

**MEETING DATE:** APRIL 10, 2002

**SUBJECT:** Chief General Manager's Report Periods 1 & 2 January 1 To March 2, 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 January 1 to March 2, 2002 noting that, based on the approved City of Toronto TTC Operating subsidy of \$152.2 million, there existed a \$14 million budget shortfall; that, based on should the soft ridership results for the first two months, ridership is now forecasted to be 412 million causing the shortfall to grow by a further \$9 million to \$23 million; and that to this would have to be added any costs resulting from the negotiation of the TTC's collective bargaining agreements (which expired March 31, 2002); and
2. 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. 2002 TTC Operating Budget**

Year-to-Date

As indicated in the report for period 12 of 2001, ridership for the first two periods of 2002 has fallen below expectations. The ridership for the year-to-date was 838,000 (1.2%) under budget and 1.7 million (2.5%) under the comparable period in 2001. This was primarily due to the significant slowing of the economy during the last two quarters of 2001. The corresponding passenger revenue was \$1.4 million (1.3%) under budget.

Year-end Projections

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

	<b>2002</b>		
<b>(Millions)</b>	<b>BUDGET</b>	<b>PROJECTION</b>	<b>CHANGE</b>
RIDERSHIP	418	412	(6)
REVENUES	\$685	\$676	(\$9)

EXPENSES	\$(851)	\$(851)	\$0
SUBSIDY	\$152	\$152	\$0
SHORTFALL	\$(14)	<b>\$(23)</b>	(\$9)

If the current ridership trends experienced in the first two periods of 2002 were to continue throughout the year, ridership could be as much as 6 million rides under budget. This would likely result in a passenger revenue shortfall of approximately \$9 million, bringing the projected budget shortfall to about \$23 million. We will continue to closely monitor the ridership results and provide updated forecasts in future CGM reports. At this time, expenses are projected to be basically on budget, before incorporating the impact of the collective agreements currently being negotiated with the Commission's unions.

**2) 2002 Wheel-Trans Operating Budget**

The unaccommodated rate for period 2 was 2.4% and the year-to-date unaccommodated rate was 2.9%, both in comparison to a budget of 2.0%. Expenditures are projected to be on budget for the year, prior to any increases resulting from the collective agreements currently being negotiated.

**(3) 2002 - 2006 Capital Program**

Page A6 provides details on the projected year-end expenditures for each of the TTC's capital projects.

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2-Apr-02

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Attachment: CGM's Report