PA10.2

REPORT FOR ACTION

Rate Setting for Off-Street Municipal Parking Facility: Municipal Car Park 304, 11 Wellesley Street West

Date: November 8, 2019
To: Board of Directors, Toronto Parking Authority
From: Acting President, Toronto Parking Authority
Wards: Ward 13, Toronto Centre

SUMMARY

In January 2017, Toronto Parking Authority (TPA) was provided authority from TPA Board of Directors and City Council to proceed with a transaction between TPA and Lanterra Developments (Bay Wellesley) Limited (Lanterra) for the acquisition of a municipal parking facility at 11 Wellesley Street West (the Property, Car Park 304). Lanterra, the owner of the Property, has redeveloped the site with a mixed-use building, which includes a multi-level underground parking garage. The transaction involves the acquisition by the City of a stratified interest in a below-grade strata of the Property within which a municipal parking facility would be located and form part of a mixed commercial/retail/residential development.

The Property purchase is expected to close in late 2019 and shortly thereafter, TPA will commence operations of the 134-space below-grade parking garage. In preparation for the commencement of operations at Car Park 304, the TPA Board of Directors is requested to approve the proposed parking rates, as detailed in *Table 1: Comparison of TPA Rates,* for the new facility.

RECOMMENDATIONS

The Acting President, Toronto Parking Authority recommends that:

1. The Board of Directors of Toronto Parking Authority approve the following parking rates for Municipal Car Park 304, located at 11 Wellesley Street West, and direct the President, Toronto Parking Authority, to implement these rates when Municipal Car Park 304 becomes operational:

   a. Monday to Sunday and Holidays:

1. $3.00 per half hour;
2. Day Maximum (7:00 a.m.-6:00 p.m.): $15.00; and
3. Night Maximum (6:00 p.m.-7:00 a.m.): $8.00.

FINANCIAL IMPACT

The proposed rates as outlined in this report, when fully implemented, are forecasted to generate approximately $800,000 in annual parking revenue as planned in the 2020 Budget.

DECISION HISTORY

At its meeting of January 19, 2017 (Meeting Minute #17-012), the TPA Board of Directors approved the final terms and conditions related to the transaction negotiated between TPA and Lanterra involving the acquisition of a stratified interest with respect to a underground public parking garage forming part of a mixed-use development located at 11 Wellesley Street West. In addition, the TPA Board of Directors approved the expenditure of funds to purchase parking equipment and to cover other expenses as well as approved all necessary documentation related to the Purchase and Sale Agreement such as the Reciprocal Cost Sharing Agreement. See *Appendix A - TPA Board Memorandum dated January 12, 2017*.

At its meeting of January 31, 2017, City Council authorized the acquisition of a below-grade stratified interest in 11 Wellesley Street West from Lanterra Developments for a below-grade strata portion of the Property. Council directed that the lands acquired under the purchase and sale agreement be used for municipal parking purposes and managed by the TPA. Additional information can be found here:
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.GM17.12

COMMENTS

Rate Setting at Off-Street Facilities

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.

As outlined in TPA Policy Resolution 2-1, Parking Rates - Off-Street Facilities (refer to Appendix C), parking rates are to be set to a level to obtain the objectives of the TPA and are based on the City's overall 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 new TPA facilities, key considerations / factors taken into account include benchmarking competitor rates of other parking providers where appropriate, and examining the rates at nearby TPA facilities.

More rate information can be found in the October 2018 report entitled *Rate Review 2018 - Off-Street Municipal Parking Facilities* located here:
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.PA15.5

Car Park 304, 11 Wellesley Street West Analysis

Car Park 304, a new 134-space parking garage located on the south side of Wellesley Street West, west of Yonge Street, is currently being constructed by Lanterra. When construction is complete and the acquisition of the parking garage closes, TPA will begin operations of the facility.

Comparable Competitor Car Parks

In anticipation of the garage opening, TPA surveyed publicly accessible parking facilities within a 600 foot radius of Car Park 304 and identified four (4) comparable competitor car parks. Comparable competitors are competitors with the same facility type (i.e. surface lot versus parking garage) and similar space count to the facility being reviewed. The three (3) comparable competitors identified for Car Park 304 are all parking garages and very comparable in terms of stall count. All comparable competitor rates had on average higher half hour and day maximum rates than the proposed rates for Car Park 304 (refer to Table 1). The proposed half hour rate is in line with *TPA Policy 2-1 - Parking Rates - Off-Street Facilities* (see Appendix C) while the day maximum is lower than the benchmark.

Proposed Half Hour Rate at Car Park 304	Average Comparable Competitor Rate	Rate Recommendation
$3.00	$3.75	TPA's 75 percent benchmark rate would be $2.81 per half hour; the proposed rate is 80 percent. Rate recommendation matches TPA's other nearby lot at 15 Wellesley Street East

Proposed Day Maximum Rate at Car Park 304	Average Comparable Competitor Rate	Rate Recommendation
$15.00	$17.00	TPA recommends setting the day maximum rate at $15, being $2 below local competitors to establish a customer base at this new parking facility. This day maximum would be below 15 Wellesley Street East by $5 as it currently operates at overcapacity.

Local TPA Car Park

Car Park 5, located at 15 Wellesley Street East, is a 135-space surface parking lot and the best comparator for the purposes of establishing new rates. TPA experience illustrates that customers prefer surface lots over underground parking garages and as a result, the rates proposed for Car Park 304 have been adjusted downwards from the current rates at Car Park 5. A comparison of the current rates at Car Park 5 to the proposed rates at Car Park 304 is detailed in *Table 1: Comparison of TPA Rates*.

Table 1: Comparison of TPA Rates

Car Park 5 Existing Rates		Car Park 304 Proposed Rates	
Monday to Sunday & Holidays:	$3.00 / half hour	Monday to Sunday & Holidays:	$3.00 / half hour
Day Maximum (7am-6pm):	$20.00	Day Maximum (7am-6pm):	$15.00
Night Maximum (6pm-7am):	$9.00	Night Maximum (6pm-7am):	$8.00

Based on usage data collected in May 2019, the peak usage at Car Park 5 is 94 percent, indicating that the lot is at overcapacity. TPA's rate recommendation will support balancing parking demand between the two TPA sites and help to create a customer base which will be monitored for further pricing changes if required.

CONTACT

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SIGNATURE

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Robin Oliphant
Acting President, Toronto Parking Authority

ATTACHMENTS

Appendix A - In-Camera Board Memorandum dated January 12, 2017 - Minute Number 17-012 (Authorized for public release by the Acting President, Toronto Parking Authority, on October 10, 2019)

Appendix B - Site Location Map

Appendix C - Toronto Parking Authority Policy Resolution 2-1 - Parking Rates - Off-Street Facilities