

Transit Services 2024 Draft Budget

Transit Commission
November 14, 2024



Closing 2023

2023	2023 Budget	Current forecast	Variance	Comments
Net Expenditures	\$706.2M	\$695.3M	\$10.9M	(\$10.9M net operating savings)
Revenue	\$277.4M	\$264.7M	\$ -12.7M	\$12.7M mostly due to lower fare revenue
COVID Funding	\$39.0M	0	\$ -39.0M	\$39M from governments not expected
Surplus/(Deficit) Forecast			\$ -40.8M	

Balancing 2023 Budget

- Q2 budget update projected a variance of \$40.8M
- An action plan, including prudent capital spending, and a hiring freeze, was proactively implemented by OC Transpo to carefully manage finances. This resulted in:
 - \$10.4M in savings due to the delay in the opening of O-Trains Lines 2 and 4
 - \$0.5M in savings due to service reductions on O-Train Line 1
 - \$35M funded from the Capital Reserve (including the \$5.3M contribution reported to TC in Sept)
- As a result, \$5.1M projected to be contributed to Operating Reserve



New reality - 2024 and beyond

Ridership

- 70% budgeted in 2023
- 75% forecasted in 2024

Strategic initiatives – tied to our foundation

An overarching commitment to safety is woven into all Strategic Initiatives

Our People	Our Customers	Our Service	Our Assets	Our Finances
<ol style="list-style-type: none"> 1. Ensure business continuity through succession planning, management performance and operational resiliency 2. Strategic recruitment 3. Diversity, equity, & inclusion 4. Employee engagement and communications 5. Strengthening our culture of safety 	<ol style="list-style-type: none"> 1. Deliver advanced fare systems 2. Deliver Para Transpo enhancements 3. Customer Service Improvements, including transforming communications 4. On-demand transit 5. Build and maintain strong relationships with Council 	<ol style="list-style-type: none"> 1. Bus route review 2. Stabilize service delivery and increase reliability 3. Measure to manage (KPIs) 4. Handover of Stage 2 from construction to operations 	<ol style="list-style-type: none"> 1. Delivery of Stage 2 O-Train extensions 2. Core business review 3. Transition and delivery of Zero Emission Buses (including infrastructure) 4. Systematize departmental administrative processes 	<ol style="list-style-type: none"> 1. Develop financial models and prioritize major business lines by service area 2. Delivery of the next Long-Range Financial Plan 3. Developing government relations capacity 4. Long-range operational planning and lifecycle review

Revenue changes from 2023

2024 Draft Budget	Total budgeted increase
2.5% Levy / 1.7% Growth	\$19.2 M
2.5% Fare increase	\$3.8 M
Annualizing growth in service to high schools	\$0.9 M
Advertising revenue (minimum)	\$0.1 M
Total additional revenue on top of base	\$24.0 M

Expenses

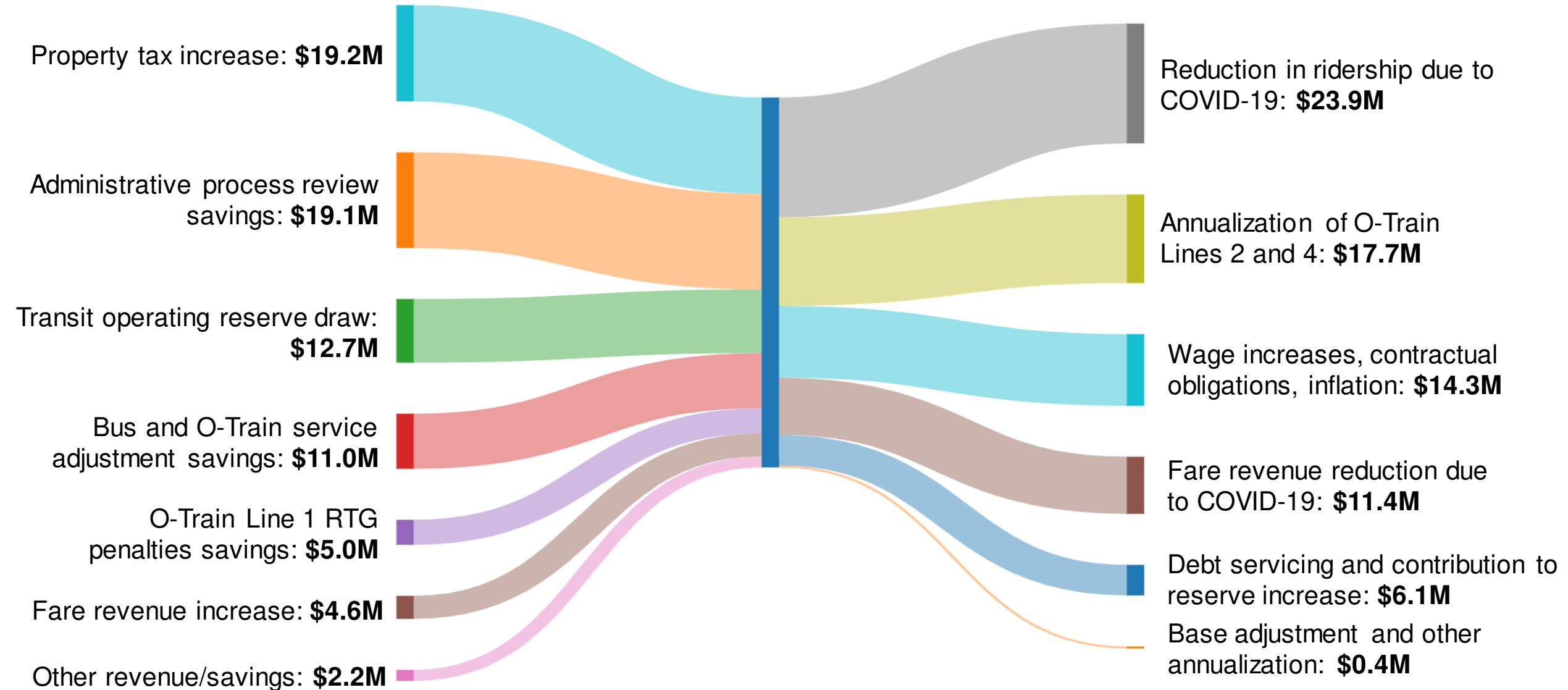
2024 Draft Budget	Total budget pressure	Comments
Annualization of 2023 changes	(\$3.6M)	
Base adjustments	\$4.0M	
Wages, contractual obligations and inflation	\$14.3M	COLA (collective agreements) etc.
O-Train Lines 2 & 4	\$17.7M	Annualization attributed to opening Lines 2/4
Contribution to capital	\$1.1M	
Debt servicing	\$5.0M	
Reduction in ridership due to COVID-19	\$23.9M	
Fare revenue reduction due to COVID-19	\$11.4M	
Total additional operating costs on top of base	\$73.8M	

Balancing the budget

Expenses	Revenue	Gap	Savings and Funding
\$73.8M	\$24.0M	\$49.8M	
			\$11M – Bus and O-Train service adjustments
			\$5M – Increase in cost recovery for Line 1 performance provision
			\$19.2M – Administrative process review
			\$1.9M – Other savings
			<u>\$12.7M</u> – Transit operating reserve
			\$49.8M TOTAL

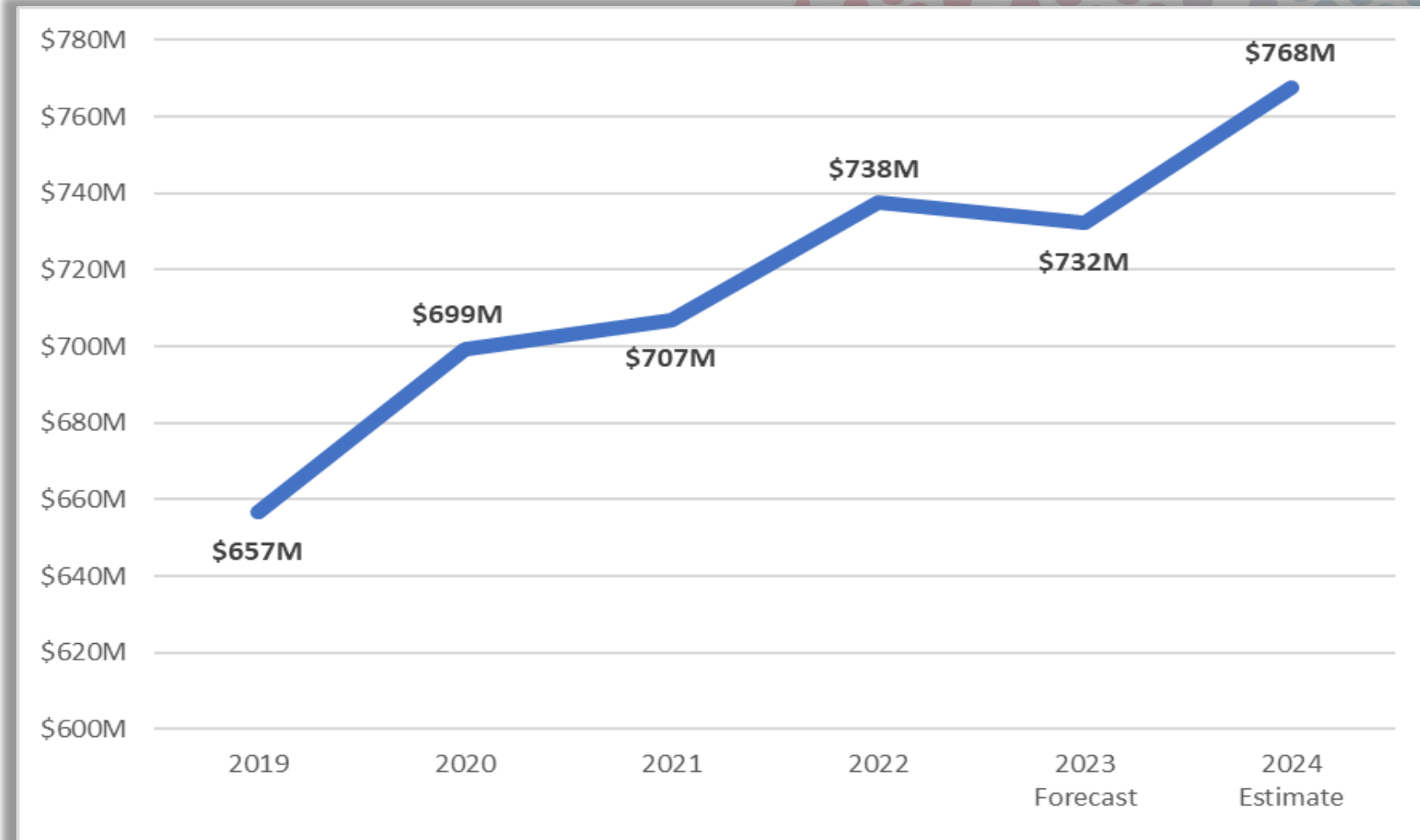
Balanced budget

revenue/savings \$73.8M = \$73.8M expenditures



Total annual operating costs

Year	Gross expenditures
2019	\$656.7M
2020	\$699.4M
2021	\$707.0M
2022	\$737.5M
2023 (forecast)	\$732.2M
2024 (estimate)	\$767.8M



Transit Commission Capital Budget 2024

\$ 21.6 M - Stage 2 Development and Readiness

\$ 11.3 M - Rail Operations

\$195.9 M - Bus and Para Transpo

\$ 4.3 M - Customer and System Support

\$ 6.3 M - Asset Management (IWSD)

\$239.3 M Total

- \$55.3 M - contribution from transit capital reserve
- \$184.0 M - other sources



OC Transpo Capital Budget 2024

Service	Project	Amount
Stage 2 Development	Rail Operational Readiness	\$3.5 million
	Stage 2 Transition	\$8.4 million
	Detour Hours Funding for Stage 2 Construction	\$9.6 million
Rail Operations	Contractual Lifecycle Payment (O-Train Line 1)	\$6.6 million
	Contractual Lifecycle Payment (O-Train Lines 2 and 4)	\$1.1 million
	Train and Rail Lifecycle and Modifications	\$1.5 million
	O-Train Engineering Services	\$0.6 million
	O-Train Cybersecurity	\$1.5 million
Bus and Para Transpo	Bus Refurbishment	\$10.3 million
	Zero Emissions Bus Program – New Conventional Buses	\$179.7 million
	Renewal of Operational Assets	\$1.0 million
	Transit Network Yearly Rehabilitation	\$0.9 million
	Unplanned Infrastructure Response	\$0.5 million
	Station Customer Information	\$3.0 million
	Transit Accessibility Improvements	\$0.2 million
	Fleet Maintenance Technology Systems	\$0.2 million
	Para Transpo Technology Systems	\$0.3 million
Customer and System Support	Operations Support Vehicles – Replacement	\$1.8 million
	Customer Service Program	\$1.1 million
	Transit Five-Year Roadmap Communications/Marketing	\$0.6 million
	Customer Services Technology Systems	\$0.3 million
	Operations Management Systems	\$0.3 million
	Scheduling and Control Systems	\$0.2 million
		\$233.0 M

Term of Council Priorities



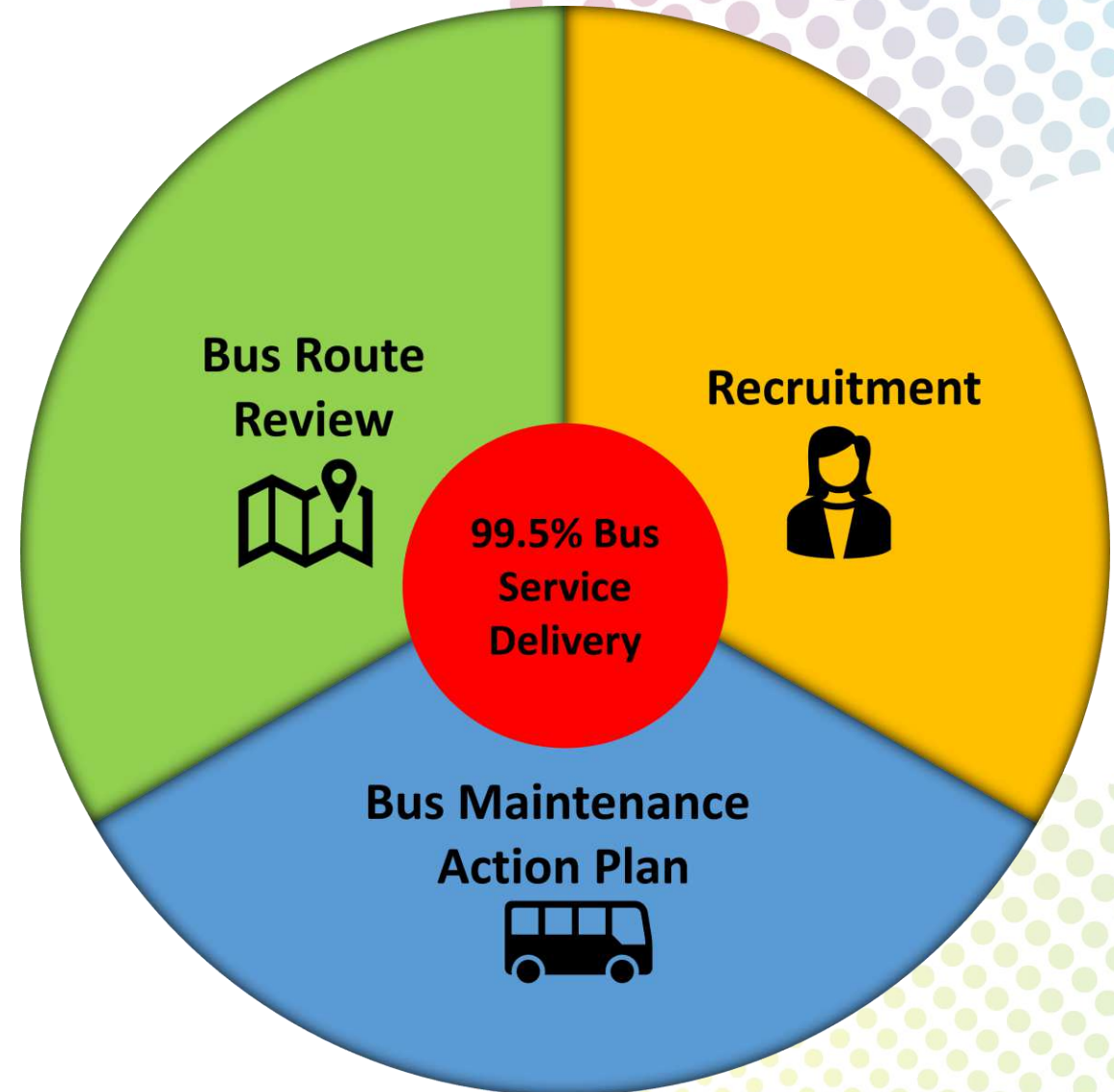
**A City that is more connected
with reliable, safe and
accessible mobility options**



**A City that is Green and
Resilient**

Proud to be your choice to get there

- On Demand bus service
- Service adjustments
- Implementation of e-bus fleet
- Investment in the bus service to reach 99.5%
- Real-time data
- Transit accessibility improvements
- Para Transpo Technology Systems



Questions

