

MEETING DATE: AUGUST 28, 2002

SUBJECT: Chief General Manager's Report Period 6 June 2 To July 6, 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 June 2 to July 6, 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 will average approximately 3 to 4% for 2002;

- 2002-2006 Capital Program

that the 2002 year-end cash flow is now projected to be \$20.7 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 6 was below both last year and budget, for the seventh straight period. For the year-to-date to July 6, ridership was 6.3 million rides (2.9%) under last year and 4.4 million rides (2.1%) under budget, with the corresponding passenger revenue being \$5.1 million (1.5%) under budget. Expenses for the year-to-date were over budget by \$3.9 million (0.9%), as the unbudgeted April 1 wage and salary increase continued to have an impact.

Year-end Projections

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

	2002		
(Millions)	BUDGET PLUS COLLECTIVE AGREEMENT	PROJECTION	CHANGE
RIDERSHIP	418	412	(6)
REVENUES	\$685	\$679	\$(6)
EXPENSES	\$(864)	\$(861)	\$(3)
SUBSIDY	\$152	\$152	\$0
SHORTFALL	\$(27)	\$(30)	\$(3)

DRAW FROM RIDERS		\$24	
STABILIZATION RESERVE FUND			
REDUCED CONTRIBUTION TO CAPITAL		\$6	

The impact of World Youth Day has not been included in the ridership, revenues or expenses as numbers have yet to be finalized. The results will be reflected in the Period 7 CGM Report. Year-end projections now include an additional \$2 million in revenue for the increased services provided to York Region on a full-cost recovery basis, as well as reduced expenditure forecasts in several areas. These are to be partially offset by a further \$2 million expenditure increase for higher accident claim costs. In summary, the shortfall is now expected to be \$30 million, \$2 million lower than reported last period.

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 for period 6 was 4.2%, 3.3% so far this year and is projected to average approximately 3 to 4% for the full year.

(3) 2002 - 2006 Capital Program

The current projection for the year-end cash flow is \$20.7 million less than budgeted. This projected underexpenditure is primarily due to the deferral to 2003 of the contract award for the SRT Car Program of \$15.0 million. Other projected underexpenditures will be partially offset by slippage from 2001 on various projects, including Sheppard Subway.

22-Aug-02

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Attachment: CGM's Report