
2012 BUDGET BRIEFING NOTE

Impact on Availability of Funding As a Result of Removing New Carpark Projects from the 2012-2021 Capital Budget

Issue/Background:

At its meeting of December 6, 2011, Budget Committee requested the Toronto Parking Authority (TPA) to prepare the following Briefing Note: *“How much could be transferred to the operating payments from the Toronto Parking Authority if the number of parking lots in the 2012 - 2022 Capital Plan were reduced to the number projected in the 2011 - 2021 Capital Plan?”*

TPA Capital Budget Process:

Annually the TPA updates a 10-Year Capital Plan based on the demand for additional off street parking spaces, major maintenance requirements for existing properties and equipment / technology upgrades. Based on these needs new projects are added to the 10-Year Capital Plan. At the same time projects approved in prior years that were completed or are not required any longer are removed.

In order to assess whether the TPA will have sufficient funds available during the 10 year period to fund the capital plan a 10 year cashflow is prepared. There are three basic inputs to the cashflow that must be determined:

- ***Funds available today*** (cash in bank and investments less current liabilities).
- ***Funding estimated to be generated during the future 10 years*** – this is the TPA’s 25% annual retention of operating net income after returning 75% to the City each year. Annual net income is estimated based on the most recent actual amount and is updated for each year of the capital budget period based on the estimated operating income impacts of the capital projects scheduled in the 10 year capital budget
- ***Capital expenditure requirements during the 10 years*** – these amounts come from our 10 year capital budget

These components are used as the inputs to prepare a 10 year cashflow which shows available funding at the start and end of each year of the capital budget period. Since 1992, the TPA has used the amount of funds estimated to be available at the end of the 10 year period as the basis for returning funds to the City that are excess to our capital funding needs. The amount of available funds generated by the cashflow at the end of 10 years is discounted to present day

dollars after allowing for operating capital needs and any current capital expenditures for projects the TPA is currently committed to.

Summarized Version of 10 year cashflow before Removing New Carpark Projects Added to 2012-2021 Capital Budget:

	(\$millions)
Opening funds at beginning of 10 years	63.8*
Funding to be earned in future years	265.5
Capital expenditures during the 10 years	(375.8)
Reduced cost of new garage	8.0
Estimated air right sales in future years	<u>39.9</u>
Funds available at the end of 10 years	<u>1.4</u>

* Includes \$10.4m in city held reserve accounts

The amount of \$1.4 million estimated to be available at the end of 10 years is not sufficient to justify a return of funds to the City today after allowing for operating capital needs.

Four new carpark projects (total of \$21 million) were identified by Financial Planning on page 6 of the Capital Budget Analyst Notes as follows:

- | | |
|--|---------------------|
| 1) Western Cultural Hub (Weston Rd/John St) | \$3 million in 2012 |
| 2) Redevelopment of CP 217 (Bathurst/St Clair W) | \$6 million in 2013 |
| 3) Carpark 168 expansion (Harrison/Dovercourt) | \$5 million in 2018 |
| 4) Spadina/Dundas | \$7 million in 2019 |

If these 4 new projects were deleted the cashflow would change as follows:

	(\$millions)
Opening funds at beginning of 10 years	63.8*
Funding to be earned in future years	265.0
Capital expenditures during the 10 years	(354.8)
Reduced cost of new garage	8.0
Estimated air right sales in future years	<u>39.9</u>
Funds available at the end of 10 years	<u>21.9</u>

*Includes \$10.4m in city held reserve accounts

After allowing for operating capital and discounting the remainder to a present value approximately \$10 million could be returned to the City today as funds excess to capital funding needs.

Only 15% of the total funding required for the 2012-2021 capital program is on hand today – the balance of funding is still to be earned in future years.

Appendix A summarizes funds that have been returned to the City since 1992.

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