

**MEETING DATE:** NOVEMBER 17, 2004

**SUBJECT:** Chief General Managers Report Period 9 August 29 To October 2, 2004

## **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 29 to October 2, 2004; and
- (2) 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) 2004 TTC Operating Budget**

#### Year-to-Date

Ridership in period 9 was 1.3 million (3.3%) over last year and 1.0 million (2.5%) over budget. Year-to-date, ridership to October 2 was 5.5 million (1.8%) rides over budget. Consequently, revenue to October 2 was \$14.5 million (2.7%) over budget. Expenditure results to date continued to reflect some timing differences from budget and a portion of the benefits of the additional Goods & Services Tax ("GST") rebate.

#### Year-end Projections

The continuation of the favourable ridership results now indicates that ridership will probably reach 417 million by the end of the year:

<b>(Millions)</b>	<b>2004</b>		
	<b>BUDGET</b>	<b>PROJECTION</b>	<b>CHANGE</b>
RIDERSHIP	410	417	7
REVENUES	\$709	\$724	\$15
EXPENSES	\$933	\$933	\$ -
SUBSIDY	\$224	\$219	\$(5)
SURPLUS	\$0	\$10	\$10

However, it should be reiterated that the above revenue projections partially reflect a considerable improvement in the level of cash fares and, at this time, it is still uncertain whether this trend will be maintained throughout the final quarter of the year. Staff will continue to closely monitor the ridership and revenue results and will adjust the year-end projections as required.

Projected year-end expenses for the advancement of the Ridership Growth Strategy implementation, maintenance, repairs, increased property tax assessments, and additional GST rebate are expected to only partially offset the favourable revenue variance. At this time, a year-end surplus of about \$10 million is projected. However, it should be further reiterated that the

recommended strategy of charging the non-cash dental expenses to retained earnings at year-end has not been accepted by the Audit Committee, which referred the matter to the Mayor's Committee on Employee and Labour Relations, with a request that it recommend an alternative method of funding this expense. The Committee subsequently requested the City's Chief Financial Officer to report on the matter. The revised strategy will be reported as soon as it has been approved. In the meantime, the recent actuarial valuation determined that the dental expense in 2004 will be in the order of \$6.1 million. In the absence of an alternative treatment, this expense would reduce the estimated surplus, or the Commission's retained earnings, by a similar amount.

**(2) 2004 Wheel-Trans Operating Budget**

Wheel-Trans continues to experience higher than targeted requests for service and has been able to provide some additional service by allocating a higher proportion of trips to sedan taxis.

A balanced budget and an unaccommodated rate of 2.3% (compared to a 2% target) are projected by year-end.

**(3) 2004 - 2008 Capital Program**

The current projected year-end cash flow is \$6.6 million more than the budget of \$282.8 million approved by City Council on April 21, 2004, as outlined on page A6c. The \$6.6 million variance essentially reflects the overrun on the Sheppard Subway project of \$12.5 million. The current projections (\$289.4 million) reflect the additional 3/7ths GST rebate which became effective February 1, 2004.

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5-Nov-04

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Attachment: CGM's Report