



REPORT FOR ACTION

Toronto Parking Authority - 2020 Operating Budget and 2020-2029 Capital Budget

Date: September 10, 2019
To: Board of Directors, Toronto Parking Authority
From: Acting President, Toronto Parking Authority
Wards: All

SUMMARY

This report presents the 2020 Operating Budget and 2020-2029 Capital Budget to the Board of Directors of the Toronto Parking Authority for approval as referenced in Attachment 1 to the report dated September 10, 2019: Budget TO 2020 Administrative Review - Toronto Parking Authority 2020 Operating Budget and 2020-2029 Capital Budget & Plan Submission.

RECOMMENDATIONS

The Acting President, Toronto Parking Authority recommends that:

1. The Board of Directors of Toronto Parking Authority approve the 2020 Operating Budget and 2020-2029 Capital Budget for Toronto Parking Authority as outlined in this report and forward the 2020 Operating Budget and 2020-2029 Capital Budget for Toronto Parking Authority to City Council.

FINANCIAL IMPACT

The Toronto Parking Authority's (TPA) annual distribution to the City of Toronto for the 2019 financial year is forecasted to be \$59.9 million, comprised of a net income share distribution of \$58.6 million and a one-time distribution of \$1.3 million for a gain on sale of air rights. The 2020 distribution of income from operations is budgeted to be \$59.6 million, up \$1.0 million or 1.7% over 2019's \$58.6 million.

DECISION HISTORY

N/A

COMMENTS

2020 Operating Budget and 2020 – 2029 Capital Budget Highlights:

City of Toronto Revenue Share

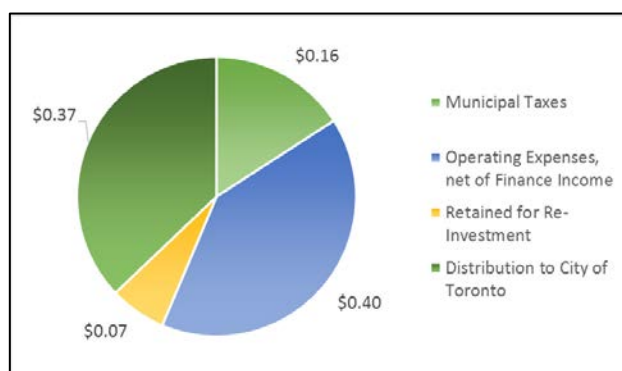
\$000's	2018 Actual	2019 Budget	2019 Forecast	2020 Budget	2019 Forecast vs 2019 Budget		2020 Budget vs 2019 Forecast	
Net income available for distribution	66,039	66,563	68,897	70,100	2,333	3.5%	1,203	1.7%
Income share from operations	55,724	56,579	58,562	59,585	1,983	3.5%	1,023	1.7%
Distribution on the sale of assets	1,180	-	1,316	-	1,316	n/a	(1,316)	-100.0%
City of Toronto distribution	56,904	56,579	59,878	59,585	3,299	5.8%	(293)	-0.5%
One time payment requested	5,420	-	-	-	-	n/a	-	n/a
Adjusted City of Toronto distribution	62,324	56,579	59,878	59,585	3,299	5.8%	(293)	-0.5%

TPA's forecasted 2019 income share distribution, before one-time gains, is expected to be \$58.6 million, \$2.8 million or 5.1% over 2018 and the City's income share distribution for 2020 is expected to be \$59.6 million, or 1.7% above 2019.

Highlights include:

- Two car parks opening late 2019: 302 Queen Street West and 11 Wellesley Street West, providing an additional 257 spaces;
- 2019 sale of 121 St Patrick Street air rights; \$5.5 million of the \$6.8 million gain on sale to be used to fund the purchase of an underground garage upon completion of the development anticipated in 2022;
- The City and TPA's income sharing agreement, effective for the three-year period 2017 to 2019, requires TPA to contribute 85% of TPA's net income, with a minimum annual distribution payment of \$38 million. This agreement is scheduled for renewal, however the contribution is assumed to remain at 85% for 2020; and,

- \$0.53 of each Green P revenue dollar of 2020 is returned to the City:



2020 Operating Budget and 2019 Results Forecast

\$000's	2018 Actual	2019 Budget	2019 Forecast	2020 Budget	2019 Forecast vs 2019 Budget	2020 Budget vs 2019 Forecast
Parking revenue	150,530	157,651	154,106	160,665	(3,545)	-2.2%
Operating expenses	76,659	80,619	77,112	81,068	3,507	4.3%
Contribution from operations	73,871	77,031	76,994	79,597	(38)	0.0%
<i>Contribution Margin %</i>	49.1%	48.9%	50.0%	49.5%		
Administrative expenses	12,571	13,835	13,091	14,284	744	5.4%
Income from operations	61,300	63,196	63,902	65,313	706	1.1%
<i>Operating Margin %</i>	40.7%	40.1%	41.5%	40.7%		
Other income	4,739	3,367	4,994	4,787	1,627	48.3%
Net income before one-time gains	66,039	66,563	68,897	70,100	2,333	3.5%
Gain on the sale of assets	936	-	6,784	-	6,784	n/a
Net income	66,974	66,563	75,680	70,100	9,117	13.7%

TPA's forecasted 2019 net income, before one-time gains, is expected to be \$68.9 million, \$2.9 million or 4.3% over 2018. 2019 parking transaction volume has declined 1.3% and 5.8% respectively for on-street and off-street from last year, however rate increases and longer parking durations have helped to partially offset the volume declines, with year over year revenue growth expected at 2.4% overall. 2019's operating expenses are significantly lower than planned as the municipal property tax mill rate increase was less than budgeted and certain maintenance activities are deferred to 2020. TPA's joint venture development of 121 St. Patrick Street closed June 2019, with a gain of \$6.8 million recognized on disposal of the property.

TPA's budgeted 2020 net income, before one-time gains, is expected to be \$70.1 million, \$1.2 million or 1.7% over 2019. Base 2020 parking revenue is expected to grow at 3.0% with off-street revenue expected to grow a further 2.2% as two additional car parks will be opened late 2019. However, escalating municipal property tax assessments, driven by higher property valuations of 10.0% and the filling of vacant positions will limit net income growth to 1.7%.

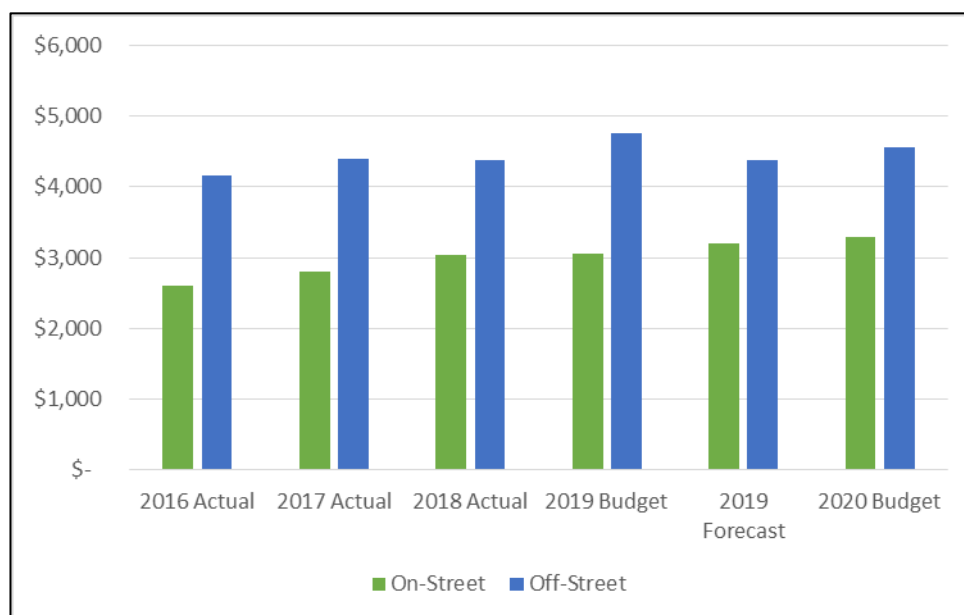
Parking Revenue

\$000's	Off-Street	%Growth	On-Street	%Growth	Total	%Growth
2019 revenue budget	100,059		57,592		157,651	
Adjust for H1 transaction volume declines	(8,040)		4,495		(3,545)	
2019 revenue forecast	92,019	-8.0%	62,087	7.8%	154,106	-2.2%
2020 transaction volume & price increase	2,761	59.7%	1,862	40.3%	4,623	3.0%
Adjustments:						
CP openings (Queen, Wellesley)	2,051		-		2,051	
CP restrictions (Bedford)	(30)		-		(30)	
Bloor Street bike lanes	-		(150)		(150)	
King Street Pilot / Eglinton Crosstown	-		65		65	
2020 volume and pricing adjustments	4,782	5.2%	1,777	2.9%	6,559	4.3%
2020 revenue budget	96,801	5.2%	63,864	2.9%	160,665	4.3%
	60.2%		39.8%		100.0%	

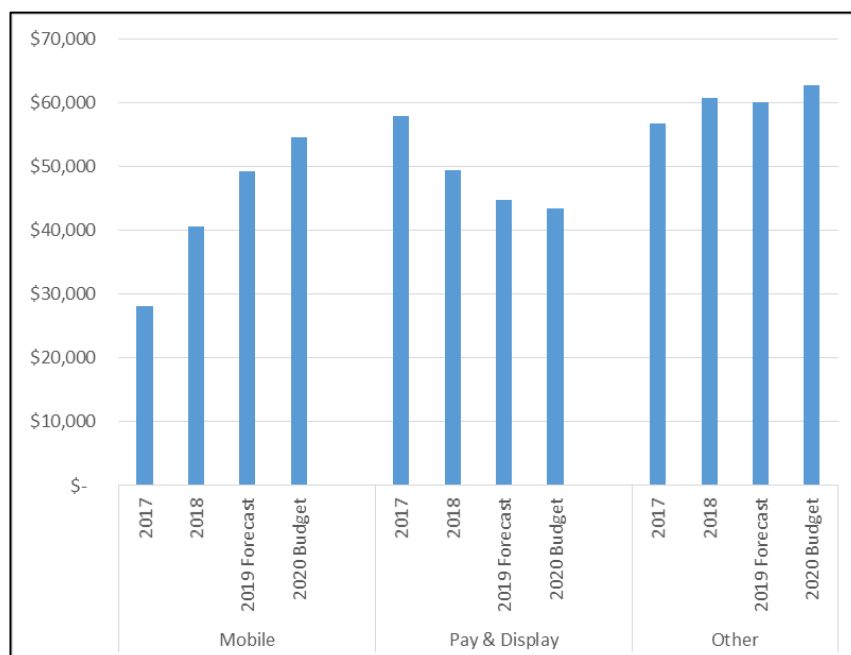
Off-street parking revenue is expected to remain flat in 2019, with 2020 growth coming primarily from two car park openings: 302 Queen Street West and 11 Wellesley Street West. On-going construction and lot restrictions have reduced parking capacity, resulting in a lower transaction volume base for 2020.

On-street parking revenue rate increases and longer parking sessions have offset parking volume declines, providing revenue growth of 7.8% in 2019. This rate of increase is not expected to continue in 2020, additional price and transaction volume changes are expected to grow revenue at 2.9% in 2020. Bloor Street bike lanes are expected to be implemented late in 2020, reducing curbside parking revenue by approximately \$150 thousand. Through 2020, Eglinton Crosstown discounts are expected to reach \$1.1 million, pacing slightly below King Street Pilot discounts by \$65 thousand.

Average Revenue per Space (in dollars):



Parking Revenue by Payment Channel (\$000's):



Operating Expenses – Off-Street

\$000's	2018 Actual	2019 Budget	2019 Forecast	2020 Budget	2019 Forecast vs 2019 Budget		2020 Budget vs 2019 Forecast	
Salaries, wages and benefits	23,865	25,462	24,977	25,622	485	1.9%	(645)	-2.6%
Municipal taxes	22,763	24,434	22,813	26,251	1,621	6.6%	(3,438)	-15.1%
Maintenance	3,882	5,338	4,652	4,653	685	12.8%	(1)	0.0%
Utilities	3,254	3,689	3,124	3,244	565	15.3%	(120)	-3.8%
Rent	9,705	7,306	7,587	7,457	(281)	-3.8%	130	1.7%
Depreciation	5,404	6,086	5,908	6,515	178	2.9%	(607)	-10.3%
Payment processing & system fees	2,709	2,738	2,721	2,866	17	0.6%	(145)	-5.3%
Software licensing	761	1,168	1,038	1,168	130	11.2%	(130)	-12.5%
Security	1,876	1,522	1,433	1,463	89	5.8%	(30)	-2.1%
Insurance	906	935	880	899	54	5.8%	(18)	-2.1%
Legal and audit	843	567	567	592	-	0.0%	(25)	-4.4%
Marketing and promotions	365	655	655	655	-	0.0%	-	0.0%
Training	43	192	192	300	-	0.0%	(108)	-56.3%
Other general and administration	2,015	2,271	1,940	2,006	330	14.5%	(66)	-3.4%
Total operating expenses	78,389	82,363	78,487	83,690	3,875	4.7%	(5,202)	-6.6%

Off-street operating expenses are expected to increase \$1.3 million or 1.6% over 2019's budget or \$5.2 million or 6.6% over 2019's forecast primarily due to:

- Escalating municipal tax property assessment valuations, increasing municipal tax expense \$3.4 million or 15.1%; assumed tax mill rate for 2019 was much lower than anticipated, resulting in a favourable 2019 variance of \$1.6 million;
- Increased depreciation of \$0.6 million due to increased amortization for two new car parks operating in 2020; and,
- Increased salaries and wages as vacant positions are filled.

Operating Expenses – On-Street

\$000's	2018	2019	2019	2020	2019 Forecast		2020 Budget	
	Actual	Budget	Forecast	Budget	vs 2019 Budget		vs 2019 Forecast	
Salaries, wages and benefits	2,655	2,801	2,938	2,836	(137)	-4.9%	102	3.5%
Maintenance	1,895	2,751	2,054	2,186	696	25.3%	(132)	-6.4%
Depreciation	1,326	1,390	1,616	1,650	(227)	-16.3%	(33)	-2.1%
Payment processing & system fees	4,739	4,935	4,915	4,794	20	0.4%	121	2.5%
All other operating expenses	226	215	192	196	23	10.8%	(4)	-2.1%
Total operating expenses	10,841	12,092	11,717	11,662	375	3.1%	54	0.5%

On-Street operating expenses are generally expected to remain in line with inflation in 2020. Certain maintenance activities have been deferred from 2019 to 2020. Payment processing increases consistent with increased revenue expectations are offset by machine rationalization targets for 2020.

Salaries, Wages and Benefits

\$000's	2018	2019	2019	2020	2019 Forecast		2020 Budget	
	Actual	Budget	Forecast	Budget	vs 2019 Budget		vs 2019 Forecast	
Off-Street	23,865	25,462	24,977	25,622	485	1.9%	(645)	-2.6%
On-Street	2,655	2,801	2,938	2,836	(137)	-4.9%	102	3.5%
Bike Share	249	250	310	260	(60)	-24.0%	50	16.0%
Total salaries, wages and benefits	26,769	28,513	28,225	28,718	288	1.0%	(493)	-1.7%

TPA's staffing complement remains unchanged from 2018, with the exception of two (2) positions transferred to other City departments. 2019's payroll expense is expected to be favourable compared to budget and 2020's budget unfavourable to 2019, as vacant positions are being actively recruited during the summer and fall of 2019. 2020's payroll budget retains an assumed gapping of 10 positions as set in 2019's budget.

Payroll continuity showing the movement from the 2019 budget to the 2020 budget is as follows:

\$000's	FTEs	Off-Street	On-Street	Bike Share	Total
2019 Payroll Budget	328.5	25,462	2,801	250	28,513
COLA - 1.25%		318	35	3	356
Temporary staffing				8	8
Position transfers to City	(2.0)	(159)			(159)
2020 Payroll Budget	326.5	25,622	2,836	261	28,718

During 2019, two positions were transferred to City Real Estate and City Security Services. Changes in the year over year budget reflects the position transfers and the cost of living increase of 1.25% as provided for in the Collective Bargaining Agreement.

Bike Share Toronto

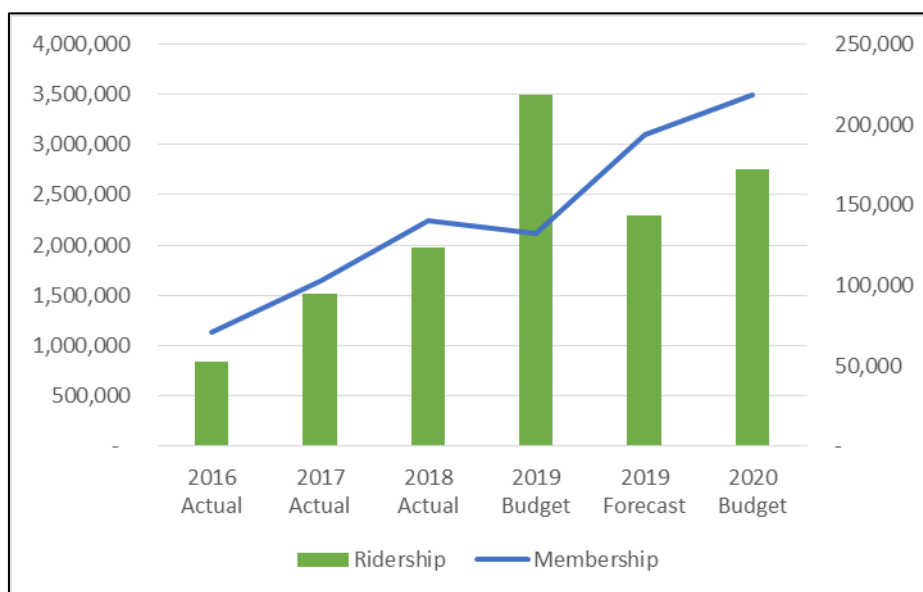
\$000's	2018 Actual	2019 Budget	2019 Forecast	2020 Budget	2019 Forecast vs 2019 Budget		2020 Budget vs 2019 Forecast	
Ridership revenue	2,642	4,000	3,600	4,300	(400)	-10.0%	700	19.4%
Advertising and other revenue	359	620	250	620	(370)	-59.7%	370	148.0%
Sponsorship	-	1,500	-	1,500	(1,500)	-100.0%	1,500	n/a
Bike Share revenue	3,001	6,120	3,850	6,420	(2,270)	-37.1%	2,570	66.8%
Operating expenses	5,349	5,350	5,350	5,518	-	0.0%	(168)	-3.1%
Administrative expenses	289	795	840	902	(45)	-5.7%	(62)	-7.4%
Income from operations	(2,637)	(25)	(2,340)	-	(2,315)	9260.0%	2,340	-100.0%

2019 negotiations for advertising and sponsorship continue; these complex and lengthy discussions are impacting 2019's forecast with these revenue streams now expected to begin in 2020. Should any of these discussions not result in an agreement, TPA will be issuing a Request for Proposals (RFP) in late 2019.

2019 overall ridership and membership is forecasted to grow 16% and 38% respectively and ridership fee revenue is expected to increase 36% compared to 2018.

As the expanded system is adopted, 2020 ridership and fee revenue is expected to grow by 20.1% and 19.4% respectively. System operating fees are expected to remain in line with 2019, adjusting for inflation as an RFP has been issued for bike share operations in September 2019.

Bike Share ridership and membership:



2020 – 2029 Capital Expenditures

\$000's	2020 Budget	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan	2020 - 2029 Total
Growth Related											
Acquisition - Etobicoke Civic Centre	444	222	-	21,515	-	-	-	-	-	-	22,181
Acquisition - 229 Richmond St West	640	160	-	-	-	15,200	-	-	-	-	16,000
CP 12/CP 223 (JV) 30 Alvin Ave	180	-	8,820	-	-	-	-	-	-	-	9,000
Acquisition CP 72 St Lawrence Market North	160	-	8,220	-	-	-	-	-	-	-	8,380
CP 15 (JV) 50 Cumberland St Redevelopment	48	7,056	-	-	-	-	-	-	-	-	7,104
CP 219 (JV) 87 Richmond Street East	130	65	6,320	-	-	-	-	-	-	-	6,515
CP212 / 227 Adelaide and Spadina Re-development	91	120	5,658	-	-	-	-	-	-	-	5,869
St. Patrick CP 221	58	58	5,667	-	-	-	-	-	-	-	5,783
CP Provision due to City Initiatives	5,000	-	-	-	-	-	-	-	-	-	5,000
CP 412 (JV) Redevelopment	-	-	-	4,000	-	-	-	-	-	-	4,000
Bessarion Community Centre	4,000	-	-	-	-	-	-	-	-	-	4,000
Other projects less than \$4M	910	793	9,648	551	-	-	-	-	-	-	11,902
Growth Related Projects Sub-Total	11,660	8,474	44,333	26,066	-	15,200	-	-	-	-	105,733
Service Improvements											
St Lawrence Market North	-	-	14,500	-	-	-	-	-	-	-	14,500
King, West of Spadina (Re-investment Area)	-	-	-	-	12,500	-	-	-	-	-	12,500
St. Clair West CP 41 (Corso Italia)	-	-	-	-	-	10,900	-	-	-	-	10,900
Bay/Lakeshore (downtown fringe south)	-	-	-	10,000	-	-	-	-	-	-	10,000
Harbourfront	-	-	-	-	-	10,000	-	-	-	-	10,000
Financial District East of University	-	-	-	-	-	10,000	-	-	-	-	10,000
Bloor/ Bathurst	-	-	-	-	-	-	8,500	-	-	-	8,500
Redevelopment of CP 224 (34 Hannah Ave)	-	-	-	8,000	-	-	-	-	-	-	8,000
Yonge, S. of Eglinton	-	-	-	-	-	7,000	-	-	-	-	7,000
King E. of Spadina - Revitalization	-	-	-	6,000	-	-	-	-	-	-	6,000
Bathurst/ Queens Quay	-	-	-	-	-	5,000	-	-	-	-	5,000
General Provision for 2020	5,000	-	-	-	-	-	-	-	-	-	5,000
North York Center - South (Sheppard to Finch)	-	-	4,000	-	-	-	-	-	-	-	4,000
Spadina/Bloor (Redevelopment of CP 231	-	-	-	-	4,000	-	-	-	-	-	4,000
Leslieville (Queen E of Carlaw/ Coxwell)	-	-	-	-	-	-	4,000	-	-	-	4,000
St.Clair West BIA (Dufferin to Christie)	-	-	-	-	-	-	3,500	-	-	-	3,500
Queen East (Kippendavie to Lee)	-	-	3,000	-	-	-	-	-	-	-	3,000
Bloor/ Dundas	-	-	-	-	-	-	2,900	-	-	-	2,900
Bikeshare Expansion	2,500	-	-	-	-	-	-	-	-	-	2,500
Other projects at or below \$2.5M	6,352	675	2,675	-	5,000	2,000	6,400	-	-	-	23,102
Service Improvements Sub-Total	13,852	675	24,175	24,000	21,500	44,900	25,300	-	-	-	154,402
State of Good Repair											
Structural Maint & Tech. Green Plus 2019-2029	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	55,000
CP 36 Local WP and Concrete Repairs	1,000	1,000	-	-	-	-	-	-	-	-	2,000
CP 404 New Elevators	-	-	1,500	-	-	-	-	-	-	-	1,500
Greening of Various CPs 45,48,82,502 710 others	1,500	-	-	-	-	-	-	-	-	-	1,500
CP 171 New Elevators	-	-	1,000	-	-	-	-	-	-	-	1,000
Exhaust Fan, Drain, Concrete CP 36	-	1,000	-	-	-	-	-	-	-	-	1,000
Other projects less than \$4M	1,000	2,250	50	800	-	-	-	-	-	-	4,100
State of Good Repair Sub-Total	9,000	9,750	8,050	6,300	5,500	5,500	5,500	5,500	5,500	5,500	66,100
Total Expenditures by Category (excluding carry forward)	34,512	18,899	76,558	56,366	27,000	65,600	30,800	5,500	5,500	5,500	326,235

Key capital projects include:

- Bessarion Community Centre - a new multi-use community centre under construction near Sheppard Avenue East and Bessarion Road. Upon completion, scheduled for late 2021, TPA will be operating an underground parking garage consisting of approximately 196 spaces; and,
- Bike Share system expansion, of which \$2 million is funded through the Ontario Municipal Commuter Cycling Program which requires 20% matching funds by the municipality of \$0.5 million. The municipal contribution is available through eligible Section 37 Reserve Funds.

CONTACT

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SIGNATURE

Robin Oliphant, Acting President
Toronto Parking Authority

ATTACHMENTS

Attachment 1: Budget TO 2020 Administrative Review - Toronto Parking Authority
2020 Operating Budget and 2020-2029 Capital Budget & Plan Submission