

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: July 6, 2011

SUBJECT: HERITAGE STREETCAR CHARTER RATES

ACTION ITEM

RECOMMENDATION

It is recommended that the Commission endorse the TTC staff recommendations:

1. To charge full rate for all Heritage Streetcar charters; and
2. To continue operating Heritage Streetcars on the Harbourfront line on Sundays, during the summer.

FUNDING

The recommended rate increase will eliminate the current loss of approximately \$16,500 and will ensure compliance with TTC policy in the future.

BACKGROUND

At the September 18, 2008 Commission meeting a report titled "Charter Rates – Financial Information" was submitted. This report showed that the Heritage Streetcar charters operated at a \$48,300 loss in 2007. On November 27, 2009 the Commission was updated with respect to the fiscal performance of the charters in 2008, where we operated at a loss of \$38,400.

The analysis of the 2009 operating results shows that the PCC Streetcar charter operation incurred a loss of approximately \$16,300. The improvement in the operating results from 2008 was mainly attributable to two factors: lower maintenance costs in 2009, and prorating of costs between the charter operation and the limited regular Sunday service on the Harbourfront line. (In prior years all maintenance costs on these vehicles were exclusively charged to charters).

In an attempt to showcase these special historic streetcars, the Commission set up a special committee to deal with charters. It was agreed that there would be no rate increase in 2009 and it was subsequently decided that there would be no rate increase in 2010.

DISCUSSION

Current charter rates for the Presidents' Conference Committee (PCC) Streetcar for the three hour minimum is approximately \$975 and \$230 for each additional hour. Analysis of 2010 operating results for Heritage Streetcars shows a loss of \$16,500. It is anticipated that this loss will continue on a yearly basis unless the charter rates are increased to cover the costs of operating these charters.

In order to comply with TTC policy of full cost recovery including 10% mark-up, the 2012 rates for these charters would have to be almost doubled to \$1,892 for the first 3 hours and \$446 for every hour thereafter.

The trial operation of the Heritage Streetcars on Sundays in the summer of 2009 and subsequent operation in 2010 on the Harbourfront line has been a success. There was a very positive response from our customers seeing and riding these cars in service. The only drawback to this operation is that this will hasten the requirement for the next overhaul of the vehicle, which will be increasingly difficult and costly.

JUSTIFICATION

Due to the current fiscal challenges the Commission is experiencing, we can no longer afford to subsidize the chartering of our Heritage Streetcars. Any charter must bear the full cost associated, including a 10% markup.

Due to the favourable response of operating Heritage Streetcars on the Harbourfront line on Sundays during the summer this should be the primary venue of showcasing these vehicles.

June 29, 2011
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