

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: February 2, 2015

SUBJECT: 2015 TTC and Wheel-Trans Operating Budgets

ACTION ITEM

RECOMMENDATION

It is recommended that the Commission:

- 1) approve the 2015 TTC Operating Budget as detailed in this report and as summarized in Appendix A;
- 2) approve the 2015 Wheel-Trans Operating Budget as detailed later in this report and as summarized in Appendix B;
- 3) approve, effective March 1, 2015:
 - a 10 cent increase in the price of a single adult token and a proportionate increase in all other fares (except for cash and children's fares);
 - a one-trip increase in the price of the Adult Metropass; and
 - children aged 12 and under will ride for free

as detailed in this report and set out in Appendix C

- 4) forward this report to the City of Toronto for submission into the City Budget process and for confirmation of the 2015 operating subsidy levels;
- 5) forward this report to the Metrolinx Board; and
- 6) forward this report to the Ontario Minister of Transportation.

COMPANION REPORT

This report should be considered in concert with the companion report "2015 – 2024 TTC Capital Budget".

FUNDING

The City Manager has advised that the City of Toronto will provide \$478.9 million in subsidy to support the TTC's 2015 Operating Budget and \$108.8 million for the Wheel-Trans Operating Budget. These funding levels represent increases of \$38.8 million and \$2 million, over the 2014 budgeted levels for TTC and Wheel-Trans, respectively. In addition, the City will draw \$9 million and \$0.3 million, respectively, from its TTC Stabilization reserve primarily to cover the cost of one-time 2015 lump sum payments in accordance with the current collective bargaining agreements (CBAs). The budgets contained in this report reflect this level of funding.

DISCUSSION

2015 TTC OPERATING BUDGET

BUDGET HIGHLIGHTS

The 2015 TTC Operating Budget incorporates the resources required to support and deliver the objectives targeted for the year 2015 (refer to Appendix D) in the Five-Year Corporate Plan. The key highlights of the budget are as follows:

- Continuing moderate growth in the economy and employment is expected in 2015.
- Ridership is expected to be 545 million in 2015, 5 million (0.9%) higher than the 2014 budget of 540 million and 10.2 million (1.9%) higher than the actual 2014 ridership of 534.8 million.
- Fares – In order to help cover the cost of investments in new and enhanced services (as detailed later in this report), fares are recommended to be increased by 10 cents for a single adult token and a proportionate increase in all other fares (excluding cash) plus a one-trip increase in the price of the Adult Metropass. Children aged 12 and under will ride for free.
- Revenues are projected to increase by \$40.1 million primarily as a result of the increased level of budgeted ridership and the recommended fare increase.
- Service levels in 2015 are based on current Commission-approved standards, incorporate various customer service improvements and will accommodate a ridership level in the range of 545 million.

- Operating Efficiencies/Cost Containment Measures - Over the past several years, numerous efficiency measures have been implemented including: continued management of diesel fuel contracts; a new combined employee benefits contract with the City saving \$2.5M/yr.; combined telecommunication line purchases with the City saving \$1M/yr.; cutting administrative staff in 2011 saving \$21.6M/yr.; rolling out the articulated bus fleet saving \$5.4M/yr. once completed; contracting out bus servicing lines saving \$2M/yr. and shifting vehicle cleaning from carhouses to the subway terminals to improve subway train cleanliness. From a longer term perspective, over the past two decades, the TTC has seen a substantial improvement in labour productivity as evidenced by the fact that workforce has only increased by 25% while service levels have increased about 29% in order to carry an additional 33% in riders.
- Expenditures are expected to increase by approximately \$87.9 million over the 2014 budgeted level. Key elements of the increase include: investments in new and enhanced service priorities, the Collective Bargaining agreements achieved in May 2014, hydro rate increases, planned service reliability improvements for the bus and streetcar modes, the opening of the Leslie Barns maintenance and storage facility, the annualization of 2014 service increases, and inflationary price increases.
- Subsidy – Based on the anticipated subsidy level of \$478.9 million and the \$9 million draw from the TTC Stabilization reserve, this budget will be balanced.
- Year-end workforce for all budgets will increase by 802 positions as follows: 577 additional TTC operating positions (119 for base requirements and 458 for new and enhanced service priorities), 5 additional Wheel-Trans operating positions and 220 additional Capital positions.

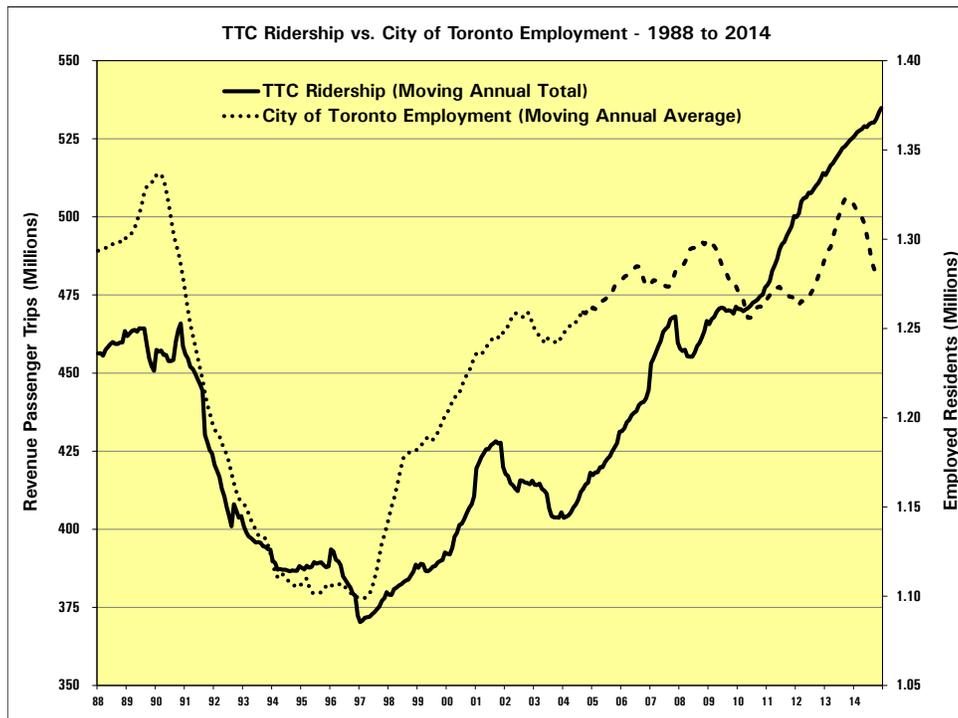
The Budget Process

The starting point of the TTC operating budget process is always the projection of the ridership level for the upcoming year. From that, the service budget is struck based on the TTC pre-approved service standards for vehicle loading levels, headways and hours of operation. This sets the operator workforce requirements to provide that service. It also determines vehicle maintenance requirements, which are largely mileage based, and diesel fuel, traction power and other operational needs. To this gets added all of the other fixed operating costs such as station presence (collectors, janitors, security, etc.) and maintenance of all physical assets. Finally, supervision costs and internal services are incorporated into the budget.

2015 Ridership

As mentioned above, the starting point for the TTC operating budget process is the forecast of ridership for the upcoming year. Ridership is affected by a combination of factors including employment levels, demographics, retail trade activity, travel and tourism patterns, service levels, transit fares, income levels, gasoline/automobile prices, and vehicle parking availability and rates. Some factors affect ridership in the longer-term such as demographics and income level. Other factors such as energy prices, employment levels, tourism, retail trade, and significant world events can have both short and long-term ridership consequences.

Historically, City of Toronto employment levels have had the most significant impact on ridership, as can be seen in the following chart.



The chart illustrates the close historical relationship between City of Toronto employment and TTC ridership: the huge decline in the early 1990s during the recession and the steady growth in ridership since the mid-1990s. In fact, while City of Toronto employment has fluctuated between 1.25 and 1.3 million over the past decade, there has been a sustained growth in TTC ridership, which has increased 32% from 405 million in 2003 to 535 million in 2014.

Over the past decade, Metropass sales have also grown to the point where 53% of all TTC customer journeys are now taken using a monthly pass. There are a lot of reasons

contributing to this growth: convenience, the Federal Income Tax Credit, the transferability feature, price discounts from MDP (mail order subscription) or VIP (employer provided) or the Post-Secondary Student pass. In addition, the number of rides taken per pass per month has continued to rise. In 2015, staff expect one more ride per month will be taken compared to 2014.

The TTC uses economic forecasts from the Conference Board of Canada (CBOC) to establish its ridership forecasts. The CBOC forecasts are subject to ongoing refinement. This is illustrated in the following table, which compares the CBOC's two most recent 2015 economic forecasts for the Toronto Census Metropolitan Area (CMA):

MEASURE	SPRING 2014	AUTUMN 2014
Employment	1.8%	2.3%
GDP	2.4%	2.8%
CPI	2.0%	2.2%

The Autumn 2014 forecast indicates that for 2015, employment growth for the Toronto area economy is anticipated at a slightly higher pace than originally predicted in the Spring 2014 forecast.

Based on these forecasts and the increase in Metropass rides/month, and the proposed new and enhanced service priorities outlined in this report, 2015 ridership is projected to be approximately 547 million rides (before any fare increase). As can be seen from the following table, ridership in 2014 was 535 million, which was 99.1% of the budget of 540 million. The minor (0.9%) variance of 5 million rides was mainly attributable to severe cold weather in Q1 2014 and numerous planned subway closures throughout the year.

MILLIONS	2014 BUDGET	2014 ACTUAL	2015 BUDGET	2015 BUDGET vs 2014 BUDGET
RIDERSHIP	540	535	547*	7

*before any fare increase

2015 Service Budget

Ridership on the TTC has been increasing steadily since 1996, and total annual system ridership has increased by almost 44% over the last 18 years. The increase in ridership has been occurring across the city – on both suburban and centrally-oriented routes – and during both peak and off-peak times. The TTC’s pattern of increasing ridership continued unabated in 2014, as annual ridership set another all-time record of almost 535 million annual passengers, up 2% from the 2013 level of 525 million passengers.

The budget for 2014 included the service resources needed to meet a projected annual ridership of 540 million passengers. Service increases were made throughout the year in response to observed higher ridership levels. This included more than 150 service increases on busy subway, streetcar, and bus routes. These increases were required to carry the higher demand with acceptable levels of crowding; that is -- within the Commission-approved vehicle crowding standards.

Projections for 2015 indicate that ridership will reach 545 million passengers (excluding the Pan Am/Parapan Am Games), an increase of about 0.9% compared to the 2014 budgeted ridership of 540 million. The 2015 operating service budget, excluding provisions for the Pan Am Games, represents a 0.7% increase in service compared to the 2014 service budget. The 2015 operating service budget includes approximately 0.2% more service, or \$1.3 million to carry projected increases in ridership. Also included in the 2015 budget are the annualization of service changes made in 2014; resources to serve the Pan Am/Parapan Am Games in July and August; to improve the quality and reliability of service; and to offset the effects of road congestion. The budget also includes savings related to the introduction of higher-capacity low floor streetcars and articulated buses, and these savings partially offset the costs of the aforementioned service increases.

Of particular note, the 2015 service budget includes additional and improved services to attract more riders to transit everywhere in Toronto. These additional services mostly originate from the TTC staff report “Opportunities to Improve Transit Service in Toronto” which was considered by the Board at its meeting of August 19, 2014. In approving the report, the Board “endorse(d) in principle ... [the] bus and streetcar service initiatives which can be implemented in the short-to-medium term and would improve the quality, reliability, comfort, and convenience of transit service in Toronto” and also passed a motion to “Request the CEO of the TTC to include the proposed service improvements, set out in Recommendation 1, within the TTC’s forthcoming 2015 Operating Budget and 2015-2024 Capital Budget for consideration as part of the 2015 budget process.”

Of the nine initiatives recommended in the Opportunities report, five are included in the 2015 service budget. These are all off-peak service changes, which are feasible to implement in 2015 because they do not require additional buses, streetcars, or maintenance facilities. The initiatives are assumed to be phased in between the 2nd and 4th quarters of 2015. They are:

Reduce Crowding During Off-Peak Hours: Waiting times and crowding levels will be reduced on busy bus and streetcar routes by adding more buses and streetcars at off-peak times such that, on average, all passengers will get a seat. This will result in improvements in the frequency of service and reduce crowding on approximately 67 bus and streetcar routes; will benefit approximately 55 million customer-trips each year that are now made on these services; and will attract an estimated 1.8 million new customer-trips each year. This initiative will be introduced in phases in 2015 and 2016.

Ten-Minute Service Network: A city-wide network of major bus and streetcar routes operating every ten minutes or better will ensure that frequent, reliable service will always be available throughout much of Toronto, at a minimum every ten minutes, all day, every day, from approximately 6:00 a.m. (9:00 a.m. on Sundays) to 1:00 a.m. This will allow for spontaneous trip-making, without the need to consult a schedule. This service initiative will benefit approximately 48 million customer-trips each year, and will increase ridership by approximately 1.8 million customer-trips each year.

Additional Express Services: New and improved express bus services will be operated at off-peak times, to make travel faster and more competitive. Express bus services provide faster and more-comfortable travel. New express bus services at off-peak times will add more capacity, reduce crowding, and provide faster service for customers along busy bus corridors.

Restore Periods of Operation: All TTC routes, except those which had unusually-low ridership, will once again be operated all day, every day across the city, so that transit will be an available, predictable, and consistent travel option for everyone, and all residents will be able to count on transit at any time of the day or night for their travel needs. The vast majority of TTC bus and streetcar routes will operate all day, every day, from approximately 6:00 a.m. (9:00 a.m. on Sundays) to 1:00 a.m. This initiative will be introduced in phases in 2015 and 2016.

Expanded Overnight ("Blue Night") Network: Approximately 12 additional bus and streetcar routes will broaden the 24-hour transit network, which provides overnight transit service between approximately 2:00 and 5:00 a.m., after the regular daytime and evening bus, streetcar, and subway services have ended. This service improvement will reduce the time customers spend walking to access overnight transit services. Up to 4 million customer-trips each year are now made on the Blue Night Network. It is projected that the expanded network will attract approximately 300,000 new customer-trips each year.

Also expected to be approved in 2015 are four new and/or expanded peak-period express routes and improvements to crowding and wait-times on a number of peak-period bus routes. The 2015 budget includes the cost of acquiring buses for these improvements and

the lease cost for a garage facility to accommodate the increase in the bus fleet. Based on the projected year-end arrival of these buses, these service improvements are not expected to begin until early 2016 and, therefore, are not included in the 2015 service budget.

The following initiatives from the Opportunities report which are not included in the 2015 budget will be considered for incorporation into future operating budgets:

- Transit priority measures
- Two-hour travel privilege (time-based transfer)

2015 Revenues

Over 94% of all revenues the TTC collects are in the form of the fares paid by the riders. Based on the current fare structure and mix, fare revenues are expected to increase by about \$9 million in 2015 over the 2014 budgeted level as shown in the following table.

	2014 BUDGET	2015 BUDGET (no Fare Increase)
RIDERSHIP	540M	547M
FARE REVENUE	\$1,101M	\$1,110M

The remainder of TTC's revenues is derived from transit advertising, the operation of various bus routes beyond the city boundaries for York Region and the City of Mississauga on a full-cost recovery basis, leases, commuter parking and other much smaller items. Most of these other revenue streams are based on long-term contracts with consistent revenue between 2014 and 2015. By far the largest other revenue is transit advertising. The TTC will be in year 4 of a 12 year contract that guarantees a base level of \$25.2 million in 2015. In addition, \$0.9 million will be generated from advertising on subway platform video screens.

Passenger revenues are expected to increase by \$39.4 million after factoring in the recommended 10 cent fare increase and the recommended Metropass adjustment, which is explained in the next section. Non-passenger revenues are expected to increase by \$0.7 million largely due to increased bus service requested by York Region, and higher rent revenues from subway concessions. Overall, total revenues are anticipated to increase by \$40.1 million over the 2014 budgeted level.

2015 Fare Increase

Historically, fare increases have been defined in terms of the impact on the single adult token price. A 10 cent fare increase means the price of an adult token will increase from \$2.70 to \$2.80. Other fare media are adjusted on a proportionate basis. The Regular Adult Metropass is currently priced to be equivalent to 49.5 tokens and other Metropasses (MDP, VIP and Post-Secondary) are priced at various pre-determined levels with respect to the Regular Adult Metropass. Senior/Student fares are set at a proportion of adult fares. Children's fares will be eliminated (i.e. children aged 12 and under will ride for free).

Fare increases are typically effective January 1 in the applicable year. For 2015, the recommended fare increase would be effective March 1. Based on a March 1 effective date, the following table shows ridership and revenues associated with the recommended fare increase described above:

	NO INCREASE	10 CENTS CASH FROZEN	10 CENTS + METROPASS
RIDERSHIP	547M	546M	545M
FARE REVENUE	\$1,110M	\$1,139M	\$1,146M

As can be seen, a total of \$1.11 billion will be generated with the existing fare structure. With a 10 cent fare increase, \$1.14 billion in revenue will be generated if cash fares are frozen. A ridership loss of 1 million is anticipated.

In addition to the 10 cent fare increase, if the Metropass price is increased by the equivalent of one additional adult fare (i.e. \$2.80), \$7 million in additional revenues will be generated with an additional decrease in ridership of 1 million from the 547 million forecast. The rationale for the price adjustments is summarized in the following table:

METROPASS-RELATED INCREASES FROM 2010 TO 2015	
Adult Regular Metropass Price	\$121.00 to \$141.50 = + 17%
Trip Multiple (per Diary Studies)	70.5 to 75.0 = + 6%
Price per Ride Taken	\$1.72 to \$1.89 = + 10%
Toronto Inflation	+ 11%

While the selling price of the Metropass has increased above the rate of inflation, the increase in the price per ride taken has been below the rate of inflation because the actual

rides taken on average per pass has increased 6% from about 70 rides to 75. In effect, fares on a per ride basis for Metropass users have actually decreased slightly relative to inflation. To compensate, it is recommended that the pass price multiple be increased by 1 (from 49.5 equivalent tokens to 50.5). It should be noted that when the Metropass was originally established, the pass price multiple was 52 trips. It was set to capture high volume users. With the improved value of the pass (transferability, Federal tax credit, increased rides taken per pass), it is now attractive to average commuters, with an effective (after tax) pass price multiple of about 43 trips. Since adult Metropass riders make up 40% of TTC ridership, it is not economically sustainable to carry an ever-increasing number of trips without the associated revenue to cover the cost of providing those trips. Similar price adjustments to account for the trip growth will be considered in future budget submissions.

In approving the 2012 TTC Operating Budget, the TTC Board approved-in-principle “a standard 10 cent fare increase on the adult token (and a pro-rata increase on all other fare media) in each of 2013, 2014 and 2015 as part of a multi-year financing strategy required to balance the operating budget over the next four years” and “that the fare policy considers ridership and the rate of inflation”. The recommendations contained above address that.

2015 Operating Subsidy

The table below illustrates the level of TTC operating subsidy compared to other transit systems in the United States and Canada. By a wide margin, the TTC remains the least subsidized transit system on a per rider basis in North America.

TRANSIT SYSTEM*	OPERATING SUBSIDY (\$M)	REVENUE/COST RATIO	REVENUE TRIPS (M)	SUBSIDY/ RIDER
TTC	479	71%	545	\$0.88
Major U.S.				
Boston	531	38%	252	\$2.11
Chicago	752	41%	378	\$1.99
Los Angeles	888	28%	320	\$2.77
New York	2,633	58%	2,306	\$1.14
Philadelphia	548	36%	229	\$2.40
Washington, D.C.	703	50%	293	\$2.40
Major Canadian				
Calgary	173	52%	107	\$1.61
Edmonton	167	44%	87	\$1.92
Montreal	505	47%	417	\$1.21
Ottawa	161	46%	98	\$1.65
Vancouver	376	44%	230	\$1.63
Local Canadian				
Brampton	54	47%	19	\$2.80
Durham Region	43	33%	11	\$4.06
Hamilton	37	48%	22	\$1.69
Mississauga	80	49%	36	\$2.23
York Region	99	38%	23	\$4.34

*TTC data = 2015 Budget; Major U.S. = 2012; Major and Local Canadian = 2013;

The transit systems most comparable to the TTC (88¢ subsidy/rider) would be: Montreal (\$1.21/rider), Chicago (\$1.99/rider), Boston (\$2.11/rider), and Washington, D.C. (\$2.40/rider). Even the massive New York City Transit receives \$1.14/rider.

Further, the following table depicts how the amount of subsidy received on a per rider basis has declined over the past few years. Even with a \$39 million increase in subsidy for 2015, the 2015 subsidy per rider is 5% below the 2010 level before adjusting for inflation. The drop is actually 15% once inflation is factored in.

Year	Subsidy Budget	Ridership Budget	TTC Subsidy per Rider
2010	\$430M	462M	\$0.93
2011	\$429M	487M	\$0.88
2012	\$411M	503M	\$0.82
2013	\$411M	528M	\$0.78
2014	\$440M	540M	\$0.81
2015	\$479M	545M	\$0.88

TTC Benchmarking

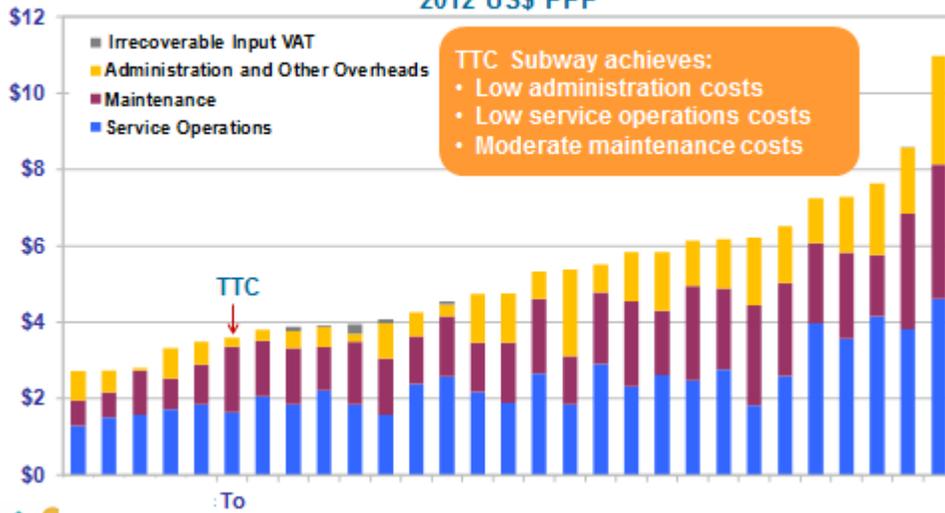
While the TTC is very meticulous about monitoring its performance against specific targets for a long list of key performance indicators (as reported on a monthly basis through the Chief Executive Officer's report), it also benchmarks its performance with other public transit systems around the world. The TTC's membership in a number of provincial, national and international transit associations including the Ontario Public Transit Association, the Canadian Urban Transit Association, the American Public Transportation Association and the International Association of Public Transport, affords it the opportunity to share knowledge and best practices and compare performance on a wide range of its operations.

The TTC is also a member of NOVA, an international urban rail benchmarking group for comparable metros or subways around the world. The group is owned and run by the members and managed by the Railway and Transport Strategy Centre at Imperial College London (ICL). According to an ICL review in 2012, because TTC is one of only two subways outside of Asia and South America that covers its own operating costs (which are low by international standards), and due to its exceptionally high labour productivity and high level of service capacity and frequency throughout the day, "when compared with other metros in the world, Toronto's Subway offers excellent value for money".

TTC's excellent subway performance is illustrated in the following NOVA graphs.

TTC subway operating costs are low by international standards

Operating Cost per Revenue Car Kilometre (2012)
2012 US\$ PPP



TTC subway labour productivity is exceptionally high

Car Kilometres per Total Own Staff and Contractor Staff Hours (2012)



2015 Operating Expenses

The day-to-day expenses associated with running the TTC are budgeted to increase by approximately \$87.9 million in 2015. The increases fall into the following areas:

1. Investments in New and Enhanced Service Priorities: \$38.9 million. A series of customer service improvements are planned as follows:
 - a. Purchase of 50 new buses and a leased bus facility: \$17.2 million. These vehicles will be used for peak period Express Bus network expansion and reductions in wait times and overcrowding on some peak-period routes. The acquisition of 50 new buses will be partially funded through a TTC Operating Budget contribution to capital in the amount of \$13.9 million. Since there is no existing bus garage capacity available for these vehicles, a leased facility (along with required set-up costs) will be required to maintain and store them.
 - b. 10-minute or better Route Network: \$3.7 million. A city-wide network of key bus and streetcar routes will operate across the City, at minimum every ten minutes, all day, every day, from approximately 6 a.m. (9 a.m. on Sundays) to 1 a.m. to ensure frequent, and reliable service at all times of the day and night. This will facilitate the TTC's ridership growth most of which occurs in the off-peak times.
 - c. All-door Boarding and Proof of Payment (POP): \$3.4 million. By the end of 2015, all streetcar routes will become all-door boarding, 24/7. By accelerating the implementation of POP on all streetcar routes, travel times for the 63 million annual trips taken on streetcars will be decreased and the time it takes to service a streetcar stop reduced.
 - d. Reduction of Wait Times and Crowding at off-peak periods: \$3.2 million. Recognizing that most of the ridership growth is occurring in off-peak periods, the TTC will reduce waiting times and crowding by adding buses and streetcars to the busiest and most popular routes during these times.
 - e. Subway Service Reliability Improvements: \$2.8 million. Additional maintenance personnel will be added to further improve the reliability of signals, track and communications systems within the subway system, ensuring TTC riders see increasing improvements, and fewer delays, on the subway.
 - f. Warehouse and Interim Bus Garage Leases: \$2.5 million. With the advent of new vehicle types whose replacement parts are configured in large assemblies (i.e. several individual component parts put together) compared to individual components for older vehicle types, additional warehousing space (both inside and outside) is required to properly store them. In addition, due to over capacity at existing bus garages and to bridge the gap until the McNicoll Garage opens, an interim bus garage is required to restore efficient operations. Leased facilities will be required to address both requirements.
 - g. Restoration of All-Day, Everyday Bus Service: \$1.7 million. In 2011, service was eliminated on approximately 40 routes at certain times of the day, mostly

- on evenings and weekends. In 2015, the TTC will restore much of that service with all-day, everyday service to match subway hours from approximately 6 a.m. (9 a.m. on Sundays) to 1 a.m. and make it more convenient and viable for all residents to count on transit at any time of the day or night, for their travel needs.
- h. Subway Service Resiliency: \$1.0 million. Two additional peak period subway trains will be added on each of Lines 1(Yonge-University-Spadina) and 2 (Bloor-Danforth) to improve service reliability.
 - i. Express Bus Network: \$0.9 million. New off-peak period express bus service will be introduced to provide customers with faster and more comfortable travel.
 - j. Route and Station Management Reviews: \$0.9 million. The TTC will undertake a wholesale review of route running times to ensure best practices and benchmarks are used to industry standards, with a view to eliminating short-turns, bunching and gapping on all bus and streetcar routes.
 - k. Expanded Blue Night Network: \$0.8 million. The Blue Night Network operates when the subway closes each night for maintenance. The 22 Blue Night routes serve 4 million people annually. The expansion of this network will add more than 12 new or improved bus and streetcar routes to the network.
 - l. Station Supervisors: \$0.8 million. Excellence in customer service continues to be a TTC core value and something customers rightly expect. Additional station staff will ensure this continues, in addition to improved employee engagement, operational support and an overall community presence for local businesses and residents.

The following table provides a breakdown of the \$95.3 million annual cost of these investments:

INVESTMENTS	ANNUAL
50 new buses	\$12.0M
10-minute or better network	\$11.3M
All-door boarding	\$5.6M
Reduced wait times & crowding at off-peak	\$9.9M
Subway Service reliability	\$2.8M
Warehouse & Interim Bus Garage Leases	\$30.2M
Restoration of all-day, everyday service	\$5.5M
Subway Service resiliency	\$1.5M
Express Bus network	\$2.7M
Route & Station Management Reviews	\$2.0M
Expanded Blue Night network	\$2.4M
Station Supervisors	\$2.3M
Sub-total	\$88.2M
Elimination of Child Fare (revenue loss)	\$7.1M
Total	\$95.3M

2. Collective Bargaining Agreement (CBA): \$21.7 million. This increase represents the annualization of the 2014 and the 2015 costs associated with the CBAs that the TTC negotiated with its four unions in May 2014.
3. Hydro: \$7.5 million. These costs are expected to increase largely due to projected rate increases.
4. Bus and Streetcar Reliability: \$6.7 million. A number of initiatives will be put in place to help improve the reliability of both bus and streetcar service. For the hybrid bus fleet, increased engine repairs and scheduled cleaning of the hybrid bus battery storage compartments are expected to improve vehicle reliability. While some of the current ALRV streetcar fleet undergoes overhauling to enable them to bridge the service gap until all of the new LRVs are delivered, more CLRVs than previously planned will be put into service and consequently more Operators will be needed to operate these relatively smaller-capacity vehicles. In addition, due to a shortage of streetcars, some streetcar routes will be augmented with buses to help address increasing passenger loads during peak periods.
5. Leslie Barns: \$6.5 million. The planned opening of this maintenance and storage facility for the new fleet of LRVs in the 2nd quarter of 2015 accounts for this increase.
6. Annualization of 2014 Service Level: \$3.5 million. This requirement relates to the full year's effect of additional service implemented during 2014 to accommodate growing ridership.
7. Inflationary Price Increases: \$3.2 million. A general allowance of approximately 2% (based on the City's forecast) has been provided for inflationary increases on the purchase of goods and services.
8. 2014 Unspecified Budget Reduction: \$3.0 million. The reversal of the 2014 budget unspecified budget reduction in 2015 results in this technical adjustment. The \$3 million has been permanently identified and removed from the budget through the switch to a less expensive grade of diesel fuel as explained in the Vehicle Fuel variance.
9. Other Employee Costs: \$2.0 million. These costs are expected to increase in total by \$8.8 million. Of this amount, a total of \$6.8 million is associated with the following: \$2.8 million relates to both the annualized impact of workforce additions in 2014 and new workforce requirements in 2015, \$2.5 million is for new and enhanced service priorities that will be implemented to improve the quality and reliability of transit services in the city, and \$1.5 million is due to the impact of increased wages from the current CBA. The remaining \$2.0 million is attributable to inflationary and utilization increases in both healthcare and dental benefits. It should be noted that, consistent with past practice, of the total Other Employee Costs budget, approximately \$30.6 million has been incorporated into the budget for 2015 post-retirement benefit non-cash

expenses (dental and healthcare) which will be covered through a long-term subsidy receivable from the City (refer to Appendix A).

10. Streetcar Carstops: \$1.4 million. With the introduction of the new LRVs, the wear standard or recommended replacement cycle of a carstop has been adjusted, prompting the advancement of this portion of streetcar rail replacement. There is a planned requirement to replace 25 streetcar carstops in 2015.
11. Toronto Rockets: \$1.3 million. As the first subway trains continue to age and come off warranty for some components, requirements for replacement parts will increase.
12. Legislative Requirements: \$1.1 million. Resources are needed to ensure adherence to provincial legislation regarding One Call (utility locates) and supervision requirements under the Ontario Health & Safety Act Construction regulation as well as Toronto Fire Services requirements for pressure testing subway tunnel dry drops.
13. Training Programs: \$0.9 million. There are additional training requirements for new bus Operators, recertification training for existing Operators, station collectors, coach technicians who require factory training on diesel engines and transit enforcement staff.
14. Vehicle Fuel: (\$10.0 million). The \$10 million favourable change primarily stems from the hedging of 86% of the 2015 volume requirements at prices that are lower than the 2014 budgeted levels and, after extensive testing over the last two years, the planned switch to the less expensive #2 grade of diesel fuel. After accounting for increased volume requirements due to the additional bus service planned for 2015, diesel costs are expected to decrease by \$9.4 million in total.
15. Other: \$1.0 million. All other changes net out to an increase about \$1 million which represents 0.06% of the total expense budget.

It should be noted that the TTC will be supporting the upcoming Pan Am and Parapan Am Games by implementing additional service over and above normal summer levels to carry spectators and volunteers to competition venues in Toronto. Specifically, more service will be added on approximately 12 bus and streetcar routes and Sunday service will start at 6 a.m. (rather than the regular 9 a.m.) throughout the duration of the Games. In addition, increased operating costs will be incurred for enhanced support to accommodate these higher service levels and maintenance of subway stations and for the oversight and coordination of all TTC activities. These costs, in the order of \$4.4 million, will be fully recovered through a Provincial contribution of \$3.5 million and a one-time \$0.9 million withdrawal from the City's Tax Rate Stabilization reserve.

Appendix A provides a summary of the Commission's 2015 budgeted revenues and expenditures and subsidy requirement.

Operating Efficiencies

Numerous strategies have been employed to improve operating efficiency in recent years with a view to containing the impact of normal cost increases on the operating budget. Following is a list of cost saving initiatives implemented in recent years which have already or will otherwise reduce or avoid costs:

- April 1, 2014 Collective Bargaining Agreements

In May 2014, four 4-year agreements were reached with the TTC's unions that secured cost avoidance in the order of \$100 million and that introduced restrained and differentiated wages in return for job security.

- Diesel Fuel Hedging with the City

For the past few years, the TTC has partnered with the City in purchasing financial hedges for fuel contracts to protect against price volatility for this crucial commodity. To date, the TTC has secured hedges for substantial portions of its 2015 diesel requirements. Aside from affording price certainty on the TTC's second largest cost element (after payroll and benefits), this strategy has significantly reduced budget requirements (from preliminary estimates) by \$16 million. Similarly, hedging in 2013 and 2014 reduced budget requirements (from preliminary estimates) by \$21 million and \$9 million in 2013 and 2014, respectively.

- Downsizing

In late 2011, a comprehensive review of workforce requirements across all budgets resulted in the elimination of over 300 positions. This resulted in labour and expense reductions in the order of \$16 million on an annual basis for the TTC Operating Budget.

- Management Structure

A review of the organizational structure conducted in 2012 resulted in the elimination of 3 executive positions for an annual savings of \$0.9 million and the amalgamation of the former Engineering & Construction and Expansion areas which yielded further annual savings in the order of \$3.1 million together with cost avoidance of \$1.6 million.

- Contracting out

In conjunction with a series of Service Efficiency Reviews commissioned by the City, over the past few years, the TTC has been reviewing its operations in an effort to find savings and efficiencies. The TTC has contracted out garbage collection and the cleaning of subway public washrooms. The latter avoided the need to hire 39 more positions and incur an additional \$1.5 million in expenses each year. In addition, annual savings of \$2.2 million and a reduction of 144 unionized positions have been realized through the contracting out of bus servicing and cleaning activities in 7 TTC garages.

- Intercity Bus Terminal

In July, 2012, the TTC turned over the operation of the intercity coach terminal owned by its subsidiary company, Toronto Coach Terminal Inc. (TCTI), to a partnership comprised of the two major bus companies that use it; Greyhound and Coach Canada. This action eliminated the need for 24 budgeted positions and resulted in a guaranteed monthly cash inflow over the 5-year initial term of the agreement.

- Accident Claims

Leading up to 2011, the cost of accident claims settlements was increasing at a substantial rate. The TTC was instrumental and successful in lobbying for changes to Provincial no-fault legislation for public transit systems made in 2011. The Government of Ontario passed Bill 173 on May 12, 2011.

A comparison of no-fault activity prior to and after the passing of this legislation shows the following favourable results: the number of no-fault claims submitted to the TTC annually has declined by about 70% and the associated payments made have dropped by 80%. This legislation has helped stem the tide of ever-increasing no-fault payments and associated long-term liabilities.

- Shared Services with City

The TTC continues to participate in a long list of joint purchases with the City including: telephone and data telecommunications (including cellular and blackberry) services (approximate annual savings of \$1 million), IT technical assistance contracts, purchasing card, rock salt, administrative services regarding employee and pensioner benefits, and lower cost off-site records retrieval, storage and archive services. Both the TTC and the City are able to take advantage of lower prices/rates for these goods and services as a result of volume discounts. In addition, TTC also shares pricing schedules

for various IT licenses with the City and/or Province.

- Administrative Fees and Life Insurance Premiums

As a result of a joint tender with the City of Toronto and Toronto Police Services, it is estimated that the TTC will achieve projected savings of \$14 million over the 2012 to 2016 five-year contract due to lower administration fees on contracts related to employee benefits and insurance premiums.

- Procurement of Articulated Buses

The TTC continues to receive its new fleet of 153 articulated buses that will reduce annual operating costs by approximately \$5.4 million once all of these vehicles are introduced into service. These vehicles began servicing customers in 2014.

Customer Service Enhancements

Over the past couple of years, TTC has embarked on a number of customer service enhancements as part of its initiative to modernize and improve customer satisfaction. Besides developing a vision and mission statement, and establishing 25 key performance indicators which are published publicly on a monthly basis in the Chief Executive Officer's (CEO) Report and many, on a daily basis, on the TTC website with the view to focus effort and attention on improving the customers' experience, it has introduced a number of discernible improvements including:

- Subway public washroom refurbishments – all 20 washrooms were updated and a contract for frequent cleaning was awarded.
- End-of-line subway car cleaning – Litter removal from subway cars while in-service has improved cleanliness and reduced the potential danger and safety issue of track-level fires and smoke in the tunnels.
- Customer Service – the TTC has extended its hours of operation for customers who call for information, to share a concern, or to offer a compliment.
- Ease of Fare Purchase – in late 2012, the roll out of debit and credit card acceptance for Metropasses at all of its 95 collectors' booths began. Effective January 1, 2015, a new point-of-sale system enabled TTC customers to make purchases of \$10 or more including tickets, tokens and any Metropass or Day Pass at all collector booths, at all subway stations, using their debit and credit cards.

- Group Station management – the successful introduction of six new Group Station Managers for single-point accountability and a mandate to transform the management of TTC subway stations and bus interchanges. The 2015 budget includes additional workforce to support this important initiative.
- Customer Charter – in February 2013, the TTC released its first-ever Customer Charter which focuses on five themes: cleanliness, better information, improved responsiveness, becoming more accessible and modern, and the renewal of vehicles. With each theme, TTC has committed to completing and implementing improvements by specific dates. The 2015 charter was issued in January.
- Five-Year Corporate Plan – the inaugural launch of the TTC Five-Year Corporate Plan in May 2013. The Plan which outlines objectives and a delivery strategy in seven key areas: safety, customer, people, assets, growth, financial stability, and reputation is the final component in making the TTC more business-like and customer-focused.
- All-door boarding – with the introduction of the new LRVs in August, 2014, came an improved and quicker method of boarding passengers using all doors on the vehicles.
- PRESTO – work continues on this important project to further ease the purchase of fares by replacing tokens, tickets, Metropasses and paper transfers with the Presto fare card. Presto has been introduced on the new LRVs in service on the Spadina route.

Workforce

In a labour-intensive operation, additional service comes with labour resources to operate and maintain that service. The following table demonstrates that the TTC has been effective in controlling growth in its workforce relative to population, ridership and service growth over the past two decades.

	Change from 1992 to 2015
Population	+ 22%
Ridership	+ 33%
Service Level (hours)	+ 29%
Service Level (kilometres)	+ 28%
Operating Budget workforce	+ 25%

Carrying an additional 33% riders, while increasing service levels about 29% and employees by only 25%, represents a substantial improvement in labour productivity. All of this has been achieved despite the loss of bus carrying capacity in the order of 10% due to the conversion of the fleet to a low-floor design and ever-increasing road congestion which has necessitated the addition of resources (vehicles, Operators, service hours, etc.).

More recently, while the TTC has continued to add unionized (primarily Operators and maintenance) workers to accommodate the increase in ridership, over the same time period, non-union staff has been reduced. For example, over the period 2012 to 2015, TTC budgets combined saw an increase of 1,157 front-line and maintenance unionized workers to accommodate the growth in ridership. Over the same period, non-union staff has been reduced by a total of 115 jobs (across all three TTC budgets).

In approving the 2015 TTC Operating Budget, the total workforce – including the TTC and Wheel-Trans operating budgets and TTC Capital Budget - is also being approved. Expenses for in-house costs associated with work on capital projects are budgeted for in the 2015 - 2024 TTC Capital Program.

It should be noted that the Capital workforce fluctuates in lockstep with the number, scope and complexity of projects currently underway. As work comes to a conclusion on a project, the workforce requirement is reduced accordingly. Similarly, as work commences on a project, staffing is increased. No workforce requirements have been included for projects which are currently unfunded (i.e. below-the-line). As funding is identified for these projects, future years' workforce requirements will include them. The list of currently unfunded capital projects is contained in the companion report entitled "2015 - 2024 TTC Capital Budget" also being submitted to the February 2, 2015 TTC Board meeting for approval.

The following table compares the 2015 and 2014 workforce requirements as at December 31.

BUDGET	2014	2015	CHANGE
TTC Operating	11,179	11,756	577
Capital	1,844	2,064	220
Wheel-Trans	557	562	5
Total	13,580	14,382	802

The change in year-end workforce at the Commission is described in this section. Most of the Operating budget increase is required to accommodate service requirements.

Actual workforce strength will not normally exceed the monthly workforce budget except in the case of the Operator complement. In order to ensure that the service budget can be achieved, an annual hiring plan and training program is developed for Operators which takes into account projected requirements as a result of service changes, retirements, resignations or other turnover. An extended period of time is required in order to identify, pre-screen, hire, train and, qualify new Operators to ensure availability to meet the projected workforce requirement. As a result, the annual budget provides for these pre-hires, however, the year-end budgeted workforce remains unchanged. As failure to pre-hire would increase the risk that service would not be met, resulting in significant negative implications for customers and the Commission, staff are proceeding with the hiring plan consistent with the increased service requirements incorporated within the 2015 operating budget. In addition, it is important to note that there are currently a sizeable number of TTC employees who are in a position to retire. If a greater than average number were to do so in any given year, this could present significant logistical challenges to the TTC from an operational perspective.

The TTC operating workforce level is projected to increase by 577 positions (5.2%) from 11,179 to a total of 11,756 at December 31, 2015. The reasons for the increase are as follows:

New and Enhanced Service Priorities - 458 positions

- 92 to implement Ten Minute or Better Route Network by providing service at least every ten minutes, all day, every day, on key routes across the City,
- 77 to Reduce Wait Times and Crowding at Off-Peak Periods by adding more buses and streetcars,
- 65 positions for the leased bus facility that will accommodate 50 new buses to facilitate the introduction of new peak period express service and reduce wait time and crowding,
- 60 for Proof-of-Payment enforcement on streetcar routes serviced by the new LRVs,
- 44 to operate all Routes All Day, Every Day to ensure transit is consistently available to everyone across Toronto,
- 26 for Subway Service Improvements resulting from enhanced consistent maintenance programs and increased response time to reduce the number of subway delays,
- 24 for the introduction of Express Route Network – New Express Services to provide additional service on express bus routes during off-peak periods,
- 21 to Expand Overnight Bus and Streetcar Service,
- 20 Station Supervisors to oversee the management of subway stations,

- 17 to improve subway resiliency through the addition of 2 subway trains to both Lines 1 (Yonge-University) and 2 (Bloor-Danforth) during morning and afternoon rush hours,
- 10 Route Supervisors to conduct reviews of bus and streetcar routes to improve service through reduced bunching, gapping and short-turns, and
- 2 to operate a leased warehouse facility and enhance efficiency of warehouse operations.

Maintain Service Levels / Meet Ridership Growth to 545 million – 66 positions

- 53 to implement priorities to improve reliability of both bus and streetcar service by augmenting streetcar routes with buses to help address increasing passenger loads during peak periods. In addition, while ALRV streetcar fleets undergo overhauling, more CLRVs will be put into service until all of the new LRVs are delivered.
- 13 to maintain service levels and accommodate ridership growth to 545 million.

Operating Impacts of Capital Projects – (13) net positions

- 9 positions required to operate the new Leslie Barns Maintenance Facility,
- (22) Operator positions from the continued roll-out of articulated buses in 2015.

Other Requirements – 66 positions

- 27 Station Collector positions offset by reduced overtime expenses,
- 16 maintenance positions required to ensure bus reliability,
- 10 positions in accordance with legislative requirements, including the Occupational Health and Safety Act, One-Call and Toronto Fire Services,
- 9 administrative positions primarily for Customer Service and Human Resources support,
- 4 Temporary Revenue Processing Operators related to processing line renovations.

The Capital Budget year-end workforce will increase by 220 positions from 1,844 to 2,064 as follows:

- (19) due to fleet changes and purchase of new engines instead of bus rebuilds;
- (10) for T1 Subway 15-Year Overhaul work;
- (4) for Automatic Train Control Resignalling project;
- 43 for the ALRV Life Extension program;
- 36 to provide management and administrative support in the Subway Infrastructure Department for operational performance management, scheduling and planning major projects, improving safety performance, etc.;

- 31 for the Scarborough Subway;
- 30 to provide support within the Operations Group for various capital projects, including CCTV on T1 cars, Train Door Monitoring, Workcar Advance Warning Systems, network design and installation for extended TTC LAN services, etc.;
- 29 for the Engineering, Construction & Expansion Group to support various projects;
- 20 to provide support for the implementation of new systems (e.g. SAP, CAD/AVL), business analysis, etc.;
- 14 for project management of new vehicles;
- 12 for the SRT Life Extension Program;
- 12 for the TR retrofit and support;
- 9 for TYSSE;
- 6 for support of the Metrolinx LRT Programs,
- 5 for the Presto Farecard project;
- 3 for Yard/Line Expansion (TYSSE, Wilson Yard) requirements;
- 3 for various other capital project work.

The Wheel-Trans workforce is discussed as part of the Wheel-Trans budget section later in this report.

Pro Formas for 2016 and 2017

In addition to the 2015 budget, the City of Toronto has requested the TTC to provide budget projections to allow for longer term planning and financial forecasting purposes.

For 2016 and beyond, it is anticipated that costs will increase in line with inflation for most elements of the operating budget before incorporating any impact from the following items:

- Annualized costs of the new and enhanced service priorities planned for 2015
- Future energy price increases
- Increasing costs for parts on new vehicles (Hybrid and Articulated buses, Toronto Rockets, LRVs)
- Opening of new lines (e.g. Toronto York Spadina Subway Extension)
- Implementation of PRESTO

Without factoring in these cost elements, if we assume that ridership will grow based on current economic forecasts and that corresponding service is added (based on current standards), and that all other costs increase in line with current experience or based on actual or anticipated contractual commitments, and if fares are held constant and subsidy is flat-lined at the 2015 level, the TTC's financial situation will continue to present a significant challenge in the coming years. Action is required and a plan is necessary to develop a strategy that will address the longer term requirements of the Toronto Transit

Commission in order to continue to meet the needs of our customers, the citizens of the City of Toronto and for the Greater Toronto Area overall.

Summary

The 2015 Operating Budget that is contained in this report is required to provide service for the projected all-time record of 545 million riders. Included in this budget is a series of bus and streetcar service initiatives which can be implemented in the short-to-medium term and would improve the quality, reliability, comfort and convenience for our customers. A series of 25 Key performance Indicators is published publicly on a monthly basis in the CEO Report, many on a daily basis on the TTC website. These measures are designed to focus all improvements efforts on the customer experience. All reasonable cost and revenue items have been estimated using management's best knowledge. All enhancements and improvements have been factored into the budget. A modest fare increase in line with the rate of inflation has been assumed in working towards balancing the budget.

2015 WHEEL-TRANS OPERATING BUDGET

The highlights of the 2015 Wheel-Trans Operating Budget are as follows:

- Wheel-Trans ridership demand (6% increase over 2014) steadily increasing due to an aging population and compliance with AODA requirements;
- In 2015, Wheel-Trans will accommodate as many trip requests as possible based upon an unaccommodated rate of 0.9%;
- Carrying 180,000 more passengers, increasing from a budgeted level of 3.066 million in 2014 to a target of 3.246 million in 2015, with more trips carried on contracted taxi services;
- Negotiated a 4-year agreement with TTC's bargaining units that included a change to the Wheel-Trans model geared to a base number of 350 operators to avoid significant service cost increases;
- Participating in Metrolinx Cross Boundary Steering Committee to find efficiencies through cooperation of specialized transit providers in the GTHA;
- Reviewing current eligibility criteria to include conditional eligibility as required by AODA;

- Updating current scheduling system to allow for intermodal trip planning with TTC conventional service as the system becomes more accessible;
- Participating in the corporate initiative to upgrade the Call Centre telephone system;
- Improving customer service telephone performance by reducing wait times and call abandonment rates by adding more resources in the Reservations and Customer Service areas of the department;
- Additional improvements to the internet trip-booking site to increase customer use;
- Sourcing a fuel efficient, lower cost (both purchase price and operating) production vehicle to replace the Friendly bus fleet beginning in 2017;
- Building upon scheduling enhancements integrated with Automatic Vehicle Location technology improving vehicle productivity and on-time performance;
- No budgetary provision has been made for any potential City of Toronto sedan taxi meter rate increase;
- Revenues are projected to increase by about \$0.5 million primarily as a result of the projected increase in trips.

With the Friendly bus fleet aging and incurring higher maintenance costs, a rebuild of the fleet, at approximately \$100K per bus, is needed to extend its life until a suitable replacement vehicle is found. In 2015, Wheel-Trans will source and test smaller size vehicles with the assistance of ACAT members, to determine the best vehicle which will meet the needs of customers. It is expected that these new vehicles will have, at a minimum, a six year life cycle, requiring less capital investment, take up less storage space, be fuel efficient, requiring less maintenance costs and be more accessible to smaller/tighter spaces when transporting customers.

In 2014, Wheel-Trans re-aligned its management resources, with no increase to the workforce, to achieve the following objectives:

- Improve customer service, specifically telephone (Reservations) customer service;
- Improve daily management of operators; and
- Implement dedicated management team to manage contracted taxi service.

- Expenditures are expected to increase by approximately \$3.087 million over the 2014 budgeted level. Key elements of this change include:
 - \$6.111 million increase for additional contracted taxi service offset by \$(3.405) million in savings attributable to the competitive bid process for new taxi contracts; An additional 180,000 trips will be carried relative to the 2014 budget;
 - \$(1.192) million decrease in overtime, thus contributing these savings towards hiring the additional Reservations and Customer Service personnel to meet customer expectations regarding telephone response times;
 - \$0.719 million for the full year's effect of the current Collective Bargaining Agreement;
 - \$0.592 million for staff additions, benefits and other workforce changes;
 - \$0.166 million for material price and volume increases; and
 - \$0.096 million for all other net changes.

- Year-end workforce will increase by 5 positions to 562 to support increased ridership, maintain the current bus fleet as well as provide more resources in the Customer Service and Reservations sections of the department. Specifically, the workforce increase reflects:
 - one additional Garage Foreperson to provide coverage during staff vacations, absences and vacancies;
 - Six additional Reservationists and two Community Service reps to improve customer service by reducing customers wait time for booking trips and reducing the call abandonment rate;
 - The aforementioned workforce additions are offset by the deletion of four operators, which will allow Wheel-Trans to maintain its current workforce of 350-353 and be in compliance with the current Collective Bargaining Agreement.

- Subsidy for 2015 is anticipated to be increased by \$1.976 million from the 2014 budgeted level of \$106.823 million to \$108.799 million.

Appendix B provides a summary of the 2015 budgeted revenues and expenditures and subsidy requirement.

Wheel-Trans Service Plan

During 2014, customer demand increased at higher than anticipated levels and this increase is expected to continue in the forecast years. Specifically, customer trips are expected to increase from 3.1 million (2014 budget) to 3.2 million due to a forecasted

increase of 6%. This increase in demand growth reflects an expanding registrant base, an aging population, the increased availability of programs such as day programs, workshops and sports programs for persons with limited mobility, the ongoing impact of health care restructuring that causes increased demand for outpatient trips, and increased special event programming.

The 10-Year demand forecast originally completed in 2012 was updated based upon several factors such as the city of Toronto population growth, an aging population, the impact of integration with conventional service, the impact of AODA regulations and trip patterns. Customers will continue to be encouraged to take advantage of conventional fixed route accessible transit service by making it convenient and advantageous for them to book their trips to accessible subway stations. Wheel-Trans will continue to work with the Service Planning staff to develop a comprehensive integration program. As the Accessible Transit Network grows, Wheel-Trans customers will have greater opportunity to integrate into the conventional system.

With an upgraded and integrated Automatic Vehicle Location (AVL) Management system with GIRO Acces and Interactive Voice Recording system, Wheel-Trans staff will build upon improvements to scheduling and supporting new customer initiatives such as ease of booking to multiple addresses through the Internet, improve same-day trip availability, provide trip planning and scheduling integration with conventional services and real time provision of vehicle arrival notification (with the addition of AVL technology). These system enhancements will also address the on-time delivery of service by providing more timely information and system flexibility to adjust schedules in areas affected by road closures and construction. In addition, initiatives, such as common arrival and departure times at popular locations, will continue to improve productivity through share riding in high demand areas and increase availability of same-day trips through filling of gaps that occur as a result of cancellations on the day of service.

The table below summarizes the number of passengers carried by mode in 2014/15.

	2014 BUDGET	2015 BUDGET
- Bus	1,140,400	1,031,400
- Accessible Taxis	1,140,100	1,143,900
- Sedan Taxis	720,200	1,005,400
Sub-Total	3,000,700	3,180,700
- Community Bus	65,000	65,000
Total Trips	3,065,700	3,245,700

The available capacity of both accessible taxis and sedans is a fundamental tool used to carry smaller groups of customers and to adjust service when disruptions occur. With 67.6% of the service now being carried on taxis, a dedicated team to manage the service

is in place to ensure compliance with the contracts and manage overall service performance to a greater extent. A detailed management plan encompassing industry standards, service quality expectations such as on-time performance, and response taken to address customer issues and complaints will be developed. Accessible taxis will be equipped with AVL/Mobile Data Terminals equipment to improve on-time reporting, better customer service and customer experience. The City has released the new 290 accessible plates to all potential taxi drivers that qualify and the City will provide accessible training to all drivers as part of the "taxi reform". Sedan contractors will provide their drivers with 'refresher' training. More sedan taxis will be used in service as the number of ambulatory trips continues to grow.

January 26, 2015

Attachments: Appendix A – 2015 TTC Operating Budget Summary
 Appendix B – 2015 Wheel-Trans Operating Budget Summary
 Appendix C – Fare Schedule with 10 cent fare increase and Adult
 Metropass adjustments
 Appendix D – Five-Year Corporate Plan – "Journey"

APPENDIX A

TORONTO TRANSIT COMMISSION
2015 OPERATING BUDGET

(\$000s)

	2014	2015	2015 vs. 2014
<u>REVENUES</u>	<u>BUDGET</u>	<u>BUDGET</u>	<u>BUDGET</u>
			<u>CHANGE</u>
Passenger Revenues	1,101,000	1,140,356	39,356
Outside City Services & Charters	17,364	17,604	240
Advertising	26,053	26,138	85
Rent Revenue	10,115	10,276	161
Commuter Parking	10,068	9,932	(136)
Other Income	2,003	2,382	379
TOTAL REVENUES	<u>1,166,603</u>	<u>1,206,688</u>	<u>40,085</u>
<u>EXPENSES</u>			
CEO's Office	21,092	24,745	3,653
Strategy and Customer Experience Group	19,402	20,712	1,310
Engineering, Construction and Expansion	2,624	3,604	980
Corporate Services	78,006	80,767	2,761
Operations Group	488,286	517,332	29,046
Service Delivery Group	454,987	475,132	20,145
Other Employee Costs*	283,560	292,400	8,840
Vehicle Fuel	103,673	94,249	(9,424)
Traction Power	46,627	53,105	6,478
Utilities	21,097	24,565	3,468
Depreciation	31,907	32,345	438
Taxes and Licences	3,012	2,965	(47)
Accident Claims & Insurance**	31,143	31,252	109
Non-Departmental Expenses/Cost Recoveries	21,268	27,485	6,217
Contribution to Capital (re: 50 new buses)	-	13,936	13,936
TOTAL EXPENSES	<u>1,606,684</u>	<u>1,694,594</u>	<u>87,910</u>
Operating Subsidy Required	440,081	487,906	47,825
Operating Subsidy Available***	440,081	478,931	38,850
Draw from TTC Stabilization Reserve	<u>-</u>	<u>8,975</u>	<u>8,975</u>
SURPLUS / (SHORTFALL)	<u>-</u>	<u>-</u>	<u>-</u>

* City Council's approval of the 2006 TTC and Wheel-Trans operating budgets included the establishment of a long-term receivable from the City for budgeted non-cash expenses related to post-retirement benefits. The budget for these non-cash expenses has been deducted to match the City's subsidy for the current year. For 2015, the budget for these non-cash expenses is \$30.600 million (\$22.600 million in 2014).

** City Council's approval of the 2010 TTC and Wheel-Trans operating budgets included the establishment of a long-term receivable from the City for budgeted non-cash expenses related to accident claims. The budget for these non-cash expenses has been deducted to match the City's subsidy for the current year. For 2015, the budget for these non-cash expenses is \$12.830 million (\$0 in 2014).

*** \$91.6 million of the operating subsidy available is sourced from the Provincial Gas Tax paid to the City.

2015 WHEEL-TRANS OPERATING BUDGET

	(\$000s)		
	2014 BUDGET	2015 BUDGET	2015 vs 2014 BUDGET CHANGE
<u>EXPENSES</u>			
<u>SERVICE COSTS</u>			
CONTRACTED TAXIS SERVICE	36,722.2	39,646.4	2,924.2
<u>BUS SERVICE</u>			
Operators	27,429.1	26,462.9	(966.2)
Divisional Staff	567.2	587.9	20.7
Mobile Supervision	1,168.1	1,154.1	(14.0)
Dispatch	3,285.3	3,431.3	146.0
Equipment Maintenance	13,121.5	13,594.7	473.2
Vehicle Fuel	5,297.6	4,592.2	(705.4)
TOTAL BUS SERVICE	50,868.8	49,823.1	(1,045.7)
TOTAL SERVICE COSTS	87,591.0	89,469.5	1,878.5
<u>ADMINISTRATION</u>			
Senior Manager's Office	644.1	645.9	1.8
Reservations	2,443.3	2,406.6	(36.7)
Taxi Administration	248.2	317.9	69.7
Customer Service	2,187.5	2,336.7	149.2
TOTAL ADMINISTRATION	5,523.1	5,707.1	184.0
NON-DEPARTMENTAL COSTS	4,419.3	4,751.4	332.1
LAKESHORE GARAGE COSTS	1,290.2	1,355.1	64.9
OTHER EMPLOYEE COSTS	15,132.3	15,760.0	627.7
TOTAL EXPENDITURES (PER WHEEL-TRANS)	113,955.9	117,043.1	3,087.2
LESS: POST-RETIREMENT NON-CASH BENEFITS *	1,194.0	1,480.0	286.0
LESS: ACCIDENT CLAIMS NON-CASH EXPENSE **	200.0	250.0	50.0
TOTAL EXPENDITURES (PER CITY)	112,561.9	115,313.1	2,751.2
TOTAL REVENUES	5,738.8	6,214.3	475.5
OPERATING SUBSIDY	106,823.1	109,098.8	2,275.7
DRAW FROM TTC STABILIZATION RESERVE	-	300.0	300.0
NET OPERATING SUBSIDY	106,823.1	108,798.8	1,975.7

* City Council's approval of the 2006 TTC and Wheel-Trans operating budgets included the establishment of a long-term receivable from the City for budgeted non-cash expenses related to post-retirement benefits. The budget for these non-cash expenses has been deducted to match the City's subsidy for the current year. For 2015, the budget for these non-cash expenses is \$1,480K (\$1,194K in 2014).

** City Council's approval of the 2010 TTC and Wheel-Trans operating budgets included the establishment of a long-term receivable from the City for budgeted non-cash expenses related to accident claims. The budget for these non-cash expenses has been deducted to match the City's subsidy for the current year. For 2015, the budget for these non-cash expenses is \$250K (\$200K in 2014).

2015 FARE SCHEDULE - \$0.10 INCREASE
CASH FROZEN; ADULT METROPASS ADJUSTMENT
FARE INCREASE EFFECTIVE MARCH 1 2015

	<u>CURRENT FARE</u>	<u>NEW FARE</u>
<u>Adult</u>		
- Cash	\$3.00	\$3.00
- Token	\$2.70	\$2.80
- PRESTO E-Purse	\$2.70	\$2.80
- Weekly Pass	\$39.25	\$40.75
- Regular Metropass	\$133.75	\$141.50
- VIP Tier 1 (50 - 249)	\$120.25	\$127.25
- VIP Tier 2 (250 - 499)	\$119.00	\$125.75
- VIP Tier 3 (500 +)	\$117.75	\$124.50
- MDP	\$122.50	\$129.75
- Post-Secondary Metropass	\$108.00	\$112.00
<u>Senior/Student</u>		
- Cash	\$2.00	\$2.00
- Ticket	\$1.85	\$1.95
- PRESTO E-Purse	\$1.85	\$1.95
- Weekly Pass	\$31.25	\$33.00
- Regular Metropass	\$108.00	\$112.00
- MDP	\$98.00	\$102.75
<u>Child</u>		
- Cash	\$0.75	\$0.00
- Ticket	\$0.60	\$0.00
- PRESTO E-Purse	\$0.60	\$0.00
<u>Other</u>		
- Day Pass	\$11.00	\$11.50
- GTA Weekly Pass	\$56.00	\$61.00
- Downtown Express Sticker	\$38.50	\$40.00

The Journey - A transit system that makes Toronto proud

