Staff Report #3
February 24, 2010

To All Commissioners

Re: Financial Update - General – January 2010

Recommendation

The report be noted and filed.

Background

Conventional Transit Service

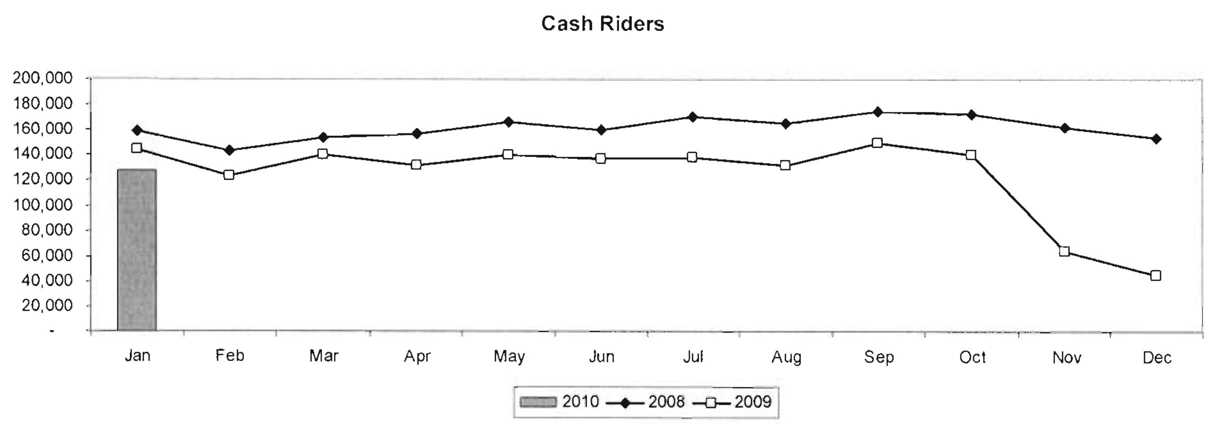
Ridership and related revenue performance on the conventional transit service for January 2010 was significantly less than budgeted. The following table sets out the actual performance with comparisons to budget as well as to January 2009.

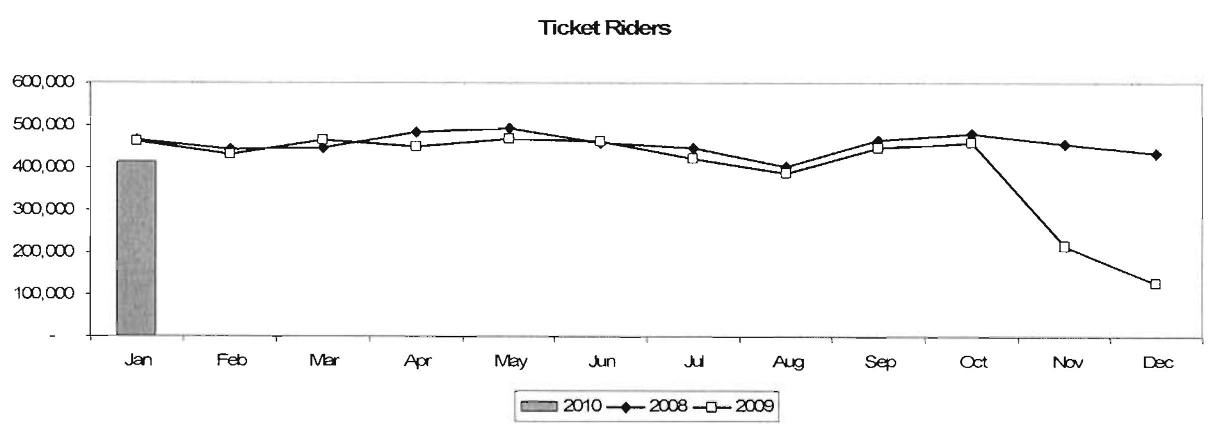
Table I – Year to Date Performance Regular Scheduled Service Ridership (000's omitted)

	2010 Actual	2010 Budget	Amount Better (Worse)	Percent Better (Worse)	2009 Actual[1]	Amount Increase (Decrease)	Percent Increase (Decrease)
Rides	1,969.3	2,040.2	(70.9)	(3.5)%	2,069.3	(100.0)	(4.8)%
Revenue (Fares)	$ 2,392.3	$ 2,541.5	$ (149.2)	(5.9)%	$ 2,511.5	$ (119.2)	(4.7)%
Avg. Fare	$ 1.215	$ 1.246	$(0.031)	(2.5)%	$ 1.214	$ 0.001	0.1 %
Rev Service Hrs[2]	47.0	47.3	(0.3)	(0.6)%	47.7	(0.7)	(1.4)%
Rides per RSH	41.89	43.13	(1.23)	(2.9)%	43.39	(1.50)	(3.5)%

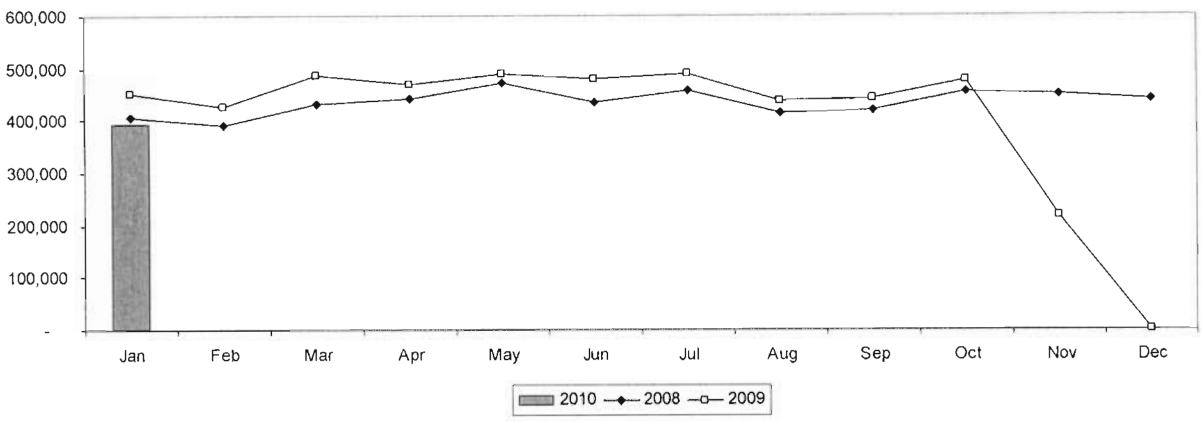
[1] 2009 adjusted for difference in day mix
[2] 2010 revenue service hours estimate only

The unfavourable ridership performance for the first month of 2010 is consistent with that experienced from June to December 2009 including the impact of the 33 day service disruption covering November and December of 2009. The decline in ridership is best illustrated in the following trend graphs, which depict ridership performance by category (cash, ticket and pass) and in total for the respective categories for 2008, 2009 and 2010 to-date. Ridership related to the tuition based pass programs are excluded from the analysis given change in ridership in this category is more directly related to student enrollment at the University of Western Ontario and Fanshawe College.





Pass Riders (excluding Tuition Passes)

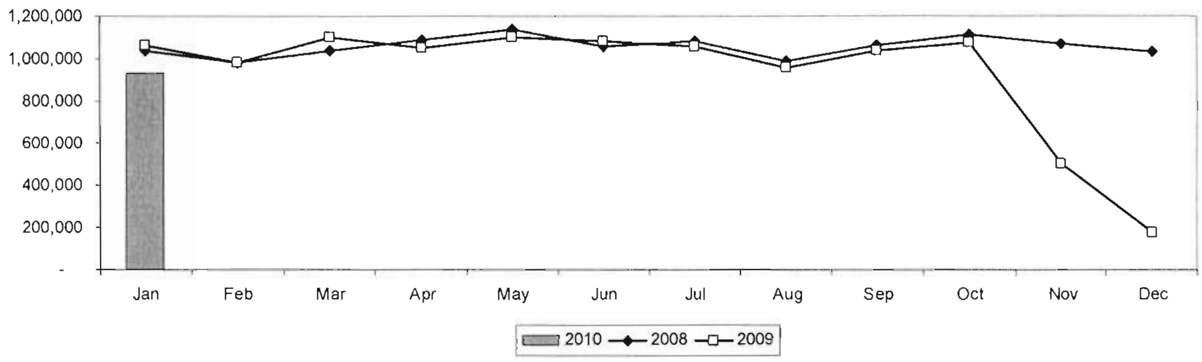


As depicted in the above graphs, cash and ticket ridership in 2009 as compared to 2008 declined steadily throughout 2009, noting the rate of decline began to increase in April consistent with the escalating downturn in the economy and growing unemployment rates in London. Actual cash and ticket ridership performance for January 2010 represents an approximate 9% and 8% decrease respectively as compared to January 2009.

The pass ridership graph illustrates a different trend, noting pass ridership in 2009 was higher than that of 2008, the extent of which began to lessen in April 2009. This trend is believed to be influenced by the fare increase which took effect in December of 2008, noting that riders may have migrated to the pass category from cash and ticket given it was seen as more economical particularly when considering the impact of the Federal personal income tax credit that applies to passes. The critical concern with pass performance is the January 2010 pass ridership which is less than January 2009 by approximately 12%, but also less than January 2008.

Collectively, the three categories illustrated in the graphs represent approximately 59% of total ridership (remaining 41% is tuition pass programs) and as a collective account for the entire decline in ridership which commenced in April 2009. The following graph depicts the decline. As noted the downward trend for 2009 versus 2008 began in April 2009, and continued throughout the remainder of the year, however, total ridership numbers previously reported showed ridership growing slightly given the increased enrollment in the various tuition programs i.e. to the end of September 2009 ridership had grown by 1.7% versus 2008..

Total Cash, Ticket and Pass Riders (excluding Tuition Pass)



In general, the decline in ridership as illustrated in the previous graphs is attributable to a number of factors including:

- impact of the 10% fare increase which took effect December of 2008, which may have caused a shift from the ticket and cash categories to the pass category;
- the continuation of a slowed economy as evidenced by the high unemployment rate, which is currently estimated at 9%, noting that an estimated 35% of all trips are work related;
- favourable fuel prices, noting as the fuel prices increase - ridership increases, conversely as they decline or level off, ridership would be expected to experience a decline;
- the lingering effect of the 33 day period without conventional transit service; and
- other factors such as weather, school and work schedules, etc.

Determining the specific influence of each of the above factors on ridership is not an exacting science. In order to bring some clarity, Academica Group has been contacted to conduct a poll of Londoners (riders/non riders) in attempt to ascertain the reasons for ridership decline and summary assessment of LTC customer service. The telephone poll is scheduled to begin the week of February 22, 2010 with a preliminary report targeted for mid-March 2010. The information garnered from the poll, coupled with additional detailed analysis on matters of service performance (customer service) will be utilized to develop appropriate strategies that effect how LTC should deal with the decline, all of which will be subject of a future Commission report.

The unfavourable revenue performance relating to ridership will be offset in January for the most part by favourable fuel pricing, however, in light of the uncertainty around the ridership performance going forward, noting the early indication is that February ridership performance will be similar in nature, an expenditure control program for 2010 has been implemented, calling for delay in new hires and expenditure programs where possible.

Specialized Transit Service

Table II below sets out the ridership performance for January 2010 on the specialized service. As indicated in the table, both eligible passenger trips and attendant/companion trips were slightly higher than budget, resulting in total ridership being 600 rides higher than budget.

Table II – Year to Date Performance Specialized Service Ridership (000's omitted)

	2010 Actual	2010 Budget	Amount Better (Worse)	Percent Better (Worse)	2009 Actual	Amount Increase (Decrease)	Percent Increase (Decrease)
Rides (EPT)	17.8	17.4	0.4	2.2 %	16.0	1.8	11.5 %
Attendant/Comp	2.2	2.0	0.2	7.5 %	1.9	0.3	11.7 %
Total	20.0	19.4	0.6	3.0 %	17.9	2.1	11.7 %
Revenue	$ 34.9	$ 34.3	$ 0.6	1.8 %	$ 32.9	$ 3.0	9.5 %
Average Fare	$ 1.751	$ 1.768	$(0.017)	(0.9)%	$ 1.784	$ (0.033)	(1.8)%
Service Hours	8.0	7.8	0.2	2.6 %	7.0	1.0	14.2 %

Recommended by:

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