

MEETING DATE: November 19, 2003

SUBJECT: 2004 Wheel-Trans Operating Budget

RECOMMENDATION

It is recommended that the Commission approve:

1/ The 2004 Wheel-Trans Operating Budget of \$50.1 million provided for in this report and companion documents which includes \$52.8 million for service partially offset through revenues of \$2.7 million, resulting in a subsidy increase of \$4.3 million over the approved 2003 budget; and

2/ The Wheel-Trans Service Plan which encompasses the following key factors:

- Eligibility Criteria and Application Process remain unchanged;
- Registrant base increases by 14% to 34,300;
- Trip demand increasing by 5% to 1,741,500;
- Unaccommodated rate remains at 2%;
- Trips provided by accessible vehicles at 88%;
- On-time delivery of service maintained at 96%;
- Workforce decreases by six.

3/ Consider this report in concert with the following:

- a. the 2004 TTC Operating Budget; and
- b. the 2004-2008 TTC Capital Program and 10-Year Forecast which includes \$4.1 million in 2004; \$2.4 million for facility improvements and \$1.7 million for scheduling enhancements; and

4/ Forward this report to the City of Toronto Council for approval and to the TTC's Advisory Committee on Accessible Transportation (ACAT) for information.

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FUNDING

The Operating Budget for 2004 provides funding in the amount of \$50.1 million which is required to meet the anticipated demand for service (\$52.8 million), partially offset by revenues of \$2.7 million.

At the required level of funding, Wheel-Trans will achieve the targeted 2% unaccommodated rate through expansion of bus and contracted taxi services as well as undertake various productivity and service quality initiatives.

By way of background, a fare increase would have limited impact on Wheel-Trans' ability to provide service since fare revenues only represent approximately 5% of the overall operating budget expenditures.

2004 Operating Budget Summary

Major factors contributing to the 2004 funding request increase of \$4.3 million over 2003 include a provision for additional service primarily due to the anticipated higher trip demand (\$1.6 million); the impact of the current Collective Agreement which provides for a 3% increase to wages/benefits of \$1.4 million; the impact of increased accident claims/reserves of \$0.7 million, full year impact of taxi tariff rate increase of \$0.5 million; as well as material price increases and other net changes of \$0.1 million.

The following table provides a comparison of the 2003 and 2004 Operating Budgets:

	2003 BUDGET	2004 BUDGET	CHANGE
Demand (000s)	1,658.6	1,741.5	82.9
Ridership (000s)	1,625.4	1,706.7	81.3
Registrants	95.5	95.5	0.0
Non-Registrants (Community Bus)	1,720.9	1,802.2	81.3
TOTAL:			
Unaccommodated Rate	2.0%	2.0%	--
Financial Data (\$000s)		52,751.8	\$ 4,549.5
Operating Expense	48,202.3	\$(2,683.3)	\$ (221.7)
Operating Revenue	\$(2,461.6)	\$50,068.5	\$4,327.8
Subsidy Required	45,740.7		

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BACKGROUND

2003 - Year in Review

Wheel-Trans experienced lower than targeted trip demand due in large part to an extended and extremely cold winter, followed by the SARS outbreak which severely impacted Wheel-Trans' ability to provide service. Events such as the Rolling Stones Concert and the power blackout period in late summer had longer than anticipated effects on service caused by high cancellation rates and reduced trip demand for service. Prolonged inclement weather and the introduction of a 30 minute scheduling window have been partially responsible for service demand continuing below budgeted levels. Staff anticipate that demand will remain below budgeted levels with 1,558,100 trips provided this year, a 6% reduction to Budget.

Although service was adjusted daily to meet the lower and fluctuating demand, savings accrued through reduced service levels were exceeded by unanticipated expenses such as the City approved sedan taxi meter rate increase, rising accident claim costs resulting primarily from escalating medical/rehabilitation expenses and from courts lowering the threshold for claims, a higher charge back for TTC support costs through the administration fee, and higher overall employee health and dental costs. These major increases in costs necessitated a review of expenses for the balance of the year. A balanced budget is projected by year-end, achieved in part through savings due to lower property assessment values, gapping and workforce changes as well as operating within a 3-4% unaccommodated rate.

Continued strong growth in the registrant base produced more demand for medical trips, especially in outpatient dialysis service. Both ambulatory and non-ambulatory registrants continue to increase with ambulatory registrants growing at a more rapid rate. Non-ambulatory registrants will represent 54% of the 31,000 registrants by year-end.

While staff are committed to provide an efficient and high quality of service, based on observations, audits and customer comments, further improvements are required to improve the quality of sedan taxi service.

During the past year, Wheel-Trans conducted a ridership and customer satisfaction survey of approximately 2,000 registrants. This initial 'base line' survey was conducted to obtain potential demand growth, trip purpose, measurement of trip usage, policy awareness as well as customer satisfaction with the various services offered. Registrants were also provided an opportunity to suggest ways of improving the delivery of service. Preliminary results are being reviewed and evaluated in an effort to become more responsive to customers needs. Next steps will include a formal report and the establishment of a customer satisfaction index.

Year 2003 highlights included:

- Demand below target by 6%;
- Growth in registrants of 12.4%;
- Unaccommodated rate of 3%-4%;
- Overall vehicle productivity of 4.85 passengers per hour (pph) (below target of 5.15 pph);
- Reintroduction of 30 minute scheduling window in 2004;
- Lower service quality resulting from a higher level of sedan taxi trips;
- Trips provided on accessible vehicles below target at 84%;
- On-time system performance of 96%;
- Expansion of Zone, Express Bus, and Ambulatory services deferred to 2004;
- Accessible taxis available for service increased from 68 to 73;
- ELF buses available for service remain constant at 139;
- Completion of the Orion bus replacement program;
- Successful on-vehicle test of automatic vehicle location (AVL) technology;
- Trips provided on Community Bus service remain relatively constant.

DISCUSSION

2004 Operating Budget and Service Plan

Performance Overview

The 2004 Operating Budget and Service Plan builds upon the accomplishments achieved since the introduction of the Wheel-Trans Information System (WTIS – the computerized trip booking and scheduling system) in 1994 and illustrates the impact of the major initiatives outlined in the Five Year Accessible Transit Service Plan directed at accommodating trip demand, improving service quality, and redesigning service delivery in order to improve productivity and efficiency (see table below). The fundamental approach and initiatives outlined in the Plan remain the foundation upon which the 2004 Operating Budget and Service Plan are developed.

WHEEL-TRANS PERFORMANCE

1994-2004

	1994	2004	CHANGE	%
Workforce	471	375	(96)	(20)
Subsidy Per Trip	\$26.14	\$27.78	\$1.64	6
Productivity (pph)	4.06	5.11	1.05	26
Unaccommodated Rate	8.0%	2.0%	75% Improvement	
Cancellation Rate	27%	14%	48% Improvement	
Accessible Service	57%	88%	54% Improvement	

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Key Assumptions

The 2004 Operating Budget and Service Plan, assumes continuation of the eligibility criteria and application process, no further change to the current sedan taxi tariff (meter rate), key origins and destinations remain relatively constant, and the continuation of a 2% unaccommodated rate. In addition, it is assumed that the current fare structure and rates will remain unchanged. As noted earlier, if a fare increase was implemented, its impact on Wheel-Trans would be negligible.

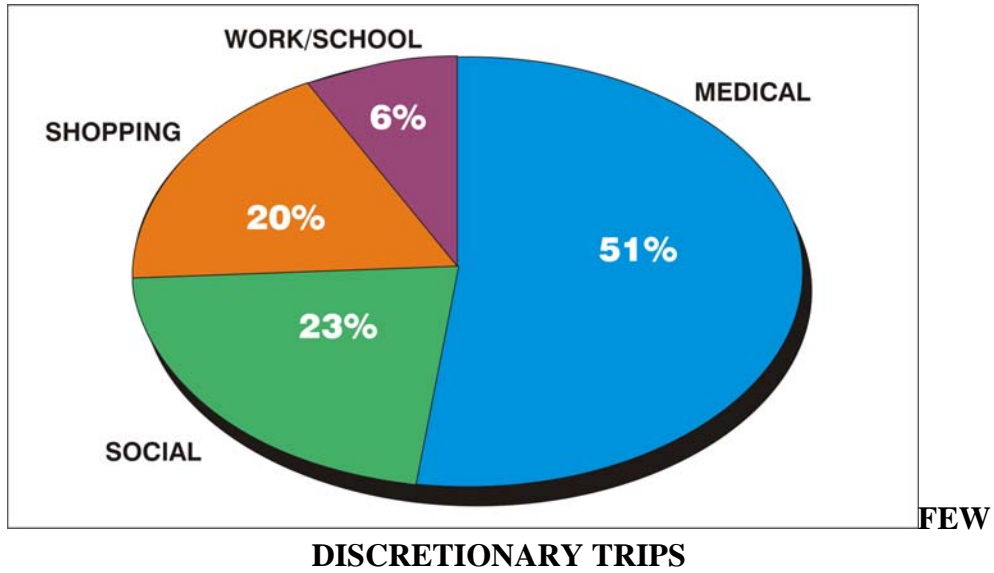
Key Issues

The key issues faced in developing the Operating Budget and Service Plan relate to maintaining the balance between trip availability and service quality. Additional trips are provided by both service expansion and vehicle productivity improvements such as the 30 minute scheduling window, while at the same time maintaining the appropriate level of service quality. The expanded integration of Wheel-Trans service with the conventional accessible transit system will continue.

Demand Forecast

It is anticipated that the trip demand for service will continue increasing at a significant rate with year-end demand of 1,741,500 trips, approximately 82,900 trips over the 2003 budgeted level. This strong demand growth is reflective of a continuing growth in the registrant base, improvement in overall service quality, the ongoing increase in outpatient trips due to health care restructuring, an increasing dialysis trips requirement, and the increased reinvestment by agencies into event programming.

Actual demand by trip purpose (see below) highlights the fact that more than 70% of Wheel-Trans trips are non-discretionary when we include a portion of the shopping trips which are for essential commodities such as food, medicine, banking, etc.



The 2004 Service Plan has been developed to address the trip demand increase through provision of additional service combined with various productivity and service quality initiatives described later in this report.

Registrant Base

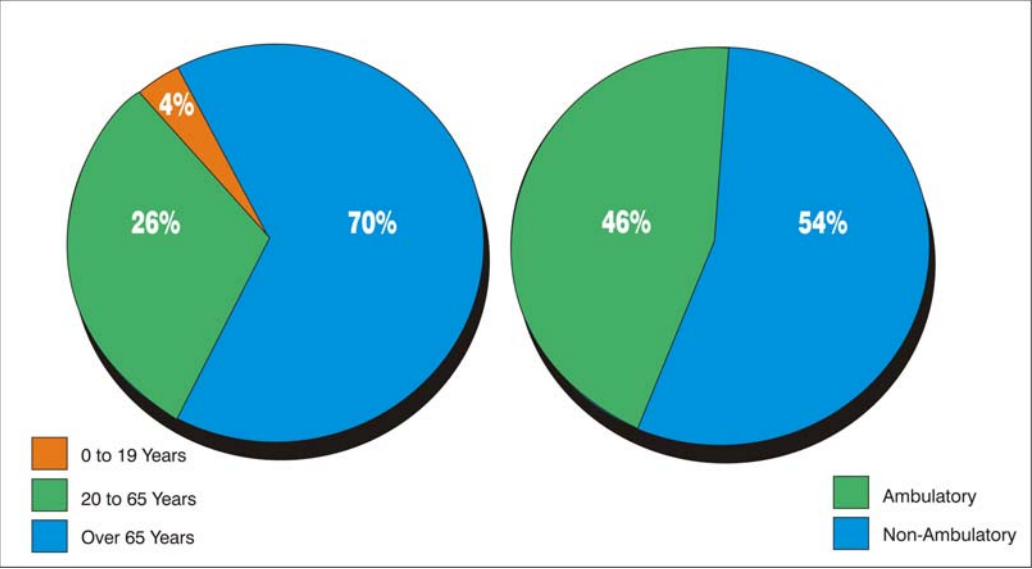
It should be noted that the current Wheel-Trans eligibility criteria will continue to identify those individuals who require accessible transit services the most, based on a person's level of physical functional mobility. The Wheel-Trans eligibility criteria and application process has been supported by the Courts when previously challenged under the Canadian Charter of Rights and Freedoms.

Improved availability of in-person interview locations throughout the City has provided for greater convenience when applying for Wheel-Trans service. For 2004, it is anticipated that 5,500 customers will apply for service of which 4,700 will be accepted based on the current 85% acceptance rate. With the impact of attrition, the year-end registrant base will increase to 34,300. This registrant base increase will not directly translate into a similar increase in trip demand since the overall ageing of the registrant base has resulted in a reduced trip rate, and some customers are registering for service 'just in case' their primary transportation provider(s) are not available.

Both ambulatory and non-ambulatory registrants continue to increase at a significant rate. The composition of the Wheel-Trans registrant base will remain relatively constant with non-ambulatory registrants (wheelchair/scooter users) at 54% and ambulatory registrants at 46%. The Questionable Rider Program will continue to identify customers who may no longer require accessible door-to-door service due to their improved mobility.

Registrant growth continues in all age categories with seniors increasing at a slightly greater rate due predominately to the population's longer life span. The largest registrant segment is seniors over 65 years of age (70%) (as shown below); with individuals between 75-84 years of age remaining the largest segment of the seniors group.

REGISTRANT PROFILE



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Service Plan

The 2004 Service Plan is directed at keeping pace with increasing demand, improving the quality of service, and increasing peak period service. Incorporated into this Service Plan are the productivity, service quality improvements deferred from this year, plus new initiatives directed at further productivity improvements, enhancing service quality through improved on-time delivery of service, updating scheduling parameters, and improving customer access to information.

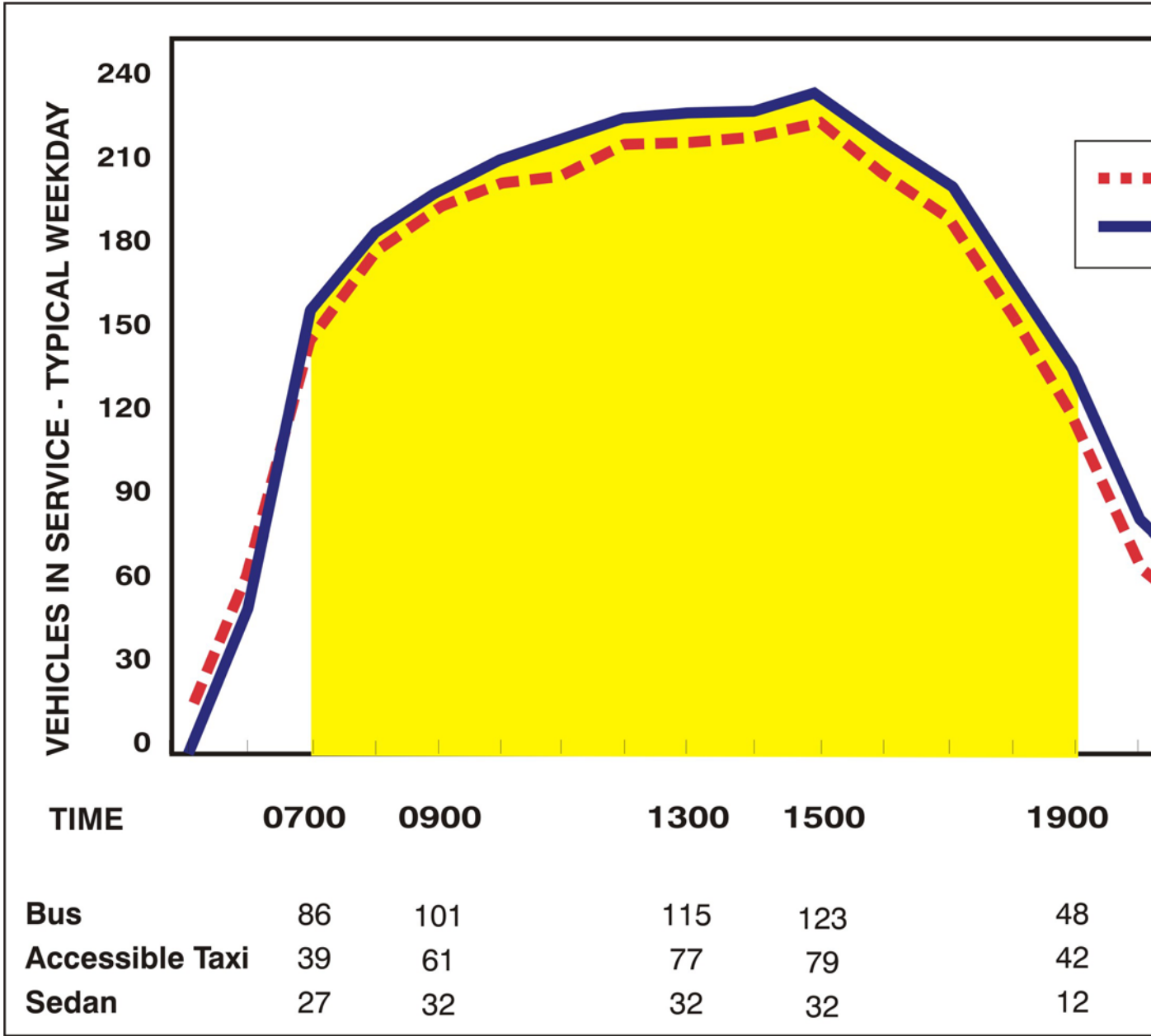
Buses are more capable of accommodating the peak demand to and from high volume destinations, as well as providing the opportunity for granting same day trip requests. Although Wheel-Trans buses have five securement positions and eight seats available compared to two securement positions and three seats on accessible taxis, constraints related to the increased size of mobility devices, serve to reduce the practical capacity of both vehicle types. This reduction in capacity is more pronounced on accessible taxi service.

Based on the current eligibility criteria and registrant profile, the vast majority of Wheel-Trans customers require accessible vehicles if they are to receive the appropriate quality of service. To ensure a proper balance between trip availability and service quality within available funding, the level of trips provided on accessible vehicles will be increased from the current rate of 84% to 88%; namely buses (53%) and accessible taxis (35%).

This Plan reflects the strategic deployment of higher capacity buses to serve increased peak service, as well as expanded use of more small capacity accessible taxis and sedan taxis to serve both the peak and off peak periods.

Adjusting the service profile (as illustrated below) by allocating the additional service to peak demand periods and achieving higher vehicle productivity through both schedule enhancements and improved service monitoring will maximize the trips provided during all hours of service.

2004 FALL SERVICE PROFILE



The Wheel-Trans bus fleet available for door-to-door service will remain at 139 plus six providing Community Bus service. Scheduled bus service will continue to be based upon a minimum vehicle productivity standard of 2.0 persons per hour (pph) with 123 buses required to meet anticipated peak hour demand. The bus fleet is predominately used to service peak period demand between 7:00 a.m. and 7:00 p.m. and will operate 373,600 service hours, an increase of 5.6% over the previous year, while maintaining the same percentage share of trips carried. Accessible taxis available for service will increase from 73 to 79 with sedan taxi service remaining relatively constant.

The following 2004 Service Plan Overview provides trips accommodated by mode as compared to this year's budget level.

2004 SERVICE PLAN OVERVIEW

	2003	2004
	BUDGET	BUDGET
Customer Demand	1,658,600	1,741,500
Unaccommodated Rate	2.0%	2.0%
Passengers Carried:	1,621,200	1,702,400
• Bus	856,200	894,000
• Accessible Taxis	573,000	602,900
• Sedan Taxis	192,000	205,500

In an effort to balance trip availability and service quality within available funding, the 2004 Operating Budget provides for both service innovations and expansion of existing service as well as scheduling enhancements to address the constant productivity and service quality challenges.

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PRODUCTIVITY

Overall vehicle productivity was below budgeted levels in 2003 as a direct result of events such as the SARS outbreak and a longer and colder winter period lasting for up to four months which resulted in lower demand and higher than targeted cancellation rates. Although a repeat of these circumstances is not anticipated for next year, factors such as increasing traffic congestion, changing trip patterns resulting in longer trip lengths and constrained capacity associated with larger mobility devices on accessible taxis, will continue to constrain growth in productivity and result in an overall vehicle productivity of 5.11 passengers per hour.

Since the accessible taxis do not have the capacity to accommodate larger mobility devices which are becoming more commonplace, the larger bus capacity is required to address the non-ambulatory peak demand. In addition, buses are more capable of accommodating the peak demand to and from high volume destinations, as well as

providing the opportunity for granting same day trip requests. While also serving the peak period, Wheel-Trans contracted service vehicles (accessible and sedan taxis), become the primary service provider during the off-peak periods.

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Service Initiatives

In addition to the full year impact of initiatives directed at improving overall service productivity and service quality, this Service Plan provides for reintroduction of services deferred from last year and a number of scheduling optimization enhancements. Vehicle productivity at 2003 budgeted levels will be achieved through the following initiatives:

- Scheduled changes to incorporate the full benefits of having automated vehicle location (AVL) equipment installed on all buses, tied into WTIS system, allowing for backfilling of gaps resulting from late cancellations.
- The introduction of four more zone services (10 to 14) which were deferred to 2004.
- Increased share riding to major common locations.
- Reintroduce the 30 minute trip scheduling (additional 19,200 trips).
- Introduce sectoral scheduling to reduce the number of unproductive miles operated by buses.
- Ambulatory bus service expanded in the downtown core to accommodate large concentrations of customers originating from various hospitals and institutions thereby decreasing the number of vehicles required to efficiently meet trip demand.

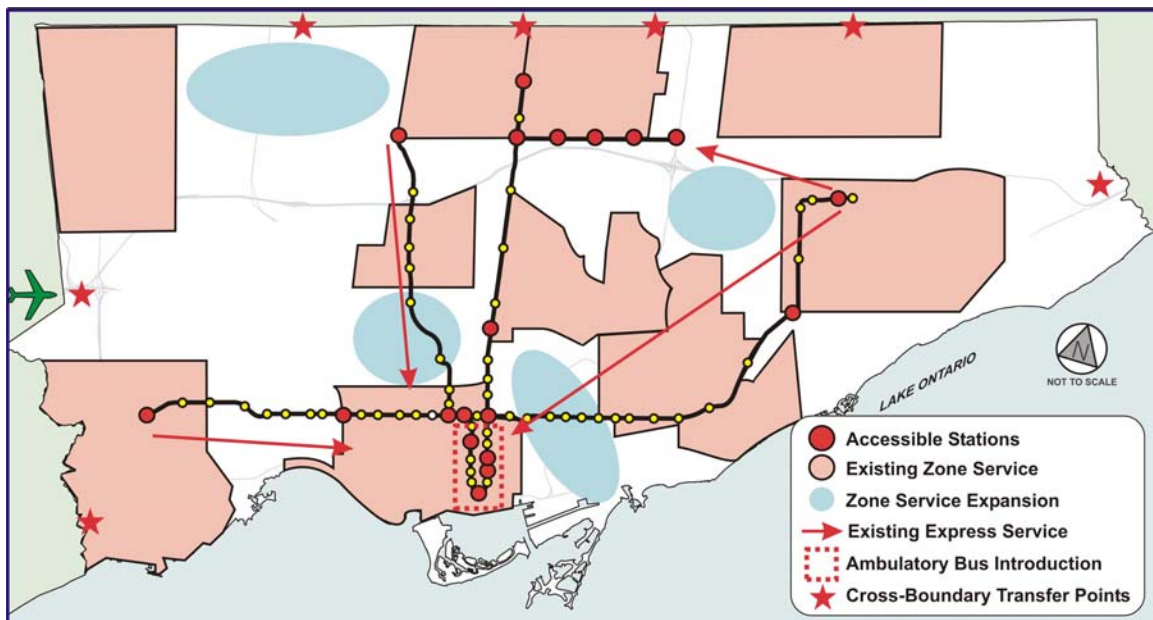
To improve service quality, the following initiatives will be undertaken:

- Maintain on-time service delivery at 96% or better through the application of AVL technology on buses and implementing scheduling enhancements such as 30 minute pick-up window.
- Increase trips provided by accessible vehicles from 84% to 88% of total trips by maximizing the usage of the bus fleet (139 buses) and increasing accessible taxi fleet from 73 to 79 vehicles.
- Increase service monitoring through performance monitoring (audits) and continued application of contracted service penalties and premiums and through market surveys.

- Development of promotional material increasing usage of the automated trip booking/call back feature which is especially beneficial to those customers who encounter longer telephone response time during peak call periods.
- Continue to accommodate 96% of original customer requested trip times within 30 minutes through improved scheduling activities targeted at better matching service and trip profiles.

The following illustrates current as well as planned service initiatives for 2004.

2004 SERVICE INITIATIVES



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WORKFORCE

The table below provides a year-end comparison of the budgeted workforce levels by department/branch.

Department/Branch	2003 BUDGET	2004 BUDGET	CHANGE
Wheel-Trans	381	375	(6)
Corporate Support	11	11	-
Total	392	386	(6)

A reorganization in the Wheel-Trans Customer Service, Reservations and Dispatch, Planning and Administration sections will result in a net decrease of four positions. These changes are due to the impact of redesigning positions to improve accountability and introduction of a 30 minute window for trip scheduling, rollout of Automatic Vehicle Location system which will electronically dispatch trips to a mobile data terminal onboard ELF buses, as well as enhancements to the automatic trip booking and call back features of the IVR system.

Off-shift supervision within the Reservations and Dispatch areas will provide for more focussed accountability as well as increased productivity and service quality. A reconfiguration of coverage to address the a.m. peak period will improve overall telephone response time. In addition, changes made in job design within the Planning and Scheduling sections will allow for an enhanced service design and more consistent quality of service.

The reduced level of maintenance repair associated with a relatively new ELF bus fleet, combined with a reconfiguration of vehicle inspection crews, will result in a further workforce reduction of two, namely, General Body Repairperson/Painter and a Coach Technician.

Although year-end Operator complement stays the same, the additional Operator person years of 10.8 reflect the steadily increasing demand for service and vehicle productivity initiatives which will provide for a more efficient service during the second half of 2004.

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OPERATING SUBSIDY

2004 Funding Requirement

The operating subsidy requirement of \$50.1 million represents an increase of \$4.3 million over the 2003 budget level. It includes a provision of approximately \$52.8 million for service, partially offset by revenues of \$2.7 million. This operating subsidy is required to achieve a 2.0% unaccommodated rate by expanding bus and contracted taxi services, and improving productivity while enhancing service quality.

Factors contributing to the 2004 funding request increase of \$4.3 million include a provision for additional service of \$1.6 million primarily due to the anticipated higher trip demand; the impact of the current Collective Agreement which provides for 3% wage/benefit increases of \$1.4 million; the impact of increased accident claims/reserves of \$0.7 million; full year impact of taxi tariff rate increase of \$0.5 million; as well as material price increases and other net changes of \$0.1 million.

Revenues

Based on anticipated trip demand projections and an increase to the average fare to reflect the impact of the January, 2003 fare increase (which was not known when the 2003 budget was prepared), 2004 revenue will increase by \$0.2 million to \$2.7 million. Although no additional revenue allocation is provided for in 2004, Wheel-Trans staff will also be exploring alternative revenue sources through advertising to assist in offsetting expenditures.

Capital Program

The Capital Budget for 2004 has been prepared in support of continued improvements to service delivery and bus productivity. The Capital Budget request of \$4.1 million is required for facility improvements (\$2.4 million) such as the replacement and upgrade of existing overloaded electrical service, reconstruction of deteriorated concrete service pits, upgrades of the public address and intercom system. The Capital Budget also provides for expansion of the Wheel-Trans bus tracking (AVL) to the entire ELF bus fleet (\$.7 million) as well as either replacement or enhancement of Wheel-Trans Information System (\$1.0 million) required in support of both service quality and vehicle productivity improvements.

SUMMARY

The 2004 Wheel-Trans Operating Budget and Service Plan as well as Capital Program requests have been developed to address an increasing demand for service and to ensure a balance between trip availability and service quality. Wheel-Trans staff will continue to implement service quality and productivity improvements in order to maximize the trips accommodated within the funds available.

The Operating Budget and Service Plan also continue the major initiatives outlined in the Five Year Accessible Transit Plan to improve Wheel-Trans service, reduce operating costs, and redesign service directed at improving overall productivity and service quality.

October 31, 2003

18-52-22