

Pass popularity costs TTC

Transferable Metropass plan blamed for deficit, which could eat up city's strike savings

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The TTC's success has helped create a \$17.4 million deficit, a shortfall that could erode potential savings from the civic workers' strike.

Ridership is running at a record high, projected to hit 473 million rides this year, without even a recessionary dent. But revenue per passenger is lower because more people are buying cheaper, transferable Metropasses – at a loss to the fare box of about 3 cents a ride. Sales of discount senior and student fares are up as well.

Savings from the civic workers' strike may be used to offset the TTC shortfall. Preliminary figures presented to the budget committee yesterday show the 39-day summer walkout saved the city at least \$20 million.

However, that number doesn't reflect costs or savings from the waste and water departments. The final tally will be presented to the executive committee on Oct. 2.

That tab will factor in additional strike costs, including extra security, legal fees for hiring outside lawyers and costs of trucking more garbage to landfill.

During the strike, it was suggested the savings could be used to lower the property tax increase for 2010.

That's looking less likely, given the \$17.4 million shortfall the TTC faces by the end of the year. That amount includes a \$2.3 million loss in advertising revenues.

The TTC had budgeted for \$904 million in total revenue for the year. The shortfall will be discussed at tomorrow's commission meeting.

"They're saying you saved \$20 million from the strike, but you throw in this other stuff and it kind of washes out, more or less," said Councillor Paul Ainslie, vice-chair of council's budget committee.

The TTC is being asked to cut back on spending immediately, by curtailing overtime, trimming discretionary spending and reviewing hiring needs. Officials say there are no plans to cut service, and Mayor David Miller has pledged not to raise fares in 2009, to spare people struggling with the recession.

The success of the Metropass stems from the fact it's cheaper than tokens, is transferable and can be purchased with Air Miles. Using it also makes it possible to get a federal tax credit, said Michael Roschlau, president of the Canadian Urban Transit Association. "That (revenue drop) could be the case where you're having a migration of people moving off of cash or tokens onto Metropasses, and taking more rides at a lower cost per ride."

Councillor Joe Mihevc, who reviews TTC budgets as part of the budget committee, confirmed that riders are now paying a lower average fare. The TTC has been taking in an average of \$1.77 per trip. It had expected about \$1.80. The loss of just 3 cents a ride makes a difference over millions of rides.

The TTC has only four sources of operating funds: the three levels of government and the fare box, said TTC chair Adam Giambone.

The TTC will need an extra \$80 million from the city next year, in addition to the \$374 million in operating subsidies it received for 2009, to maintain service levels and pay for a few small programs such as more cleaners, he said.

It's too early to speculate on whether a fare hike will be considered next year, Giambrone said, referring that issue to the budget chief. But last year's experience shows the budget committee has the will to make operating subsidies a priority.

Budget chair Shelley Carroll said it's likely a hike will be considered.

"The Metropass has become a pretty attractive deal, which is essentially the problem. I think the TTC systemically has to look at whether or not their Metropass deal, as it stands, is sustainable.

"If they highlight that this is a challenge, I wouldn't be at all surprised if the commission is saying, 'Then run us some models.' It's up to the commission to decide whether or not they want to propose a different rate."

Some people believe Miller blew it by committing to freeze ticket prices this year, because raising them next year could be difficult with an election looming.

"I'm pretty strong on steady fare increases. My research suggests the ridership does not fall off in any (significant) amount," said Jim Mars, who teaches transportation and urban planning at Ryerson University.

Although the city's poor suffer when fares rise, he said, "the TTC is still vastly an ordinary middle-class person's machine – it's not St. Louis or some place where only poor people ride the bus."

The TTC and GO are exceptions among Canadian transit systems, recovering well more than the average of 60 per cent of operating revenue from the fare box. In the U.S., riders typically pay only about 40 per cent, and in Europe the average is between 40 and 50 per cent.

GO, whose ridership also continues to rise, covered about 82 per cent of its costs through fares last year. And where Toronto froze fares in 2009, GO and most suburban transit agencies hiked them.

The record ridership increase is something to celebrate, said Miller, who proclaimed Car Free Day in Toronto yesterday.

"Our ridership is still up. I think that tells you that in the city, people use the TTC all day, not just to commute. If you live in Toronto, lots of people take transit. Why? Because we've got a great transit network."

With files from Vanessa Lu