

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: JULY 6, 2011

SUBJECT: CHIEF GENERAL MANAGER'S REPORT
PERIODS 3 & 4
FEBRUARY 27 TO APRIL 30, 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 4 (April 30) was 1,250,000 (0.8%) above budget and 8,504,000 (+5.5%) above the comparable period in 2010.

Passenger revenue was \$2.2 million above budget for the year to date and the average fare is tracking marginally above budget (+0.2%). Staff continue to closely monitor the

average fare because a variance as small as one cent 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.

(Millions)	2011		
	PROJECTION	BUDGET	CHANGE
RIDERSHIP	491	487	3
EXPENSES	\$1,442.7	\$1,435.9	\$6.8
REVENUES	(\$1,014.1)	(\$1,006.8)	\$7.3
SUBSIDY REQUIRED	\$428.6	\$429.1	\$0.5
SUBSIDY AVAILABLE	\$429.1	\$429.1	-
SURPLUS	\$0.5	-	\$0.5

The \$0.5 million projected surplus 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 highest weekly price paid to date 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 \$8 million. Staff continue to closely monitor fuel prices and are working on a fuel hedging strategy with the City of Toronto.
- **Bus Maintenance: \$1.8 million increase.** Increased failures on various systems of the Orion VII fleet (representing over 80% of the entire bus fleet), prior to the planned 9-year bus rebuild interval, have increased operational maintenance costs. Specifically, the increased complexity of this newer fleet as well as the introduction

of a number of new bus systems (i.e. new engine exhaust emission control equipment, vehicle on-board camera system, automated stop announcement system, air conditioning, ramps and bike racks) have increased costs.

- **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.
- **Passenger Revenues: \$7.3 million increase.** This favourable variance reflects the projected ridership level of 491 million, compared to the budget of 487 million. If the positive upward trend in ridership were to continue throughout the balance of the year, ridership could reach 493 million, adding about a further \$4 million in revenues. It should be noted that planned and budgeted service level increases for 2011 will be introduced in September to reach the budgeted service level of 483 million.

CUSTOMER SATISFACTION

Clearly, customer satisfaction is intimately connected with service reliability and punctuality and TTC customers experienced an especially difficult morning on Wednesday June 8 after a lightning strike severely affected the YUS line for several hours. Although overall numbers relating to train punctuality and reliability continue to generally perform at or above target, it is experiences such as this one which remain in our customers' minds. We must continue to focus on both managing the events and on informing our customers about delays and their travel options. The reliability and punctuality of streetcar and bus services also continues to perform near target although the difficulties of operating in mixed traffic means that some targets are lower than customers would like or expect. Reliability is a crucial measure for customers: If a customer's journey takes 30 minutes 90% of the time but 45 minutes 10% of the time, the customer must allow 45 minutes all of the time.

The TTC has begun to use existing metrics relating to train punctuality, train reliability, elevating device reliability, cleanliness and, bus and streetcar punctuality as interim customer service metrics. Although these measures are important, they can more properly be considered "input" metrics in that they have a direct influence upon customer satisfaction but do not directly measure it. Of huge importance are "output" metrics that directly measure customer perception and satisfaction with various aspects of the TTC service. Over the coming months, the TTC will be working to understand our customers' priorities in these areas and scope appropriate continuous research to directly measure customer satisfaction with the service we offer.

Complaints in April, 2011 were down 5% from April 2010 whilst complaints in May 2011 were up 9.5% year-over-year. The greatest increase in the complaints for May, and contributing significantly to the rise, was "Subway Delay" (up 114%) - primarily related to two major delays on the YUS line. On a positive note, all non-Top 10 complaints were down 21.0% year-over-year. These types of complaints encompass a wide range of subjects including Token Vending Machine complaints, Transfer Disputes, etc.

Customer Service Ambassadors are in place at several central locations and providing a valuable and proactive face to face service to our customers. They have proven to be a useful resource during both times of good service and disruption with several teams being redeployed to alternate stations during service disruption. Plans to deliver on the TTC's customer information strategy continue with headway being made on the "Next Vehicle Arrival System" and the implementation of Customer Information Screens in station concourses over the coming months.

2011 TTC CAPITAL PROGRAM BUDGET

Appendix B contains a table that shows actual 2011 expenditures based on results available to Period 4 and year-end projections for the TTC's capital projects. City Council approved an overall budget of \$870.4 million for the base capital program on February 23, 2011. Current projected 2011 expenditures for the base program are \$868.2 million, representing an under expenditure of \$2.2 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.

	2011		
(Millions)	ACTUAL	BUDGET	VARIANCE
APPROVED BASE PROGRAM	\$868.2	\$870.4	\$ (2.2)
Toronto-York Spadina Subway Extension	388.0	524.9	(136.9)
TOTAL	1,256.2	1,395.3	(139.1)

There is a marginal under expenditure on the base program of \$2.2 million which includes some under expenditures (Surface Track, LRT Replacement Maintenance and Storage Facility, Wheel Trans Vehicles) mostly offset by some over expenditure variances on vehicles (Subway Cars, LRT Cars).

An under expenditure of \$136.9 million is projected on the Toronto York Spadina Subway Extension project primarily related to delays in tunnel and early construction work.

Costs incurred for the Transit Expansion/Metrolinx Eglinton-Scarborough Crosstown project are recoverable through Metrolinx.

2011 WHEEL-TRANS OPERATING BUDGET

Appendix C shows the Wheel-Trans Income Statement and reflects the \$91 million subsidy level approved by City Council. The current year-end projection indicates that essentially all of the budgeted subsidy will be required.

TORONTO TRANSIT INFRASTRUCTURE LTD.

Toronto Transit Infrastructure Ltd. (TTIL), a subsidiary corporation created by the Toronto Transit Commission, has begun an assessment of the business case for the two extensions of the Sheppard Avenue subway. In order to minimize the financial risk to the City, and also to minimize the overall extent of the City's debt financing, the intent is to maximize private sector participation in the design, construction, financing, and perhaps the maintenance, of the new subway lines. Work on the preliminary business case is currently underway. A Report from the President and CEO of TTIL, tabled at TTIL's June 24th meeting, is also on the agenda for this Commission meeting.

June 22, 2011

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Attachments: Appendices A, B and C
Chief General Manager's Report
Periods 3 & 4
February 27 to April 30, 2011