

MEETING DATE: OCTOBER 22, 2003

SUBJECT: Chief General Manager's Report Period 8 August 3 To August 30, 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 August 3 to August 30, 2003 noting that:

- 2003 TTC Operating Budget

it is still anticipated that by year-end ridership will be some 9 million rides under budget and revenues will be \$15 million under budget, with the shortfall offset by a reduction in the Contribution to Capital;

- 2003 Wheel-Trans Operating Budget

no budget variance is anticipated but the unaccommodated rate for the year is expected to be 3.4%, in comparison to the 2% budgeted;

- 2003-2007 Capital Program

the year-end cash flow is projected to be \$52.9 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 the continued application of an appropriate concentration of effort on the preparation of the 2004 Capital Program during the month of September, the capital Project Status Reports (PSRs) have not been completed for period 7. Therefore, Section E of the detailed CGM's report has been excluded this period. However, updated year-end projections have been prepared and have been

incorporated in the appropriate year-end numbers for this report. The operating Departmental Progress Reports (DPRs) for period 7 are included in the detailed CGM's report.

1. 2003 TTC Operating Budget

Year-to-Date

Ridership in period 8 was 2.5 million (8.5%) under last year's total and 2.7 million (9%) under budget, primarily due to the impact of the Hydro blackout that hit the north-eastern portion of North America. The initial blackout on August 14 was followed by the cancelled subway service on August 15-17 and the subsequent power-restricted workweek in the GTA of August 18-23. Following hard on the heels of the SARS outbreaks, this resulted in the year-to-date ridership to August 30 being 10 million (3.7%) under last year (2002 included World Youth Day) and 6.3 million (2.3%) under budget. Revenue for the year-to-date to August 30 was a corresponding \$9.3 million (2.0%) under budget, while expenses were just under budget.

Year-end Projections

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

	2003		
(Millions)	BUDGET	PROJECTION	CHANGE
RIDERSHIP	412	403	(9)
REVENUES	\$710	\$695	\$(15)
EXPENSES	\$909	\$894	\$(15)
SUBSIDY	\$182	\$182	-
SHORTFALL	\$17	\$17	-

Although recent results have been a little more encouraging, the forecast is still that the ridership loss due to SARS and the blackout will reach about 9 million by year-end, with passenger revenue correspondingly under budget by \$12.6 million. This unfavourable passenger revenue variance, combined with other unfavourable revenue and expenditure variances, 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 ongoing impact of both SARS and the power shortages and will report accordingly.

(2) 2003 Wheel-Trans Operating Budget

Staff are still projecting a balanced budget by year-end, despite the impact of a taxi meter rate increase, escalating accident claim costs, SARS, and the power shortages. An unaccommodated rate of up to 4% (3.3% in period 8 vs 2% budget) may be required for the balance of the year, in order to operate within funding levels.

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 \$52.9 million less than budgeted. This projected under-expenditure is primarily due to the slippage in the contract award for the purchase of 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). Projections include the receipt of 99 Orion VII buses in 2003, however, deliveries are currently well behind schedule and this may impact the projected \$53.0 million cash flow in 2003.

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Attachment: CGM's Report