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## 2016 OPERATING BUDGET BRIEFING NOTE

### Review of On-Street Parking Revenue

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#### Issue/Background:

- This briefing note provide a comprehensive description of the recent performance of the on street parking program (single space meters and pay-and-display machines) to describe why revenue generating activity has not been increasing as in prior years and to identify potential measures that can be taken to address the pressures which are affecting revenue generation.
- The TPA operates two parking programs, the off-street parking program and the on-street parking program. As discussed below, the on-street parking program is experiencing revenue challenges. The off-street program has met or exceeded revenue expectations every year, except for a slight set-back in 2014 (about 1% below projected revenue) due to some one time unusual circumstances and it is performing at or above estimates for 2015. This is expected to continue for the medium term.
- In 1998, the TPA assumed jurisdiction for the on street paid parking program. After an extensive review of rates and rules in July of 1999 a series of changes were implemented. Following the implementation of these changes on-street parking revenues grew rapidly year-over-year, averaging more than a 10% increase annually from 1999 to 2013 (\$10.8 million in 1999 to \$50.4 million in 2013). From 2013 onwards, revenue growth has been flat or declining.
- The revenue pressures arise almost entirely as a result of other city initiatives which have impacted paid parking operations. The City of Toronto's Official Plan supports reducing automobile dependency and congestion, creating streets to accommodate all users, and improving transit efficiencies. Many policy initiatives, pilots and other projects are underway to accomplish these objectives. One consequence of these initiatives is the reduction in both the hours of operation available and/or the number of on-street parking spaces which in turn impacts the revenue from parking. The financial impact for each project is generally identified in each project's staff report to City Council, however, the total aggregate effect of all of the initiatives has not been being reported in a comprehensive manner. This has proven to be a challenge for financial planning and making budget projections.

**Key Points:**

- The number of revenue-producing hours available at the on-street paid parking locations have been being reduced since 2013, and as a result, revenues have been flat or have declined slightly for the past two years despite some increased utilization or higher rates at the remaining spaces. This pressure on the revenue is expected to continue for the foreseeable future. The reduction in hours of operation and/or removal of parking spaces has resulted from the following:
  - **Permanent Removals.** Permanent removals can affect a small number of spaces in a localized area resulting from something such as the installation of a traffic signal, or may encompass a more significant area. The most recent significant permanent removal of spaces resulted from the implementation of bicycle lanes on Sherbourne Street (permanent removal of 129 spaces), Wellesley Street (permanent removal of 58 spaces), the Harbord/Hoskin bike lane (permanent removal of 39 spaces) and the Adelaide/Richmond cycle track (permanent removal of 53 spaces). Other ongoing pressures are expected to arise from initiatives in support of Complete Streets and the implementation of the Toronto Bike Network (which when fully implemented would substantially reduce on-street revenue (multiple millions of dollars annually)). The Bloor Street West Bicycle Lanes pilot project proposed for 2016 will result in a significant revenue reduction. The exact amount will depend on the configuration chosen.
  - **Temporary Removal.** Temporary removals result from a number of causes with durations as short as a day and as long as years. The largest portion of the temporary removals are related to road and utility construction. For example, construction was at an unusually high level in 2014, particularly on roadways containing paid parking, and was the largest cause of the underperformance of the on street program last year, as well as part of the off-street underperformance (foregone revenues in excess of \$1,000,000). One situation of particular note is on Eglinton Avenue where the construction of the crosstown line has displaced large amounts of the metered parking spaces (Note: this is also very challenging for the area businesses). In addition, due to the magnitude of residential and commercial construction on high usage parking routes, a large amount of paid parking is displaced to accommodate building hoardings (although this revenue is partly or fully recovered through user fees).
  - **Non-Revenue Users.** An additional factor affecting usage is the increasing use of paid parking locations by non-revenue users which include motorcycles, persons with accessible parking permits, the film industry (some of this revenue loss is offset by payments to the film office but this is not booked as meter revenue) or other city uses such as festivals or parades. As was indicated in the September 2013 report from the General Manager of Transportation Services to the Public Works and Infrastructure Committee, the number of motorcycles registered in Toronto has been increasing rapidly. In some localized areas, generally in the areas with the highest parking rates, motorcycles and vehicles displaying accessible parking permits are observed to occupy a large proportion of the available revenue hours. A single parking space in a

high revenue area can generate revenues of more than \$8,000 annually. It is estimated that these two groups account for millions of dollars in foregone revenue annually.

- **Peak Period Extensions.** The final factor that has significantly reduced the revenue hours available is the extension of the periods in which parking is prohibited for congestion reduction and transit operations purposes. For example, portions of King Street which formally prohibited parking between 16:00 and 18:00 now have restrictions between 15:00 and 19:00 as well as an extended morning restriction to 10:00 from the previous 9:00. This removes 15 revenue hours a week, or about 20% of the chargeable hours. In the last two years the change in the restriction hours on Queen Street, King Street, Dundas Street and College Street has reduced annual revenue by approximately \$1.2 million.
- **Current Initiatives.** A number of initiatives are underway to mitigate the revenue pressures on the on-street parking program (although the initiatives were not necessarily implemented for revenue generation purposes they have revenue impacts), which include the following:
  - **On-Street Rate Changes.** During 2015, the TPA undertook a comprehensive review of the on-street parking program, specifically parking utilization, existing hourly parking rates, and the hours of operation for paid parking at all locations in the City of Toronto. This resulted in the September 2015 report from the President of the TPA entitled 'Changes to On-street Rates and Hours of Operation' (<http://www.toronto.ca/legdocs/mmis/2015/gm/bgrd/backgroundfile-83311.pdf>) recommending changes to meter rates and hours which were adopted by Toronto City Council at their meeting of September 30, 2015. The changes are currently being implemented. The measures adopted in the report are estimated to result in a \$1,500,000 increase in annual revenue. The most significant change being implemented is the extension of charging hours to 10 PM or midnight in areas of the City having large amounts of late evening activity. Additional reviews are underway and the TPA will be reporting to the Public Works and Infrastructure Committee in the spring of 2016 with additional recommendations expected to result in additional revenue increases. These are already reflected in the TPA budget submission.
  - **Additional Spaces.** The TPA is pursuing other initiatives to both improve the parking service and address the pressures on the on-street revenue. Approximately 1000 parking spaces which currently offer free parking (80%) or are presently designated as 'No Parking' (20%) were identified as having potential to be converted to paid parking and the TPA is currently working with by the General Manager of Transportation Services on this initiative. The TPA is in the process of identifying a similar number of additional locations for potential conversion. Once identified, the General Manager of Transportation Services will also be asked to review the possibility of converting these spaces to paid parking operation.

- **Converting Non-Revenue Parkers (Motorcycles).** Toronto City Council approved a pilot program with respect to motorcycle parking in September 2013. The pilot program retains the provision of free parking for motorcycles, however, the report also indicated that charging for parking by motorcycles should be reconsidered once a pay-by-plate system is in place in addition to the existing pay-and-display payment channel. The pay-by-plate capability will be provided through the mobile payments extension to the on-street paid parking. This change will require a report back to City Council for implementation.
  
- **Mobile Payments for Parking.** In 2015, the TPA implemented a system of mobile payments for parking (cell phone parking) in its off street facilities controlled by way of pay and display machines. The program is scheduled to go into operation at the on-street paid parking locations in 2016. This will extend the payment options, allow for merchant re-imburement for parking, and enable current non-revenue parkers to pay for parking.
  
- **Other Potential Initiatives not Currently Underway**
  - **Temporary removals.** The fees have recently been reviewed and adjusted for road occupancies where fees are paid. However, there may be opportunities to reduce the amount of temporary paid parking removals or to shorten the duration of the removals and the timeliness of reinstating paid parking following the removal period for other road occupancies.
  
  - **Converting Non-Revenue Parkers to Revenue Parkers (other).** In addition to the motorcycle initiatives already underway, Toronto City Council has requested the City Staff to investigate the current practice of exempting persons with Accessible Permits from certain parking regulations including payment. The General Manager of Transportation Services is continuing his review. The mobile payments platform may be helpful in this regard.
  
  - **Additional Payment Hours in lieu of Peak Period Extensions.** At the present time the consideration of peak period extensions does not include a review of the remaining paid parking period. The process of review could be modified to include an automatic review of the remaining charged hours to see if extensions to earlier or later periods are warranted.
  
  - **Extension of Paid Parking into Non-Traditional Areas.** There are many areas in the City of Toronto where residential streets are adjacent to neighbourhood retail areas. These streets are already accommodating large numbers of parkers accessing the retail businesses. Residential permit parkers are exempt from paying the meter fee. With the use of the Mobile Payments system there may be an opportunity to begin charging for transient parking in some of these areas without the necessity of installing extensive street furniture.

- **Payment for the Use of Loading/Courier Zones.** Preliminary discussions have been held with the courier industry and there may be some capability to extend charging to courier and loading zones once the functionality is added to the Mobile Payments app.

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