



City Budget
2012

Toronto Parking Authority
Operating Budget Analyst Notes

The City of Toronto's budget is presented by program and service, in Analyst Note format. The City's Operating Budget pays the day-to-day operating costs for City services.

2012 Operating Budget

2012 OPERATING BUDGET ANALYST BRIEFING NOTES BUDGET COMMITTEE NOVEMBER 28, 2011

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PART I: RECOMMENDATIONS

2012 Recommended Operating Budget
(In \$000s)

(In \$000s)	2011		2012 Recommended Operating Budget			Change - 2012 Recommended Operating Budget v. 2011 Appvd. Budget		FY Incremental Outlook	
	2011 Appvd. Budget	2011 Projected Actual	2012 Rec. Base	2012 Rec. New/Enhanced	2012 Rec. Budget		%	2013	2014
	\$	\$	\$	\$	\$			\$	\$
GROSS EXP.	70,894.6	70,620.0	72,326.9	-	72,326.9	1,432.3	2.0	1,368.9	1,473.9
REVENUE	127,297.6	122,845.0	128,729.9	-	128,729.9	1,432.3	1.1	891.4	(2,556.8)
NET EXP.	(56,403.0)	(52,225.0)	(56,403.0)	-	(56,403.0)	-	-	2,260.3	(1,082.9)
Approved Positions	298.7	298.7	298.7	-	298.7	-	-	1.3	2.0

Target Comparison	2012 Net Revenue Target	2012 Rec.'d Target	2012 Target vs. 2012 Rec'd Reduction	Target %
2012 Target	(56,403.0)	(56,403.0)	-	100.0%

Recommendations

The City Manager and Chief Financial Officer recommend that:

1. City Council approve the 2012 Recommended Operating Budget for the Toronto Parking Authority of \$72.327 million gross and (\$56.403) million net, comprised of the following services:

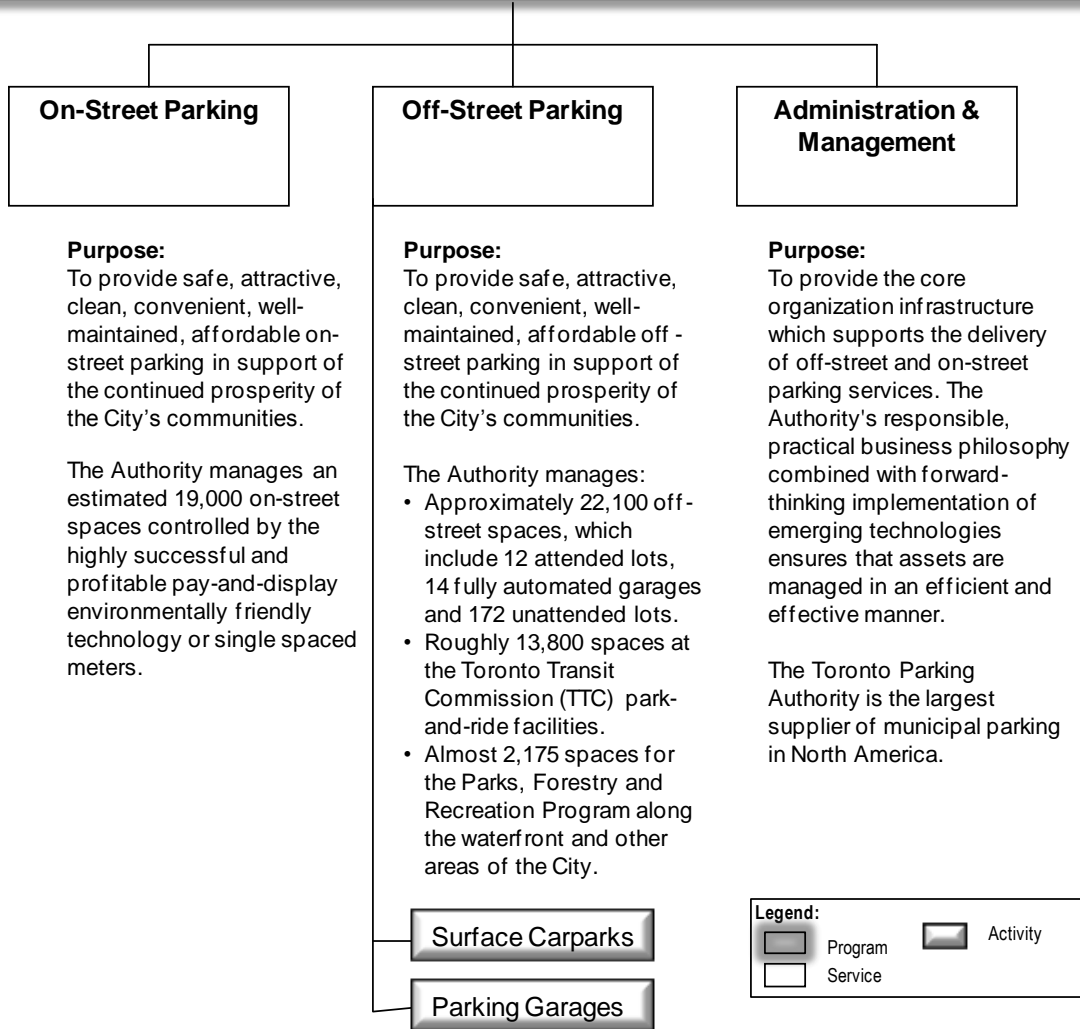
<u>Service(s)</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
On-Street Parking	12,572.7	(34,143.3)
Off-Street Parking	<u>59,754.2</u>	<u>(22,259.7)</u>
Total Program Budget	<u><u>72,326.9</u></u>	<u><u>(56,403.0)</u></u>

2. the President of the Toronto Parking Authority develop a sustainable strategy to meet the 2012 net revenue target of (\$3.720) million to be achieved through operational efficiencies and / or revenue growth, such as, but not limited to, changes to their current user fee rates as well as any opportunities for expanding on-street parking operations.

PART II: 2012 SERVICE OVERVIEW AND PLAN

Program Map and Service Profiles

Toronto Parking Authority
 The Toronto Parking Authority exists to provide safe, attractive, self-sustaining, conveniently located and competitively priced off-street and on-street public parking as an integral component of Toronto's transportation system.



On-Street Parking

- Local Business Customers
- People on Personal Business
- People on Business
- Short Stay Customers

Off-Street Parking

- Local Business Customers
- People on Personal Business
- People on Business
- Longer Stay Customers
- Residential

Administration & Management

- Toronto Parking Authority Services

2012 Recommended Service Levels

- The Toronto Parking Authority's 2011 service levels include an 80%–90% occupancy rate for available off-street and on-street parking spaces and an administration expense ratio of less than 6.5%, as detailed below:

Service Types

Service	Activity	2011 Current Service Level	2012 Proposed Service Level
On-Street Parking		80-90% occupancy of available spaces	80-90% occupancy of available spaces
Off-Street Parking	Surface Carparks	80-90% occupancy of available spaces	80-90% occupancy of available spaces
	Parking Garages	80-90% occupancy of available spaces	80-90% occupancy of available spaces
Parking Administration & Management		Less than 6.5% administrative expense ratio	Less than 6.5% administrative expense ratio

- The Toronto Parking Authority's 2012 Proposed Service Levels remain consistent with the 2011 Current Service Levels. The Authority anticipates an 80%–90% occupancy rate for available off-street and on-street parking. There is no change projected to the 2012 administrative expense ratio for parking administration and management.
- Service levels and standards provided by the Toronto Parking Authority for off-street parking are not harmonized across the City, but reflect the differing functions and needs of unique business communities across the City. For example, off-street parking services range from small surface lots for local retail development to large multi-deck garages in high density centres.

2012 Service Deliverables

The Toronto Parking Authority's 2012 Recommending Operating Budget of (\$56.403) million net will provide funding for the following Service Deliverables:

On-Street Parking:

- The Authority manages an estimated 19,000 on-street spaces controlled by the highly successful and profitable pay-and-display environmentally friendly technology or single spaced meters.

- The Authority's introduction of solar powered pay-and-display units in 1999 reflected one of the City's first users of photovoltaic technology for encouraging renewable energy sources.

Off-Street Parking:

- The Toronto Parking Authority maintains approximately 22,100 off-street spaces which include: 12 attended lots; 14 fully automated garages; and, 172 unattended lots.
 - The Authority operates, on behalf of the Toronto Transit Commission, roughly 13,800 spaces at their park-and-ride facilities and parking lots.
 - The Authority also manages for the Parks, Forestry and Recreation Program parking facilities along the waterfront and other areas in the City accounting for an additional 2,175 spaces on a seasonal basis.

PART III: RECOMMENDED BASE BUDGET

2012 Recommended Base Budget (In \$000s)

(In \$000s)	2011 Appvd. Budget	2012 Recommended Base	Change		FY Incremental Outlook	
			2012 Recommended Base v. 2011 Appvd. Budget		2013	2014
	\$	\$	\$	%	\$	\$
GROSS EXP.	70,894.6	72,326.9	1,432.3	2.0	1,368.9	1,473.9
REVENUE	127,297.6	128,729.9	1,432.3	1.1	891.4	(2,556.8)
NET EXP.	(56,403.0)	(56,403.0)	-	-	2,260.3	(1,082.9)
Approved Positions	298.7	298.7	-	-	1.3	2.0

Target Comparison	2012 Net Revenue Target	2012 Rec.'d Target	2012 1Rec'd Reduction vs. 2012 10% Reduction Target	Target %
2012 Target	(56,403.0)	(56,403.0)	0.0	100.0%

2012 Recommended Base Budget

- The 2012 Recommended Base Budget for the Toronto Parking Authority is (\$56.403) million net which meets the 2012 program target. The target maintains the City's 75% share of the 2011 Approved Operating Budget net income from Authority operations of (\$41.994) million.
- The 2012 Recommended Base Budget gross expenditures of \$72.327 million represent an increase of 2.0% or \$1.432 million compared to the Toronto Parking Authority's 2011 Approved Operating Budget of \$70.895 million. Additional funding is required for the following costs:
 - Payroll costs, including cost of living allowance (COLA) and fringe benefits for union and non-union staff are forecasted to increase by \$0.663 million or 3.2%.
 - Depreciation expenses are projected to grow by \$0.178 million or 2.1%.
 - Municipal property taxes are forecasted to increase by \$0.389 million or 2.1%.
 - Inflationary pressures for material and supplies and service and rents are anticipated to grow by \$0.222 million and \$0.321 million respectively.

- Finance costs for equipment upgrades for revenue control equipment are forecasted to be \$0.159 million.
- The 2012 Recommended Base Budget includes the following savings:
 - Conventions (\$0.007 million).
 - In-House Meeting Costs (\$0.004 million).
 - Staff Functions (\$0.020 million).
- The 2012 Recommended Based Budget revenues of \$128.730 million reflect an increase of \$1.432 million or 1.1% compared to the 2011 Approved Operating Budget of \$127.298 million. The factors contributing to the projected change in revenue include the following:
 - On-street revenues are forecasted to increase by \$0.916 million due to increased usage of existing facilities.
 - Off-street revenues are projected to grow by \$1.449 million reflecting the increased utilization of existing facilities and the opening of new carparks with the addition of approximately 100 spaces.
 - The net revenue increase of (\$3.720) million is recommended to ensure that the City's share of net revenue remains constant with the 2011 Approved Operating Budget of (\$41.994) million.
- Note, for comparison purposes, the increases reported above for off-street and on-street parking revenue exclude the 2011 Approved Operating Budget revenue target of (\$4.653) million net.
- Approval of the 2012 Recommended Base Budget will not result in changes to the Toronto Parking Authority's approved staff complement of 298.7 positions, as outlined in the table below.

2012 Recommended Staff Complement – Base Budget Summary

Changes	Staff Complement
2011 Approved Positions	298.7
- 2011 In-year Adjustments	
2011 Approved Staff Complement	298.7
2012 Recommended Staff Complement Changes	
- 2012 Temporary Positions - Capital Project Delivery	
- 2012 Operating Impacts of completed Capital Projects	
- 2012 Service Changes	
Total Recommended Positions	298.7

2012 Recommended Service Change Summary

(In \$000s)

Description	2012 Recommended Service Changes				Net Incremental Impact			
	Position Changes	Gross Expense	Net Expense	% of 2012 Budget Reduction Target	2013		2014	
	# Pos.	\$	\$	%	\$	# Pos.	\$	# Pos.
Base Changes:								
Base Expenditure Changes								
Base Expenditure Changes	-	-	-	-	-	-	-	-
Base Revenue Changes								
Base Revenue Changes	-	-	-	-	-	-	-	-
Sub-Total Base Budget Changes	-	-	-	-	-	-	-	-
Service Efficiencies								
Community Relations:								
City of Toronto Bike Week		(20.0)	(20.0)	0.5%				
Administration:								
Investment Management Fees		(30.0)	(30.0)	0.8%				
Legal Fees		(29.0)	(29.0)	0.7%				
Miscellaneous Expenses - Storage Expansion		(19.0)	(19.0)	0.5%				
Temporary Staff		(31.0)	(31.0)	0.8%				
Contract Renewal for Coin Processing		(41.0)	(41.0)	1.1%				
Sub-Total Service Efficiencies	-	(170.0)	(170.0)	4.4%	-	-	-	-
Revenue Adjustments:								
2012 Recommended Net Revenue Target			(3,720.3)	95.5%	3,720.3			
Sub-Total Revenue Adjustments	-	-	(3,720.3)	95.5%	3,720.3	-	-	-
Minor Service Impacts:								
Community Relations:								
City of Toronto Concierge Map		(6.0)	(6.0)	0.2%				
Sub-Total Minor Service Impacts	-	(6.0)	(6.0)	0.2%	-	-	-	-
Major Service Impacts:								
Sub-Total Major Service Impacts	-	-	-	-	-	-	-	-
Total Service Changes	-	(176.0)	(3,896.3)	100.0%	3,720.3	-	-	-

2012 Recommended Service Changes

The 2012 Recommended Base Budget includes six service efficiencies; one minor service impact; and, one revenue adjustment that total (\$3.896) million net.

It is anticipated that the service efficiencies and revenue adjustment will not negatively impact the 2012 recommended service levels for the Toronto Parking Authority.

Service Efficiencies (*Savings of \$0.170 million gross and net*)

A line by line review identified the following service efficiencies included in the Toronto Parking Authority's 2012 Recommended Operating Budget:

Community Relations:

- Discontinuation of funding for the City of Toronto's Bike Week with savings of \$0.020 million. Previously, the Authority provided the entire funding, excluding Transportation Services' staff time, to support Bike Week events.

Administration:

- The Toronto Parking Authority's 2012 Recommended Base Budget including savings of \$0.150 million gross and net for various administrative activities. These service efficiencies include the following:
 - Contract for Coin Processing (\$0.041 million).
 - Investment Management Fees (\$0.030 million).
 - Legal Fees (\$0.029 million).
 - Miscellaneous Expenses – Storage Expansion (\$0.019 million).
 - Temporary Staff (\$0.031 million).

Minor Service Impacts (*Savings of \$0.006 million gross and net*)

- Funding for the Concierge Map will be discontinued with savings of \$0.006 million. The map is produced annually in conjunction with Tourism Toronto. The map provides a graphic illustration of the City's street network and highlights places of interest and other information useful to tourists.

Revenue Adjustment (*Net revenue target of \$3.720 million*)

2012 Recommended Operating Budget Net Revenue Target:

- The Authority's 2012 Recommended Base Budget includes a net revenue increase of (\$3.720 million). The additional revenue will ensure that the City's 75% share of net

revenue remains constant with the 2011 Approved Operating Budget of (\$41.994 million).

- The Toronto Parking Authority will have to look at various strategies, including a review of its user fee rates to ensure this net revenue target will be achieved in 2012.

2013 and 2014 Outlook

The 2012 Recommended Base Budget for the Toronto Parking Authority will result in net incremental impacts of \$2.260 million in 2013 and (\$1.083) million in 2014. Future year impacts are primarily attributed to the following:

- In 2013, incremental gross expenditures are projected to be \$1.369 million higher for non-labour economic pressures and a cost of living allowance. Revenue will increase by \$2.829 million from new and expanded parking facilities however; this will be fully off-set by the reversal of the net revenue target of \$3.720 million included in the 2012 Recommended Base Budget resulting in a revenue loss of \$0.891 million in 2013.
- In 2014, incremental gross expenditures are forecasted to be \$1.474 million for non-labour economic pressures and a cost of living allowance. Incremental revenues are estimated to be \$2.557 million, generated from new and expanded parking facilities.

PART V: ISSUES FOR DISCUSSION

2012 and Future Year Issues

2012 Issues

2012 Recommended Net Revenue Target:

The Toronto Parking Authority is forecasting that year-end net revenue from off-street and on-street parking operations for 2011 will be (\$4.178) million or 7.4% lower than the 2011 Approved Operating Budget of (\$56.403) million. The Authority's 2011 Approved Operating Budget included a net revenue target of \$4.653 million. Excluding this net revenue target, the Authority is otherwise projecting to exceed the net revenue amount by \$0.475 million.

The Authority's 2012 Recommended Operating Budget recommends a net revenue target of (\$3.720) million which maintains the City's 75% share of net revenue consistent with the 2011 Non-Program Revenue Budget of (\$41.994) million. This report recommends that the President of the Toronto Parking Authority develop a sustainable strategy to meet the 2012 net revenue target of (\$3.720) million to be achieved through operational efficiencies and / or revenue growth, such as, but not limited to, changes to their current user fee rates as well as any opportunities for expanding on-street parking operations.

Appendix 1

2011 Performance

2011 Key Accomplishments:

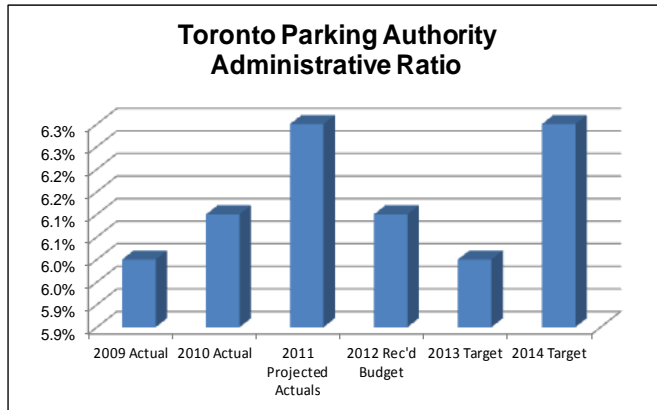
In 2011 the Toronto Parking Authority:

- ✓ Successfully operated the largest municipal parking supply in North America, including:
 - 22,100 off-street spaces, which encompass 12 attended lots; 14 fully automated garages; and, 172 unattended lots.
 - 19,000 on-street spaces controlled by the highly successful and profitable pay-and-display environmentally friendly technology or single spaced meters.
- ✓ Addressed off-street parking shortfalls by opening 4 new surface carparks, which included:
 - Carpark 251 – 250 Manning Avenue, Bathurst / College (Little Italy).
 - Carpark 532 – 6 Barkwin Drive, Islington and Albion.
 - Carpark 256 – 1624 Queen Street West, Roncesvalles South.
 - Carpark 238 – 9 Madison Lane.
- ✓ The Toronto Parking Authority anticipates that Carpark 248 – 134 / 136 Broadview will open by year-end.
- ✓ Completion of IT security measures to meet both Payment Credit Industry (PCI) compliance standards for credit card acceptance and to enhance data security in general.
- ✓ Continues to remain 100% self-sustaining through user fees from off-street and on-street parking facilities and other sources, such as the selling of air rights, with no reliance on the municipal property tax base.

2011 Performance

Efficiency:

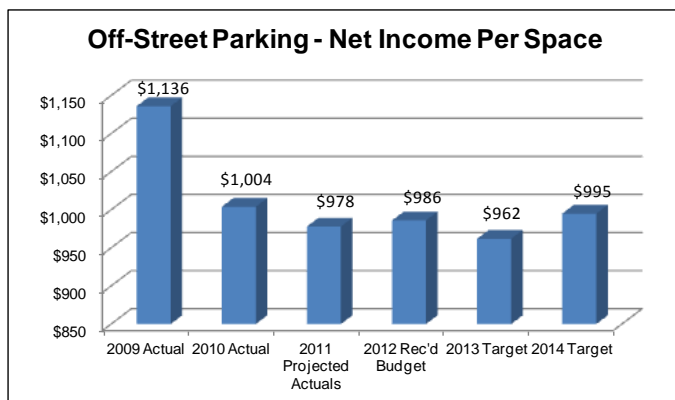
Administrative Ratio



- The Toronto Parking Authority will continue to manage administration expenses in an efficient manner.
- The Authority is projecting that the ratio will be less than 6.5% over the next three years.

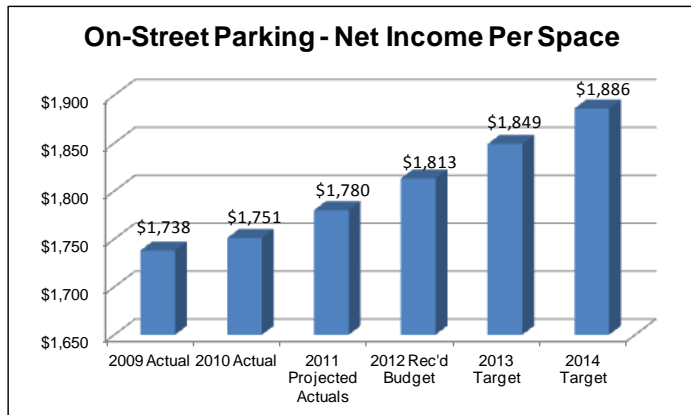
Effectiveness:

Off-Street Parking – Net Income Per Space



- The Toronto Parking Authority has experienced a decline in net income per off-street parking space.
- Net income is anticipated to level off from 2012 and 2014.
- The ability of the Authority to maintain historical off-street profit margins are becoming more difficult as operating costs continue to grow.
- Excluding property tax expense net income per space is on an upward trend.
- 2009 through 2011 have also been years of slowing revenue growth compared to prior years which has been attributed to the weakening economy during this period.

On-Street Parking – Net Income Per Space



- Net income per on-street parking space has experienced growth since 2009.
- Utilization of technology has kept cost increases in line with revenue.
- The continued utilization of new technologies is expected to return a greater income per parking space in the future.

2011 Budget Variance Analysis

2011 Budget Variance Review (In \$000s)

	2009 Actuals	2010* Actuals	2011 Approved Budget	2011 Projected Actuals**	2011 Appvd. Budget vs Projected Actuals Variance	
	(In \$000s) \$	\$	\$	\$	\$	%
GROSS EXP.	63,901.5	68,726.4	70,894.6	70,620.0	(274.6)	(0.4)
REVENUES	125,457.9	148,212.5	127,297.6	122,845.0	(4,452.6)	(3.5)
NET EXP.	(61,556.4)	(79,486.1)	(56,403.0)	(52,225.0)	4,178.0	(7.4)
Approved Positions	303.7	299.3	298.7	298.7	-	-

* Includes gain on the sale of air-rights - \$23.802 million, 30 Roehampton Avenue.

** Based on the Third Quarter Operating Budget Variance Report.

2011 Experience

- The Toronto Parking Authority is projecting a year-end net unfavourable variance estimated to be \$4.178 million or 7.4% below the 2011 Approved Operating Budget of (\$56.403) million, as at September 30th, 2011.
- The unfavourable variance projection is entirely the result of lower than anticipated revenues from on-street and off-street parking activities of \$4.453 million or 3.5%. It is important to note that the 2011 Approved Operating Budget includes a net revenue target of (\$4.653) million. Excluding this net revenue target, the Authority is otherwise projecting to exceed the net revenue amount by \$0.475 million.
- Gross expenditures are tracking \$0.275 million or 0.4% below the 2011 Approved Operating Budget of \$70.895 million. The favourable variance is largely driven by the timing of major maintenance work versus budget and projected payroll savings at year-end.

Impact of 2011 Operating Variance on the 2012 Recommended Budget

- The 2012 recommended parking net revenues for on-street and off-street operations may be difficult to achieve based on the 2011 projected year-end variance for revenue, as outlined above.

Appendix 2

2012 Recommended Operating Budget by Expenditure Category and Key Cost Drivers

Program Summary by Expenditure Category (In \$000s)

Toronto Parking	2010 Actual	2010 Actual	2011 Budget	2011 Projected Actual	2012 Recommended Budget	2012 Change from 2011 Approved Budget		2013 Outlook	2014 Outlook
	\$	\$	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	19,265.5	20,393.7	20,900.9	20,474.5	21,563.6	662.7	3.2%	21,994.6	22,434.5
Materials and Supplies	5,990.9	6,425.4	6,966.1	6,994.4	6,895.5	(70.6)	-1.0%	7,033.4	7,174.1
Equipment	7,904.8	8,316.8	8,492.3	8,492.2	8,670.6	178.3	2.1%	8,844.1	9,020.9
Services & Rents	15,320.8	15,973.9	16,026.4	16,150.0	16,299.6	273.2	1.7%	16,548.1	16,879.1
Contributions to Capital									
Contributions to Reserve/Res Funds									
Other Expenditures	15,419.5	17,616.6	18,508.9	18,508.9	18,897.6	388.7	2.1%	19,275.6	19,661.1
Interdivisional Charges									
TOTAL GROSS EXPENDITURES	63,901.5	68,726.4	70,894.6	70,620.0	72,326.9	1,432.3	2.0%	73,695.8	75,169.7
Interdivisional Recoveries									
Provincial Subsidies									
Federal Subsidies									
Other Subsidies									
User Fees & Donations	114,015.3	116,611.6	122,900.4	118,923.5	124,332.5	1,432.1	1.2%	123,024.6	125,485.1
Transfers from Capital Fund									
Contribution from Reserve Funds									
Contribution from Reserve									
Sundry Revenues	11,442.6	31,601.0	4,397.2	3,921.5	4,397.4	-	0.0%	4,813.9	4,910.2
TOTAL REVENUE	125,457.9	148,212.6	127,297.6	122,845.0	128,729.9	1,432.1	1.1%	127,838.5	130,395.3
TOTAL NET EXPENDITURES	(61,556.4)	(79,486.2)	(56,403.0)	(52,225.0)	(56,403.0)	-	0.0%	(54,142.7)	(55,225.6)
APPROVED POSITIONS		299.3	298.7	298.7	298.7	-	0.0%	300.0	302.0

2012 Key Cost Drivers

The key cost drivers required to maintain the 2011 approved service levels and standards included in the Authority's 2012 Recommended Operating Budget are outlined below.

- Payroll costs, including cost of living adjustment (COLA) and fringe benefit changes are forecasted to increase by \$0.663 million or 3.2% compared to the 2011 Approved Operating Budget of \$20.901 million.
- Materials and supplies are projected to decline by \$0.071 million or 1.0% compared to the 2011 Approved Operating Budget of \$6.966 million. The reduction is driven by the forecasted decline in funding of \$0.293 million for IT related costs from the previous year for Payment Credit Industry (PCI) compliance standards.

- The Toronto Parking Authority is projecting that equipment expense for depreciation will grow by \$0.178 million or 2.1% compared to the 2011 Approved Operating Budget of \$8.492 million.
- The Authority has experienced significant growth in municipal property taxes related to increased property values. For 2009 through 2012, the Municipal Property Assessment Corporation (MPAC) updated property values. Municipal property taxes are projected to increase by \$0.389 million or 2.1% in 2012 based on assessment. The Authority is billed the same commercial rate as any other commercially rated property in the City.
- Service and rents are forecasted to increase by \$0.273 million or 1.7% compared to the 2011 Approved Operating Budget \$16.026 million. The increase is driven by finance costs for equipment upgrades to revenue control equipment and general inflationary pressures.
- The Authority's 2012 Recommended Operating Budget includes a net revenue increase of (\$3.720 million). The additional revenue will ensure that the City's share of net revenue remains constant with the 2011 Approved Operating Budget of (\$41.994 million). The Toronto Parking Authority will be expected to increase revenue through a combination of operational efficiencies and / or revenue growth. The net revenue change will not impact the Toronto Parking Authority's current service levels and standards for on-street and off-street parking.

Appendix 3

Summary of 2012 Recommended Service Changes

Appendix 5

Inflows/Outflows to/from Reserves & Reserve Funds

Program Specific Reserve/Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Description	Projected Balance as of December 31, 2011*	2012	2014
			\$	\$	\$
Toronto Parking Authority Capital Expenditure Reserve Fund (Village Arcade Fund)	XR6002	Projected Beginning Balance	2,816.6	3,191.5	3,566.4
		Proposed Withdrawals (-)			
		Contributions (+)	374.9	374.9	374.9
Balance at Year-End			3,191.5	3,566.4	3,941.3

*Projected balance as of September 30, 2011.