

TORONTO COACH TERMINAL INC. REPORT NO.

MEETING DATE: January 21, 2013

SUBJECT: 2013 OPERATING BUDGET

ACTION ITEM

RECOMMENDATION

It is recommended that the Board approve the 2013 Operating Budget for the Toronto Coach Terminal Inc (TCTI) as set out in this report.

DISCUSSION

The 2013 TCTI Operating Budget includes the following:

Budget Highlights:

- (1) On July 8, 2012, TCTI commenced its agreement to lease the Toronto Coach Terminal to Greyhound and Coach Canada Toronto Operations Ltd. (GACCTO) at a rental rate of \$1.2 million per year (plus applicable taxes). The initial lease covers a five year term and includes an option for two 2-year extensions;
- (2) A \$4 million loan repayment to the TTC was made in late September 2012 resulting in a reduced 2013 interest expense budget; and
- (3) TCTI's budgeted net profit for 2013 is expected to be \$286K.

Standard budget presentation typically entails a comparison of the various budget components of revenues and expenses for the upcoming budget year with those of the current budget year. While this format has been adhered to in the Budget Summary on the following page (and in the attached Appendix A), it isn't particularly relevant because of the significant change to TCTI's operation since the lease with GACCTO commenced. For example, the previous multiple revenue streams have been replaced with a single source, namely, the lease. On the expense side, most of the former expenses have been eliminated and only two major items remain:

- (1) Depreciation expense which largely represents the amortization of the cost of the last

major renovation to the terminal buildings in the early 1990s and the more recent second floor office space construction; and

(2) Interest expense owing to the TTC on the outstanding loan balance.

Budget Summary

\$000s	2013 BUDGET	2012 BUDGET	CHANGE
REVENUES	1,200	5,718	(4,518)
EXPENSES	11	4,121	(4,110)
CASH FLOW FROM OPERATIONS	1,189	1,597	(408)
DEPRECIATION	557	560	(3)
OPERATING PROFIT	632	1,037	(405)
INTEREST EXPENSE (NET)	346	416	(70)
NET PROFIT	286	621	(335)

Appendix A (attached) provides a more detailed breakdown of the components of the budget.

TERMINAL OPERATIONS/LEASE

Since assuming responsibility for the management of the bus terminal, GACCTO has fulfilled its lease obligations, operating and maintaining the terminal in a professional and customer-focused manner as well as making rent payments on time.

October 17, 2012

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Attachment: Appendix A - 2013 TCTI Operating Budget

APPENDIX A

2013 TCTI OPERATING BUDGET

	<u>2013</u>	<u>2012</u>	2013 BUDGET vs 2012 BUDGET <u>VARIANCE</u>
(\$000s)			
<u>REVENUES</u>			
Commissions Earned	-	2,986	(2,986)
Terminal/Platform Rental	-	2,211	(2,211)
Property Rent/Lease Revenue	1,200	336	864
Other Revenues	-	<u>185</u>	<u>(185)</u>
Total Revenues	<u>1,200</u>	<u>5,718</u>	<u>(4,518)</u>
<u>EXPENSES</u>			
Terminal Operations	-	1,490	(1,490)
Telephone Information	-	172	(172)
Finance and Administration	-	242	(242)
Plant Maintenance/RSEM	-	737	(737)
Other Employee Costs	-	740	(740)
Property Taxes	-	363	(363)
Other Administrative Costs	<u>11</u>	<u>377</u>	<u>(366)</u>
Total Expenses	<u>11</u>	<u>4,121</u>	<u>(4,110)</u>
CASH FLOW FROM OPERATIONS	1,189	1,597	(408)
Depreciation Expense	<u>557</u>	<u>560</u>	<u>(3)</u>
Operating Profit before Interest	632	1,037	(405)
Interest Expense (Net)	<u>346</u>	<u>416</u>	<u>(70)</u>
NET PROFIT	<u>286</u>	<u>621</u>	<u>(335)</u>