

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: MAY 11, 2011

SUBJECT: CHIEF GENERAL MANAGER'S REPORT
PERIODS 1 & 2
JANUARY 1 TO FEBRUARY 26, 2011

ACTION ITEM

RECOMMENDATION

It is recommended that the Commission forward a copy of this report to (1) each City of Toronto Councillor and (2) the City Deputy Manager and Chief Financial Officer, 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's) Report is to provide the Commission with information about the activities of the Toronto Transit Commission over the course of the year. Over the course of this year, this report will also include a summary of unbudgeted expenses as they are approved by the Commission.

This document reports on the TTC's 2011 budgets which were approved by City Council as follows:

<u>BUDGET</u>	<u>APPROVAL DATE</u>
TTC Operating	February 24, 2011
Capital Program	February 23, 2011
Wheel-Trans Operating	February 24, 2011

RIDERSHIP RESULTS

Ridership to the end of Period 2 (February 26) was 878,000 (-2.3%) below budget but 1,262,000 (+3.4%) above the comparable period in 2010. It should be noted, however, that as of April 11, year-to-date ridership results are on now on target and the expectation is that this trend will continue.

Passenger Revenues to the end of February lagged slightly behind budget by about \$1.7 million, however, they too are now tracking on budget with no variance on the budgeted

average fare. Staff continue to monitor this important indicator because a variance as small as one cent on the average fare could impact overall revenues by almost \$5 million over the course of a year.

FINANCIAL RESULTS

2011 TTC OPERATING BUDGET

Appendix A represents the TTC's Income Statement and provides information on Revenues, Expenses and Subsidies.

The following table provides a summary of year-end projections for ridership, expenses, revenues and subsidy requirements.

	2011		
(Millions)	PROJECTION	BUDGET	CHANGE
RIDERSHIP	487	487	-
EXPENSES	\$1,440.9	\$1,435.9	\$5.0
REVENUES	(\$1,006.8)	(\$1,006.8)	-
SUBSIDY REQUIRED	\$434.1	\$429.1	\$5.0
SUBSIDY AVAILABLE	\$429.1	\$429.1	-
SHORTFALL	\$5.0	-	\$5.0

The \$5 million projected shortfall reflects the following significant budget variances.

- **Vehicle Fuel: \$4.2 million increase.** Rising crude oil prices have caused diesel fuel spot market prices to climb above the budgeted level. If the current April diesel prices continued through to the end of the year, it is expected that an additional \$4.2 million will be required. However, if the forecast of futures prices is assumed for the balance of the year, then the projected increase over the budget may grow upwards to \$16 million. Staff continue to closely monitor fuel prices and are working on a fuel hedging strategy with the City of Toronto.
- **Service: \$0.8 million increase.** Based on the best currently available information regarding the City's construction plans (i.e. gas main replacements, road rebuilding), additional service will be required to address the impact to TTC's regularly scheduled service levels.

Service Related Results

For the first two periods of 2011, overall **subway** service headway performance levels for the Bloor-Danforth, the Yonge-University-Spadina and the Sheppard lines are either on or slightly better than target due to good incident management. However, both uncontrollable (inclement weather, customer related illness and security incidents) and controllable (equipment failures and operator irregularities) delays exceeded target. The performance of **bus routes** and **streetcar routes** has improved over 2010 year-end results with better headway adherence.

Customer Satisfaction Results

Over the first two periods of this year, complaints increased by approximately 2% while compliments declined by 15%, as compared to the comparable period last year. In 2010 there was extensive media coverage of TTC customer service issues likely prompting more customers to contact TTC to offer their positive feedback. The most common complaints related to service delays and employee discourtesy.

With the recent hiring of the new Chief Customer Service Officer, Chris Upfold, who officially starts in his position on May 30, future CGM Reports will incorporate information regarding customer service and various metrics to monitor performance in the following areas: train punctuality, train reliability, elevating device reliability, cleanliness and, bus and streetcar punctuality. Some of the customer service initiatives currently underway include: a series of new customer service kiosks which will be set up in the transit system this summer, the addition of 5 more Station Managers to the existing complement, and an upcoming advertising campaign which will focus on assisting customers with connecting with the TTC through various electronic initiatives.

2011 TTC CAPITAL PROGRAM BUDGET

Appendix B contains a table that shows actual 2011 expenditures based on results available to Period 2 and year-end projections for the TTC's capital projects. City Council approved an overall budget of \$869.7 million for the base capital program on February 23, 2011. Current projected 2011 expenditures for the base program are \$903.3 million, representing an over expenditure of \$33.6 million. A carry forward adjustment is currently under review with City staff to address those contract delay impacts from 2010 that resulted in the deferral of approved expenditures to 2011, and this adjustment will be brought forward for City Council approval through the Capital Variance Report process.

(Millions)	2011		
	ACTUAL	BUDGET	VARIANCE
APPROVED BASE PROGRAM	\$903.3	\$869.7	\$33.6
Toronto-York Spadina Subway Extension	498.2	524.9	\$(26.7)
TOTAL ADJUSTED PROGRAM BASE	1,402.2	1,395.3	6.9

The over expenditure on the base program is primarily attributable to the Purchase of Subway Cars project (\$11.4M) due to slippage of project change requests and project milestones relating to approval of the first train (including escalation from 2010) and the Purchase of Streetcars project (\$18.6M) due to proposed accessibility contract amendments resulting in a six month project schedule delay (including escalation).

An under expenditure of \$26.7 million is projected on the Toronto York Spadina Subway Extension project primarily related to delays in tunnel and early construction work.

2011 WHEEL-TRANS OPERATING BUDGET

Appendix C shows the Wheel-Trans Income Statement and reflects the \$91 million subsidy level approved by City Council. At this early stage in the year, no significant year-end budget variances are projected. However, as is the case for the TTC, but to a much lesser extent, the Wheel-Trans service will also be impacted by the climbing diesel fuel prices. This will be closely monitored and reflected in future year-end projections in upcoming CGM Reports.

April 21, 2011
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Attachments: Appendices A, B and C
 Chief General Manager's Report
 Periods 1 & 2
 January 1 to February 26, 2011