



STAFF REPORT INFORMATION ONLY

Presentation: Ridership Forecasting

Date:	June 17, 2015
To:	TTC Budget Committee
From:	Chief Executive Officer

Summary

Staff will deliver for the information of the Budget Committee a PowerPoint presentation entitled: Ridership Forecasting.

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TTC RIDERSHIP FORECASTING

June 17, 2015





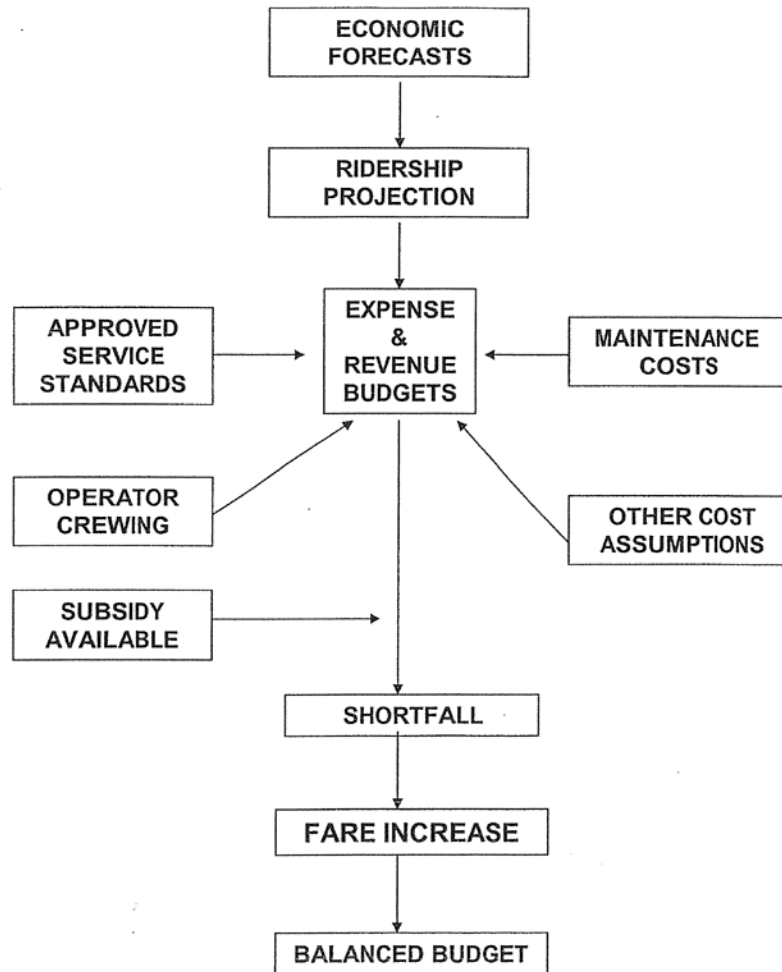
Represents two key steps in constructing the annual Operating Budget:

- Determines passenger revenues, service levels, and operating costs
- Determines the expected amount of passenger revenue from any fare increase that is required to close the remaining budget gap





CONSTRUCTING THE OPERATING BUDGET



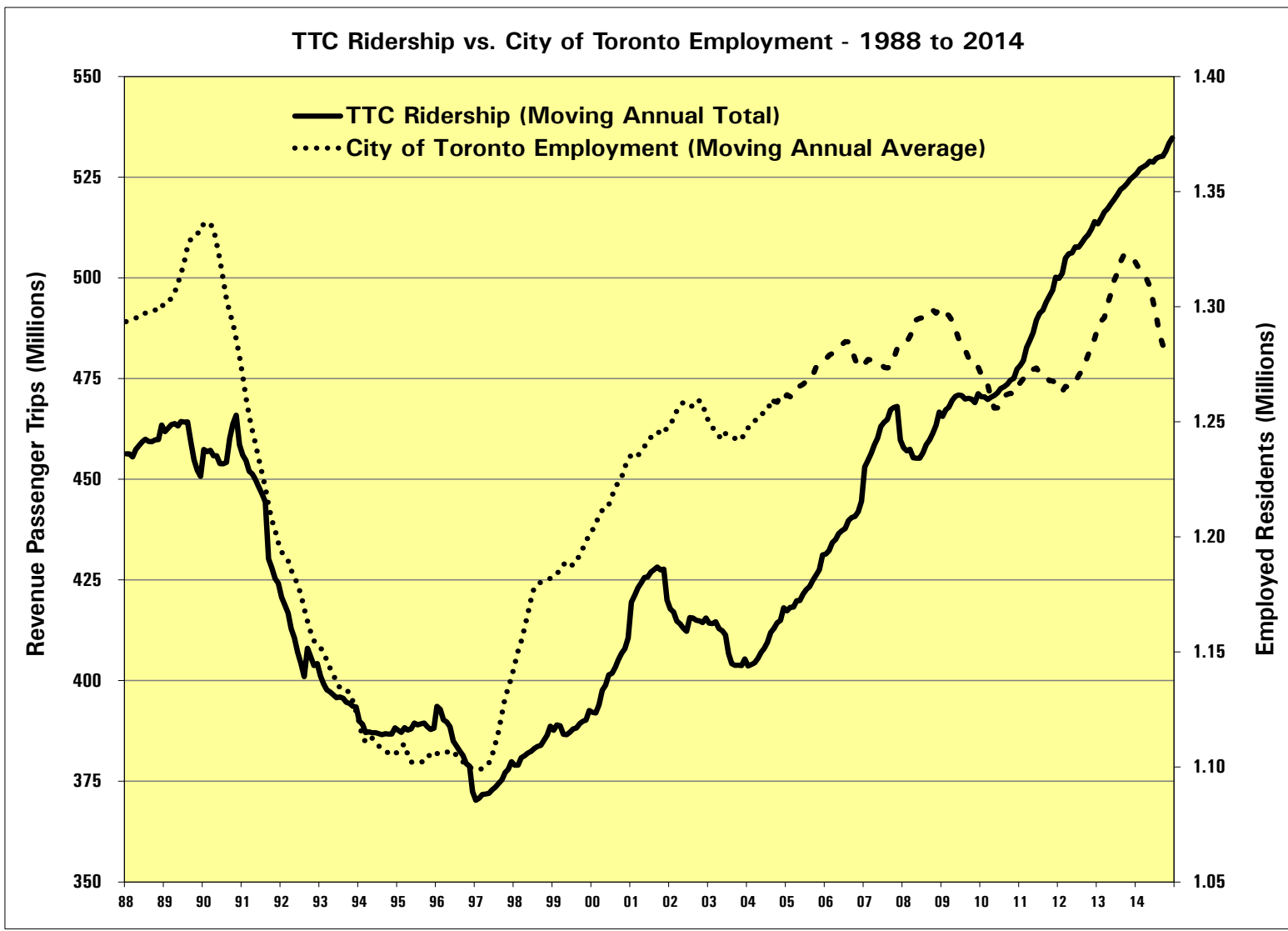


Ridership is affected by a combination of factors, including:

- **Economy – Gross Domestic Product (GDP)**
- **Employment levels**
- TTC fare structure
- TTC fare media mix
- Service initiatives – e.g.: Proof-of-Payment (PoP); Pan Am
- Weather
- City road construction / planned TTC subway closures
- Gasoline/automobile prices
- Vehicle parking availability and rates
- Demographics
- Retail trade activity
- Travel and tourism



IMPACT OF ECONOMY/EMPLOYMENT





Toronto economic growth (GDP) and employment levels are continually monitored:

- Conference Board of Canada – Metropolitan Outlook (Winter, Spring, Autumn)
- City of Toronto:
 - Economic Dashboard (monthly)
 - Labour Force Survey (monthly)
 - Economic Indicators (monthly)
 - Toronto Employment Survey (annual)





Passenger “reaction” to fare increases can be very complex:

- Stop using the TTC
- Reduce TTC use
- Switch to different fare media
- Continue past ridership

Financial gain/loss is combination of:

- Level of proposed increase/price change
- Elasticity of demand
- Switching from one fare media type to another
- Level of new users attracted to the system





Benchmark public transit fare elasticity = -0.30

- A 1% increase in fares will result in a 0.3% decrease in ridership

Historical TTC fare elasticity = -0.10 to -0.20

2015 Ridership Budget:

- \$.10 fare increase (cash frozen; Adult MP price increase)
= approx. 3.4% weighted average fare increase
- Budgeted fare elasticity = -0.10
- Forecast ridership loss = -0.34% = 1.8M rides lost





Prices are established using a combination of “rules” (formulas) and guidelines

- Increases in \$.05 increments - logistics
- TTC Board-approved pass price multiples
- Legal agreement (GTA Pass)
- Fare increases at or below rate of inflation
- TTC Board direction – e.g.: freeze cash prices





Ridership forecasting is an “inexact science”. Inherent challenge in predicting the unpredictable:

- Changes in economy and employment
- Customer patterns/behaviours
- Reaction to fare increases
- Unforeseen events – e.g.: SARS, blackout, G20, ice storm

Accuracy is paramount

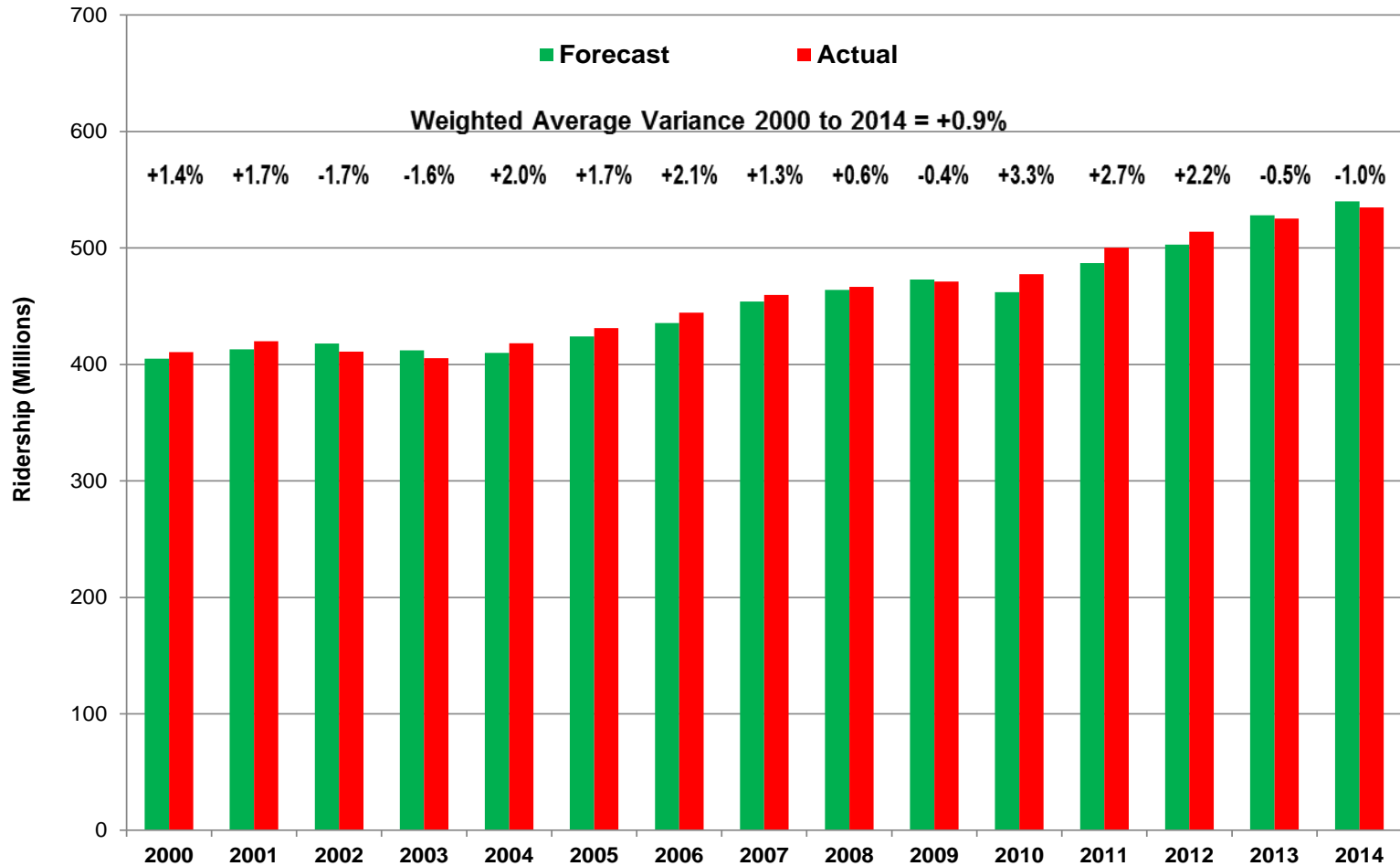
- 2015 budget: 545 million rides; \$1.1 billion revenue
- 1% variance in rides = \$11 million
- 0.1% variance in rides = \$1.1 million



RIDERSHIP FORECAST VS. ACTUAL



TTC Ridership - 2000 to 2014
Actual vs. Forecast



2016 RIDERSHIP FORECAST



ANNUAL RIDES (M)	2015 BUDGET	2015 PROBABLE	2016 FORECAST
Base	535	545	540
Major Factors:			
Economic Growth	+ 7	-1	+ 7
Service Enhancements	+ 2	0	+ 5
Fare Increase	-2	-1	0
Metropass Trip Rate	+ 3	0	0
Calendarization / Leap Year	-1	0	+ 2
Other*	<u>+ 1</u>	<u>-3</u>	<u>+ 1</u>
Sub-Total	<u>+ 10</u>	<u>-5</u>	<u>+ 15</u>
Total	545	540	555

*Other: weather, planned subway closures, bus spares ratio, etc.

