

**MEETING DATE:** JUNE 18, 2003

**SUBJECT:** Chief General Manager's Report Period 4 April 6 To May 3, 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 April 6 to May 3, 2003 noting that:

- 2003 TTC Operating Budget

while the report shows results as of May 3 (the end of period 4), results available as at June 2 show that the impact to date of the Severe Acute Respiratory Syndrome (SARS) outbreak has been a drop in ridership of about 1.8 million and a drop in revenue of approximately \$3 million; further results will be incorporated as they become known; any resultant shortfall will be offset by a reduced Contribution to Capital;

- 2003 Wheel-Trans Operating Budget

no budget variance is currently reported; however, the potential impact of the 20% increase in taxi rates, the SARS outbreak and other factors is being evaluated and will be provided in the next report;

- 2003-2007 Capital Program

the year-end cash flow is projected to be \$19.1 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**

1. 2003 TTC Operating Budget

### Year-to-Date

Ridership in period 4 was 644,000 (2.1%) under last year and 870,000 (2.8%) under budget, in part, due to the SARS outbreak in the GTA. For the year-to-date to May 3, ridership was 1.5 million (1.1%) under last year and 1.5 million (1.1%) under budget. Revenue for the year-to-date was a corresponding \$2.0 million (0.9%) under budget, while expenses were \$2.0 million (0.7%) over budget.

### Year-end Projections

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

	<b>2003</b>		
<b>(Millions)</b>	<b>BUDGET</b>	<b>PROJECTION</b>	<b>CHANGE</b>
RIDERSHIP	412	410*	(2)
REVENUES	\$710	\$707	\$(3)
EXPENSES	\$909	\$906	\$(3)
SUBSIDY	\$182	\$182	-
SHORTFALL	\$17	\$17	-

\* based on year-to-date results, as of May 3.

Ridership results to May 3 (the end of period 4) indicated that ridership has dropped by approximately 1.5 million rides or 3.1% (since March 23) during the SARS period. This ridership loss equated to about \$2.4 million in lost passenger revenues. It is planned that this unfavourable variance will be offset by a corresponding reduction in the contribution to the Capital Program from the Operating Budget (Capital from current). However, we will continue to monitor the impact of SARS throughout the year and will report accordingly.

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

A combination of severe winter weather and the SARS outbreak has resulted in a reduction in demand for Wheel-Trans service in 2003. Requests for Wheel-Trans service continue to be below budgeted levels, with a demand reduction year-to-date to May 31 (the end of period 5) of approximately 46,000 trips. However, the daily uncertainty associated with SARS, combined with a relatively high trip cancellation rate, has resulted in a lower vehicle productivity and slightly higher unaccommodated rate (2.8% versus the budgeted 2.0%). Staff continue to adjust service levels, in keeping with the overall trip demand reduction.

Unanticipated expenses such as the City-approved sedan taxi meter rate increase and escalating accident claim costs have necessitated an overall review of expenses for the balance of 2003. Although savings achieved through service adjustments have been realized, further expense reductions are required to balance the budget.

Until the level of further savings available and the trip demand for the second half of the year can be determined, staff plan to transfer trips from the accessible taxi service to the less expensive sedans, where practical, and also increase the unaccommodated rate. In this way, any direct customer impact will be minimized over the balance of the year. Staff will continue to assess the impact of these budget variances and action required to operate within the 2003 budget allocation and will provide updates in future reports.

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

The current projection for the year-end cash flow is \$19.1 million less than budgeted. This projected under-expenditure is primarily due to the slippage in the contract award for the SRT cars.

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10-Jun-03

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Attachment: CGM's Report