

MEETING DATE: OCTOBER 23, 2002

SUBJECT: Chief General Manager's Report Period 8 August 4 To August 31, 2002

RECOMMENDATION

It is recommended that the Commission:

1. receive for information the attached Executive Summary of the Chief General Manager's (CGM's) report covering the period August 4 to August 31, 2002 noting that:
 - 2002 TTC Operating Budget

the year-end shortfall is now projected to be about \$30 million; this will be funded through a \$24 million draw from the Riders Reserve Fund and a \$6 million reduction in the Contribution to Capital;

- 2002 Wheel-Trans Operating Budget

that the current expenditures are projected to be on budget but that the unaccommodated rate is expected to be approximately 3% for 2002;

- 2002-2006 Capital Program

that the 2002 year-end cash flow is now projected to be \$34.1 million under budget; and

1. forward a copy of this cover report and the Executive Summary to each City Councillor for information (noting that the detailed CGM's report is available on request from the Office of the General Secretary of the Commission).

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DISCUSSION

1. 2002 TTC Operating Budget

Year-to-Date

Ridership in period 8 was below both last year and budget, for the ninth straight period. For the year-to-date to August 31, excluding estimated World Youth Day ("WYD") rides, ridership was 7.1 million rides (2.6%) under last year and 5.0 million rides (1.8%) under budget, with the corresponding passenger revenue being \$5.5 million (1.3%) under budget. However, the unbudgeted WYD 4.1 million rides and their estimated \$2 million passenger revenue brought the year-to-date variances down to 0.9 million rides (0.3%) under budget and \$3.5 million passenger revenue (0.8%) under budget. In addition, the higher than budgeted revenue for outside City service to York Region and the unbudgeted Federal Tourism assistance for WYD helped push total revenue for the year-to-date to \$0.9 million over budget (0.2%). Expenses for the year-to-date were \$8 million (1.4%) over budget primarily due to the unbudgeted April 1 wage and salary increase and to the unbudgeted incremental WYD costs.

Year-end Projections

The following table summarizes the year-end projections and budget variances after adjusting for the impact of the collective bargaining agreement:

	2002		
(Millions)	BUDGET PLUS COLLECTIVE AGREEMENT	PROJECTION	CHANGE
RIDERSHIP (excluding WYD)	418	412	(6)

REVENUES	\$685	\$683	\$(2)
EXPENSES	\$(864)	\$(865)	\$(1)
SUBSIDY	\$152	\$152	\$0
SHORTFALL	\$(27)	\$(30)	\$(3)
DRAW FROM RIDERS RESERVE FUND		\$24	
REDUCTION TO CONTRIBUTION TO CAPITAL		\$6	

Although the WYD numbers have yet to be finalized, their preliminary impact has now been included in the above projections.

The shortfall remains unchanged from the previous report at \$30 million.

As previously advised, to balance the TTC budget and to cover the expected shortfall, City Council, at its meeting of May 21, 22 and 23, 2002, approved the use of the entire \$24 million in the Riders Reserve Fund and the funding of the balance of the shortfall by a reduction in the TTC's Operating Budget Contribution to Capital.

(2) 2002 Wheel-Trans Operating Budget

The unaccommodated rate was 3.0% for period 8 and 3.2% for the year-to-date. As reported last period, in order to both assist in the reduction of this unaccommodated rate and to address demand levels that are projected to be 1-1½% above target, Wheel-Trans will continue to implement additional productivity and quality-of-service improvements. These improvements will continue to be undertaken within the approved funding level.

(3) 2002 - 2006 Capital Program

The current projection for the year-end cash flow is \$34.1 million less than budgeted. This projected underexpenditure is primarily due to the deferral to 2003 of the contract award for the SRT Car Program (\$15.2 million), along with delays on other projects,

including Fire Ventilation Upgrades (\$6.0 million), Transit Control Centre (\$4.7 million) and Commuter Parking (\$4.1 million). Other projected underexpenditures will be offset by slippage from 2001 on various projects, including Sheppard Subway.

15-Oct-02

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Attachment: CGM's Report