



PA15.5

REPORT FOR ACTION

Rate Review 2018 – Off-Street Municipal Parking Facilities

Date: October 11, 2018
To: Board of Directors, Toronto Parking Authority
From: Acting President, Toronto Parking Authority
Wards: All

SUMMARY

In order to meet the Toronto Parking Authority's ("TPA") mandate to provide short-term parking (those parking for less than 3 hours), the TPA annually reviews the parking rates at all of its off-street parking facilities. Delivering this mandate is key to supporting Toronto's neighbourhood retail and commercial sector as well as the City's transportation system and infrastructure. The establishment of an appropriate parking rate structure is a critical policy tool that allows TPA to effectively manage use, serve the target market, and fairly allocate and encourage turnover of public parking spaces.

This report details the 2018 parking rate review results and seeks TPA Board approval for rate adjustments at the off-street parking facilities recommended in Attachment 1: *Proposed Rate Changes and Justifications – 'AC' Controlled Facilities and 'AU' Uncontrolled Facilities*. In total there are 167 TPA parking facilities (of 231 reviewed) where rate adjustments ranging from half hour, daily/evening maximums, event and or monthly rate changes are proposed. These parking rates also include TPA facilities that are either opening or reopening in the near future.

RECOMMENDATIONS

The Acting President, Toronto Parking Authority recommends that:

1. The Toronto Parking Authority Board of Directors approve the parking rate adjustments, in the amounts and at the parking facilities identified in Attachment 1: *Proposed Rate Changes and Justifications – 'AC' Controlled Facilities and 'AU' Uncontrolled Facilities*, of this report (October 11, 2018) of the Acting President; and

2. The Toronto Parking Authority Board of Directors direct the appropriate staff to implement the rate changes for: Uncontrolled facilities commencing Monday January 7, 2019; and Monthly Rate changes effective February 1, 2019; and Controlled Facilities commencing Monday, February 4, 2019.

FINANCIAL IMPACT

The proposed rate changes as outlined in Attachment 1: *Proposed Rate Changes and Justifications – ‘AC’ Controlled Facilities and ‘AU’ Uncontrolled Facilities*, of this report, when fully implemented, are forecast to generate approximately \$1 million to \$1.4 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 \$110,000 and are available in the TPA’s approved 2018 Operating Budget.

DECISION HISTORY

At its meeting of September 18, 2017, the Board of Directors of the Toronto Parking Authority established amended parking rates at a number of TPA parking facilities as set out in Item PA3.2, “*Rate Review 2017 – Off-Street Municipal Parking Facilities*” (Item PA3.2): <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.PA3.2>

COMMENTS

At least once annually, the TPA reviews parking rates at all off-street parking facilities to ensure the current rates address demand patterns that in turn allows TPA to deliver its mandate of providing short-stay high, turnover parking. In instances where it is required, such as where the economy is improving or deteriorating at an unexpected level, affecting parking demand; Consumer Price Index (“CPI”) is changing rapidly in either a positive or negative direction; or at a neighbourhood level where changes in various factors (i.e. a new use is introduced), more frequent reviews are undertaken.

As outlined in TPA Policy Resolution 2-1, *Parking Rates – Off-Street Facilities* (refer to Attachment 2), parking rates are to be set at a level to foster the objectives of the TPA and are based on the overall City’s objectives including:

- Provide low cost short term parking, especially in the neighbourhood commercial areas;
- Discourage long term parking, especially in the downtown and mid-town commercial areas and other commercial areas well served by transit; and,
- Generate sufficient revenue to, at a minimum, cover operating and administrative costs, and either recover past capital costs or allow for future capital costs under normal parking demand and expense conditions.

When setting rates at TPA facilities, key considerations / factors taken into account include:

- Usage and revenue performance of each parking facility for 2018;
- Benchmarking competitor rates of other parking providers where appropriate;
- Timing of previous rate changes;
- Pricing in other cities; and,
- Other local conditions that influence automobile activity including economic conditions, fuel prices, transit ridership, and employment activity.

TPA parking rates are generally adjusted incrementally, as experience has shown that increasing rates beyond what users deem to be fair can negatively impact business. Once business has been negatively impacted it can be extremely difficult and take a long time to rebuild facility usage.

Usage and Revenue Performance Parameters

Both usage and revenue data for May 2018 year-to-date (“YTD”) were reviewed 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 (vehicles parked) by time of day.

Attachment 1: *Proposed Rate Changes and Justifications – ‘AC’ Controlled Facilities and ‘AU’ Uncontrolled Facilities*, summaries the usage and revenue performance of each of the off-street facilities. The table is subdivided into off-street facilities that are ‘controlled’ (“AC”) facilities, also known as a gated facility, and ‘uncontrolled’ (“AU”) facilities meaning that the facility is operated by mobile pay, pay-and-display, and or pay-by-plate.

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 or more hours;
- **Commuters**: the number of cars entering the facility between 6:00 am to 10:00 am, and staying for 3 hours or more hours. Note that this is a subset of “All”;
- **Proposed Changes**:
 - Controlled Facilities - There are a number of recommended changes which focus on the daily rate, monthly rates and monthly quota.
 - Uncontrolled Facilities - There are several rate changes and monthly quotas being recommended that are primarily 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 provides an indication of carpark usage throughout specified time periods, and assists in the assessment day and night maximum rates; and
- **Revenue** performance of the off-street facilities for May 2018, including:
 - May 2018 YTD revenue (\$);
 - May 2017/2018 YTD revenue percentage (%) difference; and
 - May 2017/2018 YTD transaction percentage (%) difference.

The goal is to establish pricing that ensures some parking spaces are always available (i.e. avoid “over-capacity” demand). Peak usage is a critical measure to assess the capacity of a parking facility. For any parking location, 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.

Note that the uncontrolled facility data in Attachment 1 reflects pre-purchased time a parker buys using pay and display, pay-by-plate or mobile pay, and thus is only a proxy for usage. This data 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 stronger in terms of revenue than 2017 (May YTD 2017/2018). Of the 21 tracked controlled facilities in operation, 4 facilities underperformed in May YTD 2017/2018 revenue (compared to 8 in the previous review).

The best performing facility was Charles / Hayden Garage (CP1) which more than doubled revenues from the previous year. Roehampton (CP49) was also a strong performer with revenues up by 67.4%. Carpark 49 was subject to a rate change in 2017 while Carpark 1 fully reopened in late December 2017 following the construction of additional levels of parking.

Examining the controlled facilities by neighbourhood:

- **Yonge/St. Clair:** Carparks 11, 12, 161, as well as the uncontrolled Carpark 223. In terms of revenue the carparks, with the exception of Carpark 161 (-15.05%), continue to show signs of improvement, especially following construction in the area. Carparks 11 (-5.4%), 12 (-3.1%), 161 (-11.7%), 223 (-0.8%) all declined in the number of cars parked.

- Yonge/Eglinton:** Carparks 29, 39, 49, as well as the uncontrolled Carpark 139. In terms of revenue, each of these facilities performed well, Carpark 29 grew in revenues slightly by 1.3% but underperformed in the number of cars parked (-3.4%). Carpark 39 performed above 2017 revenue levels by 14.2% and cars parked by 9.7%. Carpark 49 as noted above, which closed on February 2, 2013 for redevelopment and reopened on September 26, 2016 seems to have bounced back in terms of performance with an increase in revenues in 2018 of 67.4% and 17.7% in cars parked. Revenues from Carpark 139 rose by 17.6% from 2017 while the number of vehicles parked decreased by -0.5%. The performance of carparks in this area appear to be less impacted from the previous year due to the construction in the area, mainly the Eglinton Crosstown LRT.
- Downtown:** Carparks 26, 34, 36, 43, 52, as well as the uncontrolled facility Carpark 219. For May 2018 YTD, Carparks 34, 36, 52, and 219 saw revenues decrease by -4.6%, -8.8%, -14.4%, and -9.6% relatively, while Carparks 26 and 43 had slight increases of 3.9% and 7.1%. On the whole, the number of cars parked at all facilities were lower from 2017 -0.01%, -9.5%, -15.5%, -0.5%, -13.7%, -14.0%. Capital work at both Carpark 36 and 52 have resulted in loss of parking spaces and/or impacts to facility access which could account for the reduction in revenue and number of cars parked. Rates at Carpark 26, 34, 36, and 43 have been changed since the 2017 rate review and as a result may be a factor in the decline of vehicles parked.
- Yonge/Bloor:** Carparks 1, 3 (unattended) and Carpark 5 located south of Bloor Street, east of Yonge, and Carparks 215 and 58 located north of Bloor Street, west of Yonge. Carparks 1, 5, 58 and 215 all performed above 2017 revenue levels, while Carpark 3 underperformed in revenues by -16.1%. Carparks 3, 5, 58, and 215 all saw a reduction in the number of cars parked (-24.2%, -11.3%, -13.7%, -4.3%) with the exception of Carpark 1 which recently fully reopened. Rates at each of these facilities (except Carpark 1) have been changed since the 2017 rate review.
- Chinatown:** the Kensington garage (Carpark 68) saw a slight increase in revenue by 0.8% over 2017 but a decrease in number of cars parked by -17.7%. Larch Street Garage (Carpark 150) continued to perform positively in terms of revenue (5.3%), however there was a decline in the number of cars that parked by -9.3%. Rates at both Carpark 68 and 150 have been changed since the last off-street rate review.
- North York Centre:** Carparks 400, 401, 402 and 403 which are all unattended, saw revenues decrease -16.3%, -4.8%, -3.1%, -11.3%. Carpark 410 (attended) saw revenues grow by 2.3% from 2017. The number of cars parked at Carpark 400 (-11.3%), 401 (-6.6%), and 403 (-18.9%) declined; while the number of cars that parked rose by 0.1% at Carpark 402 and 31.5% at Carpark 410. Note that rates have been recently been changed at Carparks 403 and 410.

On the whole, a number of the facilities subject to rate changes which were implemented in an effort to reduce the facility's peak usage, are now seeing that desired effect, namely a reduction in the number of cars parked. The reduction of cars parked is key in freeing up parking spaces in busy facilities for other customers looking to park.

Performance of the Uncontrolled Facilities

The uncontrolled facilities, on balance, have performed well in 2018. Of the 207 carparks tracked, 141 facilities (excluding those closed or new facilities (12)) or 68% had revenues higher than 2017. Although a slight decrease in number compared to the last rate review (73%) the total revenue from the uncontrolled facilities tracked for 2018 was higher than the comparable period in 2017 by 2%. Rate changes have been recommended at the facilities with high usage levels and/or those which have been experiencing rapid usage increases.

At a number of uncontrolled facilities that have a high occupancy and/or a large number of long-stay parkers, TPA staff are proposing to remove the day maximum, and where applicable, either leave the half hour rate as is or reduce it slightly. The removal of the day maximum and in some instances a reduction in the half hour rate will redirect long-stay parkers from lots to accommodate short-stay patrons. This tactic was utilized in the Kingsway Business Improvement Area at Carparks 500, 501 and 504 to reduce the parking pressures in the area. Following the implementation of rate changes at each of the Kingsway lots, the usage and number of commuters have decreased, increasing the availability of more short-stay parkers.

Competitors' Rates

One component of the annual off-street rate review is the review of rates charged by others at publicly-accessible parking facilities within a 185m (approx. 600 ft.) radius of major TPA facilities in the commercial centres of Toronto. Specifically, rates at competitor facilities in proximity to 54 TPA off-street facilities were examined. 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 Resolution 2-1, "*Parking Rates – Off Street Facilities*".

Other Factors

Other factors, including such aspects as economic conditions, fuel prices, transit ridership, employment activity, that staff consider when reviewing rates, as well as off-street prices in other major cities are detailed in Attachment 4: *Analysis of Other Local Conditions and Prices of Other Cities*.

CONTACT

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

Patricia Pearsall-Mills, Senior Planning & Policy Analyst, Strategic Planning, TPA
Telephone: (416)-393-7259, E-mail: Patricia.Pearsall-Mills@toronto.ca

SIGNATURE

Andrew Koropeski,
Acting President, Toronto Parking Authority

ATTACHMENTS

- Attachment 1: Proposed Rate Changes and Justifications – ‘AC’ Controlled Facilities and ‘AU’ Uncontrolled Facilities
- 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