

**MEETING DATE:** MAY 14, 2003

**SUBJECT:** Chief General Manager's Report Period 3 March 2 To April 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 March 2 to April 5, 2003 noting that:

- 2003 TTC Operating Budget

the projected shortfall of approximately \$17 million has not yet been adjusted to reflect the increasing impact of the Severe Acute Respiratory Syndrome (SARS) outbreak in the Greater Toronto Area (GTA) which is explained later in this report;

- 2003 Wheel-Trans Operating Budget

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

- 2003-2007 Capital Program

that the year-end cash flow is projected to be \$16.4 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**

1. **2003 TTC Operating Budget**

Year-to-Date

Ridership in period 3 was 637,000 (1.6%) under last year and 598,000 (1.5%) under budget, in part, due to the SARS outbreak in the GTA. For the year-to-date to April 5, ridership was 904,000 (0.8%) under last year and 662,000 (0.6%) under budget. Revenue was a corresponding \$842,000 (0.4%) under budget, while expenses were \$2.4 million (1.1%) over budget.

### Year-end Projections

The following table summarizes the year-end projections and budget variances which are unchanged from the last report:

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

**SARS:** The latest available ridership results to April 25 (at the date of preparation of this report) indicate that ridership has dropped by approximately 1.3 million rides or 3.4% (since March 23) during the SARS period. This ridership loss equates to about \$2.2 million in lost passenger revenues.

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

Severe winter weather caused lower vehicle productivity earlier in the year and resulted in an unaccommodated rate of 3.0% for the year-to-date. The current year-end projections indicate no variance from budget.

However, staff are still evaluating the potential impact on funding and service levels of the increase in taxi meter rates by 20%, as approved by City Council, since these rates

would apply to Wheel-Trans sedan taxi contracts. The 20% increase to the sedan taxi meter rate will increase the 2003 Wheel-Trans Operating Budget by approximately \$250,000 based on a July 1, 2003 introduction. Although Wheel-Trans will continue to investigate cost saving opportunities, it may not be possible to avoid significant customer impact resulting from the additional sedan costs. If cost savings cannot be found, the current targeted unaccommodated rate of 2% (33,200 trips), would increase by 18,900 trips to 4.3% (52,100 trips) from July to December 2003.

The impact of the SARS outbreak is also being evaluated, in terms of both reduced demand and additional costs.

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

The current projection for the year-end cash flow is \$16.4 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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2-May-03

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Attachment: CGM's Report