

MEETING DATE: APRIL 9, 2003

SUBJECT: Chief General Manager's Report Periods 1 & 2 January 1 To March 1, 2003

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 1, 2003 noting that:

- 2003 TTC Operating Budget

the projected shortfall of approximately \$17 million will be covered by a reduction to the Commission's retained earnings;

- 2003 Wheel-Trans Operating Budget

that no budget variance is currently projected but that the potential impact of a proposed 20% increase in taxi rates is being evaluated;

- 2003-2007 Capital Program

that the year-end cash flow is projected to be \$3.0 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).

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DISCUSSION

1. **2003 TTC Operating Budget**

Year-to-Date

Ridership in periods 1 and 2 was 267,000 (0.4%) under last year and 64,000 (0.1%) under budget, whereas last year, at this time, ridership was already 838,000 rides (1.2%) under budget. Revenue was on budget, while expenses were \$1.4 million (1.0%) over budget.

Year-end Projections

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

	2003		
(Millions)	BUDGET	PROJECTION	CHANGE
RIDERSHIP	412	412	-
REVENUES	\$710	\$709	\$(1)
EXPENSES	\$909	\$908	\$(1)
SUBSIDY	\$182	\$182	-
SHORTFALL	\$17	\$17	-

Staff recently learned that the hydro rebate and rate cap (of 4.3 cents per kwh) announced by the Provincial government late last year will not apply to the TTC. Therefore, because there will be no hydro savings to offset the \$5.8 million unspecified budget reduction included in the 2003 TTC Operating Budget, this amount will be reduced from the Operating Budget's contribution to the Capital Program (Capital from Current).

It is planned that the remaining \$17 million budget shortfall will be covered by a reduction in the Commission's retained earnings at year-end. The City will hold the Commission harmless from any resultant financial consequences.

(2) 2003 Wheel-Trans Operating Budget

Severe winter weather caused lower vehicle productivity and resulted in an unaccommodated rate of 3.5% for period 2 and 3.0% for the year-to-date. The current year-end projections indicate no variance from budget. However, staff are currently evaluating the potential impact on funding and service of a City Licensing Sub-

Committee proposal to increase taxi meter rates by 20%, since these rates would probably apply to Wheel-Trans sedan taxi contracts.

(3) 2003 - 2007 Capital Program

The current projection for the year-end cash flow is \$3.0 million more than budgeted. This projected overexpenditure is primarily due to the City recommended unspecified Capital Program reduction.

28-Mar-03

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Attachment: CGM's Report