July 8, 2016

His Worship Mayor John Tory &
Members of City Council
City of Toronto
Office of the Mayor & Council Members Offices
City Hall, 2nd Floor
100 Queen Street West
M5H 2N2

Dear Mayor Tory & Members of City Council:

RE: City-Wide Real Estate Review (Item EX16.4)
Submission by the Board of Directors of the Toronto Parking Authority

The Board of Directors of the Toronto Parking Authority (TPA) has carefully considered the matter, “City-Wide Real Estate Review” – Item EX16.4, which is before City Council at its meeting of July 12, 2016. The Board appreciates and supports the City’s desire to optimize public value and operating efficiencies in relation to its vast collective real estate portfolios. The Board respectfully submits that TPA, in essence, utilizes this business model in its day to day operations. This path has enabled the TPA to be one of the largest and most consistent financial contributors to the City.

To assist in the success of this Real Estate Review initiative, the TPA offers to:

1) Lead the transition and fund the costs as proposed;

2) Continue its history of consultation and inclusion of the insights of the Mayor and Councilors; and,

3) Rely on its proven experienced entrepreneurial senior staff to ensure financial benefits for the City.

As a primary stakeholder in this endeavor, and to ensure the ability to continue to contribute to the City, TPA can and must be a key participant in the evolution of the City’s corporate governance structure for real estate matters. If Council should desire to ensure continued and enhanced financial contributions, TPA can provide the lead role in the transition and formulation of the envisioned entity over the coming months, as well as contribute financially to the transition project.

The Board notes that TPA is unique among City agencies in that it competes directly with private sector for-profit enterprises. It is not only self-sustaining, but generates a substantial, sustainable annual revenue stream for the City ($1.2 billion in distributions over the last 22 years). This proven track record will assist the transition and operation of the envisioned entity utilizing TPA’s ability of “thinking and moving like a business”, applying its extensive knowledge (real estate and parking), entrepreneurial spirit, operational agility, leadership, and use of innovative technology to achieve and maintain its position as the leader in its primary industry in North America.
By way of background, the TPA mission is ostensibly "to provide safe, self-sustaining, conveniently located and competitively priced public parking as an integral component of Toronto’s transportation system". In the highly successful and efficient delivery of our service mandate over many years we do much more than that - from both financial and community service perspectives. The critical importance of our services in support of the economic vitality of business communities across Toronto cannot be under-stated as the assessment of potential models focused on real estate interests advances. TPA further supports the neighbourhoods it serves in close collaboration with local communities, BIAs, Councillors, other City and private entities, to name a few:

- its Community Benefits Plan – for example leveraging its holdings to assemble joint venture city-building initiatives to not only secure parking supply, but provide substantive social housing and commercial development opportunities, parkland, public art and other community-centric amenities (i.e. the Weston hub);
- its successful renewal and significant expansion of Bike Share Toronto on an operational break-even basis;
- its commitment of $18 million in the next few years to greening projects at our Green P facilities throughout the city.

TPA’s ability to maintain delivery of its service model, and hence its financial sustainability and all of its community benefits, is inextricably linked to the effective management of its real estate portfolio. The Board has reflected on the key factors that are mandatory in contributing to the Authority’s ongoing success and would bring to Council’s attention the following, which must be appropriately addressed in any forthcoming real estate framework assessment to enable agility and the ability to compete where necessary with private sector interests in order to deliver the goals of the Council:

1. The ability and right to continue to consult directly with local Councillors concerning Community Benefits policies and programs but will also work within the framework of the new entity to ensure that community needs and wider city-building interests are met to the fullest extent possible;
2. Authority to purchase property up to $10 million to shorten approval time and maintain its advantage when competing directly with the private sector on market transactions. Property acquisitions in excess of $10 million will require higher level approval;
3. Authority to enter into all contracts, provide parking management services, retain all real estate consultants, manage ancillary leasing activities, define strategy, set financial returns, develop construction specifications and manage all State of Good Repair programs;
4. Authority to engage in a market bid process for potential Joint Venture projects but will work within the framework of the new entity to maximize benefits for all stakeholders; and,
5. Along with suitable representatives of contributing agencies, a TPA Board member retain a seat on the Board of, and a senior staff member of TPA is appointed to, the new entity to manage, preserve and enhance where possible the substantial financial and community-building benefits accruing to the City from the Toronto Parking Authority’s current service model.
As Council knows, TPA is party to an income sharing agreement with the City of Toronto, the most recent of which expired December 31, 2015, delivering to the City an annual payment which is the greater of a minimum specified amount or seventy-five (75) percent of net revenue. Upcoming discussions concerning renewal of the agreement can capture any funding changes resulting from the structural changes identified above, including potential to allocate revenues to fund the envisaged transition process in whole or in part. As an element of these or subsequent discussions, the Board would also like to make Council aware of its interest in exploring and further assisting the City in its overall real estate and parking interests to help enhance revenue and service, including but not limited to, operations on behalf of other City divisions/agencies, reviewing zoning by-laws to enhance standards and bolster the City’s ability to better target parking delivery through a more robust payment-in-lieu system, on-street enforcement, street and boulevard permit parking programs, and potential allocations to support BIAs.

TPA is aware of the confidence Council showed by entrusting a faltering Bike Share program to TPA. TPA has again proved worthy of that confidence. The successful resurrection of this City-wide initiative is indicative of our senior staff’s flexibility and drive. This is a small vignette in the history of TPA’s leadership, cooperation and contribution.

The Board is confident that the Toronto Parking Authority has the necessary skills, knowledge, and resources to ensure success in realizing the City’s broader objectives related to governance and operation of its diverse real estate holdings. It also recognizes the critical importance of protecting the positive attributes of our operating model. We are pleased to offer our assistance to make this happen. Ultimately, our interest is ensuring that the financial viability, sustainability and service mandate, and those of Council regarding the Real Estate Review, are not compromised or jeopardized now and well into the future as the City transitions toward unlocking the full potential of its combined real estate holdings.

We believe we have articulated a viable path forward and sincerely thank you, Mayor Tory, City Councillors and senior City staff for your consideration of our proposals.

Yours truly,

TORONTO PARKING AUTHORITY

Michael Tziretas
Board Chair

:MT