

PROPOSED CHANGES TO ON-STREET RATES



March 2007

PROPOSED CHANGES TO ON-STREET RATES

March 2007

Summary

The following changes are being recommended for implementation in 2007.

1. Increase the basic hourly rates in the existing rate zones as indicated:

Rate Zone	Current Rate Per hour	Proposed Rate Per hour
AA	\$3.00	\$3.50
A	\$2.00	\$2.50
B	\$1.50	\$2.00
C	\$1.00	\$1.50

2. Create a new rate zone 'D' with a basic hourly rate of \$1.00 per hour.
3. Set the on-street locations indicated on Map 5 attached at rate 'D'.
4. Set the maximum allowable duration for all on-street spaces which currently have a 2 hour duration limit to 3 hours.
5. Set the metered spaces in the area bounded by Bloor Street, University Avenue, College Street and Spadina Avenue as Zone 'A' meters from the current Zone 'B' designation.

These changes, if fully implemented, will result in increases in annual revenues from metered parking operations of approximately \$6,000,000 on an annual basis.

BACKGROUND

Jurisdiction for the operation of the on-street meters was transferred to the Toronto Parking Authority in the fall of 1998. Following an extensive review of the rules and rates in effect for on-street parking in the 7 former municipalities, a set of comprehensive proposals to harmonize the rules and rates was developed by the Authority. These changes were approved by Toronto City Council in July of 1999 and subsequently implemented in the fall of 1999,

The July 1999 rules set three rate zones:

Zone A- \$2.00 basic hourly rate;

Zone B - \$1.50 basic hourly rate; and

Zone C - \$1.00 basic hourly rate.

All metered spaces in the city, with a few specialized exceptions where meters provide residential overnight parking, were set to operate under the following rules:

- Payment required from 08:00 to 21:00 - Monday to Saturday
- Payment required from 13:00 to 21:00 - Sundays
- Maximum duration of stay of 2 hours – Monday to Saturday between 08:00 and 18:00
- Maximum duration of stay of 3 hours at all other times

The meters in a number of locations were identified for a phased implementation of the new rates. Phased implementation occurred at locations where the new rate would result in an increase of more than 100% in the underlying rate. Practically speaking, the phasing adjustment was almost totally restricted to metered spaces in the former cities of Toronto, Etobicoke and York where the hourly rate at amalgamation was \$0.50 and the rate was targeted to increase to \$1.50 per hour (i.e. Zone B).

This second phase adjustment occurred in fall 2002 for the vast majority of locations. The second phase adjustment was delayed at a few locations. However, all of the locations, with the exception of Corso Italia, which were subject to phasing, have now reached their targeted rate.

Immediately following the implementation of the unitary charging hours throughout the city, it was determined that reduced hours were appropriate in areas with low usage levels in evenings and on Sundays. A reduced charge zone was implemented in the spring of 2000 which affected the hours of operation at about 30% of the metered spaces, virtually all of which were in Zone C rate areas. At the same time it was decided to extend the hours of operation within the entertainment district to operate until 03:00 a.m. This change was subsequently rolled back to midnight in 2002.

As part of the 2004 budget recommendations an additional rate zone, Zone AA, was created in the commercial core of the city. This zone has a basic hourly rate of \$3.00 per hour and contains approximately 800 metered spaces which were formerly designated as Zone A, \$2.00 per hour spaces. At the same time, approximately 800 spaces in Zone B adjacent to the Zone A spaces were designated as Zone A spaces, thereby increasing

the rate from \$1.50 to \$2.00. Finally, in early 2005, the metered spaces on Yonge Street and some of the flanking streets in North York Centre were re-designated as Zone A from their then existing Zone B rate. All of these zone changes were implemented as a result of usage levels being in excess of capacity within parts of the zones. The changes in the rates have had a minimal impact on usage levels.

At the start of 2007, the zones had the following characteristics.

Zone	Spaces	2006 Revenue	2006 Average Revenue per Space
AA	770	\$4,605,000	\$5,980
A	2540	\$8,915,000	\$3,510
B	7950	\$15,920,000	\$2,002
C	6230*	\$4,422,000	\$710
Other	135	--	

*includes 1000 single space meters

The overall city average hourly rate per space is presently \$1.46. Once the rate changes recommended in this memorandum are implemented, the average rate will increase to \$1.90.

COMMENTS

The package of rate changes and the harmonization of rules regarding on-street meter parking introduced in July of 1999 were intended to bring consistent and understandable rules to the on-street paid parking system and to set the rates at an appropriate level. Due to the disparity in practices which had existed prior to this change, a cautious

approach was taken in setting the rate levels so as to ensure that the new rules would not result in too drastic an impact on the users of the system leading to low usage levels. The impact of the changes has been carefully monitored over the past eight years. The rules and rates which were implemented, including the subsequent minor adjustments, have proven to be extremely successful. User acceptance and satisfaction has been very positive.

The set of changes proposed herein are intended to continue the successful performance of the program by adjusting the system in three ways:

1. **Adjust the basic hourly rates to account for price inflation since the rates were initially set in 1999.** The adjustment will be to increase the rate to \$0.50 in three of the four existing zones and by \$1.00 in the highest rate zone. This represents a percentage increase ranging from 25% to 50% depending on the zone. The price inflation in the City of Toronto between 1999 and 2006 was about 22%. By the end of 2007, when the rate changes are implemented, the underlying price inflation will be about 25%. Based on the proposed price changes to the four zones, the average rate will increase from \$1.46 to \$1.90 which is about a 30% increase. This is in line with but slightly above inflation over that same time period. Assuming the creation of the new zone D is undertaken, the meter activity in the most vulnerable areas will be protected.

-
-
2. **Create a new Zone D with a basic hourly rate of \$1.00 per hour.** This zone will be defined for areas which require metered parking to create turnover at on-street spaces at certain times but where usage is relatively low at most times, and which have a low level of underlying economic activity. Map 5 indicates the location of Zones C and D. Zones C and D can be described as inner and outer lowest charge zones respectively as they effectively mirror the old inner three and outer three former municipalities. The exceptions are the meters in the vicinity of Scarborough Town Centre which will have the Zone C rate of \$1.50 and the meters in the vicinity of Humber River Hospital which will move from Zone C to Zone B with a rate of \$2.00 per hour.
3. **Extend the maximum duration of stay from 2 hours to 3 hours from 08:00 to 18:00 Monday to Saturday.** The maximum duration of stay at on-street meters was set at 2 hours when the program was harmonized in 1999. This reflected the fact that there was a range of maximum durations in effect at that time with the majority of the meter spaces set at a maximum duration of one hour. Duration limits have traditionally been utilized to encourage turnover. However, due to the implementation of a more reasonable underlying parking charge, much of the price incentive for person to stay for long periods has been removed. The experience since 1999 has indicated that the rates are encouraging turnover despite the longer allowed durations. The average time purchased has been about 70 minutes in the commercial core and 60 minutes in the neighbourhood areas. Despite this, there is a sizeable minority of persons who would like to be able to purchase a slightly

longer parking time. The Authority has received a large number of requests for increases in the maximum duration of stay from both the BIAs and from individuals. The requests generally relate to persons undertaking one of three types of trips.

- a. People on medical or dental visits;
- b. People on restaurant trips; and
- c. Persons attending performances or other activities involving assemblies or ceremonies.

Frequently, these persons expect their activity to last two hours or less but due to potential delays where topping up the meter is not possible, would like to buy insurance against being in default of purchased time. It is not expected that allowing the purchase of three hours will increase actual duration of stay appreciably nor reduce turnover.

4. The meters in the area bounded by Bloor Street, University Avenue, College Street and Spadina Avenue have been operating as Zone B meters since 1999. In addition to the TPA meters on many of the streets in this area the University of Toronto operates metered parking on their own streets such as Kings College Circle. The University of Toronto charges \$3.00 per half hour. The TPA meters in the area experience high usage levels. For this reason, **it is recommended that the rates at these meters be set at Zone 'A' rates which are currently \$2.00 per hour and are being recommended to increase to \$2.50 per hour.**

Inflation Considerations

The Toronto CPI has increased approximately 25% since the previous change in the meter prices. This increase will result in charges increasing slightly faster than the inflation rate.

Comparison to Transit Fares

The price of TTC metro passes has increased by about 31% since 1999. The price of TTC cash fares have increased by about 37% since 1999. The proposed meter increases are in line with the TTC fare increases.

Comparison to Other Canadian Cities

The following Table indicates the low and high rates in effect at on-street meters in various Canadian cities. It is noted that Vancouver has approved an increase to \$5.00 per hour at its highest priced meters but this has not gone into effect at this time.

City	Low Rate	High Rate
Vancouver	\$1.00	\$4.00
Calgary	\$1.00	\$3.50
Ottawa	\$2.50	\$2.50
Montreal	\$1.00	\$3.00
Quebec	\$2.00	\$2.00

The rates proposed in this report, if implemented, will leave Toronto's rates consistent with other Canadian municipalities.

CONCLUSION

The proposed changes to the rates will result in the average meter rate increasing from \$1.46 to \$1.90 per hour. This is an increase of 30%. Over this same period the Toronto Consumers Price Index has increased by about 25%. The proposed increases will result in parking prices consistent with rates in other Canadian cities. The proposed change in the maximum duration of stay from 2 hours to 3 hours will improve the functionality of the system for persons undertaking specific types of trips.