

To All Commissioners

Re: Financial Update – Conventional Transit Services – Operating Budget – September 30, 2016

Recommendation

That the report be NOTED and FILED.

Background

Set out in Enclosure I is the Statement of Operations for Conventional Transit Services as well as service related performance targets for the nine month period ending September 30, 2016. The statement sets out actual to budget performance for the period and where applicable, comparison to the previous year.

As indicated, the conventional transit service to-date has a net favourable actual to budget performance of \$1,098,500 representing approximately 2.3% of the total budget to-date of \$46.8 million. The major items contributing to the net favourable performance include:

Revenue

- net unfavourable transportation revenue of \$11,300 relating to lower average fare, and lower than budgeted charter revenue offset by higher ridership (due mainly to a retroactive increase for higher than budgeted tuition pass riders);
- favourable transfers from reserves of \$166,800 relating to higher return to work costs and higher insurance claim costs; and
- unfavourable Provincial gas tax revenue of \$95,800 consistent with lower than budgeted operating expenditures.

Expenditures

- favourable personnel and related benefit costs of \$401,300 due to lower than budgeted tripper hours (Operator labour), Fleet & Facilities labour savings (due to positive warranty labour claims, lost time and timing in filling vacant positions), offset by higher return to work or rehab costs. Benefit costs are favourable due to labour savings noted above as well as identified timing variances associated with source deductions and employee benefits;
- unfavourable direct bus maintenance and servicing costs of \$257,400 related to the increased cost for engine parts, transmissions and repairs to emissions components and filters associated with buses meeting the new emission standards;
- favourable fuel costs of \$848,100 related to favourable price and fuel consumption; and
- favourable facility costs of \$139,600 due to reduced heating costs (attributed to lower natural gas usage and rate as well as upgraded heaters in C Barn).

It should be noted that the September year-to-date surplus does not include the \$600,000 impact of deferring the 2016 planned fare adjustment.

The administration will continue to monitor the operating budget performance, reporting on same on a monthly basis.

Enclosure

I - Statement of Operations – Conventional Transit Services – September 30, 2016

Recommended by:

Mike Gregor
Director of Finance

Concurred in by:

Kelly S. Paleczny
General Manager

**London Transit Commission
Statement of Operations
Conventional Transit Services
Nine Months Ending September 30, 2016
(000's omitted)**

Statement of Operations (000's omitted)									
Description	Actual	Budget	Amount Better (Worse)	Percent Better (Worse)	Explanation				
					Rides	Price	Other	Comment	Total
Revenue									
Transportation	\$ 22,503.1	\$ 22,514.4	\$ (11.3)	(0.0)%	\$ 140.9	\$ (229.3)	\$ 77.2	> higher monthly ridership (note retroactive tuition pass adjustment) and unfavourable average fare (mix)	\$ (11.3)
Operating	1,023.0	1,077.7	(54.7)	(5.1)%			(54.7)		(54.7)
Transfers from reserves	751.8	585.0	166.8	28.5 %			166.8	> higher return to work costs and higher insurance claims costs; results in a higher transfer from reserves	166.8
Province - provincial gas tax	4,002.4	4,098.2	(95.8)	(2.3)%			(95.8)	> lower recognition of Provincial gas tax revenue, consistent with lower operating expenditures	(95.8)
City of London	18,510.0	18,510.0	-	0.0 %			-		-
Total revenue	46,790.4	46,785.3	5.1	0.0	140.9	(229.3)	93.6		5.1
Expenditure									
Personnel cost	32,018.7	32,420.0	401.3	1.2 %			401.3	> net favourable labour costs (Operator and F&F) and related benefit costs offset by higher return to work	401.3
Direct bus maintenance & servicing	3,913.2	3,655.8	(257.4)	(7.0)%			(257.4)	> unfavourable bus maintenance costs	(257.4)
Fuel	3,844.5	4,692.6	848.1	18.1 %		682.6	165.5	> favourable rate and consumption (mileage and fuel economy)	848.1
Facility costs	2,000.2	2,139.8	139.6	6.5 %			139.6	> favourable heating costs due to price and usage of natural gas	139.6
Insurance	1,750.9	1,718.1	(32.8)	(1.9)%			(32.8)		(32.8)
Contribution to reserves	704.3	751.7	47.4	6.3 %			47.4		47.4
All other material expense	1,460.2	1,407.3	(52.9)	(3.8)%			(52.9)		(52.9)
Total expenditure	45,691.9	46,785.3	1,093.5	2.3 %	-	682.6	410.9		1,093.5
Net favourable/(unfavourable) performance	\$ 1,098.5	\$ -	\$ 1,098.5	2.3 %	\$ 140.9	\$ 453.3	\$ 504.4		\$ 1,098.5

Performance Summary								
Description	2016 Actual vs. Budget				vs. 2015			Comment
	Actual	Budget	Better (Worse)	Percent Variance	Actual	Change	Percent Change	
Regular Service Passengers	16,104.5	16,004.3	100.2	0.6 %	15,916.2	188.4	1.2 %	
Average fare	\$ 1.391	1.405	\$ (0.014)	(1.0)%	\$ 1.389	\$ 0.003	0.2 %	> slight shift in ridership mix (more pass & tuition, less cash / ticket riders than planned) leads to lower average fare
Revenue Service Hours - Regular Service	443.0	444.4	1.4	0.3 %	425.7	17.3	4.1 %	
Rides per Revenue Service Hour	36.4	36.0	0.3	1.0 %	37.4	(1.0)	(2.8)%	