

**MEETING DATE:** SEPTEMBER 17, 2003

**SUBJECT:** Chief General Manager's Report Period 7 July 6 To August 2, 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 July 6 to August 2, 2003 noting that:

- 2003 TTC Operating Budget

it is now anticipated that ridership by year-end will be some 9 million rides under budget, due to the impact in the Toronto area of the recent Hydro blackout and the earlier Severe Acute Respiratory Syndrome (SARS) outbreak; total revenues are now expected to be \$14 million under budget, with the shortfall offset by a reduction in the Contribution to Capital;

- 2003 Wheel-Trans Operating Budget

whilst no budget variance is currently anticipated, the impact of the 20% increase in taxi rates, the SARS outbreak, the blackout and other factors will translate into a 3.5% unaccommodated rate for the year, in comparison to the 2% budgeted;

- 2003-2007 Capital Program

the year-end cash flow is projected to be \$44.9 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 Operating Budget during the month

of August, the Departmental Progress Reports (DPRs) have not been completed for period 6. Therefore, Section D of the detailed CGM's report has been excluded this period. However, some updated year-end projections have been prepared and have been incorporated in the appropriate year-end numbers for this report. The capital Project Status Reports (PSRs) for period 6 are included in the detailed CGM's report.

### 1. 2003 TTC Operating Budget

#### Year-to-Date

Ridership in period 7 was 4.6 million (13.3%) under last year's World Youth Day inclusive total and 719,000 (2.3%) under budget, mainly due to the SARS outbreak in the GTA. For the year-to-date to August 2 (the end of period 7), ridership was 7.5 million (3.1%) under last year and 3.6 million (1.5%) under budget. Virtually all of the reduction has been during the SARS period. Revenue for the year-to-date to August 2 was a corresponding \$5.5 million (1.3%) under budget, while expenses were on 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	403	(9)
REVENUES	\$710	\$696	\$(14)
EXPENSES	\$909	\$895	\$(14)
SUBSIDY	\$182	\$182	-
SHORTFALL	\$17	\$17	-

As noted in the previous report, the ridership loss due to SARS is expected to reach about 6 million by year-end.

In addition, preliminary indications are that the Hydro blackout on August 14, the cancelled subway service on August 15-17, and the subsequent power-restricted workweek of August 18-23 have resulted in the loss of an additional 3 million rides. By year-end, it is now anticipated that ridership will be some 9 million rides under budget, with the passenger revenue component of total revenues correspondingly under budget by \$12.6 million. This unfavourable variance, combined with other unfavourable budget 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 taxi meter rate increase, escalating accident claim costs, SARS, and the power shortages. However, it will still be necessary to operate at close to a 4% unaccommodated rate for the balance of the year. The unaccommodated rate for period 7 was 3.6%, compared with the 2% budget.

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 \$44.9 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.

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11-Sep-03

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Attachment: CGM's Report