



Rate Review 2017 – Off-Street Municipal Parking Facilities

Date: August 31, 2017
To: Board of Directors, Toronto Parking Authority
From: Acting President, Toronto Parking Authority
Wards: All

SUMMARY

The Toronto Parking Authority (TPA) reviews the parking rates at all of its off-street municipal “Green P” parking facilities annually, and at specific facilities experiencing atypical conditions on a more frequent basis as may be necessary. In delivering its mandate to serve short-stay parking demand (less than 3 hours duration) as a key support in maintaining the vitality of Toronto’s neighbourhood retail/commercial sector, as well as playing an integral role in the City’s transportation systems and infrastructure, the establishment of appropriate parking rate structures represents a critical policy tool in effectively managing use, serving the target market, fairly allocating and encouraging turnover of this municipal resource.

This report presents the results of the 2017 parking rate review and seeks the approval of the TPA Board for adjustments to the rates where appropriate at the off-street municipal parking facilities recommended in Attachment 1: *Proposed Rate Changes and Justifications – ‘AC’ Controlled Facilities and ‘AU’ Uncontrolled Facilities*. Adjustments in rates, ranging from half-hourly, daily/evening maximums, event and/or monthly, are proposed at a total of 123 “Green P” facilities. In addition, parking rates are established at several facilities soon to be opening or reopening.

RECOMMENDATIONS

The Acting President, Toronto Parking Authority recommends that:

1. The Toronto Parking Authority Board approve the parking rate adjustments, in the amounts and at the parking facilities identified, as set out in Attachment 1: *Proposed Rate Changes and Justifications – ‘AC’ Controlled Facilities and ‘AU’ Uncontrolled Facilities*, of this report; and

2. The Toronto Parking Authority Board direct the appropriate Staff to implement the rate changes for: Controlled Facilities commencing Monday October 16, 2017; Uncontrolled facilities commencing Monday November 6, 2017, and Monthly Rate changes effective November 1, 2017.

FINANCIAL IMPACT

The proposed rate changes as outlined in Attachment 1: *Proposed Rate Changes and Justifications – ‘AC’ Controlled Facilities and ‘AU’ Uncontrolled Facilities*, when fully implemented are forecast to generate approximately \$3 million to \$3.5 million in additional total annual parking revenue. One-time cost to implement these changes, including various programming, software and firmware adjustments, and signage are estimated to be in the order of \$83,000 and are available in the TPA’s approved 2017 Operating Budget.

DECISION HISTORY

At its meeting of July 2016, the Board of Directors of the Toronto Parking Authority approved the rates outlined in the report, “*Rate Review 2016 – Off-Street Facilities*”, Item 16-109:

https://parking.greenp.com/documents/board_meetings/00000154_minutes.pdf

At its December 13, 2016 meeting, City Council adopted the following:

City Council request the President, Toronto Parking Authority to report to the Budget Committee with a comprehensive review of the on-street and off-street parking rate structure in comparison to other jurisdictions and private parking lots.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX20.24>

This report provides information on off-street parking rates in other jurisdictions as well as private parking lots in Toronto.

COMMENTS

A comprehensive review of parking rates at all TPA off-street municipal parking facilities is carried out at least annually to ensure the prices in place are addressing demand patterns such that TPA is delivering its core mandate of providing short-stay high, turnover parking. More frequent reviews are undertaken where circumstances require, such as when the economy is improving or deteriorating at an unexpected level, affecting parking demand; CPI is changing rapidly in either a positive or negative direction; or at a neighbourhood level where changes in various factors (for example, a new use introduced) have a significant sudden impact on demand for a given facility.

Rate strategies at each facility are tested against a set of guidelines as outlined in TPA Policy Resolution 2-1 – “Parking Rates - Off-Street Facilities” (Attachment 2), as well as other external factors. Key considerations include:

- managing usage to ensure the carparks are giving priority to accommodating short stay parkers (duration less than 3 hours);
- continuing to reflect minimum rates in line with the general rate of inflation;
- the underlying cost of providing the facilities if they were to be replaced at present day costs;
- the rate of price changes for comparable services.

In order to determine the appropriate parking rates at each Green P facility, a number of detailed factors are analysed:

- Usage and revenue performance of each parking facility for 2017;
- Benchmarking competitor rates of other parking providers where appropriate;
- Timing of previous rate changes;
- Prices in other cities;
- Other influencing local conditions that impact driver activity:
 - Economic Conditions;
 - Fuel Prices;
 - Transit Ridership; and
 - Employment Activity.

Parking rates are typically adjusted incrementally, as experience has shown that pricing the service beyond what users deem to be fair can have a significant negative impact in driving business away from a facility, and it can be extremely difficult and lengthy to rebuild usage.

Usage and Revenue Performance Parameters

Both usage and the revenue data for May 2017 Year-to-date (YTD) were reviewed in order to determine appropriate rates at a parking facility. This includes examining peak vehicle occupancy, percentage of all day parkers (long stay & commuters), and total transactions (that is, vehicles parked) by time of day.

Attachment 1: Proposed Rate Changes and Justifications – ‘AC’ Controlled Facilities and ‘AU’ Uncontrolled Facilities, outlines the usage and revenue performance for all municipal off-street facilities. The tables are subdivided into off-street facilities that are ‘controlled’ (that is, gated - AC), and ‘uncontrolled’ (that is, operated by mobile pay and pay-and-display machines - AU).

For each facility, the following data was collected and assessed:

- **Peak Usage (%)**: peak occupancy is the greatest number of vehicles parked during the peak hour in a day, expressed as a percentage of the number of parking spaces available, and was observed for busy weekdays (Tuesday- Thursday).

- **All:** Long term parker, the number of vehicles parked for a duration of 3 hours or greater.
- **Commuters:** the number of cars entering the lot from 6:00 am to 10:00 am, and staying for a duration of 3 hours or greater. This is a subset of “All”.
- **Proposed Rate Changes:**
 - Controlled Facilities - There are a number of rate changes being recommended which focus on both the daily and monthly rates.
 - Uncontrolled Facilities - There are several rate changes being recommended that are mostly usage based.
- **Cars:** the distribution of transactions over the day, and are the percentages of cars/transactions for the daytime (6:00 am – 3:00 pm), evening (3:00 pm – 6:00 pm), and night (6:00 pm – 6:00 am). This parameter provides an indication of carpark usage distribution throughout the specified time periods, and assists in the assessment of the day and night maximum rates.
- **Revenue** performance of the off-street facilities for May 2017, including:
 - the May 2017 YTD revenue (\$)
 - the May 2016/2017 YTD revenue percentage(%) difference
 - the May 2016/2017 YTD transaction percentage(%) difference.

The goal is, in effect, to establish pricing that ensures some parking spaces are always available for patron use (i.e. avoid “over-capacity” demand). Peak usage is a critical measure to assess the capacity of a parking facility. For any parking location, on-street or off-street, the level-of-service used for usage is 85%. Anything greater than 85% is considered “at/over capacity”. This measure along with the other aforementioned parameters is an important indicator used to monitor the off-street program and meet the rate-setting objectives.

Please note, the data represented for the uncontrolled facilities in Attachment 1 reflects pre-purchased time a parker buys using pay and display or mobile, and thus is only a proxy for usage. This is limiting as these numbers are based on people who paid for parking, but does not necessarily reflect exit times (versus anticipated duration needed). Peak usage, therefore, can be shown as exceeding 100%.

Performance of the Controlled Facilities

Generally, the controlled facilities performed well for May YTD 2016/2017 in terms of revenue, although not quite as strongly as 2016. Of the 23 controlled facilities in operation as of today, 8 facilities underperformed in May YTD 2016/2017 revenue (compared to 3 in the previous review).

The best revenue performances were at the following locations: Larch Street Garage (CP 150), Delisle Court (CP 13), Yorkville/Bellair (CP 215) with revenues up by 21.71%, 17.43%, and 13.41% respectively. All three of these facilities were subject to rate changes in 2016.

Examining the controlled facilities by neighbourhood:

- **Yonge/St. Clair:** carparks 11, 12, 13, 161, as well as the uncontrolled carpark 223. The carparks continue to show signs of improvement, especially following construction in the area. All carparks, with the exception of 30 St. Clair Avenue West (CP 161) had revenue increases, ranging from 5.79% to 17.43%.
- **Yonge/Eglinton:** carparks 29, 39 and 49 (which recently reopened). Carpark 29 underperformed in revenues and cars parked due to access restrictions, while revenue at carpark 39 performed above 2016 levels by 11.13%. Carpark 49 closed on February 2, 2013 and reopened on September 26, 2016. The performance of carparks in this area will continue to be somewhat unstable as the Eglinton Crosstown LRT construction continues and is likely impacting the number of parkers to the area.
- **Downtown:** carparks 26, 34, 36, 43 and 52. Revenues continued to show signs of consecutive growth over the last three rate reviews. For May 2017 YTD, all five carparks performed very well, with revenue increases of 1.36%, 6.01%, 3.66%, 1.72% and 1.34% respectively; while cars parked for carpark 26 increased by 2.76%, and decreased for carparks 34, 36, 43 and 52 by -0.62%, -2.09%, -3.36% and -9.29% respectively. Carpark 32 closed May 22, 2017.
- **Yonge/Bloor:** carparks 1, 3 (unattended) and 5 located south of Bloor Street, east of Yonge, and carparks 15, 215 and 58 located north of Bloor Street, west of Yonge. Carparks 3, 5, 15 and 215 revenues are all performing above the 2016 period by 3.16%, 5.69%, 7.60%, and 13.41% respectively. Carpark 58 underperformed in revenues (-0.12%) and cars parked (-2.86%). Carpark 1 has just recently reopened (construction of addition of 2 floors to the facility).
- **Chinatown:** the Kensington garage (carpark 68) increased in revenue by 13.36% while total number of cars parked decreased by -1.58%. Larch Street Garage (carpark 150) continued to perform positively, with an increase in revenue of 21.71% and total number of cars up by 3.45% with usage steadily increasing.
- **North York Centre:** carparks 404 and 410, as well as the uncontrolled carparks 400, 402, 403, and 418. Carparks 404 and 401 revenues decreased by -1.54% and -3.90% respectively. All uncontrolled carparks' revenues increased, ranging from 6.78% to 18.13%.

Performance of the Uncontrolled Facilities

The uncontrolled facilities, on balance, have performed well in 2017 with 127 carparks out of 174 (excluding those closed or new facilities (33)) or 73% having revenues higher than 2016, although this is a modest 4% decrease in number compared to the last rate review (77%). In total, the revenue from the uncontrolled facilities for 2017 exceeded the comparable period in 2016 by 8.9%. The rate of growth is just slightly less than last year's rate review of 9%. Rate changes have been recommended at the facilities with high usage levels and/or those which have been experiencing rapid usage increases.

Competitors' Rates

As an element of the annual off-street rate review, TPA considers rates charged by others at publicly-accessible parking facilities within a 185m (approx. 600 ft) radius of the major Green P facilities in the commercial centres of Toronto. Specifically, rates at “competitor” facilities in proximity to 33 TPA off-street facilities were examined. Of these, competitor rates play a role in the assessment of 15 TPA off-street facilities. Attachment 3: *Competitor Rates' Analysis*, outlines these competitor rates relative to TPA facilities and describes in more detail the application of the relevant guidelines as set out in the TPA Board Policy 2-1, “*Parking Rates – Off Street Facilities*”.

It is important to note that the provision of short-stay parking and keeping the half-hourly rate lower relative to competitors generates a more favourable overall revenue impact. This is due to cycling a larger number patrons through each space – short-stay parking generates between 2 to 3 more times revenue than a space used primarily for longer duration (for example, a space posted with a day rate of \$10 would typically generate about \$2,500 per year; the same space with a half-hour rate of \$2.00 would generate \$6,000 to \$8,000 per year). Accordingly, patrons, knowing that the parking is fairly priced, tend to look for ‘Green P’ facilities for their parking needs. This is a factor in maintaining brand loyalty and maximizing market share over the longer term.

Other Factors

Details outlining the analysis of the other factors staff consider in the rate-setting process (including economic conditions, fuel prices, transit ridership, employment activity) and off-street prices of other cities, are provided in Attachment 4: *Analysis of Other Local Conditions and Prices of Other Cities*.

On-Street Paid Parking Review

General consideration is also given to the rates at on-street parking locations to determine if any minor changes are required. Proposed changes will be recommended in a staff report to Government Management Committee for consideration at its meeting of September 25, 2017. The item will be considered at the City Council meeting on October 2, 2017, and if adopted, scheduled for implementation between Fall 2017 and Spring 2018.

CONTACT

Ian Maher, Vice President, Strategic Planning & I.T., TPA
Telephone: (416)-393-7291, E-mail: Ian.Maher@toronto.ca

Ann Marie Chung, Sr. Policy & Planning Analyst, Strategic Planning, TPA
Telephone: (416)-393-7289, E-mail: AnnMarie.Chung@toronto.ca

SIGNATURE

Andrew Koropeski,
Acting President, Toronto Parking Authority

ATTACHMENTS

- | | |
|---------------|---|
| Attachment 1: | Proposed Rate Changes and Justifications |
| Attachment 2: | Toronto Parking Authority Policy Resolution 2-1 – “Parking Rates-Off-Street Facilities” |
| Attachment 3: | Competitor Rates’ Analysis |
| Attachment 4: | Analysis of Other Local Conditions and Prices of Other Cities |