

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: May 30, 2012

SUBJECT: ADDITIONAL OPERATING RESOURCE REQUIREMENTS
TO MEET INCREASING TTC RIDERSHIP

ACTION ITEM

RECOMMENDATIONS

It is recommended that the Commission:

1. Request Council to approve an increase of \$2.1 million in the TTC's 2012 operating expenditures to allow service to be improved, starting in September/October, 2012, from a level designed to carry 503 million annual passengers to a level appropriate for the currently-projected 512 million passengers which the TTC will carry in 2012;
2. Note that this change in operating costs will not affect the City's 2012 subsidy to the TTC because higher-than-forecast TTC ridership is expected to generate \$9 million more in fare revenue than budgeted, and this increase in revenue will more than offset the required increase in operating expenses;
3. Advise Council that the TTC's current rate of ridership growth -- which is well above industry-wide trends -- is a continuation of the sustained increase in transit ridership in Toronto since 1996, which has resulted in TTC ridership increasing from 372 million riders in 1996 to a projected ridership of 512 million this year -- an increase of 38%.

FUNDING

Increasing the TTC's service levels to accommodate 512 million passengers in 2012 will require an increase in the TTC's 2012 operating expenditures of up to \$2.1 million which will subsequently result in an increase in the TTC's 2013 operating costs of \$6.5 million. This increase in 2012 costs will not affect the City's 2012 subsidy to the TTC because projected revenue for 2012 is expected to be \$9 million higher than budgeted, which will offset this increase in costs.

BACKGROUND

Ridership on the TTC has been increasing steadily since 1996 (see attached Exhibit 1 "TTC Annual Ridership"). Total annual system ridership has increased from 372 million

passengers in 1996, to 500 million in 2011, an impressive increase of 34% over fifteen years. The increase in ridership has been occurring across the city -- on both suburban and centrally-oriented routes -- and during both peak and off-peak times. In fact, as can be seen in Exhibit 2 ("TTC Peak vs Off-Peak Annual Revenue Passengers"), attached, in more-recent years, off-peak ridership has been growing at a faster rate than peak ridership. This is a healthy pattern for three reasons:

1. It means that people are choosing transit for more of their discretionary travel such as shopping, entertainment, and recreation, when they are more likely to have access to a car and when parking is less costly;
2. It allows the TTC to make overall better use of its existing assets (less need to buy more buses or build more garages), thus improving the TTC's productivity and efficiency; and
3. It shows the continuing effectiveness of the TTC's Ridership Growth Strategy which invested many resources in off-peak service in support of encouraging transit-oriented lifestyles, consistent with the City's Sustainable Transportation Plan.

DISCUSSION

Increasing Ridership Requires More Service

The TTC's pattern of increasing ridership continued unabated in 2011, as annual ridership hit a major milestone of 500 million annual passengers, up 4.8% from the 2010 level of 477 million passengers. The 500-million annual ridership was higher than the 2011 budgeted level of 483 million passengers so, by year-end, system-wide service levels and capacity were below what should have been provided to carry this higher level of demand within the Commission-approved vehicle crowding standard.

When the budget for 2012 was established early in 2011, it had been assumed that ridership would reach 503 million passengers by the end of 2012. However, actual ridership growth is once again outpacing the budgeted level: it is currently tracking at a level equal to over 506 million passengers and is now expected to reach 512 million passengers by the end of this year. On a sample group of bus routes whose ridership counts were taken in both October 2011 and January 2012, ridership during the peak periods has increased, on average, by three percent, while ridership during the busiest off-peak time, the midday from Monday to Friday, increased, on average, by six percent. Ridership counts taken in the Fall of 2011 on major streetcar routes produced some of the highest peak-hour ridership figures seen on these routes in many years. Exhibit 3 ("Typical TTC Weekday Passengers – Buses and Streetcars"), attached, is a graph that shows the increase in ridership on bus and streetcar routes in recent years, based on

ridership counts.

Service increases to reduce crowding are required on many routes across Toronto, at all times of the week. For example, during the morning peak period, the average number of customers per bus on the 37 ISLINGTON bus route is 53, compared to a standard of 51. To reduce crowding to an acceptable level, service should be improved on the 37 (Islington Station-Steeles) branch from every 7 minutes 30 seconds to every 7 minutes, by adding one bus. Ridership on the 504 KING streetcar route continues to increase, and in the early evening from Monday to Friday, there are 63 people per streetcar, on average, compared to a standard of 53 people per streetcar. Four streetcars need to be added to the 19 streetcars currently operated, and the service needs to be improved from every 5 minutes 30 seconds to every 4 minutes 30 seconds. Saturday early evening service on the 131 NUGGET bus route is overcrowded, with 41 people per bus compared to a standard of 36 people per bus. One bus should be added, and the service should be improved from the current 25-minute frequency to every 17 minutes. On the 191 HIGHWAY 27 ROCKET bus route, the average crowding level in the late evening from Monday to Friday is 50 people per bus, which is higher than the standard of 38 people per bus. Two buses are operated on the route at these times, every 30 minutes, and this should be improved to three buses, operating every 20 minutes.

In order to ensure that the TTC can provide enough service for the higher level of demand, while complying with the Commission's approved vehicle crowding standards, it will be necessary to increase the expenditures on service in 2012 to match the projected higher ridership of 512 million passengers. Specifically, it will be necessary to add hours of service, over and above what is currently budgeted, for implementation starting in September/October, 2012. This equates to 44 additional Operators, plus 10 additional Mechanics to address the associated increased maintenance requirements. This would result in an increase in operating expenses of up to \$2.1 million in 2012 (for the period September to December only). When this is annualized, or carried-forward into 2013, it equates to an additional annual operating cost, in 2013, of \$6.5 million. Increasing ridership generates increased revenue, however, and revenues in 2012 are expected to be \$9 million more than budgeted in 2012, so these costs would be offset by increased passenger revenues.

There is considerable lead-time required to hire and train Operators and Mechanics so that they will be available when they are needed. In order to have these additional employees ready to carry out their duties to provide improved service starting in September/October, 2012, the TTC needs City Council approval of this operating budget amendment by June, 2012.

Additionally, preliminary projections for 2013 indicate that ridership will reach 520 million passengers that year, which would require that the 2013 operating budget be further increased by \$2.7 million, on top of the aforementioned upwardly-revised service budget for 2012. The improvements to service would be budgeted to be implemented throughout

the year, but primarily in March, September, and October. This would result in the 2013 operating budget containing a total increase of \$9.2 million (including the full-year's effect of carrying-forward improvements recommended for September/October 2012). As is projected to be the case in 2012, these costs are expected to be more than offset by increasing ridership and fare revenues in 2013.

In summary, based on recent, current, and projected future ridership trends, the TTC's Operating Budget for 2012 should be amended to be consistent with the currently-projected ridership of 512 million passengers, and the preliminary budget for 2013 should be set consistent with a projection of 520 million annual passengers.

JUSTIFICATION

The Commission should request Council to approve an increase in the TTC's approved 2012 operating expenditures in order to secure the Operators, Mechanics, and service needed to accommodate projected higher-than-budgeted ridership this year

April 24, 2012

11-47-80

Attachments: Exhibits 1, 2 and 3

Exhibit 1



TTC Annual Ridership from 1995 - 2012, millions

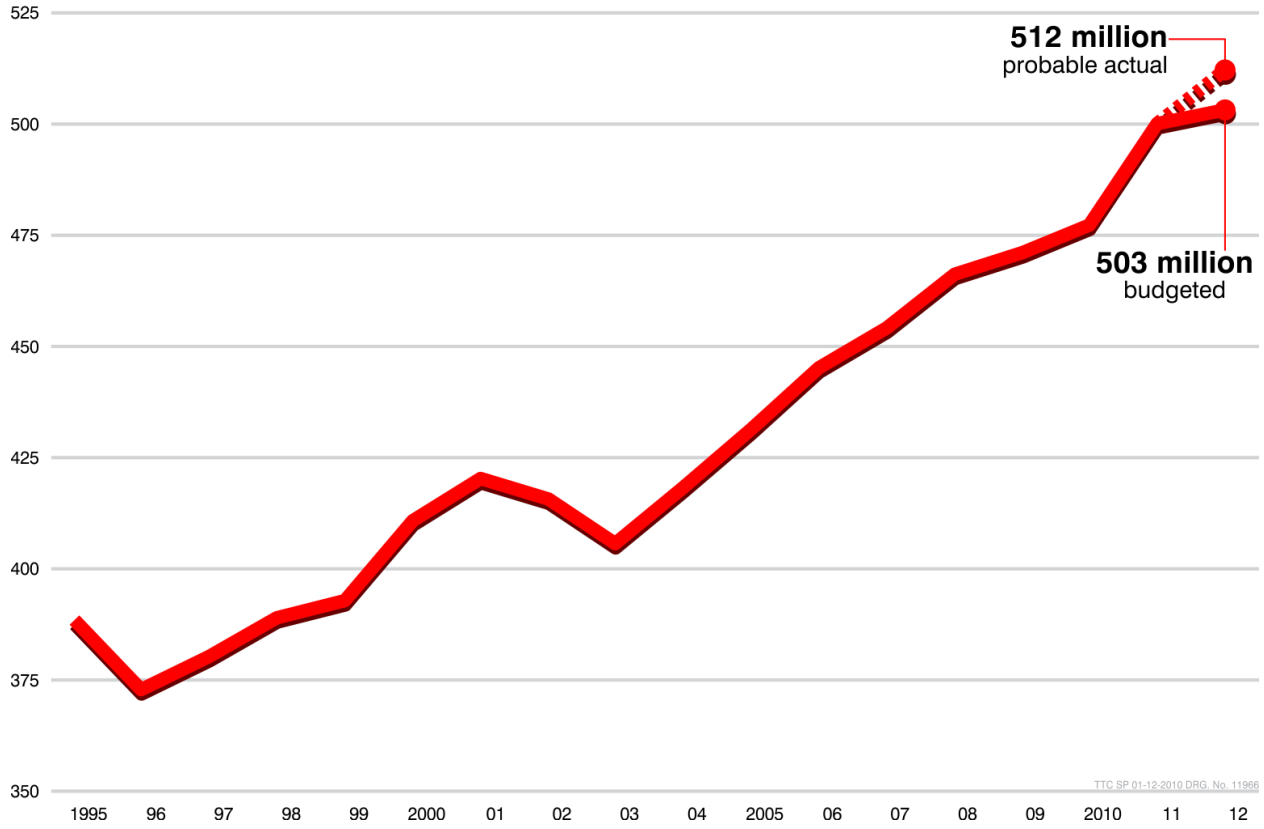


Exhibit 2

TTC Peak vs Off-Peak Annual Revenue Passengers

Moving Annual Averages

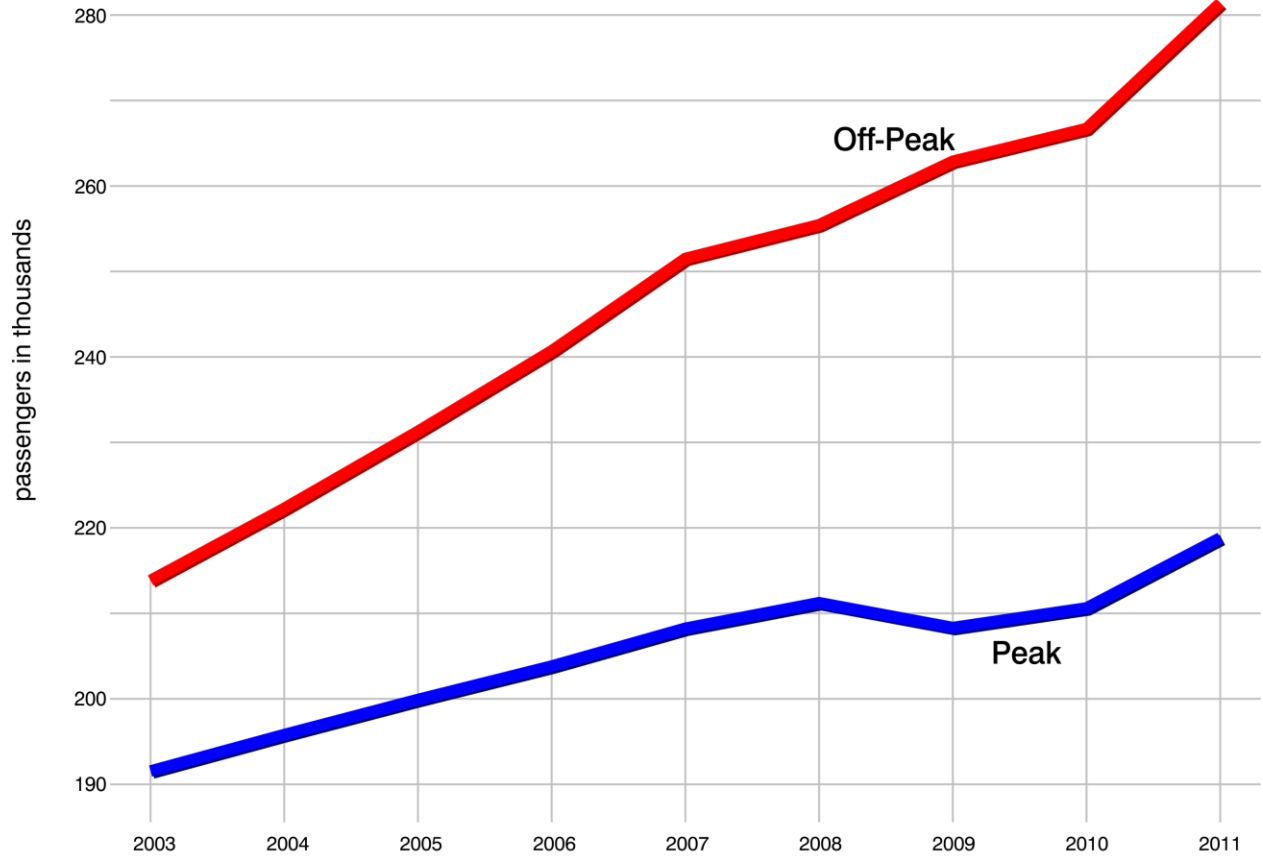


Exhibit 3

Typical TTC Weekday Passengers - Buses and Streetcars Based on Ridership Counts

