

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: JANUARY 23, 2008

SUBJECT: CHIEF GENERAL MANAGER'S REPORT
PERIOD 11
NOVEMBER 4 TO DECEMBER 1, 2007

RECOMMENDATION

It is recommended that the Commission forward a copy of this report to the City of Toronto Budget Committee, and each City of Toronto Councillor for information noting that the detailed CGM's Report is available upon request from the Office of the General Secretary of the Commission.

DISCUSSION

The purpose of the Chief General Manager's (CGM) Report is to provide the Commission with information about the activities of the Toronto Transit Commission over the course of the year.

2007 TTC OPERATING BUDGET

Appendix A provides the TTC's Income Statement and gives information on Revenues, Expenses and Subsidies. The last row in the chart shown provides a projection of the expected year-end budget shortfall or surplus. The chart includes the Commission's approved subsidy of \$271.8 million.

In response to the City's Budget Crisis, at its meeting of July 20, 2007, the Commission approved \$6 million in cost containment measures (including the deferral of planned Fall 2007 service improvements and the postponement of the opening of Mount Dennis Garage until at least January 2008). These expenditure reductions, along with the November fare increase, continue to be reflected in the year-end projections contained in this report.

Ridership and Revenue Results

The following table provides a summary of ridership, passenger revenues and average fare results.

| YEAR-END | ACTUAL | BUDGET | VARIANCE |
|--------------------------------|---------------|---------------|-----------------|
| RIDERSHIP | 460M | 454M | 6M |
| PASSENGER REVENUES | \$774M | \$769M | \$5M |
| AVERAGE FARE (per ride) | \$1.68 | \$1.69 | (\$0.01) |

Ridership for the year was about 460 million rides, or approximately 6 million over the

budget of 454 million.

Passenger revenues are preliminarily forecast to be \$5 million above budget by year-end following the November fare increase.

2007 TTC Operating Expenses

Reflecting a slight improvement since the last CGM Report in December, 2007, the currently projected year-end TTC Operating Budget **net surplus** is \$7.3 million. Staff is continuing to monitor ridership, revenues and expenses (including balance sheet provisions such as employee benefits, accident claims, deferred revenue and inventory obsolescence) for the balance of the year in an effort to identify the full \$11 million year-end surplus expected by the City.

As previously noted, a recent actuarial projection indicates that accident claims expenses for 2007 costs will increase significantly and may exceed the budget by \$10 million or more reflecting the escalating costs for the adjudication and settlement of the claims. Staff plan to offset these increased 2007 expenses with a draw from the Commission's retained earnings so that there will be no net 2007 subsidy impact.

Service Related Results

To date, the **subway and the SRT** mainly performed as expected. Overall, service performance levels for the Yonge-University-Spadina Line exceeded target, while the Bloor-Danforth Line has performed below target mainly due to increased absenteeism and cancelled service. The performance of **bus and streetcar routes** continues to be adversely impacted by major construction projects.

Customer Satisfaction Results

So far this year, there has been an increase in complaints of approximately 4% while, at the same time, there has also been a 2% increase in compliments over the comparable period last year. The biggest increase in complaints relates to the refunding of fare media, particularly the old aluminum tokens. Complaints regarding surface and subway delays and discourtesy complaints have also increased and this is consistent with the current overcrowding conditions on surface vehicles and the worsening traffic congestion conditions prevalent in the city.

2007 TTC CAPITAL PROGRAM BUDGET

Appendix B contains a table that shows actual expenditures based on results available to Period 11 and year-end projections for the TTC's capital projects. Current projected 2007 expenditures are \$531.3 million. This represents an under expenditure of \$189.7 million, primarily due to the late delivery of buses (161 of 220 delayed to 2008) as a result of a strike and production impacts at the DaimlerChrysler plant in Oriskany, New York (for a net under expenditure of approximately \$118 million). Other projects delay impacts (net) include: St. Clair / Fleet ROW work (\$9M); CCTV in stations and on surface vehicles (\$14.8M); Other Building & Structures facility projects (\$15.4M); Toronto Rocket Train order (\$8.5M) and Streetcar Overhaul savings (\$14.4M).

Staff are currently involved with the finalization of the Contribution Agreements for funding under the Canada Strategic Infrastructure Fund (CSIF) and the Transit-Secure programs and the pursuit of other funding opportunities. Staff are also continuing discussions with provincial and federal governments to pursue a long-term funding partnership for rail vehicles as well as packaging of capital projects for consideration of funding. Recent announcements of funding for public transit and Metrolinx (formerly GTTA) initiatives will require clarification to assess the impact on the TTC Capital Program.

2007 WHEEL-TRANS OPERATING BUDGET

Appendix C shows the Wheel-Trans Income Statement. At the present time, both year-to-date results and year-end projections reflect marginal underexpenditures of 1% and 1.1%, respectively. It is expected that the targeted 2% unaccommodated rate will be achieved.

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Attachments: Appendix A
Appendix B
Appendix C
