,085,174	566,819,572
Less: Capital contributions received	<u>363,360,725</u>	<u>355,263,108</u>
	212,724,449	211,556,464
Less: Accumulated depreciation	<u>125,536,448</u>	<u>120,573,878</u>
	87,188,001	90,982,586
Subway and other assets under construction	160,254,675	73,413,419
Less: Capital contributions received	<u>159,612,953</u>	<u>71,516,256</u>
	641,722	1,897,163
Total capital assets	87,829,723	92,879,749
	<u><u>\$119,546,777</u></u>	<u><u>\$117,602,994</u></u>

BALANCE SHEET AT DECEMBER 31, 1976

LIABILITIES		<u>1976</u>	<u>1975</u>
Current liabilities:			
Accounts payable and accrued liabilities		\$ 22,536,361	\$ 18,093,537
Debenture interest accrued		<u>481,251</u>	<u>491,793</u>
		<u>23,017,612</u>	<u>18,585,330</u>
Provision for:			
Tickets and tokens held by the public		3,425,000	3,050,000
Public liability and workmen's compensation		<u>2,000,000</u>	<u>2,000,000</u>
		<u>5,425,000</u>	<u>5,050,000</u>
Capital debt:			
The Municipality of Metropolitan Toronto-			
For debentures maturing in annual instalments from 1977 to 1995		32,967,343	34,799,182
For sinking fund debentures maturing between 1980 and 1997 less sinking fund balance of \$9,323,011		<u>12,858,989</u>	<u>13,863,990</u>
Total (Note 5)		45,826,332	48,663,172
Foreign exchange premiums received less discounts on transfer of proceeds of outstanding debentures issued in United States funds			
		<u>92,983</u>	<u>119,642</u>
		45,919,315	48,782,814
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 (unchanged from prior year)			
		<u>20,381,117</u>	<u>20,381,117</u>
		<u>45,184,850</u>	<u>45,184,850</u>
		<u>\$119,546,777</u>	<u>\$117,602,994</u>

TORONTO TRANSIT COMMISSION

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1976

	<u>1976</u>	<u>1975</u>
Source of funds:		
Passenger services	\$127,919,271	\$103,925,560
Other income	4,186,654	3,937,655
Operating subsidy	<u>35,559,556</u>	<u>38,157,195</u>
	167,665,481	146,020,410
Proceeds of capital asset disposals	<u>642,721</u>	<u>78,259</u>
	<u>168,308,202</u>	<u>146,098,669</u>
Application of funds:		
Operating expenses	167,665,481	146,020,410
(Deduct) Add items not requiring current funds-		
Depreciation	(6,364,384)	(6,804,241)
Other	<u>209,453</u>	<u>(1,084,532)</u>
	161,510,550	138,131,637
Expenditures on capital assets (Note 2)	98,151,395	82,299,511
Less: Capital contributions received	<u>96,194,314</u>	<u>77,669,154</u>
	1,957,081	4,630,357
Debenture debt repayments	<u>2,229,423</u>	<u>2,191,351</u>
	<u>165,697,054</u>	<u>144,953,345</u>
Increase in working capital	2,611,148	1,145,324
Working capital at beginning of year	<u>4,377,124</u>	<u>3,231,800</u>
Working capital at end of year	<u>\$ 6,988,272</u>	<u>\$ 4,377,124</u>

TORONTO TRANSIT COMMISSION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1976

1. Operating subsidy:

In 1971 the Province of Ontario enacted legislation to provide financial assistance to municipalities in respect of their expenditures for the operation of public transit services. In each of the years 1971 to 1976 The Municipality of Metropolitan Toronto has assumed responsibility for the Commission's operating deficit and has received financial assistance from the Province which included approximately 50% of such deficits.

The Municipality had made payments to the Commission of \$19,989,310 in respect of the 1976 operating deficit leaving a balance receivable of \$15,570,246 at December 31, 1976.

2. Capital assets and capital contributions:

The Commission constructs or purchases its capital asset additions and receives capital contributions from The Municipality of Metropolitan Toronto and the Province of Ontario. Capital assets are recorded at cost in the financial statements and the capital contributions received are recorded as a deduction from the gross cost. The current bases for capital contributions are as follows:

1. For additions and major improvements to the subway system and equipment and for 125 Light Rail Vehicles the Municipality makes a capital contribution equal to the total cost and recovers 75% of this amount from the Province.
2. For most of its other capital asset additions the Commission receives the benefit of a 75% capital contribution that the Province pays to municipalities.

The additions to capital assets and capital contributions during 1976 are summarized below. These figures do not include land for subways which is purchased by the Municipality and is not recorded on the Commission's books.

	<u>Expended in 1976</u>	<u>Capital Contributions recorded in 1976 from the Province and Municipality</u>
Subway extensions and improvements-		
Spadina Rapid Transit Line	\$56,447,899	\$56,647,877 *
Subway cars	17,524,347	17,524,347
Bloor-Danforth Line, Kipling and Kennedy Extensions	10,351,638	10,351,638
Dundas Station improvements	1,482,244	1,482,244
Other	307,157	218,223
Surface assets-		
Light Rail Vehicles	7,143,187	7,143,187
19 buses	1,333,363	995,292
Downsview Bus Garage	2,122,798	1,581,073
Other	1,438,762	250,433
	<u>\$98,151,395</u>	<u>\$96,194,314</u>

*Includes contribution for amounts expended in prior years

Subway and other assets under construction at December 31, 1976 are summarized as follows:

Subway assets-			
Spadina Rapid Transit Line		\$137,666,296	
Subway cars		20,625,477	
Bloor-Danforth Line, Kipling and Kennedy Extensions		13,995,342	
Dundas Station improvements		2,451,099	
Miscellaneous		<u>541,028</u>	
			\$175,279,242
Other assets-			
125 Light Rail Vehicles*			<u>8,515,811</u>
			183,795,053
Less:			
Accounts payable and accruals		17,769,423	
Contract holdbacks		<u>5,770,955</u>	
			<u>23,540,378</u>
			<u>\$160,254,675</u>

* The Commission will be obtaining a total of 200 Light Rail Vehicles, of which 75 will be owned and paid for by the Province of Ontario and leased to the Commission for \$1 a year each

3. Depreciation policy:

The provision for depreciation on capital assets is computed on the straight-line method at rates based on the estimated average useful life of each asset group. Depreciation is charged only on that portion of the total cost of capital assets borne by the Commission.

4. Gray Coach Lines, Limited:

Gray Coach Lines, Limited, a wholly-owned subsidiary of the Toronto Transit Commission, operates interurban coach services and its financial statements are published separately. The accounts of Gray Coach Lines are not consolidated with those of the Toronto Transit Commission because consolidation is not felt to be the more informative presentation in the circumstances. The earnings of the Company, after any dividends to the Commission, are retained to maintain and improve the service for the benefit of the population it serves and are not likely to accrue to the Commission. In addition, the Company's fares and routes are regulated by the Province of Ontario and a significant part of the Company's operations is carried out under an agreement with the Toronto Area Transit Operating Authority as part of the "GO Transit" system.

The earnings of Gray Coach Lines are recorded in the accounts of the Commission only to the extent of dividends received. No dividends were received in 1976 or 1975. The results of Gray Coach Lines' operations are summarized as follows:

GRAY COACH LINES, LIMITED

	<u>Year ended December 31</u>	
	<u>1976</u>	<u>1975</u>
Revenue	\$27,446,401	\$24,834,606
Expenses, including Ontario income taxes	<u>27,175,274</u>	<u>24,260,857</u>
Net earnings for the year	<u>\$ 271,127</u>	<u>\$ 573,749</u>

The Company's balance sheet is summarized as follows:

ASSETS

	<u>As at December 31</u>	
	<u>1976</u>	<u>1975</u>
Current assets	\$ 4,343,082	\$ 5,005,853
Short-term investments, primarily held for modernization and expansion of the system	1,475,000	1,475,000
Capital assets, at cost less accumulated depreciation	<u>9,989,477</u>	<u>9,099,965</u>
	<u>\$15,807,559</u>	<u>\$15,580,818</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities	\$ 3,202,712	\$ 3,277,598
Provisions, mainly for public liability and workmen's compensation	1,302,000	1,271,500
Capital stock, reserve and retained earnings	<u>11,302,847</u>	<u>11,031,720</u>
	<u>\$15,807,559</u>	<u>\$15,580,818</u>

The Company is appealing decisions of the Ontario Highway Transport Board on November 22, 1976 which permitted other carriers to operate from Toronto to Buffalo, Sudbury, Barrie and Orillia. These important routes were formerly operated exclusively by Gray Coach Lines and the Board decisions, if upheld, would have a major adverse effect on the future operating results of the Company. The final outcome of the appeal cannot be determined at this time.

The Statement of Revenue and Expenses reflects charges of \$5,081,556 (1975 - \$4,887,678) made to Gray Coach Lines, Limited by the Commission for rental of property and equipment, use of joint facilities and administrative services.

5. Capital debt:

Capital borrowings 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. At December 31, 1976 the net capital debt of the Commission was as follows:

	<u>1976</u>	<u>1975</u>
Instalment debentures-		
2 3/4% due 1980*	\$ 676,480	\$ 845,600
3 3/8% due 1981*	1,544,730	1,824,080
3 1/2% due 1983*	1,875,420	2,106,450
4% due 1983	1,257,528	1,410,642
3 1/2% due 1984	1,300,812	1,439,623
5 3/8% due 1992	2,988,373	3,104,787
5 1/2% due 1993	7,474,000	7,737,000
5 1/4% due 1995	<u>15,850,000</u>	<u>16,331,000</u>
	<u>32,967,343</u>	<u>34,799,182</u>
Sinking fund debentures-		
3 3/4% due 1980	-	121,458
4 1/8% due 1986*	740,795	874,214
5% due 1993	1,186,778	1,293,781
6% due 1996	5,992,854	6,366,997
6% due 1997	2,241,789	2,367,773
7% due 1997	<u>2,696,773</u>	<u>2,839,767</u>
	<u>12,858,989</u>	<u>13,863,990</u>
	<u>\$45,826,332</u>	<u>\$48,663,172</u>

* Payable in U.S. dollars

Instalment debenture maturities and scheduled sinking fund payments required in each of the next five years are approximately \$2,400,000.

The sinking fund balance of \$9,323,011 at December 31, 1976 consists of:

- (i) 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 to provide sufficient funds to retire the debentures at maturity, and
- (ii) the Commission's equity of \$1,919,098 in the actual earnings of the sinking fund in excess of the 3% rate.

6. Anti-inflation programme:

The Commission is subject to, and has complied with, controls on compensation under the Federal government's anti-inflation programme.

TORONTO TRANSIT COMMISSION
TEN YEAR SUMMARY

	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967
FINANCIAL SUMMARY:										
Gross Revenue (000's)	\$132,106	\$107,863	\$84,323	\$85,299	\$86,669	\$83,635	\$81,723	\$79,003	\$66,755	\$62,506
Wages, Salaries & other Employee Costs (000's)	128,334	109,968	88,106	75,385	66,205	61,006	54,746	50,578	45,467	38,566
Automotive Fuel Tax (000's)	2,268	2,176	1,890	1,832	1,698	1,548	1,499	1,460	1,385	1,173
Municipal Taxes (000's)	1,800	1,337	1,351	1,195	1,349	1,342	1,327	1,211	1,165	1,971
Total Expenses (000's)	167,665	146,020	118,528	103,165	92,843	86,514	79,820	74,873	67,941	60,094
Net Earnings (Loss) (000's)	(35,560)	(38,157)	(34,205)	(17,866)	(6,173)	(2,879)	1,903	4,130	(1,186)	2,412
Operating Subsidy (000's)	35,560	38,157	34,205	17,866	6,173	2,879	-	-	-	-
OPERATING STATISTICS:										
Passengers Carried (000's)	350,633	357,593	329,796	329,027	292,964	281,496	276,529	276,908	281,496	274,965
Passengers Carried Average Weekday (000's)	1,171	1,189	1,168	1,100	984	935	921	918	913	890
Metropolitan Area Population (000's)	2,106	2,107	2,093	2,079	2,069	2,086	2,004	1,935	1,906	1,888
Miles Operated Including Charter & Special Services: (000's)										
Motor Bus	47,479	46,027	40,448	39,449	36,928	35,574	33,771	33,539	32,394	29,135
Subway	34,576	34,096	29,698	26,185	22,993	22,840	22,735	22,694	20,537	16,418
Streetcar	10,108	10,489	9,945	10,867	10,832	10,988	11,427	11,843	12,742	13,795
Trolley Bus	3,932	3,702	3,375	3,643	3,965	3,994	4,053	4,162	4,071	3,940
Total	96,095	94,314	83,466	80,144	74,718	73,396	71,986	72,238	69,744	63,288
Miles of Route:										
Bus	595.90	598.65	595.74	562.31	528.78	500.17	476.50	472.75	454.57	445.27
Streetcar	44.38	46.32	46.32	48.30	48.30	48.30	48.30	48.30	48.30	52.66
Trolley Bus	32.12	28.26	28.26	26.74	28.69	28.69	28.69	28.69	28.69	26.73
Subway	25.70	25.70	25.70	23.05	20.73	20.73	20.73	20.73	20.73	14.57
Mini Bus	12.02	12.02								
Total	710.12	710.95	696.02	660.40	626.50	597.89	574.22	570.47	552.29	539.23
Passenger Vehicles Owned:										
Buses	1,219	1,218	1,165	1,097	1,006	963	963	1,003	942	939
Streetcars	358	388	389	393	418	422	437	446	543	675
Subway Cars	494	498	416	410	410	334	334	334	334	334
Trolley Buses	151	151	151	152	152	152	152	152	153	153
Total	2,222	2,255	2,121	2,052	1,986	1,871	1,886	1,935	1,972	2,101
Average Age of Vehicles	11.6	11.4	12.1	11.9	11.8	11.7	12.3	12.0	12.2	12.2
Number of Routes	115	116	113	106	105	102	102	103	102	90
Number of Subway Stations	49	49	49	47	45	45	45	45	45	36
Speed per Hour	13.62	13.63	13.49	13.07	12.85	12.84	12.79	12.77	12.45	12.00
Electric Traction Power Consumption - Kilowatt Hours	290,598	283,150	255,614	248,081	239,386	235,250	236,530	236,541	227,322	209,637
Diesel Oil Consumption - Gallons	8,935	8,590	7,515	7,279	6,732	6,373	6,335	5,994	5,747	5,165
Average Number of Employees Including Gray Coach Lines	8,473	8,047	7,565	7,330	7,042	6,815	6,535	6,529	6,490	6,328
Average Hourly Wages & Benefits per Driver	\$8.86	\$8.15	\$7.52	\$6.07	\$5.79	\$5.16	\$4.71	\$4.28	\$3.89	\$3.53
Average Fare	36.959¢	29.836¢	23.541¢	23.814¢	27.954¢	27.905¢	27.844¢	27.228¢	22.464¢	21.566¢
Expenditures per Passenger	47.82¢	40.83¢	35.94¢	31.35¢	31.69¢	30.73¢	28.87¢	27.04¢	24.14¢	21.86¢
Ratio of Expenditure to Revenue	126.92%	135.36%	140.56%	120.95%	107.12%	103.44%	97.67%	94.77%	101.78%	96.14%
Operating Expenses Per Mile	174.48¢	154.82¢	142.01¢	128.72¢	124.26¢	117.87¢	110.88¢	103.65¢	97.41¢	94.95¢
Operating Revenue Per Mile	137.47¢	114.37¢	101.03¢	106.43¢	116.00¢	113.95¢	113.53¢	109.36¢	95.71¢	98.76¢
Fares per Vehicle Mile	3.68	3.82	4.00	4.21	4.70	4.57	4.55	4.52	4.70	5.04
Number of Accidents Per Million Miles	33.43	35.92	37.21	40.10	40.59	41.98	42.98	50.08	58.36	68.18



