

MEETING DATE: JANUARY 24, 2003

SUBJECT: Chief General Manager's Report Period 11 November 3 To November 30, 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 November 3 to November 30, 2002 noting that:

- 2002 TTC Operating Budget

the year-end shortfall is still 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 essentially on budget but that the unaccommodated rate is expected to be approximately 3.0% for 2002;

- 2002-2006 Capital Program

that the 2002 year-end cash flow is now projected to be \$36.7 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 11 was below both last year and budget, for the twelfth straight period. For the year-to-date to November 30, excluding World Youth Day (WYD) rides, ridership was 8.3 million (2.1%) under last year and 6.9 million (1.8%) under budget. With the WYD rides, ridership was 4.2 million rides (1.1%) under last year and 2.8 million rides (0.7%) under budget, with the corresponding passenger revenue being \$5.9 million (1.0%) under budget. Expenses for the year-to-date were \$7.8 million (1.0%) over budget primarily due to the unbudgeted WYD expenses and April 1 wage and salary increase and higher accident claim settlement costs.

Year-end Projections

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

	2002		
(Millions)	BUDGET PLUS COLLECTIVE AGREEMENT	PROJECTION	CHANGE
RIDERSHIP (excluding WYD)	418	411	(7)
REVENUES	\$685	\$683	\$(2)

EXPENSES	\$(864)	\$(865)	\$(1)
SUBSIDY	\$152	\$152	\$0
SHORTFALL	\$(27)	\$(30)	\$(3)
DRAW FROM RIDERS RESERVE FUND		\$24	
REDUCTION TO CONTRIBUTION TO CAPITAL		\$6	

The preliminary ridership results for the end of the year indicate a total of 411 million, excluding WYD. This is consistent with the previous estimate of between 411 and 412 million rides. Staff continue to review various expenditures for 2002, including those related to balance sheet provisions such as long-term disability and workplace safety & insurance liabilities, accident claim liabilities, deferred revenues, inventory obsolescence, etc. While the latest expense estimates, based on preliminary information available to date, have been reflected in the projections above, these adjustments can only be finalized in period 12. Any net adjustments in period 12 will affect the currently projected shortfall of approximately \$30 million.

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 was 2.6% for period 11 and 3.1% for the year-to-date. Higher than targeted vehicle productivity continued to facilitate the provision of additional trips – within available funding. As a result, a portion of the 1.2% increase in demand was satisfied, resulting in an improvement in the unaccommodated rate to 3% by year-end.

(3) 2002 - 2006 Capital Program

The current projection for the year-end cash flow is \$36.7 million less than budgeted. This projected underexpenditure is primarily due to the deferral to 2003 of the contract

award for the SRT Car Program (\$15.2 million), along with delays on other projects, including Fire Ventilation Upgrades (\$6.1 million), Transit Control Centre (\$5.4 million) and Commuter Parking (\$4.1 million). Other projected underexpenditures will be offset by slippage from 2001 on various projects, including Sheppard Subway.

10-Jan-03

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Attachment: CGM's Report