

# TORONTO TRANSIT COMMISSION REPORT NO.

**MEETING DATE:** JANUARY 20, 2010

**SUBJECT:** 2009 RIDERSHIP FINAL RESULTS

## **INFORMATION ITEM**

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### **RECOMMENDATION**

It is recommended that the Commission receive this report outlining 2009 ridership and revenue performance for information.

### **BACKGROUND**

Ridership for 2009 was budgeted at 473 million rides. Revenue was budgeted at \$851.7 million.

### **DISCUSSION**

Ridership in 2009 was 471.2 million rides, 4.5 million or 1.0% above 2008 but 1.8 million or 0.4% below budget. Revenue in 2009 was \$ 834.2 million, \$17.5 million or 2.1% below budget (subject to year-end adjustments).

#### 2009 Ridership

Ridership is affected by a combination of factors including employment levels, demographics, retail trade activity, travel and tourism patterns, service levels, transit fares, income levels, gasoline/automobile prices and vehicle parking availability and rates. Some of these affect ridership in the longer-term such as demographics and income level. Others such as energy prices, employment levels, tourism, retail trade and significant world events can have both short and long-term ridership consequences. Other than service levels and fares, key variables that impact ridership are largely beyond the control of the TTC. TTC ridership in 2009 was 1.8 million or 0.4% below budget, reflecting the net impact of various positive and negative events/factors outlined below.

- A major economic slowdown as experienced in 2008 and 2009 has had both positive and negative effects on the TTC. On the negative side, when riders lose their jobs, their usage of the TTC most likely declines. However on the positive side, for those who retain their employment and are looking for ways to save money, they may have shifted part/all of their trip making to the TTC from the automobile. Although these items will not negate each other, the positive modal shift helped to moderate the ridership losses from employment declines;

- In 2009, employment in the City of Toronto experienced a drop of 18,200 or 1.3% compared to 2008. Employment was positive for January but decreased from February to September. From October to November, employment increased slightly. However, it took a sharp drop in December, yet, ridership in December was not adversely affected, most likely due to Holiday shopping. There is a lead-lag relationship between employment growth (decline) and ridership growth (loss) as demonstrated by the fact that ridership was over budget in May and June even though employment had been declining since February. This means that it will likely take a couple months after an economic recovery gets traction for ridership to resume meaningful growth;
- Although the impact of the City of Toronto Inside/Outside Workers Strike from June 22 to July 30 cannot be accurately quantified, it was most likely negative for a number of reasons. Firstly, the strikers themselves were almost certainly using the TTC less than before the strike - the City returned its July VIP allocation so even if City employees were still using the TTC, they were using tokens or cash which meant lower ridership. Secondly, the negative press on the strike and the piles of garbage may have reduced the number of tourists visiting the City and negatively impacting ridership. Thirdly, residents (City or GTA) may not have gone out to visit City attractions to avoid the garbage or strikers - again, having negative consequences for ridership. Fourthly, residents may have adjusted their holiday schedule and took vacation early to avoid being in the City when the strike was on;
- The ridership loss and switching from Metropass usage associated with the introduction of commuter parking fees was lower than forecast. In estimating the net financial impact of introducing this charge, forecasts were prepared that estimated the loss of riders and riders switching to a different type of fare media due to the loss of "free" parking privileges. Utilization rates after the introduction of parking fees were very close to those forecast and the actual decline in Metropass sales was in the range of half of what was forecast. This meant that riders who had previously been using the lots were continuing the use the TTC and purchasing Metropasses, but had modified their travel patterns to use a mode to get to the subway stations that did not require the use of TTC parking facilities (walk, bike, TTC surface vehicle, passenger drop-off, etc.); and
- The impact of the reversal of the TTC strike from April 25 to April 27, 2008, was estimated at approximately 1.7 million rides.

#### 2009 Fare Revenue

Fare revenue for 2009 was \$834.2, \$17.5 million, or 2.1% below budget (subject to year-end adjustments). Approximately \$3.2 million of this variance is due to ridership being 1.8 million rides or 0.4% below budget. The remaining loss of \$14.3 million is due to the fact that the average fare was approximately \$0.03 or 1.7% below budget. There are two main factors contributing to the reduced rate. There has been a shift in the composition of the ridership mix with more Seniors/Students and Children and less Adults than forecast using the system. The shift lowers the average fare as both Seniors/Students and Children use concession fares. There has also been a shift in the fare media mix. There is a higher than forecast percentage of riders using passes while a lower than budgeted portion of riders use higher "value" fares such as tokens and cash.

**JUSTIFICATION**

While slightly below the targeted level (0.4%), the ridership of 471.2 million should be seen as an excellent result in view of the current economic situation and its impact on employment in Toronto. Further, achieving 99.6% of the budgeted ridership is not only a much better result than the TTC experienced in previous economic downturns, but appears to be a much better result than most other transit properties are experiencing this year. This favourable result can be explained in large part through the service improvements introduced in the past few years and the fact that fares had not increased in the past two years.

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January 11, 2010

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