

**meeting date:** MAY 15, 2002

**SUBJECT:** Chief General Manager's Report Period 3 March 3 To April 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 March 3 to April 6, 2002 noting that:
  - 2002 TTC Operating Budget

the current projected shortfall is about \$35 million (comprised of a \$14 million budget shortfall resulting from an approved City of Toronto TTC Operating subsidy of \$152.2 million, \$9 million less in passenger revenue due to a projected ridership shortfall of 6 million, and a \$12.4 million increased wage cost resulting from the recently negotiated collective agreements); and to deal with the shortfall, the City's Budget Advisory Committee is recommending that City Council approve the drawing of the entire \$23.8 million Rider's Reserve and that the balance be covered through a corresponding reduction in the TTC's Operating Budget contribution to its Capital Program.

- 2002 Wheel-Trans Operating Budget

that the current projected budget shortfall is \$475,000, due to the wages component of the recently negotiated collective bargaining agreements. Unless savings materialize during the course of the year to offset this, the unaccommodated rate will average about 4% for 2002;

- 2002-2006 Capital Program

that the projected 2002 year-end cash flow is currently expected to be \$9.3 million over 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).

## **DISCUSSION**

### **1. 2002 TTC Operating Budget**

#### **Year-to-Date**

As indicated in previous reports, ridership for 2002 has fallen below expectations. Ridership in period 3 was 1.1 million (2.6%) below last year. The ridership for the 2002 year-to-date was 2.8 million (2.5%) under last year and 1.5 million (1.3%) under budget. The corresponding passenger revenue was \$2 million (1.2%) under budget. Expenses for the year-to-date were about 1% 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)	\$(863)	\$(12)
SUBSIDY	\$152	\$152	\$0
SHORTFALL	\$(14)	<b>\$(35)</b>	(\$21)

The current year-end ridership projection is 412 million, 6 million rides below the budget of 418 million. The most current ridership results available to date (as of April 28) show that ridership is 2% below budget and 3% below last year's level. When the resulting passenger revenue shortfall of approximately \$9 million is coupled with the original budget shortfall of about \$14 million and the \$12.4 million wage impact of the recently negotiated collective agreements, a shortfall of about \$35 million is anticipated.

To resolve this shortfall, the City's Budget Advisory Committee is recommending that City Council approve the use of the entire \$23.8 million in the Rider's Reserve and that the balance of the shortfall be offset by an equivalent reduction in the TTC's Operating Budget contribution to its Capital Program expenditures. Staff await a decision from City Council and will report on the resulting impact on this projected Operating Budget shortfall in a future report.

We shall continue to closely monitor the ridership results and provide updated forecasts in future CGM reports.

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

The unaccommodated rate for period 3 was 2.2% and 2.6% for the year-to-date, both in comparison to a budget of 2%. Expenditures were projected to be on budget for the year, prior to an estimated wages increase of \$475,000 resulting from the collective agreements recently negotiated. As noted earlier, unless savings materialize during the course of the year to offset this overexpenditure, the unaccommodated rate will average about 4% for 2002.

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

The projected year-end cash flow is expected to be \$9.3 million more than budgeted, primarily due to slippage from 2001. Page A6 provides details on the projected year-end expenditures for each of the TTC's capital projects.

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6-May-02

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Attachment: CGM's Report