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# 1987 Annual Report

## Serving our riders

Toronto Transit Commission

# PROFILE

*This report is dedicated to our riders, who have helped make the Toronto Transit Commission the most heavily used transportation system in Canada and the United States per capita.*

*The TTC is an award-winning public transit authority, created by the Municipality of Metropolitan Toronto in 1954. It is responsible for public transit in Metropolitan Toronto, which is made up of six municipalities covering 244 sq. mi. The TTC is directed by five Commissioners who are appointed by Metropolitan Toronto Council.*

*It carries 1.5 million passenger trips on an average business day — the equivalent of every resident taking 208 rides annually. With a fleet of 2,675 buses, trolley coaches, streetcars, subway vehicles and light rapid transit vehicles, the TTC operates more modes of transportation than any other transit system in North America.*

*The TTC was the first Canadian transit authority to receive an Outstanding Achievement Award from the American Public Transit Association. It has won APTA's Silver Award for passenger and traffic safety more often than any other system in the association's history.*

*The TTC employs about 9,300 people and has two subsidiaries: Gray Coach Lines Limited, which operates interurban passenger and parcel bus service throughout Ontario and into the United States, and Toronto Transit Consultants Limited, which provides engineering consulting and transit expertise to clients world-wide.*

*The TTC's operating budget is based 68 per cent on revenues acquired mostly from fares and 32 per cent on equal subsidies from Metropolitan Toronto and the Province of Ontario. The Commission's rate of cost recovery from the farebox is one of the highest in North America and is the envy of the transit industry.*

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Toronto Transit Commission

# LETTER FROM THE COMMISSION

TO: MR. DENNIS FLYNN,
CHAIRMAN, AND COUNCILLORS
OF THE MUNICIPALITY OF
METROPOLITAN TORONTO

It is with great pleasure that I report another year of achievement for the Toronto Transit Commission. On many fronts, 1987 was an exciting year that brought growth and change to the TTC.

In 1987, 456.9 million riders used the TTC, the highest ridership in the Commission's history. Sales of the TTC Metropass grew and, as the Ontario economy remained buoyant, cross-boundary metropolitan traffic increased and many out-of-town visitors used our system.

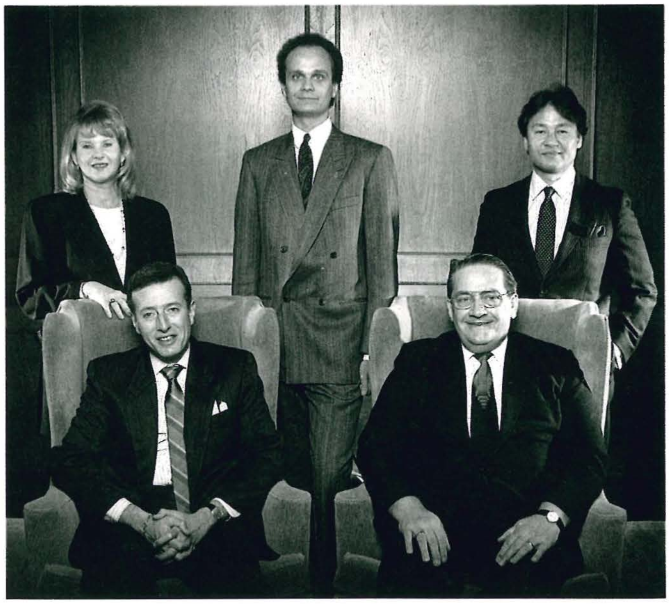
To meet increasing rider demands, the TTC expanded all-night service, added to the route network and introduced a computerized system providing riders with schedule information on surface routes. The Commission also announced plans to assume full responsibility for Wheel-Trans, the transportation service for disabled riders within Metropolitan Toronto.

Efficiency and safety continued to improve. In 1987, TTC equipment staff increased subway inspection and maintenance and helped set a record for subway car reliability, which decreased the number of delays experienced by riders. Operators recorded fewer than three accidents per 160,000 km (100,000 mi.) — the lowest accident rate in TTC history for surface transportation. TTC safety efforts were recognized by our peers when the American Public Transit Association awarded the TTC the Silver Award for the 18th time in the past 21 years.

We continued to improve stations along the Yonge subway line. Renovations enhanced the appearance and environment of the St. Clair and Summerhill stations, and a major project to increase passenger access in the Bloor-Yonge station was begun.

With the opening of the North York Centre station, subway service complemented a $250-million civic and commercial complex in the growing suburban city of North York. The $20.4-million station was the first to be built in an existing line without interrupting service.

Construction was begun on the Harbourfront Light Rail Transit line, the first new streetcar line to be built in the city in more than 60 years. When the two-year project is completed, the line will bring together the downtown and waterfront and provide transportation for residents and tourists alike.



**THE COMMISSION Standing: Commissioner Carole J. Kerbel, Commissioner Tom Jakobek and Vice-Chairman Dr. Gordon J. Chong. Seated: Chairman Jeffery S. Lyons, QC, and Commissioner C. Dennis Flynn.**

Helping to guide the TTC in new directions were a number of people who joined the organization during the year.

Allan Leach, former Managing Director and Chief Executive Officer of GO Transit, was appointed Chief General Manager, replacing Alfred Savage.

I was elected TTC Chairman, replacing Julian Porter. In addition, Carole Kerbel joined as Commissioner and Dr. Gordon Chong became Vice-Chairman.

For all of our employees, 1987 provided opportunities to help the TTC grow and change to meet increasing rider demands.

Meeting these demands involved close co-operation with the Metropolitan Toronto Council and the Province of Ontario. Without their continued support, the TTC could not continue to provide high standards of service to the people of Metropolitan Toronto.

Jeffery S. Lyons
Chairman

# LETTER FROM TTC MANAGEMENT

I am pleased to report that in 1987 the TTC carried 456.9 million riders, setting a new ridership record and underscoring the public's belief that the TTC offers good service and value for money. The increase of 15.9 million riders was 10 million more than our forecast, and was the ninth consecutive annual increase.

This ridership increase and a January fare change that raised the average fare by 3.4 per cent allowed the TTC to surpass its target of financing 68 per cent of eligible operating expenses from eligible revenues. Revenues met 70 per cent of operating costs, reducing the budgeted level of financial support needed from Metropolitan Toronto and Ontario taxpayers by $6.6 million.

Together, revenues and government funding enabled the TTC to provide 193 million km (119.9 million mi.) of service, a 3.4-million-km (2.1-million-mi.) increase over 1986.

To ensure that the TTC continues to meet ridership demands and provide safe, reliable transportation, the purchase of new equipment and increased attention to existing vehicles were necessary. In 1987, we put into service 30 H-6 subway cars and received nine articulated diesel buses and four articulated streetcars for acceptance testing. Vehicle inspection and maintenance increased subway car reliability to an all-time high. We also upheld our safety reputation by winning coveted safety awards from the American Public Transit Association and the Canadian Urban Transit Association.

**OFFICERS AND SENIOR OFFICIALS Standing: J. Herb Jobb, General Manager, Finance; Dr. Juri Pill, General Manager, Planning; Norman E. Balfour, QC, General Counsel; William L. Verrier, President and Chief Executive Officer, Gray Coach Lines, Limited; Donald J. Morton, General Manager, Engineering and Construction; Arnold S. Dubé, General Manager, Administration; Gordon M. Break, General Manager, Human Resources. Seated: Lloyd G. Berney, General Manager, Operations; Allan F. Leach, Chief General Manager; David C. Phillips, General Secretary.**

In 1987, revenues rose by 7 per cent to $357.7 million, from $334.8 million in 1986. An operating subsidy of $136.8 million was added to revenues to allow the TTC to meet operating expenses of $494.5 million, an increase of $33.5 million over the previous year. Capital spending in 1987 was $122.7 million, down by 27 per cent from $168.3 million in 1986.

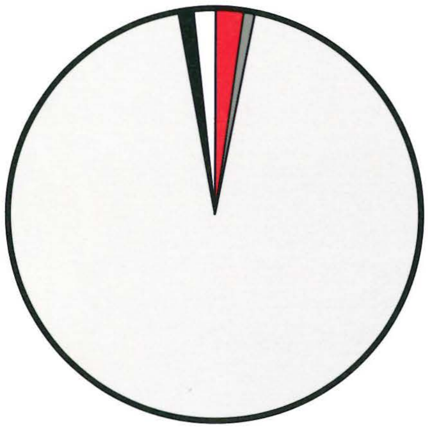
Financial support from the Metropolitan Toronto government and the Province of Ontario continues to be vital to the successful operation and expansion of the TTC.

It is the Commission's goal to build on the achievements of 1987, seeking new ways to provide cost-efficient service to our riders.

Allan F. Leach
Chief General Manager

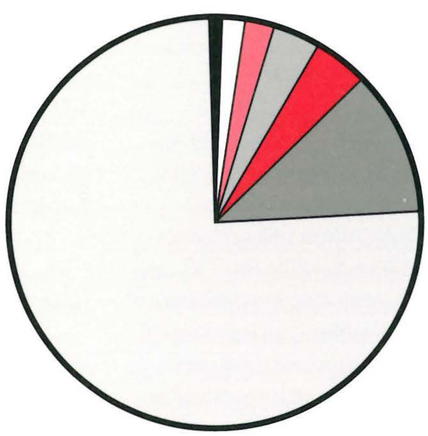
# FINANCIAL OVERVIEW

**1987 REVENUE**
**Total Revenue:**
**$357,749,000**



- Regular Service, Including Fare Grants $338,487,000 (94.6%)
- Charters and Special Services $2,158,000 (0.6%)
- Rent $7,747,000 (2.2%)
- Advertising $6,276,000 (1.7%)
- Other $3,081,000 (0.9%)

**1987 EXPENSES**
**Total Expenses:**
**$494,532,000**



- Wages, Salaries and Other Employee Costs $372,984,000 (75.4%)
- Materials, Services and Supplies $56,836,000 (11.5%)
- Automotive Fuel, Vehicle and Other Licences $21,169,000 (4.3%)
- Electric Traction Power $18,556,000 (3.7%)
- Accident Claims Costs $11,292,000 (2.3%)
- Depreciation and Debenture Interest $8,735,000 (1.8%)
- Municipal Taxes $4,960,000 (1.0%)

**TTC FARES AT DECEMBER 31, 1987**

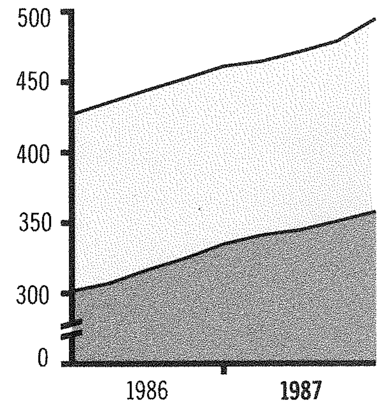
| | Fares | Revenue Passengers millions | % |
|---|---|---|---|
| **TOKENS** | | | |
| Adult | 6 for $5.00 | 127.1 | 27.8 |
| **TICKETS** | | | |
| Adult | 6 for $5.00 | 38.9 | 8.5 |
| | 2 for $1.90 | 9.0 | 2.0 |
| Scholar | 6 for $2.50 | 40.5 | 8.9 |
| Senior Citizen | 6 for $2.50 | 25.4 | 5.6 |
| Child | 4 for $1.00 | 12.6 | 2.8 |
| **CASH** | | | |
| Adult | $1.00 | 75.3 | 16.5 |
| Scholar | $0.65 | 7.4 | 1.6 |
| Child | $0.50 | 3.5 | 0.8 |
| **PASSES** | | | |
| Metropass | $43.50 | 109.2 | 23.9 |
| Seniors' Pass | $28.25 | 3.9 | 0.8 |
| Family Pass | $3.50 | 0.6 | 0.1 |
| **OTHER** | | | |
| Postal Contract | | 1.9 | 0.4 |
| Blind and War Amputees | | 1.6 | 0.3 |
| | | 456.9 | 100.0 |

**Note:**
The split of passengers and revenue by category is estimated on the basis of collection of tickets and tokens and a sample analysis of cash fares.

## OPERATING RESULTS

| | 1987 | 1986 | Increase | % |
|---|---|---|---|---|
| ■ Revenue ($ millions) | **357.7** | 334.8 | 22.9 | 6.8 |
| □ Operating subsidy ($ millions) | **136.8** | 126.2 | 10.6 | 8.4 |
| Expenses ($ millions) | **494.5** | 461.0 | 33.5 | 7.3 |

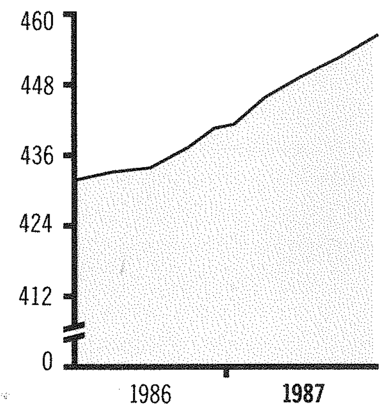
Revenue increased to $357.7 million, primarily as a result of the 3.4% fare increase on January 5 and a 3.6% increase in ridership. Expenses rose to $494.5 million because of wage increases aggregating 4.6%, a 1.8% increase in service operated and general inflation. Operating subsidy increased by 8.4%.




## PASSENGERS

| | 1987 | 1986 | Increase | % |
|---|---|---|---|---|
| Passengers (millions) | **456.9** | 441.0 | 15.9 | 3.6 |
| Revenue per passenger | **78.3¢** | 75.9¢ | 2.4¢ | 3.2 |
| Operating subsidy per passenger | **29.9¢** | 28.6¢ | 1.3¢ | 4.5 |
| Expenses per passenger | **108.2¢** | 104.5¢ | 3.7¢ | 3.5 |

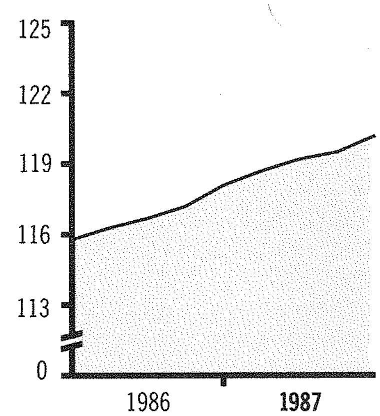
Ridership increased to a record 456.9 million, mainly because of the improved economy in Metro Toronto evidenced by higher employment and retail trade, service improvements and increased cross-boundary travel by non-Metro residents. The subsidy per passenger carried increased by 4.5%.




## MILES

| | 1987 | 1986 | Increase | % |
|---|---|---|---|---|
| Miles (millions) | **120.3** | 118.2 | 2.1 | 1.8 |
| Revenue per mile | **297.3¢** | 283.2¢ | 14.1¢ | 5.0 |
| Operating subsidy per mile | **113.7¢** | 106.8¢ | 6.9¢ | 6.5 |
| Expenses per mile | **411.0¢** | 390.0¢ | 21.0¢ | 5.4 |

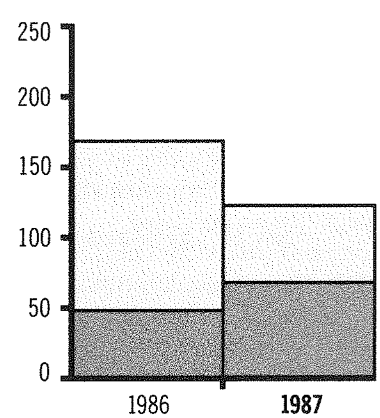
Miles operated increased primarily because of improved bus and subway service. All-night service was expanded during 1987.




## CAPITAL EXPENDITURES

| | 1987 | 1986 | Increase (Decrease) | % |
|---|---|---|---|---|
| □ Revenue vehicle acquisition ($ millions) | **54.7** | 120.1 | (65.4) | (54.5) |
| ■ Other capital projects ($ millions) | **68.0** | 48.2 | 19.8 | 41.1 |
| Total ($ millions) | **122.7** | 168.3 | (45.6) | (27.1) |

Expenditures in 1987 were primarily for progress payments on revenue vehicle acquisition contracts and for construction projects such as the Arrow Road Garage and the Harbourfront Light Rail Transit line.



# SERVING OUR RIDERS

In 1987, the TTC continued to be the most heavily used metropolitan public transit system in Canada and the United States per capita, with the equivalent of every resident of Metro Toronto taking approximately 208 rides annually.

**Carrying riders in record numbers**

The number of riders increased 3.6 per cent from 1986 to a record 456.9 million in 1987, the ninth consecutive annual increase in ridership. A new single-day record of 1.68 million riders was set, with the number of TTC riders exceeding 1.6 million on 25 days in 1987, compared with seven days in 1986.

Ridership growth was also reflected in steadily increasing sales of the TTC's monthly Adult Metropass. It reached a new record in monthly sales of 136,811 in November.

**Introducing new services**

Growth in ridership was matched by a growth in service. For example, the TTC expanded all-night service from 14 routes to 22 routes in 1987. Called the Blue Night Network, the service has brought all-night surface transportation to within a 15-minute walk of 86 per cent of Metro Toronto residents, compared with 46 per cent before the expansion.

The night network dates back to 1921 and was located mainly in the downtown core of the city of Toronto.

Confirming schedule information for these TTC routes and others became easier with the new TIMELINE computerized telephone answering system. Introduced in August 1987, the 24-hour, delay-free answering service is handling about 15,000 calls daily for information on 159 surface routes. By dialling the number posted at any of more than 9,000 transit stops, riders are able to hear a computer-generated message giving scheduled arrival times for vehicles at their stops. The system can handle more than 10 million simple schedule enquiries yearly and is expected to increase ridership during off-peak hours and weekends.

At the same time, the TTC increased service by creating two new route branches, extending four existing routes and modifying the routings of seven others. Additional hours of operation were introduced on nine existing routes.

The TTC also furthered service by adding 7.3 km (4.5 mi.) to the route network, thereby extending the network to 1,338 km (831 mi.).

**Giving the Yonge subway line a new look**

The subway network added its 60th station when the doors opened at the North York Centre station, the newest station along the Yonge subway line.

The $20.4-million station was built on time and under budget after two years of construction; it was the first subway station to be built in the middle of an existing line without stopping service. The new facility is a key transportation link to residential neighbourhoods and a $250-million civic and commercial complex in the growing city of North York. At year-end, the station was being used by almost 4,000 riders daily, about 13 per cent of the daily riders expected when the area is fully developed.

At Bloor-Yonge station — the system's busiest, with more than 102,000 users daily — the TTC began a four-year, $11.9-million renovation to provide improved access.

Construction began in 1987 on a new Bloor-Yonge automatic entrance, which will help reduce rush-hour crowding. The entrance will allow 12,000 riders a day direct access to the Bloor line. In addition, passenger access on the Yonge line will be improved with the removal of about 60 m (200 ft.) of wall, which began in 1987. A second entrance south of Bloor Street will be built, and an escalator will be installed from the street to the subway platform as soon as private development begins above the station.

In 1987, renovations to the Yonge line continued at the St. Clair and Summerhill stations. The projects are part of a 10-year, $50-million upgrading programme for stations on the 7.4-km (4.6-mi.) section of the Yonge line that

**HIGHLIGHTS OF 1987**

**Ridership increased for the ninth consecutive year, with 456.9 million rides taken in 1987 — a 3.6-per-cent increase over 1986.**

**The TTC's 60th station, North York Centre, was opened on Yonge Street. The $20.4-million station was the first subway station to be built in the middle of an existing line without stopping service.**

**An $11.9-million renovation project to ease crowding and to improve rider access was begun at the Bloor-Yonge subway station.**

**The TTC's all-night service was increased to 22 routes to better meet the needs of Metro Toronto riders.**

**Lines were opened to the TTC's new 24-hour telephone answering service. The computerized service takes 15,000 calls daily from riders seeking schedule information on 159 surface routes.**

**WHEN WE HEARD** Singapore was getting a subway we wrote our son there and said, "If your people want to know how to run public transit, tell them to come to Toronto"

**Bernard and Margaret Brettell, retired**

opened in 1954.

Among the improvements are new wall tiles, new ceilings to reduce sound levels, improved public address systems and more windows at street level. A third escalator was installed on the southbound platform of St. Clair station, and skylights were built above two stairwells to add natural light to the subway environment.

The TTC also approved purchase of a new public address system for its existing subway fleet. The first stage of a four-year upgrading programme for the in-station public address system began with the purchase of noise-compensating amplifiers.

### Informing the community about the TTC

Broadcasting information to the public about TTC services took on a new meaning with the production launch of *TTC Line*, a six-programme series shown on community cable channels throughout Metro Toronto. The programmes provided information on topical issues, informative vignettes on the TTC and an open-line telephone segment allowing viewers to talk to the Commission and TTC staff. Last year three programmes were broadcast with Commission Chairman Jeffery Lyons as co-host.

Television was not the only medium used by the TTC to inform the public about its services, however.

In 1987, the TTC's telephone information staff handled 2.5 million enquiries, as equipment was upgraded for improved call handling. In addition, the public picked up a million copies each of the *TTC Ride Guide* system map and of a monthly take-one pamphlet called *Rider News*, as well as a million assorted pocket timetables. About 62,000 people climbed aboard the TTC's Info-Bus as it took TTC information displays to all parts of Metro Toronto.

TTC staff also continued to promote transit safety to almost 23,000 pre-school and elementary school children and gave safety and security demonstrations in various shopping malls and subway stations.

In addition, the TTC helped advertise and encourage the use of the new Canadian dollar coins as a way of reducing operating expenses involved in processing fares.

### Keeping pace with urban development

The TTC continued to complement urban development. The Scarborough Rapid Transit (SRT) line was attracting 36,000 riders daily at year-end — a 35-per-cent increase over 1986. Recent estimates prepared by the Metropolitan Toronto Planning Department and the TTC predict employment at the Scarborough City Centre will reach almost 42,000 by 2011 because of the SRT and an extensive bus feeder system. Construction began on new commuter parking lots at Ellesmere and Lawrence East stations on the SRT line in 1987.

Elsewhere, the TTC's future route to the Lake Ontario waterfront got under way when construction crews and equipment broke ground on the Harbourfront Light Rail Transit (LRT) line. The $51-million LRT is the first new streetcar line to be built in the city in more than 60 years; it will be crucial to commercial and residential development as well as cultural and recreational facilities.

When completed, the 2.3-km (1.4-mi.) line will run underground from a loop at Union Station to Queens Quay. The line will then surface and run west along Queens Quay on a protected right-of-way to Spadina Avenue.

Special construction methods for building the underground section are being used to overcome difficult soil conditions and a high water table. In addition, a concrete bed was laid for the tracks along the line. The line will feature stations at Front Street and Bay Street-Queens Quay.

### Building on a reputation for safety

Helping to make equipment run smoothly were employees who continued the TTC's reputation for safety excellence.

In 1987, TTC operators recorded the lowest accident rate in the Commission's history, with fewer than three accidents per 160,000 km (100,000 mi.) of operation. This rate represented the best passenger and traffic safety record for U.S. and Canadian systems serving cities of one million or more people. This achievement earned the TTC one of the industry's highest safety honours, the Silver Award of the American Public Transit Association, for the 18th time in 21 years.

Other honours included two Canadian Urban Transit Association (CUTA) safety awards. Among those Canadian systems operating more than 12 million kilometres (7.4 million miles) of service annually, the TTC won CUTA awards for the best traffic safety record in Canada, with a rate of 11.4 accidents per million kilometres of operation, and for the best industrial safety record, with 27.8 accidents for every million employee-hours worked.

In 1987, the TTC proudly awarded safe-driving certificates to 3,066 operators who recorded no more than one accident each in 1986. Two operators were honoured for 30 years or more of accident-free driving; 125 others achieved the 20- to 29-year standard. The 10- to 19-year safe-driving plateau was attained by 895 individuals, and 2,044 other operators were recognized with special certificates marking one to nine years of safe driving.


**TWO DAYS AFTER I got here I discovered I could go anywhere in the city by TTC. It's dependable and safe, day or night**

**Debbie Ng, student**

# BACKING SERVICE WITH EQUIPMENT AND PEOPLE

The TTC continued to face the challenge of maintaining mid-1950s subway cars longer than planned, because of the delayed arrival of H-6 replacement cars. To manage this situation effectively, the TTC stepped up vehicle inspection.

At the TTC's request, the vehicle supplier for the H-6s established a retrofit programme to better meet TTC specifications. At year-end, 40 H-6s were delivered and 30 had been accepted for service. An entire fleet of 126 H-6s is scheduled to be in service by 1989.

The TTC received nine articulated diesel buses and four articulated streetcars for acceptance testing. The vehicles, featuring a hinged middle section, joined an active vehicle fleet numbering 2,675 at year-end.

The first of 30 bendable buses and 52 bendable streetcars are expected to start operation in early 1988. The extra carrying capacity of the vehicles will help improve service on heavily travelled routes.

The bendable 18-m (60-ft.) buses cost $315,000 each. They have 61 seats and a carrying capacity of 107 riders, almost twice the carrying capacity of a standard 12-m (40-ft.) bus. The buses are manufactured by Ontario Bus Industries of Mississauga, Ont., and Ikarus of Hungary.

The bendable 23-m (76-ft.) streetcars are articulated light rail vehicles (ALRVs). They seat 61 riders and have a carrying capacity of 155 — 55 per cent more than the TTC's single-bodied streetcars. Each costs almost $1.6 million. They are manufactured in Kingston, Ont., by CanCar Rail Inc., a subsidiary of UTDC.

In addition, the TTC accepted 116 new 12-m (40-ft.) diesel buses.

Subway and streetcar routes were upgraded as TTC employees replaced or repaired track. The TTC replaced more than 11.8 km (7.4 mi.) of single track on the 73.4-km (45.6-mi.) streetcar network and 5.4 km (3.4 mi.) of single track on the 54.4-km (33.8-mi.) subway system.

At the St. George station, a closed-circuit television monitoring system was installed to allow TTC staff to monitor platforms and escalators during rush-hour traffic periods and to activate electric emergency signs and stop escalators during an emergency.

The TTC also installed equipment for its first escalator monitoring system. When completed in 1988, the system will be used to monitor the operation of 260 escalators throughout the TTC system and to dispatch maintenance crews more quickly.

In addition, the TTC undertook engineering studies and began construction of a new 250-bus garage on Arrow Road. When completed in late 1988, the $27-million garage will house an expanding bus fleet in northwest Metro Toronto.

**Providing a better place to work**

The TTC began the first phase of a two-year study to examine compliance with the Ontario government's 1987 Pay Equity Act, assessing its policies and job evaluation plans and procedures.

At the same time, the TTC was selected by Labour Canada's Women's Bureau as one of seven organizations studied in a casebook on equal employment opportunity.

More than 250 employee suggestions were evaluated, and almost $8,000 in award money was paid to 68 employees last year. Their ideas will increase productivity and could save the company more than $150,000 in operating expenses. As another incentive to employees, the TTC presented awards of excellence to 168 employees to recognize and encourage outstanding job performance.

In 1987, the TTC was awarded a certificate of merit from the Department of Regional Industrial Expansion for outstanding creativity and innovation in marketing. The award was one of the federal government's Canada Awards for Business Excellence.

## HIGHLIGHTS OF 1987

**Construction began on the $51-million Harbourfront Light Rail Transit line, the first streetcar line to be built in Toronto in more than 60 years.**

**The TTC vehicle fleet grew to 2,675, a 2.6-per-cent increase over 1986.**

**The TTC received the first of a planned fleet of 82 articulated streetcars and buses for acceptance testing.**

**A new traffic and accident record was set by TTC operators, who recorded 2.91 accidents per 160,000 km (100,000 mi.) of surface transportation.**

**The American Public Transit Association presented the Silver Award for safety to the TTC for the 18th time in 21 years.**

**A two-year programme to study pay equity throughout the TTC began.**


**WHEN THE BLUE JAYS call I head for the Stadium Express. It saves me the hassle of fighting traffic and finding a place to park**

**Bob Martin, TV producer**

# PROVIDING OTHER SERVICES

The TTC is also active in providing services other than mass transit. To meet the needs of disabled riders, the TTC and Metro Toronto set up a special transit service, Wheel-Trans, in 1975. That service has grown, and plans are under way for the TTC to take complete control of the operation by early 1989. Elsewhere, the TTC sought new business opportunities to share its experience in operations, planning, engineering and design through Toronto Transit Consultants Ltd. (TTCL), a consulting subsidiary.

**Wheel-Trans**

Public transportation for people with disabilities was boosted when Metro Toronto approved the TTC's plans for assuming direct control of Wheel-Trans by early 1989. Full integration is expected to improve quality of service, accountability to riders and customer satisfaction.

Since 1975, the service has been contracted out to a private contractor. With direct operation, the TTC will add vehicle maintenance and the hiring and training of drivers to its current responsibilities.

The $14.7-million Wheel-Trans service in 1987 operated a fleet of 110 specially designed buses and other vehicles that provided more than 603,000 passenger rides — an increase of almost 15 per cent over 1986. At year-end, 11,000 riders unable to board regular transit vehicles were registered users of Wheel-Trans. At the same time, however, almost 12 per cent of trips requested by registered users could not be accommodated under the existing service structure and budget allocation.

Significant improvements were made to a Wheel-Trans computerized reservation, scheduling and dispatching system, enabling Wheel-Trans to cut advance reservation requirements for riders from seven days to four. To further improve Wheel-Trans service, mini-vans were tested as a possible replacement for station wagons during peak hours.

In addition, 39 Orion IIs were added to the Wheel-Trans fleet. Another 44 of the specially equipped vehicles are scheduled for delivery in 1988.

**Toronto Transit Consultants Ltd. (TTCL)**

In 1987, TTCL managed 20 projects requiring a combination of consulting engineering and hands-on expertise to international and domestic clients.

In a major contract, TTCL trained senior personnel responsible for a new light rail system in the New Territories of Hong Kong. TTCL and other TTC employees reviewed with managers of the Kowloon Canton Railway Corporation all aspects of light rail management, administration, operation and maintenance as well as preparation for the introduction of a new light rail system in 1988.

Elsewhere, TTCL provided consulting to clients in Lima, Peru; Los Angeles; Pittsburgh; Philadelphia; Washington, D.C.; Tampa, Fla.; and Phoenix, Ariz. These projects included engineering studies, cost analyses, and evaluating and developing work methods.

In Canada, the subsidiary was assigned to examine the feasibility of a downtown Ottawa bus transitway for the Regional Municipality of Ottawa-Carleton.

In addition, TTCL carried out studies for the TTC and the Canadian Urban Transit Association and hosted a symposium on safety that attracted people from as far away as China.

Since 1985, the subsidiary has drawn from current and retired employees of the TTC to provide transit know-how to government authorities, agencies and private enterprise. TTCL also opens doors in other countries for Canadian products and services. In 1987, TTCL accompanied a federal trade mission to India to promote Canadian transportation technology and expertise.

In addition, TTCL manages and operates a Transit Institute on behalf of the TTC, offering programmes in transit management and operations training.

**HIGHLIGHTS OF 1987**

**Transit officials from the New Territories of Hong Kong received training in all aspects of light rail management in one of 20 projects carried out by Toronto Transit Consultants Ltd. (TTCL), a TTC subsidiary.**

**A feasibility study of a downtown Ottawa bus transitway was carried out by TTCL.**

**Approval from Metro Toronto was given to the TTC's plans for direct operation by early 1989 of the $14.7-million Wheel-Trans service for disabled persons.**


**I'VE BEEN USING Wheel-Trans for five years, ever since I've been in a wheelchair. And I mean I *use* it – 10 to 14 times a week, to work, out to dinner, to shows, to see friends**

**Mel Posesorski, chartered accountant**

# LOOKING TO THE FUTURE

In 1987, the TTC looked to the future by carrying out a variety of strategic studies and by expanding revenue sources. The TTC began preliminary engineering and design work on NETWORK 2011, its rapid transit plan for the future, which at year-end was still awaiting funding approval from the Province of Ontario.

The preliminary work included study of utilities, construction methods, station locations and ventilation work required for a proposed $752-million, 7.6-km (4.8-mi.) subway line along Sheppard Avenue. In addition, the TTC examined soil conditions and studied the potential impact of the line on local bus routes, property costs, buildings, parking and traffic.

The TTC anticipates transportation demands on the Spadina Avenue corridor to increase dramatically because of the development of nearby railway lands. To meet these demands, the TTC and Metro Toronto have been involved in an extensive study of various transit alternatives and their impacts on the community. A consultant was retained for this study, which involved regular meetings with a consultative committee made up of Metro Toronto politicians, local business people and neighbourhood residents' groups.

**Acquiring information for tomorrow**

Helping the TTC to plan new directions were data-collecting equipment and several studies.

In 1987, computerized equipment was installed in more than half of the 150 buses that will begin collecting information in 1988 under an automatic passenger counter improvement programme. The equipment will be used to support route planning, from data collected on rider numbers and transit stop usage on weekends and evenings.

Looking ahead, the TTC studied downtown traffic trends and the future impact of the SkyDome, Toronto's domed stadium. It also undertook a long-term project looking at transportation for disabled and elderly people in the year 2000.

**Expanding revenue sources**

The TTC expanded revenue sources as its retail leasing opportunity programme continued to grow towards its goal of an additional 3,700 square metres (40,000 square feet) of retail space in 40 subway stations.

In 1987, the TTC decided to make the first systematic attempt to expand retail leasing for food concessions in the latest phase of the leasing plan. When carried out, this phase is projected to generate as much as $1 million in additional annual net revenue.

The TTC also accepted three major leasing proposals for non-food use, which will result in 30 store locations and 60 drop boxes for couriers. When implemented, the proposals are expected to add $700,000 in annual revenue to 1987's revenue of $2.7 million.

Under its retail leasing plan, the TTC expects to eventually earn $5 million in extra revenue. The leasing programme is considered by the TTC an important opportunity to earn additional non-farebox revenue and to provide more conveniences to the riding public.

The TTC also continued to contract for the sale of advertising space on TTC vehicles and properties. In 1987, advertising earned the Commission more than $6 million in revenue.

**HIGHLIGHTS OF 1987**

**Preliminary engineering and design planning was begun for the $752-million Sheppard Avenue line proposed by the TTC in NETWORK 2011, its plan for future rapid transit in Metropolitan Toronto.**

**The TTC continued to study alternative transit for Spadina Avenue to meet future transportation and community needs.**

**Installation of computer equipment on buses was begun as part of a programme to collect information on riders and to plan routes.**

**The future impact on mass transit of the SkyDome, Toronto's domed stadium, was studied by the TTC.**

**Annual revenue earnings from retail leasing rose to $2.7 million.**

**Advertising earned the TTC more than $6 million in revenue.**

**TAKING THE SUBWAY** to work makes more sense than using my car. I've used the TTC all my life — when I was growing up in the suburbs and now that I live on the waterfront

Toni Walker, communications marketing

# REVENUE

| (thousands of dollars) | 1987 | 1986 | Increase (Decrease) | % |
|---|---|---|---|---|
| Regular service | **325,626** | 302,719 | 22,907 | 7.6 |
| Fare grants | **12,861** | 11,855 | 1,006 | 8.5 |
| Regular service, including fare grants | **338,487** | 314,574 | 23,913 | 7.6 |
| Charters and special services | **2,158** | 2,257 | (99) | (4.4) |
| | **340,645** | 316,831 | 23,814 | 7.5 |
| Rent | **7,747** | 7,138 | 609 | 8.5 |
| Advertising | **6,276** | 6,002 | 274 | 4.6 |
| Other | **3,081** | 4,869 | (1,788) | (36.7) |
| Total revenue | **357,749** | 334,840 | 22,909 | 6.8 |

## REGULAR SERVICE, INCLUDING FARE GRANTS

Regular service, or "passenger" revenue, including fare grants from Metro Toronto, amounted to $338,487,000 in 1987. Fare increases implemented on January 5, 1987, resulted in an overall increase in the average fare of 3.4%, less than the 5.1% increase in the Toronto Consumer Price Index. The adult ticket and token fare was increased to 6 for $5.00 (83.3¢), while the adult cash fare remained at $1.00. The fare increase generated $12.6 million in additional revenue. Ridership grew to another new all-time high of 456.9 million, which generated an additional $11.3 million in revenue. Additional ridership was due to employment growth in areas with high transit accessibility, service improvements and increased cross-boundary transit travel by non-Metro residents. A significant factor contributing to the increase in ridership is the continued growth in the use of Metropass.

As in previous years, Metro Toronto continued to provide grants that allow senior citizens to travel at half fare, the blind and war amputees to travel free and, beginning in 1985, eligible war veterans to use seniors' fares. The amounts of Metro grants in 1987 were: senior citizens — $11,933,000; blind and war amputees — $826,000; eligible war veterans — $102,000.

## CHARTERS AND SPECIAL SERVICES

Charter revenue totalled $1,430,000, as compared with $1,478,000 in 1986. This small decrease occurred mainly because fewer conventions and special events were being held in the Metro Toronto area. Special service revenue declined by $51,000 to $728,000.

## RENT

Rent from station concessions and leases of property totalled $3,413,000, a small increase of $77,000 from 1986. Parking lot net revenue totalled $2,307,000, a 17.0% increase over 1986, primarily as a result of a full year's effect of the parking rate increase on July 1, 1986, and further changes at some lots on January 1, 1987. Other rental income totalled $2,027,000.

## ADVERTISING

Advertising revenue is obtained from advertisements on vehicles and property. Advertising revenue increased by 4.6% as a result of additional sales volume achieved by the TTC's advertising contractor.

## OTHER

Included in this class of revenue is the recovery of administrative and other costs for construction projects and for work done for others ($910,000) and dividends from Gray Coach Lines, Limited ($700,000). Other income was lower in 1987 because 1986 revenue included a one-time gain on the sale of Parkdale Garage ($2,130,000).

# EXPENSES

| (thousands of dollars) | **1987** | 1986 | Increase (Decrease) | % |
|---|---|---|---|---|
| Wages, salaries and other employee costs | **372,984** | 349,400 | 23,584 | 6.7 |
| Materials, services and supplies | **56,836** | 50,304 | 6,532 | 13.0 |
| Automotive fuel, vehicle and other licences | **21,169** | 22,299 | (1,130) | (5.1) |
| Electric traction power | **18,556** | 17,412 | 1,144 | 6.6 |
| Accident claims costs | **11,292** | 8,403 | 2,889 | 34.4 |
| Depreciation and debenture interest | **8,735** | 8,520 | 215 | 2.5 |
| Municipal taxes | **4,960** | 4,642 | 318 | 6.9 |
| Total expenses | **494,532** | 460,980 | 33,552 | 7.3 |

### WAGES, SALARIES AND OTHER EMPLOYEE COSTS

Wage and salary costs increased to $315,620,000, while the Commission's share of pension contributions and other employee benefit costs totalled a further $57,364,000. General wage increases granted in 1986 and 1987 resulted in a composite year-over-year increase of 4.6%. Specifically, a 4.25% wage increase became effective July 1, 1986, and a further 4.85% became effective July 1, 1987. In addition, the TTC work-force increased by 1.2%, and employee benefit costs increased by 11.7%.

An analysis of wage and salary costs by function is shown on page 18.

### MATERIALS, SERVICES AND SUPPLIES

This expense is the cost of materials, services and supplies of items not shown separately in the table above. These costs are also analysed on page 18.

### AUTOMOTIVE FUEL, VEHICLE AND OTHER LICENCES

The decrease in this cost is primarily due to the combined effects of a 7.3% reduction in the average price of diesel fuel (36.8¢ per litre in 1987), offset by a 1.6% increase in miles operated (61.7 million miles in 1987).

### ELECTRIC TRACTION POWER

The increase in the electric traction power cost is due to an average rate increase of 5.1% on January 1, 1987, and a 1.8% increase in miles operated (59.3 million miles in 1987).

### ACCIDENT CLAIMS COSTS

Accident claims costs consist of premiums for catastrophe insurance, payments for self-insured claims and an increase in the provision for unsettled accident claims. Fewer claims were paid in 1987 than in 1986; however, the average value of claims paid increased significantly. In addition, the provision for unsettled accident claims at December 31, 1987, was increased by $4 million to allow for the much greater number and value of claims outstanding at the year-end.

### DEPRECIATION AND DEBENTURE INTEREST

This expense relates to the annual amortization of the Commission's investment (net of municipal and provincial subsidies) in its capital assets and to the interest relating to the Commission's share of capital debt issued to finance the construction of subway lines prior to 1968.

### MUNICIPAL TAXES

Realty and business taxes are payable on all Commission properties, except those used for rapid transit purposes. The increase in taxes is attributable to an average mill rate increase of 5.0% and to a full year's property taxes for buildings opened in 1986.

# EXPENSES BY FUNCTION

| (thousands of dollars) | **1987** | 1986 | Increase | % |
|---|---|---|---|---|
| **WAGES, SALARIES AND OTHER EMPLOYEE COSTS** | | | | |
| Vehicle operation | **209,794** | 197,090 | 12,704 | 6.4 |
| Vehicle maintenance | **80,663** | 75,730 | 4,933 | 6.5 |
| Non-vehicle maintenance | **44,328** | 41,388 | 2,940 | 7.1 |
| General and administration | **38,199** | 35,192 | 3,007 | 8.5 |
| | **372,984** | 349,400 | 23,584 | 6.7 |
| **MATERIALS, SERVICES AND SUPPLIES** | | | | |
| Vehicle operation | **1,918** | 1,671 | 247 | 14.8 |
| Vehicle maintenance | **23,664** | 20,837* | 2,827 | 13.6 |
| Non-vehicle maintenance | **18,107** | 17,410* | 697 | 4.0 |
| General and administration | **13,147** | 10,386* | 2,761 | 26.6 |
| | **56,836** | 50,304 | 6,532 | 13.0 |

*Figures have been restated for comparability with 1987.

### VEHICLE OPERATION

Approximately 50% of the operating work-force is involved in vehicle operations: operators, station collectors, inspectors, training staff and Transportation Department management. Labour costs increased in 1987, mainly because of the general wage adjustment and the increased work-force required in connection with the 1.8% increase in miles operated.

### NON-VEHICLE MAINTENANCE

Maintaining the Commission's garages, carhouses, repair shops and administration facilities, as well as the track and wiring along the subway and surface routes, is the responsibility of approximately 15% of the work-force. The increase in labour costs is the result of the general wage increase and additional maintenance of the subway system.

### VEHICLE MAINTENANCE

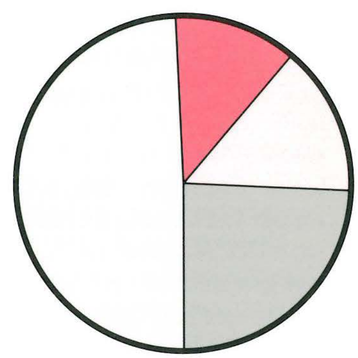
Servicing, maintaining and repairing the revenue fleet employs approximately 25% of the Commission's work-force. Costs increased mainly as a result of the general wage adjustment and inflation, along with additional maintenance work associated with increased miles operated, the expiration of the warranty on the ICTS vehicles and the continued operation of PCC streetcars, because of delayed introduction of Articulated Light Rail Vehicles.

### GENERAL AND ADMINISTRATION

The general and administration functions include the executive, finance, marketing and customer services, public affairs, human resources, materials and procurement, planning, safety and security, legal, and management service operations. These activities account for approximately 10% of the work-force.

Labour cost increases were mainly due to the general salary adjustment. In addition, staff increases were required primarily in the areas of management services, finance and planning. Non-labour increases were primarily due to the purchase of additional computer software and general increases in prices.

### EXPENSES BY FUNCTION



**Total Expenses**
**$429,820**

- Vehicle Operation $211,712 (49.3%)
- Vehicle Maintenance $104,327 (24.3%)
- Non-vehicle Maintenance $62,435 (14.5%)
- General and Administration $51,346 (11.9%)

# CAPITAL EXPENDITURES

| (thousands of dollars) | 1987 | 1986 | Increase (Decrease) |
|---|---|---|---|
| Revenue vehicle acquisition | **54,713** | 120,093 | (65,380) |
| Other capital projects | **67,993** | 48,206 | 19,787 |
| | **122,706** | 168,299 | (45,593) |

| REVENUE VEHICLE ACQUISITION | | OTHER CAPITAL PROJECTS | |
|---|---|---|---|
| 144 buses (progress payments) | **26,490** | Arrow Road bus garage | **7,482** |
| 126 subway cars (progress payments) | **11,141** | Harbourfront Light Rail Transit line | **7,390** |
| 52 Articulated Light Rail Vehicles (progress payments) | **6,205** | Maintenance facilities | **6,802** |
| 30 articulated buses (progress payments) | **5,819** | North York Centre station | **6,203** |
| 39 Wheel-Trans vehicles | **5,058** | Surface and subway track | **5,991** |
| | | Subway station modernization programme | **5,890** |
| | | Other capital projects | **28,235** |
| | **54,713** | | **67,993** |

These figures do not include Metro Toronto's direct expenditure for land purchased for subway and other projects, or Metro municipalities' costs for constructing transit shelters.

## REVENUE VEHICLE ACQUISITION

**144 buses:**
One hundred and sixteen 40-foot buses were received in 1987, and progress payments were made towards the purchase of an additional 28 buses. Of the vehicles received, 71 replaced retired vehicles and 45 are being used for service expansion.

**126 subway cars:**
Further progress payments were made towards the purchase of 26 additional and 100 replacement cars. By the end of 1987, 40 cars had been delivered, of which 30 had been accepted for service.

**52 ALRVs:**
Further progress payments were made towards the purchase of 52 ALRVs. By the end of 1987, four vehicles had been received for acceptance testing.

**30 articulated buses:**
Progress payments were made towards the purchase of 30 articulated buses. Nine vehicles had been received by the year-end.

**39 Wheel-Trans vehicles:**
Thirty-nine Orion II vehicles for use in the Wheel-Trans service were received in 1987. These vehicles will partially replace the Mighty-Mite vehicles currently in service.

## OTHER CAPITAL PROJECTS

**Arrow Road bus garage:**
Construction on a new garage for 250 vehicles was started in 1987. Completion is expected in late 1988.

**Harbourfront LRT:**
Construction on a new 1.4-mile LRT line began in 1987. It is expected to be completed at a cost of approximately $51 million.

**Maintenance facilities:**
Work done in 1987 included improvements to the heating, ventilating and air conditioning systems in existing structures, and progress on an addition to the Plant Operations building.

**North York Centre station:**
The $20.4-million station was completed in 1987, on time and under budget.

**Surface and subway track:**
Surface track projects are undertaken in conjunction with Metro Toronto and the City's programme for repairing streets. Subway track projects in 1987 consisted of the replacement of cross-overs at various locations and the reinsulation of negative rail on the Bloor-Danforth line between Sherbourne and Chester.

**Subway station modernization programme:**
In 1987 work was done at the St. Clair and Summerhill stations and in the Bloor-Yonge station, where a new project intended to increase passenger access was started.

**Other capital projects:**
These include subway ventilation and asbestos removal projects, acquisition of computer hardware, garage improvements, purchase of shop and garage equipment, studies related to proposed new transit lines, subway station roofing and paving and other capital acquisitions.

# FINANCING

| (thousands of dollars) | 1987 | 1986 | Increase (Decrease) |
|---|---|---|---|
| **OPERATING EXPENSES** | | | |
| By the Commission | **494,532** | 460,980 | 33,552 |
| By Metro and Metro municipalities | **27,586** | 23,580 | 4,006 |
| | **522,118** | 484,560 | 37,558 |
| **Financed from** | | | |
| Commission revenue | **357,749** | 334,840 | 22,909 |
| Metro and Metro municipalities | **86,269** | 78,120 | 8,149 |
| Provincial subsidy | **78,100*** | 71,600* | 6,500* |
| | **522,118** | 484,560 | 37,558 |
| **CAPITAL EXPENDITURES** | | | |
| By the Commission | **122,706** | 168,299 | (45,593) |
| By Metro and Metro municipalities | **8,030** | 2,020 | 6,010 |
| | **130,736** | 170,319 | (39,583) |
| **Financed from** | | | |
| Provincial subsidy | **97,100*** | 123,700* | (26,600)* |
| Metro and Metro municipalities | **24,914** | 35,667 | (10,753) |
| Commission | **8,722** | 10,952 | (2,230) |
| | **130,736** | 170,319 | (39,583) |

*Subject to provincial audit and approval.

## OPERATING EXPENSES

Financing is based on a fair-share agreement under which the Commission aims to provide approximately 68% of expenses (as defined for provincial subsidy purposes) from its revenues. The Municipality of Metropolitan Toronto and the Province of Ontario assume the remaining expenses on an approximately equal basis. In practice, the 68% revenue/cost target is arrived at through the Commission's budget-setting procedures, which forecast numbers of passengers, service to be operated and required fare increases. Actual financial results may result in these percentages fluctuating slightly above or below the targets from year to year.

The current provincial subsidy formula is based on a sliding scale, which provides for a basic subsidy of 13.75% of eligible expenses plus 25% of the shortfall between the actual revenue/cost ratio and the target of 72.5% for Toronto, up to a maximum of 15.47%.

The province also pays special operating subsidies to municipalities with new major transit facilities and for the additional operating costs of the Scarborough RT line that result from the use of the ICTS system instead of the originally planned streetcar (LRT) system.

In 1987, the operating subsidy requirement assumed by Metro Toronto amounted to $136,783,000. Metro and Metro municipalities incurred further costs totalling $27,586,000. These were primarily for debenture debt payments, senior citizens' fare subsidy and maintenance of transit shelters. The provincial contribution amounted to $78,100,000 (subject to provincial audit), and Metro's residual cost was $76,269,000.

Adjustments of the figures in the table in accordance with provincial subsidy regulations result in a 1987 cost-sharing as follows:

| | |
|---|---|
| TTC revenues | 70.0% |
| Provincial subsidy | 16.0% |
| Metro and Metro municipalities | 14.0% |

## CAPITAL EXPENDITURES

Capital expenditures totalled $122,706,000, consisting of $81,191,000 for new rapid transit construction, major vehicle purchases and other projects included in the Metro Capital Works Programme and $41,515,000 for the purchase of buses and for the replacement and renovation of surface and general facilities included in the Commission's capital budgets.

Metro assumes the full cost of the projects included in the Capital Works Programme, including land purchased directly by Metro and not recorded on the Commission's books ($7,774,000). Metro receives a 75% provincial subsidy for substantially all of these costs. The province has also agreed to pay the additional 25% of the extra costs required to construct the Scarborough RT line using ICTS rather than CLRV technology.

Capital budget expenditures are assumed by the Commission, with the exception of costs for transit shelters, which are paid for by the Metro municipalities. The province pays a 75% provincial subsidy on most projects but does not subsidize automotive service vehicles, revenue collection equipment, office furniture and equipment, and certain minor items.

Provincial subsidies on capital expenditures in 1987 amounted to $97,100,000 (subject to provincial audit). The Commission's contribution was $8,722,000, and the remaining $24,914,000 was financed by Metro and the Metro municipalities.

# STATEMENT OF REVENUE AND EXPENSES

| (in thousands) | Year ended December 31 **1987** | Year ended December 31 1986 |
|---|---|---|
| **REVENUE FROM OPERATIONS:** | | |
| Passenger services | **$340,645** | $316,831 |
| Rental of land, air rights, buildings, subway concessions and equipment | **7,747** | 7,138 |
| Rental of advertising space | **6,276** | 6,002 |
| Dividend from Gray Coach Lines, Limited | **700** | 500 |
| Miscellaneous | **2,381** | 4,369 |
| Total revenue | **357,749** | 334,840 |
| **Operating subsidy (Note 2)** | **136,783** | 126,140 |
| Total revenue and operating subsidy | **$494,532** | $460,980 |
| **EXPENSES:** | | |
| Wages, salaries and other employee costs | **$372,984** | $349,400 |
| Materials, services, and supplies other than the items shown below | **56,836** | 50,304 |
| Automotive fuel, including federal and provincial taxes | **20,549** | 21,709 |
| Electric traction power | **18,556** | 17,412 |
| Accident claims costs | **11,292** | 8,403 |
| Depreciation | **8,535** | 8,103 |
| Municipal taxes | **4,960** | 4,642 |
| Vehicle and other licences | **620** | 590 |
| Debenture interest | **200** | 417 |
| Total expenses | **$494,532** | $460,980 |

**AUDITORS' REPORT**

*Price Waterhouse*

April 7, 1988

TO THE CHAIRMAN AND MEMBERS
OF THE TORONTO TRANSIT COMMISSION:

*We have examined the balance sheet of the Toronto Transit Commission as at December 31, 1987, 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, 1987, 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
Chartered Accountants
Toronto, Ontario

Metropolitan Auditor
Toronto, Ontario

# BALANCE SHEET

| (in thousands) | December 31 **1987** | December 31 1986 |
|---|---|---|
| **ASSETS** | | |
| **Current assets:** | | |
| Cash | **$ 6,026** | $ 1,436 |
| Accounts receivable — | | |
| The Municipality of Metropolitan Toronto | **64,963** | 80,128 |
| Gray Coach Lines, Limited — current account | **3,902** | 3,743 |
| Other | **6,346** | 6,424 |
| Inventories | **19,647** | 21,200 |
| Working funds and prepaid expenses | **3,007** | 2,663 |
| | **103,891** | 115,594 |
| **Investment in capital stock of Gray Coach Lines, Limited (Note 3)** | **1,000** | 1,000 |
| **Capital assets:** | | |
| Land, buildings, subway, power distribution system, trackwork, rolling stock, buses and other equipment | **1,611,002** | 1,480,735 |
| Less: Capital contributions | **(1,374,091)** | (1,249,288) |
| | **236,911** | 231,447 |
| Less: Accumulated depreciation | **(157,774)** | (152,497) |
| | **79,137** | 78,950 |
| Under construction and not yet in service | **245,417** | 256,246 |
| Less: Capital contributions | **(245,417)** | (256,246) |
| | **—** | — |
| Net capital assets | **79,137** | 78,950 |
| | **$ 184,028** | $ 195,544 |
| **LIABILITIES** | | |
| **Current liabilities:** | | |
| Accounts payable and accrued liabilities | **$ 100,205** | $ 115,223 |
| Current portion of debenture debt (Note 4) | **1,606** | 1,525 |
| | **101,811** | 116,748 |
| **Provision for:** | | |
| Fare media held by the public | **13,425** | 11,750 |
| Unsettled accident claims | **12,000** | 8,000 |
| | **25,425** | 19,750 |
| **Long-term portion of debenture debt due to the Municipality of Metropolitan Toronto (Note 4)** | **11,607** | 13,861 |
| **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 | **24,804** | 24,804 |
| **Earnings retained and invested in the system by Toronto Transit Commission (Unchanged from 1972)** | **20,381** | 20,381 |
| | **45,185** | 45,185 |
| | **$ 184,028** | $ 195,544 |

# STATEMENT OF CHANGES IN FINANCIAL POSITION

| (in thousands) | Year ended December 31 **1987** | Year ended December 31 1986 |
|---|---|---|
| **CASH USED IN OPERATIONS:** | | |
| Net operating costs | **$136,783** | $126,140 |
| Depreciation | **(8,535)** | (8,103) |
| Increase in provisions | **(5,675)** | (3,000) |
| | **122,573** | 115,037 |
| Decrease (increase) resulting from changes in — | | |
| Accounts receivable | **(15,084)** | 17,553 |
| Inventories | **(1,553)** | 4,325 |
| Working funds and prepaid expenses | **344** | (260) |
| Accounts payable and accrued liabilities | **15,018** | (28,992) |
| | **121,298** | 107,663 |
| **NET CASH USED IN THE ACQUISITION OF CAPITAL ASSETS** | **122,706** | 168,299 |
| **CASH RECEIVED FROM (USED IN) FINANCING ACTIVITIES:** | | |
| Operating subsidy | **136,783** | 126,140 |
| Capital contributions | **113,984** | 157,347 |
| Debenture debt repayment | **(2,173)** | (2,687) |
| | **248,594** | 280,800 |
| **Increase in cash** | **4,590** | 4,838 |
| **Cash, beginning of year** | **1,436** | (3,402) |
| **Cash, end of year** | **$ 6,026** | $ 1,436 |

# NOTES TO FINANCIAL STATEMENTS, DECEMBER 31, 1987

The Toronto Transit Commission was established on January 1, 1954 to serve the transportation needs of the municipalities comprising the Municipality of Metropolitan Toronto. The new entity assumed all the assets and liabilities of the former Toronto Transportation Commission.

## 1. SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies followed in the preparation of the financial statements for the Toronto Transit Commission are in accordance with generally accepted accounting principles and have been consistently applied. The significant accounting policies are as follows:

**a. Revenue Recognition**

(i) Passenger revenue is recognized when tickets and tokens are used. Revenue from monthly passes is recognized in the period in which the passes are valid.

(ii) All other revenue, with the exception of dividends from an unconsolidated subsidiary (Gray Coach Lines, Limited), is recorded on an accrual basis.

**b. Inventories**

Inventories are valued at average cost and are expensed or capitalized when issued.

**c. Investment in Subsidiary**

The investment in the capital stock of Gray Coach Lines, Limited is carried at cost. The accounts of the subsidiary are not consolidated with those of the Commission because consolidation is not considered to be the more informative presentation in the circumstances. The earnings of the Company after payment of dividends to the Commission are retained to maintain and improve the services and facilities for the benefit of the population it serves and are not likely to accrue to the Commission.

Dividends declared by Gray Coach Lines, Limited are recorded as revenue by the Commission when received.

**d. Capital Assets and Capital Contributions**

The Commission constructs or purchases its capital assets and receives capital contributions as described below. Capital assets are recorded at gross cost in the financial statements and the capital contributions received are recorded as a deduction from this cost.

Holdbacks on construction contracts amounting to $2,729,000 at December 31, 1987 (1986 – $1,180,000) are not recorded in the financial statements since the Municipality of Metropolitan Toronto has complete financial responsibility. These holdbacks do not enter into the undernoted capital contribution until actually paid by the Commission.

Land purchased directly by the Municipality, mainly for rapid transit purposes, is not recorded on the Commission's books.

The current bases for capital contributions are as follows:

(i) For additions and improvements to the subway and light rail systems and equipment and for certain other projects, the Municipality makes a capital contribution equal to the total cost and recovers 75% of this amount from the Province.

(ii) For most of its other capital asset additions, including buses, the Commission receives from the Province a 75% capital contribution that is paid through the Municipality.

(iii) For the Scarborough RT Line, the Municipality paid the full cost and recovered 87% of this amount from the Province under a special funding agreement. This agreement provided that the Province would pay its regular 75% subsidy on the equivalent cost of a conventional streetcar line and fully pay the additional costs resulting from the decision to construct an Intermediate Capacity Transit System (I.C.T.S.) line.

**e. Depreciation**

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

**f. Workers' Compensation**

The Commission, as a Schedule II employer under the Workers' Compensation Act, follows a policy of self insurance for all its employees including those assigned to Gray Coach Lines, Limited. Payments made to employees for accidents suffered while employed are expensed when made. As at December 31, 1987, the present value of awards outstanding is approximately $8.8 million which amount has not been recognized in the financial statements.

**g. Pension Accounting**

Effective January 1, 1987, the Commission adopted, on a prospective basis, the new recommendations of the Canadian Institute of Chartered Accountants regarding pension costs and obligations.

The Commission is required to contribute to the Pension Fund Society at an amount greater than the pension expense as determined under these new recommendations, giving rise to a deferred asset. Since the Commission has no expectation of being able to realize this deferred asset, it has not been recognized in the financial statements. Accordingly, the obligatory payments made by the Commission in 1987 have been expensed.

## 2. OPERATING SUBSIDY:

By agreement with the Municipality of Metropolitan Toronto, the Commission establishes its fares each year at the level required to produce total budgeted revenue from operations equal to 68% of total operating expenses (as defined for provincial subsidy purposes). The Municipality undertakes in its budget to provide an operating subsidy equal to the remaining expenses.

The Municipality in turn obtains subsidies from the Province of Ontario related to eligible transit operating expenses, revenue/cost relationships and special subsidies for major new transit facilities on exclusive rights of way.

Under these arrangements, if actual revenue and expenses for the year are equal to the budgeted figures, the operating subsidy is shared approximately equally by the Municipality and the Province.

The actual funding of transit operating expenses (as defined for provincial subsidy purposes) is expected to be as follows:

| | **1987** | 1986 |
|---|---|---|
| By the Commission | **70.0%** | 69.5% |
| By the Municipality | **14.0%** | 14.6% |
| By the Province of Ontario | **16.0%** | 15.9% |

## 3. GRAY COACH LINES, LIMITED:

Gray Coach Lines, Limited (the Company), a wholly-owned subsidiary of the Toronto Transit Commission, directly and through its subsidiaries, including Trentway-Wagar (Properties) Inc. acquired June 30, 1987, operates interurban coach services, charters, tours and school buses. The Company's consolidated financial statements are published separately.

The Company's fares and routes are regulated by the Province of Ontario and a significant part of the Company's operations have been carried out under an agreement with the Toronto Area Transit Operating Authority as part of the "GO Transit" commuter system. During 1984, it was agreed that a phase-out of the Company's operation of "GO Transit" routes would occur over the five year period ending in 1989.

The Company's consolidated operations are summarized as follows:

| (in thousands) | Year ended December 31 1987 | 1986 |
|---|---|---|
| Revenue | **$55,983** | $46,886 |
| Expenses, including Ontario income taxes | **52,857** | 43,831 |
| Net earnings for the year | **$ 3,126** | $ 3,055 |

The Company's consolidated balance sheet is summarized as follows:

| (in thousands) | December 31 1987 | 1986 |
|---|---|---|
| **ASSETS** | | |
| Current assets | **$ 6,474** | $ 6,647 |
| Term investments | **500** | 6,500 |
| Capital assets, at cost less accumulated depreciation | **27,964** | 17,967 |
| Goodwill and other assets | **1,385** | 145 |
| | **$36,323** | $31,259 |
| **LIABILITIES AND SHAREHOLDER'S EQUITY** | | |
| Current liabilities | **$ 8,408** | $ 6,310 |
| Long term liabilities and provisions, mainly for public liability, and deferred taxes | **2,944** | 2,204 |
| Capital stock, reserve and retained earnings | **24,971** | 22,745 |
| | **$36,323** | $31,259 |

The Statement of Revenue and Expenses reflects charges of $6,360,000 (1986—$6,262,000) made to the Company by the Commission for rental of property and equipment, use of joint facilities and administrative services.

Included in the Company's current liabilities is an amount of $900,000 relating to dividends paid to the Commission in March, 1988.

## 4. DEBENTURE DEBT:

Capital borrowings by the Commission are financed 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, 1987, the net debenture debt was as follows:

| (in thousands) | 1987 | 1986 |
|---|---|---|
| Serial debentures — | | |
| 5⅜% final instalment due 1992 | **$ 1,213** | $ 1,420 |
| 5½% final instalment due 1993 | **3,436** | 3,909 |
| 5¼% final instalment due 1995 | **8,564** | 9,409 |
| | **13,213** | 14,738 |
| Less: Current portion | **1,606** | 1,525 |
| | **11,607** | 13,213 |

| (in thousands) | 1987 | 1986 |
|---|---|---|
| Sinking fund debentures — | | |
| 5% due 1993 | **2,105** | 2,105 |
| 6% due 1996 | **8,690** | 8,690 |
| 6% due 1997 | **3,085** | 3,085 |
| 7% due 1997 | **3,653** | 3,653 |
| | **17,533** | 17,533 |
| Less: Sinking fund investments | **17,533** | 16,885 |
| | **—** | 648 |
| | **$11,607** | $13,861 |

Serial debenture payments required in each of the next five years are approximately $1,787,000. Scheduled sinking fund payments will be funded by excess earnings of the sinking fund.

Sinking fund investments consist of:

| (in thousands) | 1987 | 1986 |
|---|---|---|
| (i) The accumulated 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 debenture at maturity | **$10,755** | $10,078 |
| (ii) The Commission's equity in the actual earnings of the sinking fund in excess of the 3% rate. | **6,778** | 6,807 |
| | **$17,533** | $16,885 |

## 5. PENSIONS:

The Commission has a defined benefit plan which provides pensions based on length of service and average earnings to substantially all employees including those assigned to Gray Coach Lines, Limited. The Commission and employees contribute equally to the Pension Fund Society. The rate of contributions for 1987 for each member and the Commission was 6.25% of wages and salaries up to the year's maximum pensionable earnings as defined by the Canada Pension Plan, and 7.85% of wages and salaries in excess of that amount.

The contribution by the Commission covers both its share of current service costs and amounts required to liquidate the unfunded liability of the plan over the periods prescribed by law. These payments amounted to $22,803,000 in 1987 (1986—$21,599,000).

Based on Commission estimates actuarial projections prepared during the year indicate that the present value of the accrued pension benefits and the net assets available to provide for these benefits, at market value, as of December 31 are as follows:

| (in thousands) | 1987 | 1986 |
|---|---|---|
| Accrued pension benefits | **$767,145** | $697,354 |
| Pension fund assets | **$704,059** | $653,545 |

## 6. TAXES:

The Commission is not subject to income taxes and receives exemption from certain property taxes.

## 7. COMPARATIVE BALANCES:

Certain 1986 figures have been restated to reflect format changes made to the statements in 1987.

# 10-YEAR FINANCIAL AND OPERATING STATISTICS

| | 1978 | 1979 | 1980 | 1981 |
|---|---|---|---|---|
| **PASSENGERS/OPERATING REVENUE** | | | | |
| Passengers (Millions) | 337.6 | 346.2 | 366.4 | 392.0 |
| Basic Adult Ticket Fare (at December 31) | 42.9¢ | 50.0¢ | 50.0¢ | 57.1¢ |
| Total Operating Revenue ($ Millions) | 146.0 | 165.9 | 183.6 | 215.0 |
| Operating Revenue per Mile | 147.9¢ | 167.6¢ | 181.1¢ | 199.3¢ |
| Operating Revenue per Passenger | 43.2¢ | 47.9¢ | 50.1¢ | 54.9¢ |
| **OPERATIONS/EXPENSES** | | | | |
| **Miles Operated, Including Charters and Special Services (Millions)** | | | | |
| Bus | 46.9 | 48.1 | 49.3 | 52.1 |
| Subway Car | 38.2 | 37.7 | 38.6 | 42.6 |
| Streetcar | 9.4 | 9.1 | 9.4 | 9.3 |
| Trolley Coach | 4.2 | 4.1 | 4.1 | 3.9 |
| Scarborough RT | — | — | — | — |
| | 98.7 | 99.0 | 101.4 | 107.9 |
| Average Number of Employees (Including Gray Coach Lines, Limited) | 8,632 | 8,703 | 8,689 | 8,906 |
| Average Hourly Wages and Benefits per Driver | $10.27 | $10.81 | $11.67 | $14.13 |
| Total Expenses ($ Millions) | 196.4 | 211.6 | 236.8 | 284.4 |
| Expense per Mile | 199.0¢ | 213.7¢ | 233.5¢ | 263.6¢ |
| Expense per Passenger | 58.2¢ | 61.1¢ | 64.6¢ | 72.6¢ |
| **OPERATING SUBSIDY** | | | | |
| Operating Subsidy ($ Millions) | 50.4 | 45.7 | 53.2 | 69.4 |
| Operating Subsidy per Mile | 51.1¢ | 46.2¢ | 52.4¢ | 64.3¢ |
| Operating Subsidy per Passenger | 14.9¢ | 13.2¢ | 14.5¢ | 17.7¢ |
| **REVENUE/COST RATIO** | 69.0% | 72.9% | 71.3% | 71.1% |
| **CAPITAL ASSETS** | | | | |
| **Investment in Capital Assets (Before Depreciation and Contributions) at December 31 ($ Millions)** | | | | |
| Rapid Transit | 786.8 | 827.3 | 836.3 | 841.6 |
| Surface | 126.6 | 134.5 | 174.0 | 225.5 |
| | 913.4 | 961.8 | 1,010.3 | 1,067.1 |
| Metro and Provincial Contributions | 701.0 | 748.2 | 796.4 | 849.3 |
| TTC Investment (Before Depreciation) | 212.4 | 213.6 | 213.9 | 217.8 |
| **Vehicle Fleet (Owned and Leased)** | | | | |
| Articulated Buses | — | — | — | — |
| Buses | 1,219 | 1,231 | 1,262 | 1,403 |
| Subway Cars | 590 | 618 | 632 | 632 |
| Trolley Coaches | 151 | 151 | 151 | 151 |
| Streetcars | 344 | 342 | 311 | 258 |
| CLRVs | — | 17 | 89 | 188 |
| ICTS Vehicles | — | — | — | — |
| Wheel-Trans Buses | — | — | — | — |
| | 2,304 | 2,359 | 2,445 | 2,632 |

| 1982 | 1983 | 1984 | 1985 | 1986 | **1987** | % Increase (Decrease) 1978-1987 |
|---|---|---|---|---|---|---|
| 401.2 | 405.7 | 427.7 | 432.2 | 441.0 | **456.9** | 35.3 |
| 62.5¢ | 66.7¢ | 70.0¢ | 73.8¢ | 80.0¢ | **83.3¢** | 94.2 |
| 240.9 | 259.4 | 283.2 | 301.6 | 334.8 | **357.7** | 145.0 |
| 212.4¢ | 228.5¢ | 247.3¢ | 260.2¢ | 283.2¢ | **297.3¢** | 101.0 |
| 60.0¢ | 63.9¢ | 66.2¢ | 69.8¢ | 75.9¢ | **78.3¢** | 81.3 |
| 56.8 | 57.2 | 58.2 | 59.0 | 60.0 | **61.0** | 30.1 |
| 43.2 | 43.1 | 43.3 | 43.3 | 44.1 | **45.3** | 18.6 |
| 9.4 | 9.3 | 9.2 | 9.1 | 9.0 | **8.8** | (6.4) |
| 4.0 | 3.9 | 3.8 | 3.6 | 3.5 | **3.6** | (14.3) |
| — | — | — | 0.9 | 1.6 | **1.6** | |
| 113.4 | 113.5 | 114.5 | 115.9 | 118.2 | **120.3** | 21.9 |
| 9,200 | 9,414 | 9,614 | 9,628 | 9,636 | **9,734** | 12.8 |
| $15.49 | $16.50 | $17.43 | $18.40 | $19.49 | **$20.58** | 100.4 |
| 333.8 | 362.8 | 393.0 | 427.0 | 461.0 | **494.5** | 151.8 |
| 294.3¢ | 319.6¢ | 343.2¢ | 368.4¢ | 390.0¢ | **411.0¢** | 106.5 |
| 83.2¢ | 89.4¢ | 91.9¢ | 98.8¢ | 104.5¢ | **108.1¢** | 85.7 |
| 92.9 | 103.4 | 109.8 | 125.4 | 126.2 | **136.8** | 171.4 |
| 81.9¢ | 91.1¢ | 95.9¢ | 108.2¢ | 106.8¢ | **113.7¢** | 122.5 |
| 23.2¢ | 25.5¢ | 25.7¢ | 29.0¢ | 28.6¢ | **29.9¢** | 100.7 |
| 68.6% | 68.5% | 69.3% | 68.1% | 69.5% | **70.0%** | |
| 885.4 | 971.9 | 1,060.0 | 1,149.2 | 1,234.9 | **1,283.0** | 63.1 |
| 262.0 | 307.9 | 330.8 | 425.6 | 502.1 | **573.4** | 352.9 |
| 1,147.4 | 1,279.8 | 1,390.8 | 1,574.8 | 1,737.0 | **1,856.4** | 103.2 |
| 927.2 | 1,057.6 | 1,170.9 | 1,348.2 | 1,505.5 | **1,619.5** | 131.0 |
| 220.2 | 222.2 | 219.9 | 226.6 | 231.5 | **236.9** | 11.5 |
| — | — | — | — | — | **9** | |
| 1,556 | 1,561 | 1,465 | 1,512 | 1,561 | **1,641** | 34.6 |
| 632 | 632 | 632 | 631 | 631 | **662** | 12.2 |
| 151 | 151 | 150 | 150 | 150 | **150** | (0.7) |
| 178 | 175 | 169 | 124 | 124 | **123** | (64.2) |
| 196 | 196 | 196 | 196 | 196 | **196** | |
| — | — | — | 24 | 28 | **28** | |
| — | — | — | 19 | 30 | **69** | |
| 2,713 | 2,715 | 2,612 | 2,656 | 2,720 | **2,878** | 24.9 |

# MANAGEMENT DIRECTORY

## OFFICERS AND SENIOR OFFICIALS

**Allan F. Leach**
Chief General Manager

**Norman E. Balfour, QC**
General Counsel

**Lloyd G. Berney**
General Manager
Operations

**Gordon M. Break**
General Manager
Human Resources

**Arnold S. Dubé**
General Manager
Administration

**J. Herb Jobb**
General Manager
Finance

**Donald J. Morton**
General Manager
Engineering and Construction

**David C. Phillips**
General Secretary

**Dr. Juri Pill**
General Manager
Planning

## DEPARTMENT MANAGERS

**Doug P. Anton**
Manager
Land Development

**Gerry Brolley**
Manager
Service Planning

**Dennis R. Callan**
Manager
Engineering

**John D. Cannell**
Manager
Pension Fund Society

**Allen J. Chocorlan**
Manager
Management Services

**Dave A. Cowan**
Manager
Equipment

**William G. Frost**
Manager
Communications and
Information System (CIS)

**Al Gallo**
Manager
Marketing and Customer Services

**Ron L. Gooding**
Manager
Internal Audit

**David W.R. Hammond**
Assistant General Counsel
and Solicitor

**Alan K. Hewson**
Manager
Wheel-Trans

**Graham Jones**
Manager
Financial Control Area

**R. Ian Kingston**
Manager
Transportation

**Kenneth G. Knight**
Manager
Construction

**Nancy J. Littlewood**
Manager
Personnel

**Douglas W. Mair**
Manager
Plant

**Nelson R. Melnyck**
Manager
Corporate Planning

**Dr. Joel Miller**
Manager
Project Administration

**Dr. David Stephen**
Medical Director

**Robert J. Thacker**
Manager
Employee Relations

**Robert M. Topp**
Manager
Operational Planning

**Marjorie Wallens**
Manager
Public Affairs

**Gary M. Webster**
Manager
Materials and Procurement

**Paul A. Wenning**
Manager
Safety and Security

**Wm. D. Wood**
Manager
Special Projects and
Treasury Area

## SUBSIDIARY COMPANIES

Gray Coach Lines Ltd.
**William L. Verrier**
President and Chief
Executive Officer

Toronto Transit Consultants Ltd.
**Ian C. Smith**
President

**Warren H. Bartram**
Vice-President

Year ending December 31, 1987

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# THE TTC SYSTEM