

MEETING DATE: MARCH 19, 2003

SUBJECT: Chief General Manager's Report Period 12 December 1 To December 31, 2002

RECOMMENDATION

It is recommended that the Commission:

1. receive for information the attached Chief General Manager's (CGM's) report covering the period December 1 to December 31, 2002, noting that:
 - 2002 TTC Operating Budget

the preliminary, unaudited, year-end shortfall was \$29 million; this was funded through a \$24 million draw from the Riders Reserve Fund and a \$5 million reduction in the Contribution to Capital;

- 2002 Wheel-Trans Operating Budget

that the expenditures were on budget but that the unaccommodated rate was 3.0% for 2002;

- 2002-2006 Capital Program

that the 2002 year-end cash flow was \$40.5 million under budget; and

1. forward a copy of this cover report 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

As for the last three years, the full CGM's report is hereby presented for period 12 – as a detailed account of the activities of the Commission for the entire year 2002.

1. 2002 TTC Operating Budget

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

	2002		
(Millions)	BUDGET PLUS COLLECTIVE AGREEMENT	ACTUAL	CHANGE
RIDERSHIP (excluding WYD)	418	411	(7)
REVENUES	\$685	\$688	\$3
EXPENSES	\$(864)	\$(869)	\$(5)
SUBSIDY	\$152	\$152	\$0
SHORTFALL	\$(27)	\$(29)	\$(2)
DRAW FROM RIDERS RESERVE FUND		\$24	
REDUCTION TO		\$5	

CONTRIBUTION TO CAPITAL			
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For the third year in a row, ridership topped 400 million. Excluding the impact of World Youth Day (WYD), ridership for 2002 was 411.4 million, 6.6 million (1.6%) under budget and 8.0 million (1.9%) under last year. However, including the 4.1 million WYD rides, total ridership was 415,539,000 – which will be rounded to 416 million in the 2002 Annual Report. Revenues and expenses were in line with earlier projections. Expenses were within 0.6% of budget for the year. The final shortfall was \$29 million, slightly less than had been projected because the year-end balance of the Riders Reserve Fund was marginally greater than originally expected.

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 Riders Reserve Fund and the funding of the balance of the shortfall by a reduction in the TTC's Operating Budget Contribution to Capital.

It should be noted, however, that all of the above revenue and expense amounts for 2002 are preliminary and are subject to audit. Final audited results for the year should be presented to the Audit Committee in April, 2003.

(2) 2002 Wheel-Trans Operating Budget

The unaccommodated rate was 2.7% for period 12 and 3.0% for the year, in comparison to the budget of 2.0%. Although revenue was slightly under budget for the year, expenses were matched so that there was no shortfall for 2002.

(3) 2002 - 2006 Capital Program

The year-end cash flow was \$40.5 million less than budgeted. This underexpenditure was 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 (\$5.3 million) and Commuter Parking (\$3.9 million). Other underexpenditures were offset by slippage from 2001 on various projects, including Sheppard Subway.

5-Mar-03

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Attachment: CGM's Report