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## **2006 BUDGET BRIEFING NOTE: Service and Financial Impacts of Proposed Transfer of On-Street Pay Parking Enforcement from Police PEU to Toronto Parking Authority**

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### **Origin:**

During the 2005 budget process, the Budget Advisory Committee moved that responsibility for on-street pay parking enforcement be transferred from the Police Parking Enforcement Unit (PEU) to the Toronto Parking Authority (TPA). The transfer would only apply to paid parking at times and locations permitted by City by-laws; Police PEU would remain responsible for all other on-street parking enforcement. These recommendations were superseded by a Policy and Finance Committee recommendation adopted by Council that a review of the financial and service impacts for all stakeholders of the proposed transfer be undertaken before such a transfer occurs. This review has now been completed with input from PEU, TPA, Parking Tag Office, Finance, and City Manager's Office.

### **Financial Impacts:**

The TPA proposes hiring 79 new staff to double enforcement of on-street parking. TPA projects that this will result in \$1.2 million additional tag revenue in year 1, reducing to \$.6 million in year 2, and then back to current levels in year 3. TPA contends that increased ticketing will gradually result in increased compliance – more people will pay for parking.

Based on the assumptions about parker behaviour, the net impact to the City budget would be a loss of \$1.2 million in year 1, a loss of \$0.3 million in year 2, and additional revenue of \$1.9 million in the 3<sup>rd</sup> and subsequent years. This consists of:

- (1) an additional cost to the Police PEU of \$.3 million in the first 2 years and \$.2 million in subsequent years to provide training, oversight and complaint handling of additional non-Police staff issuing tickets. Current staff would be redeployed elsewhere;
- (2) a reduction in City revenue from TPA's operating profit in the first year of \$2.1 million, in the second year by \$0.6 million, and in the 3<sup>rd</sup> year an annual increase of \$2.1 million; and
- (3) an increased revenue from additional parking tag revenue of \$1.2 million in the first year net of additional tag processing costs, and \$0.6 million in the second year.

TPA's contribution to capital would be reduced by \$.7 million in the first year, \$.2 million in the second year, and increased by \$.7 million in subsequent years.

### **Financial Risks:**

There are a number of risk factors that could impact the financial projections considerably. The following factors raise concerns on the achievability of these projections:

- (1) A 10% error on revenue projections has an impact of approx. \$750 thousand per year.
- (2) TPA estimates that it can double enforcement using the same number of staff as PEU use.
- (3) If PEU staff are redeployed elsewhere, there could be reduced revenue from tags for other violations not enforced during paid parking times enforced by TPA.
- (4) The model assumes that the demand for paid on-street parking will continue at historic levels. However both the PEU and the TPA have experienced lower than projected revenues from both paid parking and tag revenues due to increased TTC ridership and high gas prices.
- (5) Police PEU argues that increased paid parking compliance will reduce the number of tags written due to non-compliance to less than current levels, resulting in a loss of tag revenue.

### **Community Impact:**

Police PEU staff currently perform 20 different activities in addition to parking enforcement at on-street meters. They are the Police “eyes and ears” on the street. They are in radio contact with other Police units and often assist other Police units in non-parking related activities such as: arrest assists, stolen vehicles recovery, towing unplatd vehicles, seizure of fraudulent disabled parking permits, response to other calls for service and assisting with special events.

If Police PEU staff were redeployed to other areas during TPA enforcement times, community safety could be at risk. In addition, violations other than metered non-payment could actually rise unchecked. To reduce this risk, Police PEU staff could continue to enforce other violations within metered parking areas at the same time as the TPA performs meter enforcement. However, this would result in two uniformed City agencies patrolling the same City streets at the same time but for different purposes.

### **Conclusion:**

Given that:

- (1) the assumptions in the financial model are untested and risky and there is no agreement between the two agencies about how increased enforcement will impact parker behaviour and therefore tag revenues;
- (2) although there could be a financial benefit in future years, there is a loss projected in the first 2 years due to transition costs and probable slow change in parker behaviour;
- (3) cost increases are probable, reducing projected financial benefits; and
- (4) the community surrounding metered areas could be either protected by 2 agencies at the same time or lacking protection depending on how PEU staff are redeployed:

the transfer of parking enforcement from PEU to TPA for metered parking is not recommended.

### **Alternative Proposals:**

TPA’s proposal to transfer the function was intended to increase enforcement with the objective of raising parking payment compliance. An alternative solution that could have the same effect without the risks and downsides of the transfer proposal is to implement a communications

protocol among the TPA, PEU and the City to set out the procedures to be used by the two agencies to direct enforcement resources to areas where compliance rates are lowest.

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**Input provided by:** Police PEU, Toronto Parking Authority, Financial Planning

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