

**MEETING DATE:** DECEMBER 17, 2003

**SUBJECT:** Chief General Manager's Report Period 10 October 5 To November 1, 2003

**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 October 5 to November 1, 2003 noting that:

- 2003 TTC Operating Budget

it is still anticipated that by year-end ridership will be some 8 million rides under budget and revenues will be \$15 million under budget, with this unbudgeted shortfall offset by a reduction in the Contribution to Capital;

- 2003 Wheel-Trans Operating Budget

no budget variance is anticipated but the unaccommodated rate for the year is expected to be 3.2%, in comparison to the 2% budgeted;

- 2003-2007 Capital Program

the year-end cash flow is projected to be \$84.2 million less than budgeted; 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).

**DISCUSSION**

1. **2003 TTC Operating Budget**

Year-to-Date

Ridership in period 10 was 35,000 (0.1%) over last year's total and only 37,000 (0.1%) under budget. This was the first period this year in which ridership was ahead of last year. However, ridership has still not recovered fully from the SARS outbreaks and the blackout and this has resulted in the year-to-date ridership to November 1 being 10.4 million (3.0%) under last year (2002 included World Youth Day) and 6.9 million (2.0%) under budget. Virtually, all of the reduction has occurred since the first outbreak of SARS, as indicated in the following table:

	<b>Total Ridership</b>	<b>Variance from Budget</b>	
	<b>000s</b>	<b>Rides</b>	<b>%</b>
Pre-SARS (01JAN-22MAR)	91,381	(23)	(0.0)
23MAR-01NOV	245,979	(6,834)	(2.7)
Total Year-to-date (01NOV)	337,360	(6,857)	(2.0)

Passenger Revenue for the year-to-date was a corresponding \$8.8 million (1.6%) under budget, while expenses (before consideration of capital from current) were over budget marginally by 0.2% or \$1.6 million.

#### Year-end Projections

The following table summarizes the year-end projections and budget variances:

	<b>2003</b>			
	<b>(Millions)</b>	<b>BUDGET</b>	<b>PROJECTION</b>	<b>CHANGE</b>
RIDERSHIP		412	404	(8)
REVENUES		\$710	\$695	\$(15)
EXPENSES		\$909	\$894	\$(15)
SUBSIDY		\$182	\$182	-
SHORTFALL*		\$17	\$17	-

\*Written off against Retained Earnings

Since recent ridership results have been slightly more encouraging than previous months' results, staff are cautiously optimistic that year-end ridership may surpass the current projection of 404 million. However, due to the uncertain travel pattern during Christmas week, the year-end ridership figure used for purposes of calculating the year-end projections remains at 404 million, 8 million below budget.

**(2) 2003 Wheel-Trans Operating Budget**

Staff are still projecting a balanced budget by year-end, despite the impact of a taxi meter rate increase, escalating accident claim costs, SARS, the under-performance of the economy and the power shortages. An unaccommodated rate of up to 4% (3.3% in period 10 vs 2% budget) may be required for the balance of the year, in order to operate within funding levels.

Staff will continue to monitor service demand and, where appropriate, adjust service to meet both budget availability and customer mobility requirements. In this way, the direct customer impact will be minimized over the balance of the year.

**(3) 2003 - 2007 Capital Program**

The current projection for the year-end cash flow is \$84.2 million less than budgeted. Management decisions to defer items account for \$38 million of this variance. Those items include the deferral of the purchase of SRT cars, the property purchase for the New Bus Facility and construction contract work on the Fire Ventilation project at York Mills. Cost savings of almost \$5 million have been realized on the Surface Track program relating to excavation and paving contracts, and for a reduction in the number of H4 subway cars requiring overhaul. The remaining \$42 million of the variance arises from timing and other factors on projects, many of which are vendor related or involve changes in plans. Of major impact is the late delivery of diesel buses which is expected to result in the deferral of \$13 million to 2004 and delays in the Factory Acceptance Testing date on some Transit Control work (\$4.1 million).

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11-Dec-03

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Attachment: CGM's Report