

**MEETING DATE:** AUGUST 27, 2003

**SUBJECT:** Chief General Manager's Report Period 6 June 1 To July 5, 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 June 1 to July 5, 2003 noting that:

- 2003 TTC Operating Budget

it is still anticipated that ridership by year-end will be some 6 million rides under budget, due to the impact of the Severe Acute Respiratory Syndrome (SARS) outbreak in the Toronto area; total revenues are expected to be \$11 million under budget, with the shortfall offset by a reduction in the Contribution to Capital;

- 2003 Wheel-Trans Operating Budget

whilst no budget variance is currently anticipated, the impact of the 20% increase in taxi rates, the SARS outbreak and other factors will translate into a 3.5% unaccommodated rate for the year, in comparison to the 2% budgeted;

- 2003-2007 Capital Program

the year-end cash flow is projected to be \$44.4 million less than budgeted; 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**

It should be noted that, in order to allow an appropriate concentration of effort on the preparation of the 2004 Operating and Capital Budgets during the months of July and August, the Departmental Progress Reports (DPRs) and the Project Status Reports (PSRs) have not been completed for period 5. Therefore, Sections D and E of the detailed

CGM's report have been excluded this period. However, some updated year-end projections have been prepared and have been incorporated in the appropriate year-end numbers for this report.

### 1. 2003 TTC Operating Budget

#### Year-to-Date

Ridership in period 6 was 838,000 (2.2%) under last year and 1,049,000 (2.7%) under budget, mainly due to the SARS outbreak in the GTA. For the year-to-date to July 5 (the end of period 6), ridership was 2.9 million (1.4%) under last year and 2.9 million (1.4%) under budget. Virtually all of the reduction has been during the SARS period, as indicated:

	Total Ridership	Variance to Budget	
	'000's	Rides	%
Pre-SARS (01JAN-22MAR)	91,381	(23)	(0.0)
<b>SARS (23MAR-02AUG)</b>	145,546	<b>(3,582)</b>	<b>(2.4)</b>
Total year-to-date (to 02AUG)	236,532	(3,605)	(1.5)

Revenue for the year-to-date to July 5 was a corresponding \$4.3 million (1.2%) under budget, while expenses were \$1.5 million (0.3%) under budget.

#### Year-end Projections

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

	2003			
	(Millions)	BUDGET	PROJECTION	CHANGE
RIDERSHIP	412	406	(6)	

REVENUES	\$710	\$699	\$(11)
EXPENSES	\$909	\$898	\$(11)
SUBSIDY	\$182	\$182	-
SHORTFALL	\$17	\$17	-

As shown above, results to August 2 indicated that ridership has dropped by approximately 3.6 million rides, during the SARS period. This ridership loss equated to about \$5.8 million in lost passenger revenues. However, by year-end, it is still anticipated that ridership will be some 6 million rides under budget, with passenger revenue correspondingly under budget by \$9.6 million. This unfavourable variance will be offset by a matching reduction in the contribution to the Capital Program from the Operating Budget (Capital from current). Staff will continue to monitor the impact of SARS throughout the year and will report accordingly. Meanwhile, the additional revenues and expenses related to the Rolling Stones concert are currently being tabulated and will be reported as soon as possible.

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

Staff are still projecting a balanced budget by year end, despite the taxi meter rate increase and escalating accident claim costs. However, it will still be necessary to operate at close to a 4% unaccommodated rate for the balance of the year. The unaccommodated rate for period 6 was 3.7%, compared with the 2% budget.

Staff will continue to monitor service demand and, where appropriate, adjust service to meet both budget availability and customer mobility requirements. In this way, the direct customer impact will be minimized over the balance of the year.

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

The current projection for the year-end cash flow is \$44.4 million less than budgeted. This projected under-expenditure is primarily due to the slippage in the contract award for the SRT cars, the deferral of the property purchase for the New Bus Facility, and deferral of work on the fire ventilation project, as a result of the cancellation of the construction contract at York Mills, due to higher than expected tender prices.

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21-Aug-03

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Attachment: CGM's Report