

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: June 8, 2011

SUBJECT: 2012 WHEEL-TRANS OPERATING BUDGET

ACTION ITEM

RECOMMENDATION

It is recommended that the Commission:

- 1/ Approve the preliminary 2012 Wheel-Trans Operating Budget as described in this report and summarized on Appendix A (attached); and
- 2/ Note that the 2012 Wheel-Trans Operating Budget includes a shortfall of \$6.9 million as summarized below:

Expenditures	\$103.6 million
Revenues	5.7 million
	\$ 97.9 million
2011 Approved City Operating Subsidy	<u>91.0 million</u>
Shortfall	<u>\$ 6.9 million</u>

- 3/ Note that the Wheel-Trans Service Plan encompasses the following key factors:
 - Eligibility Criteria and Application Process remain unchanged
 - Active registrant base increasing by 16% to 52,000
 - Customer trips increasing to 3.1 million reflecting a 7% increase in demand
 - Accommodating 98% of trips
 - No provision included in this budget for the financial impact of the yet-to-be determined collective bargaining agreements effective April 1, 2011
 - No provision made in the budget for any increase in the City of Toronto's sedan taxi meter rates
 - Further integration with the conventional transit system
 - Community Bus routes remain at five (5)
 - Building upon scheduling enhancements and AVL technology
 - Operating Budget Workforce remains unchanged at 532 positions at December 31, 2011
 - The service area does not increase beyond the City of Toronto boundaries
 - No impact from AODA Transportation Standards until 2013

- 4/ Forward this report to the City of Toronto, and
- 5/ Forward this report to the TTC's Advisory Committee on Accessible Transportation (ACAT) for information, and
- 6/ Forward this report to the Ontario Minister of Transportation, the Ontario Minister of Energy and Infrastructure, and the Ontario Minister of Finance, for information, and
- 7/ Forward this report to the Federal Minister of Transport, Infrastructure, and Communities, for information, and
- 8/ Forward this report to Metrolinx for information.

BUDGET CONTEXT

The City of Toronto is facing a \$774 million operating pressure in 2012. To develop a balanced 2012 Operating Budget will be a major challenge and the City Manager has advised that it will require every City Program and Agency to exercise cost constraint, to maximize non-tax revenues, and to ensure that scarce resources are utilized to deliver services that fulfill Council's priorities in the most cost effective manner.

To address this challenge, Council has approved the implementation of a Service Review Program in 2012 consisting of a Core Service Review, Service Efficiency Review, and a Comprehensive User Fee Review. These reviews are expected to generate benefits and cost savings to help mitigate the 2012 operating pressure and, in the longer term, will contribute toward resolving the City's deficit.

The Service Review Program will be undertaken concurrently with the preparation of the 2012 budgets and the TTC will be involved in each of the three elements of this program: (1) a Core Service Review will examine what services the TTC is delivering, (2) a Service Efficiency Review will look at how TTC services are delivered, and (3) a Comprehensive User Fee Review will be carried out to examine all user fees currently in place (this should afford the opportunity to give consideration to a multi-year fare strategy - with a view to linking it to an overall fare/subsidy strategy taking into account appropriate targets for ridership levels, service initiatives, and revenue/cost ratios). Results of these reviews are to be integrated into the 2012 Operating Budgets after Council decisions in September at which time final direction and guidelines will be provided. When the 2012 operating subsidy is confirmed and, in conjunction with the Service Review Program, recommendations on how to address the shortfall will be made. TTC staff will revise the budget based on this information and submit a final budget for approval by the Commission in the fall of this year.

FUNDING

The Wheel-Trans Operating Budget for 2012 requires funding in the amount of \$97.9 million which is necessary to meet the anticipated demand for service of 3.1 million trips. The 2012 Operating Budget and Service Plan assumes continuation of the eligibility criteria and application process; trip origins and destinations remaining relatively constant; sedan taxi meter rates remaining unchanged from the last increase in 2009; bus productivity improving due to the implementation of a new trip scheduling system along with AVL technology, and improved vehicle reliability given a relatively new bus fleet.

At the requested level of funding, Wheel-Trans will accommodate 98% of the anticipated demand using TTC buses and contracted accessible and sedan taxis.

The main factors contributing to the 2012 funding request increase of \$6.9 million include \$4.5 million for increased service mainly on contracted taxi services due to an anticipated 7% growth in demand; inflationary price increases of \$3 million primarily reflecting the City's forecast for diesel fuel prices and COLA impacts for contracted taxi service contracts; wage rate progression and adjustments plus higher benefit costs of \$1.1 million partially offset by a \$1.7 million reduction in bus parts mainly for the bus fleet.

SUMMARY

The 2012 Wheel-Trans Operating Budget and Service Plan have been developed to address an increasing demand for service and to ensure a balance between trip availability and service quality. Wheel-Trans staff will continue to implement service quality and efficiency improvements while being sensitive to customer needs.

May 31, 2011

Attachment: Appendix A "2012 Wheel-Trans Operating Budget Summary"

APPENDIX A

2012 OPERATING BUDGET SUMMARY

(\$000s)

<u>EXPENSES</u>	<u>2011 BUDGET</u>	<u>2012 BUDGET</u>	<u>CHANGE</u>
<u>CONTRACT SERVICES</u>			
Sedan Taxis	12,069.0	13,638.9	1,569.9
Accessible Taxis	20,474.0	23,962.0	3,488.0
SUB-TOTAL	32,543.0	37,600.9	5,057.9
<u>BUS OPERATION</u>			
Operators	21,460.2	22,668.5	1,208.3
Divisional Staff	522.3	528.0	5.7
Mobile Supervision	1,005.4	1,016.0	10.6
Equipment Maintenance	12,730.6	11,106.1	(1,624.5)
Vehicle Fuel	4,019.0	5,432.7	1,413.7
Lakeshore Garage Costs	1,131.2	1,203.5	72.3
SUB-TOTAL	40,868.7	41,954.8	1,086.1
<u>ADMINISTRATION</u>			
General Superintendent's Office	825.4	716.8	(108.6)
Dispatch & Reservations	4,597.7	4,691.7	94.0
Accessible Services	600.7	527.5	(73.2)
Customer Service	1,782.6	2,100.5	317.9
SUB-TOTAL	7,806.4	8,036.5	230.1
NON-DEPARTMENTAL COSTS	3,329.3	3,344.6	15.3
OTHER EMPLOYEE COSTS	12,900.0	13,370.0	470.0
TOTAL EXPENDITURES (PER WHEEL-TRANS)	97,447.4	104,306.8	6,859.4
LESS: POST-RETIREMENT NON-CASH BENEFITS *	690.0	640.0	(50.0)
LESS: ACCIDENT CLAIMS NON-CASH EXPENSE *	135.0	100.0	(35.0)
TOTAL EXPENDITURES (PER CITY)	96,622.4	103,566.8	6,944.4
TOTAL REVENUES	5,610.9	5,684.7	73.8
OPERATING SUBSIDY REQUIRED	91,011.5	97,882.1	6,870.6
PASSENGERS (000s)	<u>2,951.4</u>	<u>3,151.3</u>	<u>199.9</u>
SUBSIDY PER TRIP	<u>\$ 31.12</u>	<u>\$ 31.30</u>	<u>\$ 0.18</u>

* City Council's approval of the 2006 TTC and Wheel-Trans operating budgets included the establishment of a long-term receivable from the City for budgeted non-cash expenses related to post-retirement benefits. The 2011 budget for these expenses has been deducted to match the City's subsidy for the current year. For 2012, the budget is \$640K (\$690K in 2011).

* City Council's approval of the 2010 TTC and Wheel-Trans operating budgets included the establishment of a long-term receivable from the City for budgeted non-cash expenses related to accident claims. The 2011 budget for these expenses has been deducted to match the City's subsidy for the current year. For 2012, the budget is \$100K (\$135K in 2011).