



City Budget 2013

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 the City.

2013 Operating Budget

2013 OPERATING BUDGET ANALYST NOTES BRIEFING NOTES

BUDGET COMMITTEE, NOVEMBER 7, 2012

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PART I: RECOMMENDATIONS

2013 Recommended Operating Budget
(In \$000s)

(In \$000s)	2012		2013 Recomm'd Operating Budget			Change - 2013 Recommended Operating Budget v. 2012 Appvd. Budget		FY Incremental Outlook	
	Approved Budget	Projected Actual	2013 Rec. Base	2013 Rec. New/Enhanced	2013 Rec. Budget			2014	2015
	\$	\$	\$	\$	\$	\$	%	\$	\$
GROSS EXP.	72,326.9	73,427.7	72,216.7	0.0	72,216.7	(110.2)	(0.2)	1,444.3	1,473.3
REVENUE	128,729.9	129,443.0	135,398.0	0.0	135,398.0	6,668.1	5.2	2,707.9	2,762.2
NET EXP.	(56,403.0)	(56,015.3)	(63,181.3)	0.0	(63,181.3)	(6,778.3)	12.0	(1,263.6)	(1,288.9)
Approved Positions	298.7	296.0	295.7	0.0	295.7	(3.0)	(1.0)	0.0	0.0

Recommendations

The City Manager and Acting Chief Financial Officer recommend that:

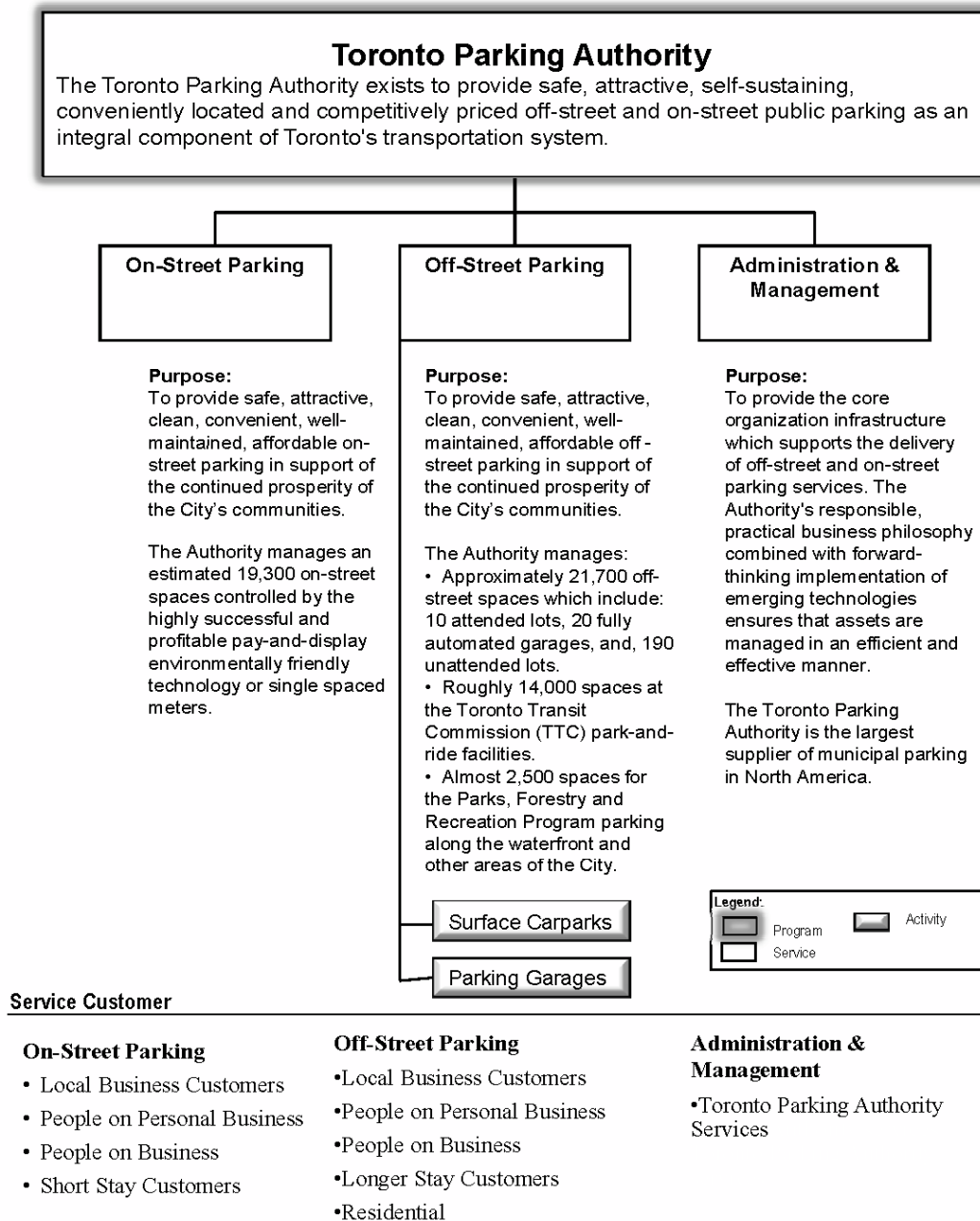
1. City Council approve the 2013 Recommended Operating Budget for the Toronto Parking Authority of \$72.217 million gross and (\$63.181) million net, comprised of the following services:

	Gross	Net
<u>Service:</u>	<u>(\$000s)</u>	<u>(\$000s)</u>
On-Street Parking	11,396.1	(41,540.1)
Off-Street Parking	60,820.6	(21,641.2)
Total Program Budget	<u>72,216.7</u>	<u>(63,181.3)</u>

2. The Toronto Parking Authority's services and 2013 proposed service levels, as outlined on page 4, and associated staff complement of 295.7 be approved.
3. City Council directs the Deputy City Manager and Acting Chief Financial Officer and the President of the Toronto Parking Authority to report to the Budget Committee with the Income Sharing Renewal Agreement no later than March 31, 2013, and that the existing Income Sharing Agreement with the Toronto Parking Authority which expires on December 31, 2012, be extended until such time as Council considers an updated Income Sharing Agreement.

PART II: 2013 SERVICE OVERVIEW AND PLAN

Program Map and Service Profiles



2013 Recommended Service Levels

The 2013 proposed service levels for Toronto Parking Authority are detailed in the table below:

Service	Activity	Sub-Activity	Type	Sub-Type	2012 Service Level	Proposed 2013 Service Levels
On-Street Parking					80%-90% occupancy of available spaces	80%-90% occupancy of available spaces
Off-Street Parking	Surface Car Parks				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
Administration & Management					Less than 6.5% administrative expenses ratio	Less than 6.5% administrative expenses ratio

- The Toronto Parking Authority's 2013 Service Levels which anticipate an 80%-90% occupancy rate for available off-street and on-street parking, remain consistent with the 2012 approved service Levels. Equally, there is no change projected to the 2012 administrative expense ratio for parking administration and management of less than 6.5%.
- Service levels and standards provided by the Toronto Parking Authority for off-street parking reflect the differing functions and needs of unique business communities, and as such are not harmonized 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.

2013 Service Deliverables

The 2013 Recommended Operating Budget for Toronto Parking Authority of \$72.217 million gross provides funding to:

On-Street Parking:

- Manage an estimated 19,300 on-street spaces controlled by over 2,700 highly successful and profitable pay-and-display environmentally friendly technology based and 650 single spaced meters.
- Continue to improve customer service by providing alternative payment options and services at lower costs through environmentally friendly technology (solar power) and automation.

Off-Street Parking:

- Maintain approximately 22,700 off-street spaces which include: 10 attended lots, 20 fully automated garages, and, 190 unattended lots.
- Continue to operate, on behalf of the Toronto Transit Commission, roughly 14,000 spaces at their park-and-ride facilities and parking lots.
- Continue to manage for the Parks, Forestry and Recreation Program parking facilities along the waterfront and other areas in the City accounting for an additional 2,500 spaces mostly operated on a seasonal basis.

PART III: RECOMMENDED BASE BUDGET

**2013 Recommended Base Budget
(In \$000s)**

(In \$000s)	2012 Approved Budget \$	2013 Rec'd Base \$	Change 2013 Recommended Base vs. 2012 Appvd. Budget		FY Incremental Outlook	
			\$	%	2014 \$	2015 \$
GROSS EXP.	72,326.9	72,216.7	(110.2)	(0.2)	1,444.3	1,473.3
REVENUE	128,729.9	135,398.0	6,668.1	5.2	2,707.9	2,762.2
NET EXP.	(56,403.0)	(63,181.3)	(6,778.3)	12.0	(1,263.6)	(1,288.9)
Approved Positions	298.7	295.7	(3.0)	(1.0)	0.0	0.0

2013 Recommended Base Budget

The 2013 Recommended Base Budget of \$72.216 million gross and (\$63.181) million net revenue is 12% under the 2012 Approved Budget of (\$56.403) million net and provides \$2.204 million in funding for base budget increases which have been fully offset by \$9.115 million in recommended service budget reductions and other savings, bringing the Program's base budget to (\$6.778.3) million under the budget target of a 0% increase, representing a net revenue increase.

- Additional funding is required for the following costs:
 - Payroll costs, including provision for step, progression pay and fringe benefits which are forecasted to increase by \$0.897 million or 1.6%.
 - Inflationary pressures for materials and supplies and service and rents that are anticipated to grow by \$0.164 million (0.3%) and \$0.442 million (0.8%) respectively.
 - New location and equipment purchases net of fully depreciated items will increase by \$0.293 million or 0.4%
 - Increase in rental expenses of \$0.408 million or 0.7%.
- The recommended budget reductions of \$7.159 million include base budget savings of \$7.025 million net, including an annualized impact of the rate increases including approved in 2012 (\$4.560 million), and savings from efficiencies of \$0.134 million net. The highest hourly rate of \$3.10 net of HST (\$3.50 inclusive of HST) was increased to \$3.54 net of HST, (\$4.00 inclusive of HST).
- Approval of the 2013 Recommended Base Budget will result in a reduction of 3 positions to the Program's approved staff complement resulting in a change from 298.7 to 295.7 positions as highlighted in the table below:

**2013 Recommended Staff Complement
Base Budget Summary**

Changes	Staff Complement
2012 Approved Complement	298.7
- 2012 In-year Adjustments	
2012 Approved Staff Complement	298.7
2013 Recommended Staff Complement Changes	
- 2013 Temporary Complement - Capital Project Delivery	
- 2013 Operating Impacts of Completed Capital Projects	
- 2013 Service Change Adjustments	(3.0)
Total 2013 Recommended Complement	295.7

- A deletion of 3 positions is reflected in the 2013 Recommended Operating Budget due to staff retirement, the consolidation of the collection function at two locations, and contracting out of coin counting function originally budgeted as an in-house activity.

2013 Recommended Service Change Summary
(In \$000s)

Description	2013 Recommended Service Changes				Net Incremental Impact			
	Position Change	Gross Expense	Net Expense	% Change over 2012 Budget	2014		2015	
					Net Expenditure	Position Change	Net Expenditure	Position Change
Base Changes:								
Base Expenditure Changes								
Adjustment to Salaries and Benefits		(223.8)	(223.8)	-0.4%				
Base Expenditure Changes	0.0	(223.8)	(223.8)	-0.4%	0.0	0.0	0.0	0.0
Base Revenue Changes								
Annualized Impact of the 2012 Approved Rate Increase			(4,560.0)	-8.1%				
Additional Revenue - Usage Rate/Other Occupancy Increases			(2,241.1)	-4.0%	(2,622.6)		(2,675.2)	
Base Revenue Changes	0.0	0.0	(6,801.1)	-12.1%	(2,622.6)	0.0	(2,675.2)	0.0
Sub-Total Base Budget Changes	0.0	(223.8)	(7,024.9)	-12.5%	(2,622.6)	0.0	(2,675.2)	0.0
Service Efficiencies								
Process/Function Consolidation and Other Efficiencies	(3.0)	(134.0)	(134.0)	-0.2%				
Sub-Total Service Efficiencies	(3.0)	(134.0)	(134.0)	-0.2%	0.0	0.0	0.0	0.0
Total Changes	(3.0)	(357.8)	(7,158.9)	-12.7%	(2,622.6)	0.0	(2,675.2)	0.0

2013 Recommended Service Changes

2013 recommended service changes consist of base expenditure and revenue changes of \$7.025 million and service efficiency savings of \$0.134 million. In total, the Program has achieved reductions of \$7.159 million net bringing the 2013 Recommended Base Budget to (\$63.181) million net revenue or 12.0% under the 2012 Approved Budget of (\$56.403) million net.

Base Expenditure Changes: (savings of \$0.224 million gross and net)

Adjustment to Salaries and Benefits Based on Actual Experience

- The salaries and benefits budget was adjusted to reflect actual utilization of students performing maintenance and monitoring of stations as well as operational requirements at the TTC parking locations, resulting in savings of \$0.224 million net for 2013.

Base Revenue Changes: (Increased Revenue of \$6.801 million)

Annualized Impact of the 2012 Approved Rate Increase

- In July 2012, City Council adopted changes to the on-street machine and metered rates which increased the average hourly rate at machine/metered spaces from its current average level of \$1.92 (inclusive of HST) to an average of \$2.13 (inclusive of HST) per hour. This represents an increase of 11% which is in line with the 10% increase in the Toronto

Consumer Price Index since 2007, when the existing hourly rates were increased last time. The proposed changes to the rates at machine/metered spaces are itemized below:

Current Rate per hour (inclusive of HST)	Proposed Rate per hour (inclusive of HST)
\$3.50	\$4.00
\$2.50	\$3.00
\$2.0	\$2.25

- Chapter 179-7D of the City of Toronto Municipal Code provides the Toronto Parking authority with a delegated authority to adjust rates at machine/metered spaces without reporting through the standing committees of Toronto City Council, subject to the consent of the Ward Councillor in the ward in which changes are being undertaken, with a limit set at the highest hourly rate. In 2012, the delegated rate limit of \$3.10 (\$3.50 inclusive of HST) was increased to \$3.54 (\$4.00 inclusive of HST) as shown in the table above. The highest fee in effect at the machine/metered spaces is listed in Chapter 441 "Fees and Charges" of the City of Toronto Municipal Code.
- The 2013 Recommended Operating Budget includes an annualized revenue impact of \$4.560 million in 2013, an increase of approximately 4% compared to the 2012 revenue budget.

Increase in Revenue due to Usage Rate Increases

- Additional revenues in the total amount of \$2.486 million are anticipated based on an estimated 2% increase in on-street (\$0.960 million) and off-street parking spaces (1.526 million) revenue, based on the past experience in occupancy levels. This increase will be partially offset by a loss of revenue of \$0.225 million due to scheduled closing of Carpark 49 for a joint venture redevelopment, thus resulting in a net revenue increase of \$2.241 million.

Service Efficiencies: (0.134 million gross, savings of \$0.134 million net)

Process/Function Consolidation and Other Efficiencies

- The Toronto Parking Authority will achieve savings of \$0.134 million arising from the reduction of 3 permanent positions. These positions became redundant in 2012 due to the following:
 - Consolidation of collection coordinator functions at two locations into one position, instead of two.
 - Contracting out coin collection function, which was originally anticipated to be performed in house.
 - Redistribution of duties following an employee retirement.

2014 and 2015 Outlook (In \$000s)

Description	2014 - Incremental Impact					2015 - Incremental Impact					Total Net % Change from 2013
	Gross Expense	Revenue	Net Expense	% Change	# Positions	Gross Expense	Revenue	Net Expense	% Change	# Positions	
Known Impacts											
Sub-Total - Known Impacts	0.0	0.0	0.0	0.0%	0.0	0.0	0.0	0.0	0.0%	0.0	0.0%
Anticipated Impacts											
Inflationary Pressures - Labour	442.1		442.1	-0.7%		450.9		450.9	-0.7%		-1.4%
Inflationary Pressures - Non-Labour	1,002.2		1,002.2	-1.6%		1,022.4		1,022.4	-1.6%		-3.2%
Additional Revenue - Usage Rate Increase		2,707.9	(2,707.9)	4.3%			2,762.2	(2,762.2)	4.4%		8.7%
Sub-Total - Anticipated Additional Impacts	1,444.3	2,707.9	(1,263.6)	2.0%	0.0	1,473.3	2,762.2	(1,288.9)	2.0%	0.0	4.0%
Total Incremental Impact	1,444.3	2,707.9	(1,263.6)	2.0%	0.0	1,473.3	2,762.2	(1,288.9)	2.0%	0.0	4.0%

Approval of the 2013 Recommended Base Budget for Toronto Parking Authority will result in 2014 incremental revenue of (\$1.264) million and a 2015 incremental revenue of (\$1.289) million while maintaining 2013 service levels.

Future year incremental impacts are primarily attributable to the following known pressures:

Anticipated Impacts

- In 2014, incremental gross expenditures are projected to be \$1.444 million higher for non-labour (\$1.002 million) and labour related economic pressures (\$0.442 million). These pressures will be fully offset by additional revenues of \$2.708 million from anticipated increased usage rate for existing parking spaces (assuming that the 2012/2013 trend will continue), as well as from new and expanded parking facilities. Incremental net revenues of \$1.264 are projected by the end of 2014.
- In 2015, incremental gross expenditures are forecasted to be \$1.473 million for non-labour inflationary pressures (\$1.022 million) and anticipated increases in salaries and benefits (\$0.451 million). Incremental revenues are estimated at \$2.763 million, generated from higher usage of the existing facilities and also from new and expanded parking facilities. As a result, net revenue increase of \$1.289 million is anticipated.

Part V: ISSUES FOR DISCUSSION

2013 and Future Year Issues**2013 Issues***Income Sharing Agreement with the Toronto Parking Authority*

- The existing Income Sharing Agreement between the City and the Toronto Parking Authority was approved by Council in July 2010, as a three year agreement, effective January 1, 2010. This agreement will expire on December 31, 2012. For details regarding the current agreement please refer to the Income Sharing Agreement Renewal with the Toronto Parking Authority Report (EX45.23) from the Deputy City Manager and Chief Financial Officer and President of the Toronto Parking Authority (<http://www.toronto.ca/legdocs/mmis/2010/ex/bgrd/backgroundfile-30900.pdf>).
- Financial Planning and the Toronto Parking Authority are currently in the process of reviewing terms and conditions of the existing agreement in order to prepare a proposal for income sharing agreement renewal. Since the 2013 Operating and Capital Budget for rate programs will be launched prior to the expiry of the current Income Sharing Agreement, and at this time there is no certainty that the new agreement will be in place by January 1, 2013, it is recommended that the existing Income Sharing Agreement with Toronto Parking Authority be extended until its renewal, but not later than March 31, 2013.

*Reports to the Government Management Committee**Nathan Phillips Square Bike Station*

- On June 27, 2012, the Government Management Committee requested the City Manager to report back on amending the incoming sharing agreement between the Toronto Parking Authority and the City that includes waiving the rental bike parking for the City Hall and other possible sites.
- The City Hall Bike Station design was completed through the design process for the NPS Revitalization Project. The construction of the Bike Station would have occupied 24 car parking spaces in the TPA underground garage. The estimated costs to compensate the Toronto Parking Authority at market value is approximately \$70,000 annually. These additional costs have not been budgeted by Transportation Services.
- A report back is under preparation and will be submitted to the Government Management Committee in January 2013.

Changes to the On-Street Parking Machine/Meter Rates

- On July 11, 2012, Council requested the City Manager to report to the Government Management Committee on directing the Toronto Parking Authority to dedicate the estimated \$4.0 million in additional fees stemming from the rate increase recommended in the report (June 13, 2012) from the President, Toronto Parking Authority, to the Transit Commission, in order to restore services to the bus routes cancelled in 2011.
- A report back to Committee is under preparation and will be submitted to the Government Management Committee in January 2013.

Appendix 1

2012 Performance

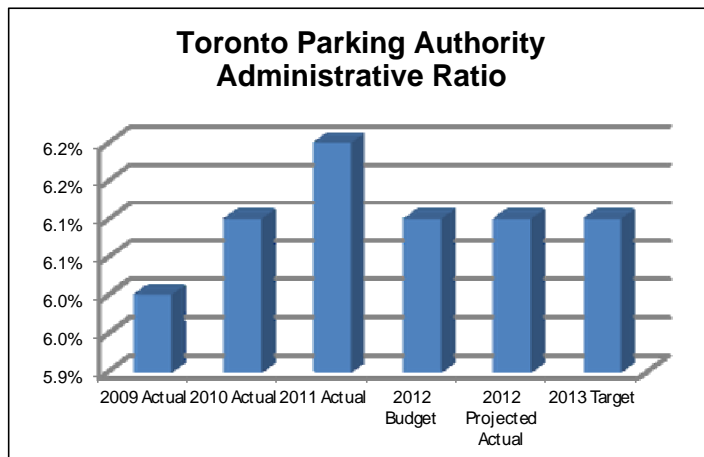
2012 Key Accomplishments

In 2012, the Toronto Parking Authority achieved the following results:

- ✓ Successfully operated the largest municipal parking supply in North America that includes 22,400 off-street and 19,300 on-street parking spaces.
- ✓ Addressed off-street parking shortfalls by opening three new surface carparks with the fourth one anticipated to open by year-end:
 - Carpark 262 - 302 Queen St. West.
 - Carpark 248 - 136 Broadview.
 - Carpark 263 – Toronto Coach Terminal.
 - Carpark 164 – 453-457 Spadina to be completed by year-end.
- ✓ Completed upgrades of revenue control equipment to accept new coins and notes.
- ✓ Installed 203 Paywave contactless credit card readers at 30 locations.
- ✓ Completed Website IVR system development to accept monthly permit renewals.
- ✓ Concluded Yorkville Garage Redevelopment Agreement which will result in \$76.000 million in revenue from sale of air rights.
- ✓ Continued 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 in spite of significant one time costs (\$1.370 million) for upgrades of revenue control equipment.

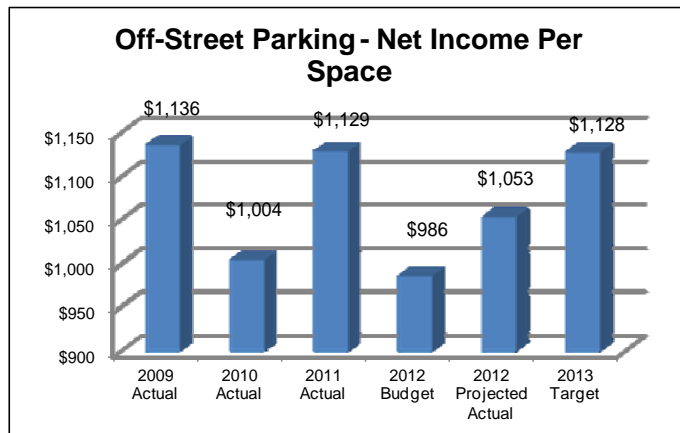
2012 Performance

Efficiency Measure – Administrative Ratio



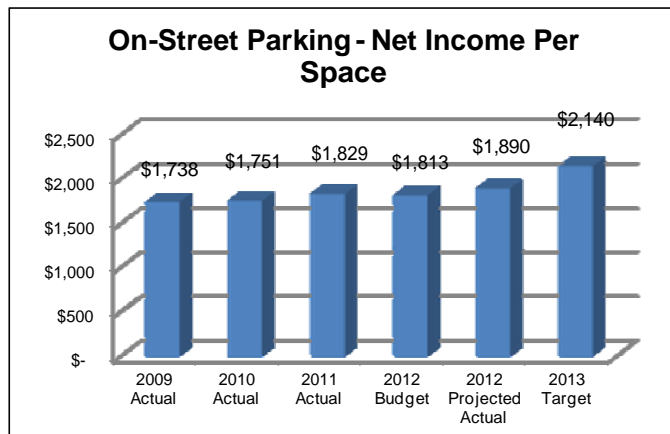
- The Toronto Parking Authority will continue to manage administration expenses in an efficient manner.
- The Authority is projecting that the ratio will be approximately 6.1%, in 2013.

Effectiveness Measure – Off-Street Parking – Net Income Per Space



- The ability of the Authority to maintain historical off-street profit margins are becoming more difficult as operating costs continue to grow.
- 2009 through 2011 have been years of slowing revenue growth compared to prior years which has been attributed to the weakening economy during this period, resulting in a decline in net income per off-street parking space over that period.
- Net income is anticipated to reach 2009 levels by 2013.
- However, net income per space excluding property tax expense is on an upward trend.

Effectiveness Measure – 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.

2012 Budget Variance Analysis

2012 Budget Variance Review (In \$000s)

	2010 Actuals	2011 Actuals	2012 Approved Budget	2012 Projected Actuals*	2012 Approved Budget vs Projected Actual Variance	
(In \$000s)	\$	\$	\$	\$	\$	%
Gross Expenditures	68,726.5	66,955.1	72,326.9	73,427.7	1,100.8	1.5
Revenues	148,212.5	124,604.6	128,729.9	129,443.0	713.1	0.6
Net Expenditures	(79,486.1)	(57,649.5)	(56,403.0)	(56,015.3)	387.7	(0.7)
Approved Positions	299.3	301.6	298.7	296.0	(2.7)	(0.9)

* Based on the 3rd Quarter Operating Budget Variance Report.

2012 Experience

- The Toronto Parking Authority reported an unfavourable net expenditure variance of \$2.539 million or 6.0% below budget for the nine month period ended September 30, 2012.
- The Toronto Parking Authority is projecting a year-end unfavourable net variance estimated to be \$0.388 million or 0.7% under the 2012 Approved Operating Budget of (\$56.403) million, as at September 30th, 2012.
- For revenues, the Toronto Water Parking Authority is projecting additional revenue of \$0.713 million or 0.6%, based on rate increases implemented in August/September 2012. This favourable revenue variance will be offset by higher rent expense projections of \$1.109 million or 1.5%, related to higher rent costs for managed lots which are determined as a percentage of the income generated from those lots.
- It is important to note that the 2012 Approved Operating Budget includes a net revenue target of (\$3.720) million, requiring the TPA to identify ongoing increased revenues above 2011 budgeted levels. This revenue target maintains the City's 75% share of net revenue consistent with the 2011 Non-Program Revenue Budget of (\$41.994) million.

Impact of 2012 Operating Variance on the 2013 Recommended Budget

- The 2013 Recommended Operating Budget includes an increase in revenues of \$2.241 million as it is anticipated that the trend associated with use of parking facilities which was experienced in 2012, allowing the TPA to achieve 90% of the above revenue target of \$3.720 million will continue in 2013.

Appendix 2

2013 Recommended Operating Budget by Expenditure Category and Key Cost Driver

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

Category of Expense	2010 Actual	2011 Actual	2012 Budget	2012 Projected Actual	2013 Recommended Budget	2013 Change from 2012 Approved Budget		2014 Outlook	2015 Outlook
	\$	\$	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	20,393.7	21,017.1	21,563.5	21,973.4	22,103.0	539.5	2.5%	22,545.1	22,996.0
Materials and Supplies	6,425.4	6,396.6	6,895.5	6,895.5	7,059.2	163.7	2.4%	7,200.4	7,344.4
Equipment	8,316.8	7,415.1	8,670.6	7,528.2	7,377.2	(1,293.4)	(14.9%)	7,524.7	7,675.3
Services & Rents	15,973.9	17,169.5	16,299.7	18,902.2	17,150.2	850.5	5.2%	17,493.2	17,843.0
Contributions to Capital									
Contributions to Reserve/Res Funds									
Other Expenditures	17,616.6	14,956.7	18,897.6	18,128.3	18,527.1	(370.5)	(2.0%)	18,897.6	19,275.6
Interdivisional Charges									
TOTAL GROSS EXPENDITURES	68,726.4	66,955.1	72,326.9	73,427.7	72,216.7	(110.2)	(0.2%)	73,661.0	75,134.3
Interdivisional Recoveries									
Provincial Subsidies									
Federal Subsidies									
Other Subsidies									
User Fees & Donations	116,611.5	119,372.8	124,332.4	125,151.9	131,133.5	6,801.1	5.5%	133,756.1	136,431.3
Transfers from Capital Fund									
Contribution from Reserve Funds									
Contribution from Reserve									
Sundry Revenues	31,601.0	5,231.7	4,397.5	4,291.1	4,264.5	(133.0)	(3.0%)	4,349.8	4,436.8
TOTAL REVENUE	148,212.5	124,604.5	128,729.9	129,443.0	135,398.0	6,668.1	5.4%	138,105.9	140,868.1
TOTAL NET EXPENDITURES	(79,486.1)	(57,649.5)	(56,403.0)	(56,015.3)	(63,181.3)	(6,778.3)	12.0%	(64,444.9)	(65,733.8)
APPROVED POSITIONS	299.2	301.6	298.7	295.7	295.7	(3.0)	(1.0%)	295.7	295.7

2013 Key Cost Drivers

- Salaries and benefits are the largest expenditure category and account for 31% of the total expenditures, followed by services and rents at 24%, materials and supplies at 10%, equipment costs at 10%, and other costs at 26%.
- Revenues consist of on-street and off-street parking revenues which constitute 97% of the total, with the remaining 3% coming from variety of sources such as advertising and rental and investment income.
- *Salary and benefit costs* increased over the last three years (2010-2012) by 8%, due to the labour related inflationary pressures, as there was no increase in a number of positions over that period.
 - The 2013 budget for *salaries and benefits* is \$22.103 million, reflecting a further increase of \$0.539 million or 2% compared to the 2012 approved budget of \$21.563 million.
 - In 2013, the Toronto Parking Authority will reduce its permanent staff complement by 3

positions, thus lowering its salaries and benefits budget by approximately \$0.134 million. An adjustment of \$0.224 million due to lower utilization of temporary students performing duties at various locations is also recommended.

- These measures assisted the Toronto Parking Authority in offsetting pressures from major cost drivers such as an increase in the OMERS premium (\$0.208 million), step and progression pay increases and associated fringe benefits changes (\$0.689 million).
- Costs of *materials and supplies* which mainly consist of utilities, uniforms for maintenance staff, cashiers, supervisors and enforcers, credit card and coin processing costs, equipment maintenance and supplies, increased by 2% over the same three year period. The 2013 budget for *materials and supplies* is \$7.059 million and it is \$0.164 million or 2% higher than the 2012 approved budget, mostly due to anticipated inflationary increases.
- From 2010 to 2012, *equipment costs* increased by 3%. The 2013 budget of \$7.377 million is projected to decline by \$1.293 million or 15% compared to the 2012 approved budget for this category, mainly due to completion of various equipment upgrades in 2012 as well as change to the depreciable asset base that resulted in lower depreciation costs for 2012.

For example, International Financial Reporting Standards (IFRS) requirements involving changes to the useful life of garage structure components and a retroactive writeoff of replaced parts in revenue control equipment, resulted in a lower depreciable asset base, thus reducing annual depreciation costs by \$1.586 million.

- Costs of various professional *services and rents* increased by 7% over the 2010-2012 period. The 2013 budget of \$17.150 million is \$0.850 million or 5.2% higher than the 2012 approved budget mostly due to general inflationary pressures and higher rent costs for managed lots which are determined as a percentage of the income generated from those lots.
- Over the last 3 year period there was an increase of 3% in *other costs*. The most significant cost in this category is property tax. The Authority is billed the same commercial rate as any other commercially rated property in the City based on the Municipal Property Assessment Corporation (MPAC) updated property values. In the past, the Authority has experienced significant growth in municipal property taxes related to increased property values. In 2013 municipal property taxes are projected to decrease by \$0.370 million or 2% lower than the 2012 approved budget. The 2013 budget requirement for other costs is \$18.527 million.
- The Toronto Parking Authority's 2013 Operating Budget includes a net revenue increase of (\$6.688 million) anticipated to be achieved through a combination of operational efficiencies, general increase in usage rates estimated at 2% and further revenue growth resulting from changes to the rates which were approved in 2012.
- Approval of the 2013 Operating Budget for the Toronto Parking Authority reflects the reduction of 3.0 permanent positions.

Appendix 3
Summary of 2013 Recommended Service Changes

Appendix 5

Inflows / Outflows to / from Reserves & Reserve Funds (In \$000s)

Program Specific Reserve/Reserve Funds

Reserve/ Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Description	Projected Balance as of Dcember 31, 2012	2013	2014	2015
			\$		\$	\$
Toronto Parking Authority Capital Expenditure Reserve Fund (Village Arcade Fund)	XR6002	Projected Beginning Balance	2,858.0	3,232.9	3,232.9	3,581.2
		Proposed Withdrawals (-)				
		Contributions (+)	374.9	348.3	348.3	348.3
Balance at Year-End			3,232.9	3,581.2	3,581.2	3,929.5