

TORONTO TRANSIT COMMISSION

1991 OPERATING BUDGET

PROPOSAL

BRIEF TO METRO COUNCIL

NOVEMBER 8, 1990

OBJECTIVES FOR 1991

MAJOR OBJECTIVE:

Provide better product to attract more riders

- Identified initiatives to make improvements in the following areas:
 - quality and reliability of service
 - passenger safety and security
 - accessibility for disabled and elderly
 - system cleanliness
- Improvements will cost money

TRANSIT FINANCING

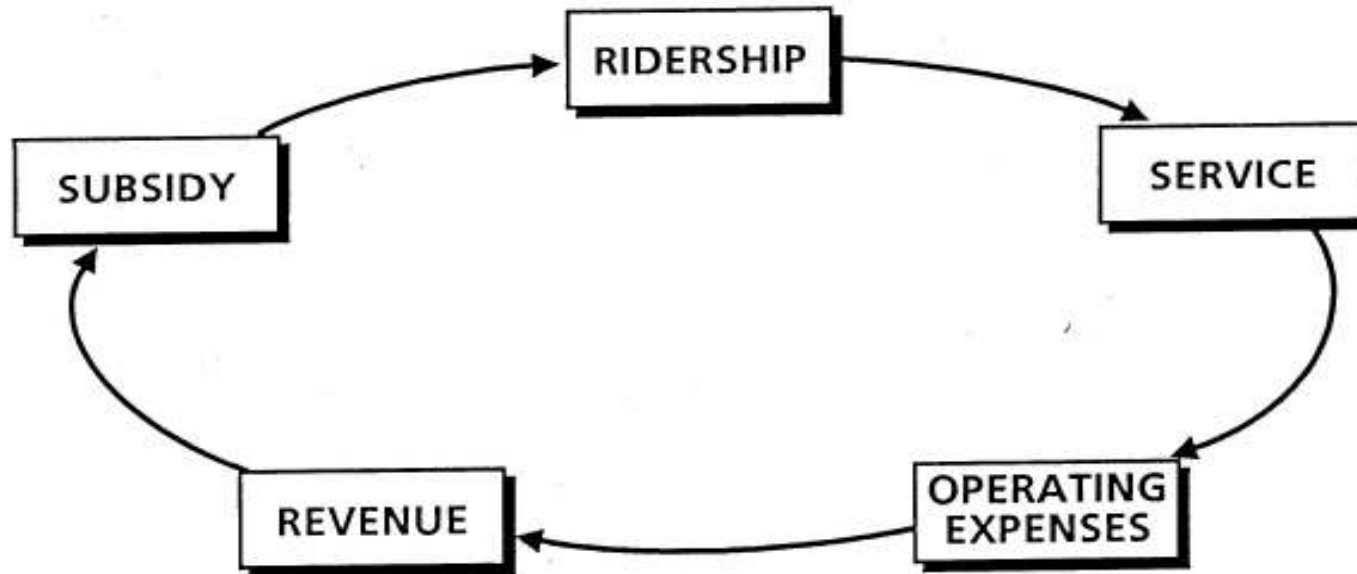
$$\text{EXPENSES} = \text{REVENUES} + \text{SUBSIDY}$$

BASIC CHALLENGE:

What can be achieved while balancing equation?

- Equation is simple
- Achieving balance is more difficult: How do we pay for needed service improvements?

FACTORS INFLUENCING TRANSIT FINANCING



- A change in one variable will affect others
- Therefore, cannot consider variables in isolation
 - must be seen as part of bigger picture

TRANSIT FUNDING FORMULA

- Cost sharing

TTC Revenues - 68%

Province - 16%

Metro - 16%

TTC OPERATING EXPENSES

	OPERATING EXPENSES (millions \$)	
1990 (Probable Actual)	625.9	
1991 (Preliminary Est.)	702.5	
<i>Change</i>	<u>+ 76.6</u>	(12.2%)

WHY THE INCREASE?

Increases due to inflation	\$ 44.0
Increases due to service improvements/ initiatives, and other	<u>\$ 32.6</u>
<i>Total</i>	\$ 76.6

IMPACT ON FARES AND SUBSIDIES

(millions \$)

	1990 PROBABLE ACTUAL	1991 FARE INCREASE OPTIONS	
		Maintain 68% R/C Ratio 14.3%	Fare Increase at Inflation 5.6%
TTC Expenses	625.9	702.5	702.5
Revenues	438.6	494.8	464.2
Provincial Share	100.9	111.5	111.5
Metro Share	103.6	115.9	145.1
R/C Ratio (%)	67.8	68.0	63.8

- These extremes will not work

REVISIONS TO PRELIMINARY ESTIMATES

	<u>OPERATING EXPENSES</u> (millions \$)
PRELIMINARY ESTIMATE	702.5
Delete Some Major Projects	-7.5
Delete Some Service Enhancements	-1.2
Delete/Postpone Administration, Maintenance, Other	<u>-7.7*</u>
<i>Revised Total</i>	686.1

* Operating Departments	\$5.0 million
Administrative & Other	<u>\$2.7 million</u>
Total	\$7.7 million

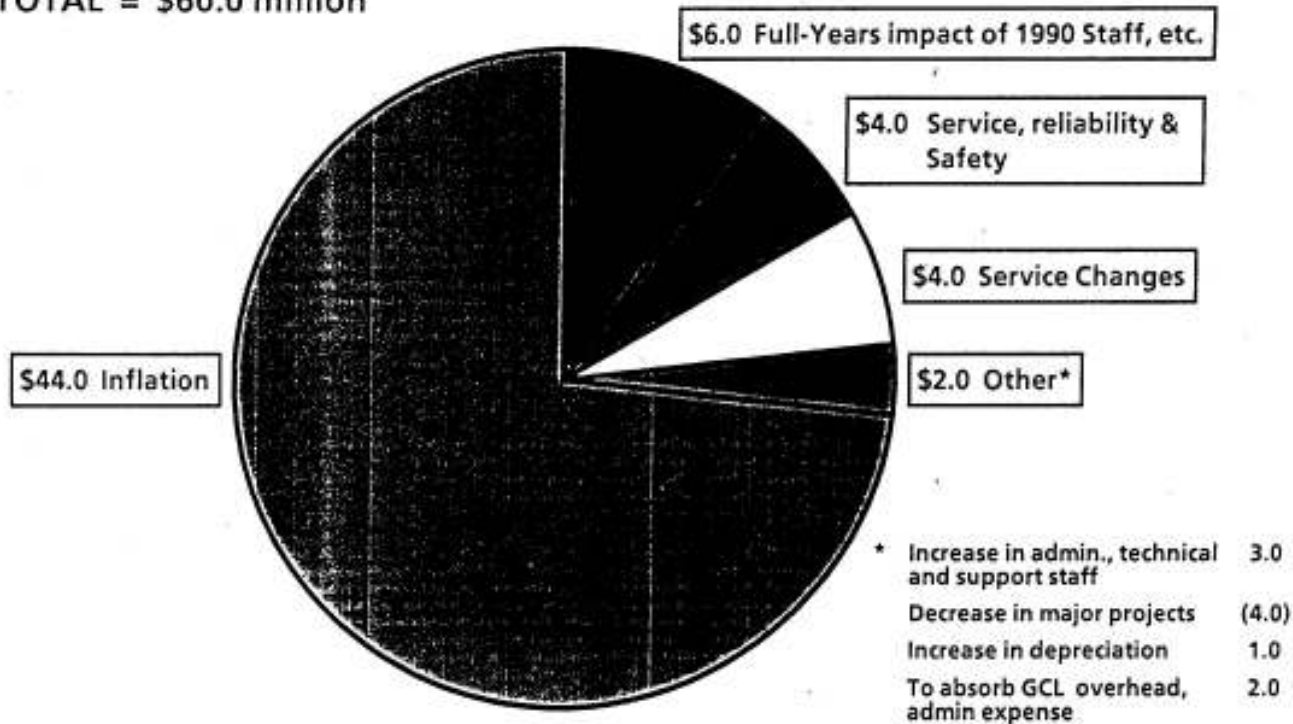
COMPARISON OF OPERATING COSTS - 1990 VS 1991
 (Rounded to the nearest millions \$)

	1990 BASE	626.0
Inflation (Wages, Benefits, Fuel, Traction Power, Utilities)		44.0
Full-Years Impact of 1990 Staff, Programme & Service Changes		6.0
Service, Subway Reliability and Safety Initiatives		4.0
1991 Service Changes (eg. Service Standards, GSI, Congestion)		4.0
Increase in Administrative, Technical Programmes and Support Staff (Including Equipment and Plant Maintenance Programmes and other Mandatory Programmes)		3.0
Decrease in Major Projects		(4.0)
Increase in Depreciation		1.0
To Absorb GCL Overhead and Admin. Expenses		2.0
	1991 TOTAL	686.0

DISTRIBUTION OF INCREASED OPERATING EXPENSES - 1990 vs 1991

(millions \$)

TOTAL = \$60.0 million



1991 INITIAL OPERATING BUDGET

(millions \$)

	<u>1990 PROBABLE ACTUAL</u>	<u>1991 INITIAL BUDGET</u>	<u>% CHANGE</u>
TTC Expenses	625.9	686.1	9.6
Revenues	438.6	482.6*	10.0
Provincial Share	100.9	108.9	7.9
Metro Share	103.6	113.2	9.2
- eligible for subsidy	98.3	108.7	
- ineligible for subsidy	5.3	4.5	
R/C Ratio (%)	67.8	68.0	
Increase in Average Fare(%)	N/A	10.8	

* includes \$4.0 of 1990 GCL dividend.

TRANSIT IMPROVEMENT FUND

- Gray Coach Sale: \$30 million
- Can be used to benefit riders
- Cannot be used in one year
 - would require 15 – 20% fare increase in 1992 for “catch-up”
- Preferred option: Use money from sale of Gray Coach to establish TTC Transit Improvement Fund
- Allocate funds over next few years to improve quality of service while keeping fare increases reasonable
- About \$7 million annually for 5 to 6 years available

1991 OPERATING BUDGET

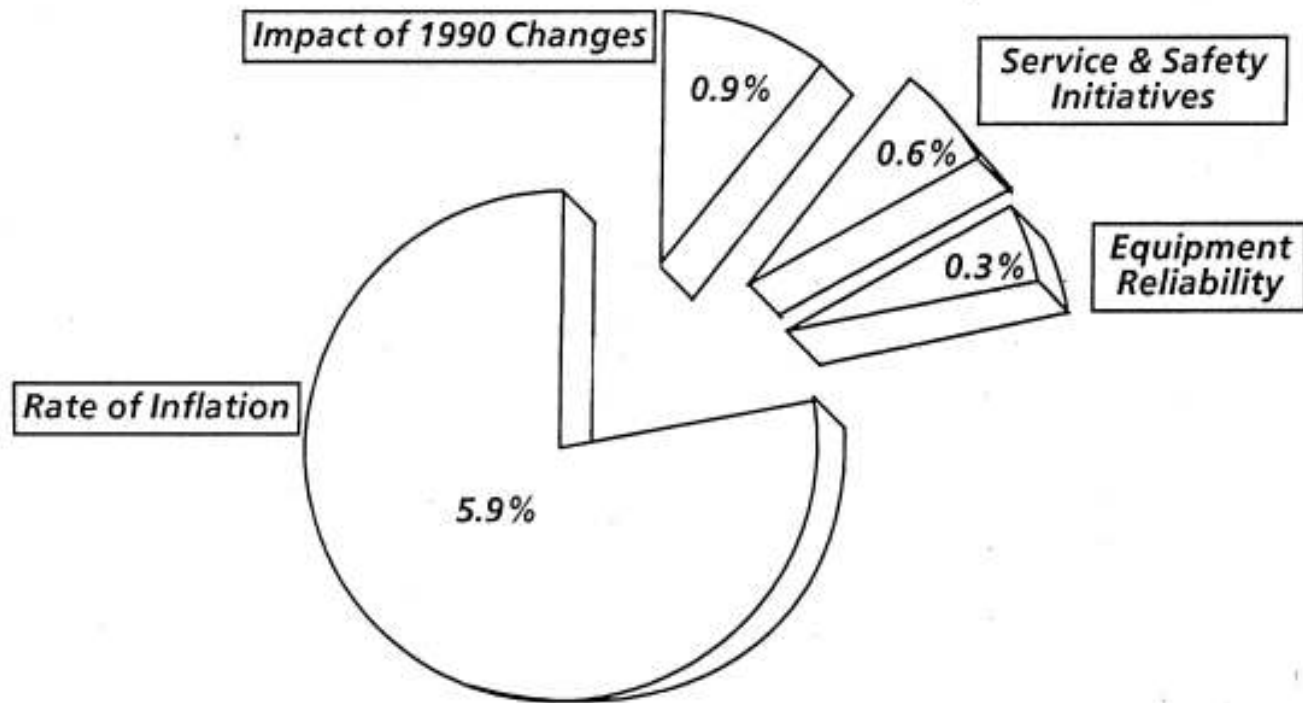
(millions \$)

	1990 PROBABLE ACTUAL	1991 INITIAL BUDGET	1991 PROPOSED BUDGET	% CHANGE 1990 vs. 1991 PROPOSED
TTC Expenses	625.9	686.1	686.1	9.6
Revenue	438.6	482.6	482.6	10.0
- regular TTC revenue	438.6	482.6	475.5	
- Transit Improvement Fund	0.0	0.0	7.1	
Provincial Share	100.9	108.9	108.9	7.9
Metro Share	103.6	113.2	113.2	9.2
R/C Ratio (%)	67.8	68.0	68.0	
Increase in Average Fare (%)	N/A	10.8	7.7	

- Projected rate of inflation = 5.9%

THE 7.7% FARE INCREASE

AN INVESTMENT IN THE FUTURE



THE NEED FOR COMPROMISE

- Proposed budget represents a package that involves four inter-related steps:
 - 1) Reduce preliminary estimates without seriously compromising service
 - \$16.5 million cut
 - 2) Increase subsidies by about 9%
 - 3) Increase fares slightly above inflation
 - 1.8% above inflation
 - 4) Incorporate revenue from “Transit Improvement Fund”

WHAT'S THE ALTERNATIVE?

- To cut service significantly
- No money to improve reliability
- Leads to reduced ridership
 - More pressure to reduce expenses.....
- Beginning of classic “Downward Spiral”
- Not recommended
- Public is more responsive to service improvements

- To quote one of many letters we receive about the problems with service reliability:

“We all wouldn’t mind paying a little extra to get some decent service”

- TTC Rider

CONCLUSION

- 1991 Proposed Operating Budget represents compromise solution in which everyone pays a little more to get more reliable service
- Allows TTC to address concerns of public
- End result – a TTC that is back on the right track!

1991 DELETED SERVICE ENHANCEMENTS

	COSTS
Bloor -Danforth Subway	\$384,000
Night Service Expansion	
● Lawrence East	\$133,000
● Lawrence West	\$124,000
● Sheppard East	\$103,000
● Steeles East	\$112,000
Premium Express Service	
● Emmett Ave. / Scarlett Rd.	\$142,000
● Van Horne	<u>\$187,000</u>
<i>Sub-total</i>	\$1,185,000
Maintenance costs (not allocated)	<u>\$55,000</u>
<i>Total (rounded)</i>	\$1.2million

1991 INITIATIVES TO IMPROVE SERVICE, SAFETY AND SUBWAY RELIABILITY

Service (\$1.5 million)

- Dedicated subway passenger announcers
- Increase free flow transfer locations
- Platform inspectors
- Improved turnback procedures at terminals
- Additional towerpersons for AM/PM subway service
- Proof of Payment

Safety (\$0.9 million)

- Inspectors to monitor subway service
- Ensure subway door pressure is properly set
- In transit posters, info panels, displays, etc.
- Production and distribution of safety booklets
- Training of school children and other transit users

1991 INITIATIVES TO IMPROVE SERVICE, SAFETY AND SUBWAY RELIABILITY

Subway Reliability (\$1.3 million)

- Analyse failures and inspection of repairs, etc.
- Inspect couplers and single handle controllers which have been identified as a source of subway delays
- Maintenance of traction control equipment to ensure reliable performance
- Scheduled cleaning of condensers and intercoolers
- Retrofit to correct design deficiencies in traction motor blowers, etc.
- Centralized parts control system
- Emergency repair persons and equipment controllers to respond quickly and effectively to delays

TOTAL: ROUNDED TO \$4 MILLION

SOURCE OF 1991 SERVICE INCREASES

	(Millions)
General Service Improvements	\$1.3
Service Standards(New routes, route extensions, extended hours)	\$1.2
Congestion Impact	\$0.4
Service Quality	\$0.8
Increased Non-Revenue Miles Due to CNG Conversion	0.3
<i>TOTAL</i>	<i>\$4.0</i>

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(millions \$)

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