

**MEETING DATE:** JANUARY 21, 2004

**SUBJECT:** Chief General Manager's Report Period 11 November 2 To November 29, 2003

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### **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 November 2 to November 29, 2003 noting that:

- 2003 TTC Operating Budget

Ridership was 405.4 million in 2003, about 6.6 million less than budget. The corresponding revenue shortfall (\$11 million) will almost completely eliminate the Contribution to Capital.

- 2003 Wheel-Trans Operating Budget

No budget variance is anticipated, but the unaccommodated rate for the year is expected to average 3.2%, in comparison to the 2% budgeted.

- 2003-2007 Capital Program

The year-end cash flow is projected to be \$77.8 million less than budgeted.

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-end Projections

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

	<b>2003</b>		
(Millions)	BUDGET	PROJECTION	CHANGE
RIDERSHIP	412	405	(7)
REVENUES	\$710	\$699	\$(11)
EXPENSES	\$897	\$898	\$1
CONTRIBUTION TO CAPITAL	\$12	-	\$(12)
SUBSIDY	\$182	\$182	-
SHORTFALL  (WRITTEN-OFF AGAINST RETAINED EARNINGS)	\$17	\$17	-

As noted in the following table, virtually the entire ridership shortfall occurred since the first outbreak of SARS.

	Total Ridership	Variance from Budget	
	000s	Rides	%
Pre-SARS (01JAN-22MAR)	91,381	(23)	(0.0)
23MAR-31DEC	314,031	(6,565)	(2.0)

2003	405,412	(6,588)	(1.6)
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Based on preliminary year-end results, expenses (excluding the Contribution to Capital) are expected to be only slightly over budget by year-end. Combining these projected variances for both revenues and expenses indicates that the Contribution to Capital will be almost completely eliminated as shown in the following table.

	<b>\$Millions</b>
Budgeted Contribution to Capital	11.8
Less: Revenue Shortfall	11.1
Expenses	0.6
Remaining Contribution to Capital	0.1

In the interim, staff continue to review various expenditures for 2003, including those related to balance sheet provisions, such as employee benefit liabilities, accident claim liabilities, deferred revenues, inventory obsolescence, etc. While the latest expense estimates, based on preliminary information available to date, have been reflected in the projections above, these adjustments can only be finalized in period 12 and will be reported in the Period 12 CGM's Report.

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

In order to balance the budget, service was adjusted. Consequently, the unaccommodated rate in period 11 was 3.7% and the overall year-end forecast is 3.2%.

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

The current projection for the year-end cash flow is \$77.8 million less than budgeted, as outlined on page A6c, and as follows:

- \$43 million Management decisions to defer items
- \$ 5 million Cost savings

- \$30 million Mainly vendor-related timing differences

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16-Jan-04

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Attachment: CGM's Report