PA14.1

REPORT FOR ACTION

Toronto Parking Authority COVID-19 Financial Impact Update

Date: April 27, 2020
To: Board of Directors, Toronto Parking Authority
From: Acting President, Toronto Parking Authority
Wards: All

SUMMARY

Toronto Parking Authority (TPA) has worked closely with the City of Toronto (City) since the activation of the Emergency Operations Centre (EOC) on March 12. TPA is participating in the Planning Task Force, Corporate Leadership Team and Human Resources (HR) Leadership Team. As the COVID-19 pandemic situation evolves, all City Agencies and Divisions, including TPA, have been aligned with the City's direction to scale back all non-essential services. Essential services that have remained operational are those that:

- are required to meet legislative requirements.
- support employee and public health and safety.
- enable critical community services and supports.
- support services necessary to keep essential services operating.
- protect and operate vital infrastructure.
- fulfill critical legal and financial obligations.

Accordingly, TPA has modified its service delivery to protect public health and safety by providing the essential services needed to maintain the security of parking facilities and Bike Share operations. However, only those services that can be performed safely, and with appropriate physical distancing, are being provided. These primarily include facilities maintenance, technical services, customer service, security and administration.

Consistent with the City declaration of a state of emergency, TPA offices were closed to public access, and all TPA non-essential staff were sent home with pay to April 26. The necessary technical equipment was immediately provided to employees able to perform their work remotely.

In light of parking services revenue falling to 10 percent of previous levels, TPA continues in its efforts to balance financial sustainability with the City's COVID-19 objectives.

Operational planning objectives remain fixed on minimizing disruption, reducing non-essential expenses as appropriate, and maximizing long-run cash flow and profitability. Recovery planning is also underway to ensure TPA is ready to return to regular operations as quickly as possible.

RECOMMENDATIONS

The Acting President, Toronto Parking Authority recommends that:

1. The Board of Directors of Toronto Parking Authority receive this report for information.

FINANCIAL IMPACT

Weekly parking services revenue is currently pacing down 90 percent compared to previous year’s levels. It is assumed revenues will remain close to this level through to June 30, resulting in average weekly operational cash outflows of $1.66 million.

While TPA has approximately $116 million in cash and cash equivalents as of March 31, 2020, it also has the following liabilities requiring payment:

- $3.1 million monthly 2020 net income share distribution to the City of Toronto which is expected to be suspended in May until earnings recover;
- $24.6 million for the remainder of 2019’s net income share distribution to the City of Toronto due upon completion of the 2019 audited financial statements expected in June;
- $50.5 million of capital projects which are currently under review for deferral; and
- $11.25 million Bike Share expansion assumed to proceed; $4 million of which has been paid.

Table 1: Weekly Operational Cash Flow
(in thousands)

Weekly Operational Cash Flow	$000's
Parking Revenue	**308**
Payroll and benefits	(585)
Municipal property taxes	(875)
Operations – Parking and Bike Share	(283)
Administration (rent, utilities, license fees)	(126)
Maintenance (facilities and equipment) and security	(99)
Total Operating Expenses	**(1,968)**
Weekly Cash Flow Deficit	**(1,660)**

Financial performance for the three-month period ending March 31 is as follows:

Table 2: First Quarter 2020 Parking Operation Results
(in thousands)

	Actual	Budget	Prior Year	Actual vs Budget	Actual vs Prior Year	% Variance to Budget	% Variance to Prior Year
On-Street	12,186	15,168	13,923	(2,982)	(1,737)	-19.7%	-12.5%
Off-Street	19,188	21,397	20,750	(2,209)	(1,562)	-10.3%	-7.5%
Parking revenue	**31,374**	**36,565**	**34,673**	**(5,191)**	**(3,299)**	**-14.2%**	**-9.5%**
Operating expenses	19,542	20,994	19,033	1,452	(509)	6.9%	-2.7%
Net income	**11,832**	**15,571**	**15,640**	**(3,739)**	**(3,808)**	**-24.0%**	**-24.3%**

Table 3: First Quarter 2020 Bike Share Operation Results
(in thousands)

	Actual	Budget	Prior Year	Actual vs Budget	Actual vs Prior Year	% Variance to Budget	% Variance to Prior Year
Ridership	248	168	138	80	110	47.6%	79.7%
Other revenue	-	150	15	(150)	(15)	-100.0%	-100.0%
Bike Share revenue	**248**	**318**	**153**	**(70)**	**95**	**-22.0%**	**62.1%**
Operating expenses	1,488	1,605	1,445	117	(43)	7.3%	-3.0%
Net loss	**(1,240)**	**(1,287)**	**(1,292)**	**47**	**52**	**-3.7%**	**-4.0%**

TPA has been assessing, evaluating and monitoring the operational and financial impacts as a result of the City's COVID-19 response. Observations include:

- A decline in first quarter 2020 parking revenue of 9.5 percent over the prior year due to decreased parking demand and retail commercial tenant closures.
- Parking transaction volume declines of 9.2 percent and 13.3 percent for on-street and off-street respectively.

- A 62 percent increase in Bike Share revenue over the prior year's first quarter, however due to cancellation of out-of-home advertising, Bike Share advertising and sponsorship revenue is expected to be severely reduced in 2020.
- A decline in Bike Share ridership of 44 percent during the last two weeks of March and into the first week of April, however during this three-week period revenue increased 33 percent due to higher casual ridership.
- An increase in vandalism and escalating security requirements; additional and significant repairs and maintenance programs will be required as the duration of the response extends.
- Labour costs continue to be significant, with little to no redeployment opportunities within TPA.

TPA has taken actions in response to COVID-19 and in alignment with the City. These actions, with a long-term view, include:

- Suspending non-essential services, turning focus to performing only essential work, by reducing and staggering operating shifts and hours, to reduce exposure to COVID-19 and to promote physical distancing.
- Adjusting expenditures, including assessing contractual commitments, to minimize operating expense without impacting long-term financial sustainability.
- Deferring non-essential procurement activities and capital projects. Joint venture projects anticipated to close in 2020 include: 302 Queen Street West ($9.95 million) and 11 Wellesley Street West ($7.27 million).
- Assessing and managing increased costs for security and repairs required as a result of increasing vandalism to parking facilities.
- Deferring the recruitment of summer staffing and other vacant or non-essential roles.
- Temporarily reducing hours and suspending scheduled work for student employees, consistent with the City's direction in reducing staff due to a cessation of some of the City's operations.
- Reviewing labour cost reductions with non-union, management and full-time unionized employees. Efforts continue to be made for redeployment where possible. Other considerations include temporary leave of absence, emergency leave, and reduced work weeks, based on an assessment of business activities that are critical and those that can be deferred. This is in line with other agencies and municipalities. We have initiated discussions with the union regarding full-time unionized employees and have subsequently signed a Memorandum of Agreement.
- Continuing business, governance and modernization projects currently in mid-flight, including the Bike Share expansion, the SAP Enterprise Resource Planning software implementation, the parking equipment rationalization and the Payment Card Industry - Data Security Standards annual compliance certification.

Business resumption planning continues with a focus on minimizing long-run costs and disruption. We continue to maintain focus on long-run projects, recovery and business continuity to minimize the financial impacts of extended emergency measures.

DECISION HISTORY

There is no prior decision history associated with this report.

COMMENTS

TPA has worked closely with the City since the activation of the Emergency Operations Centre (EOC) on March 12 and is participating in the Planning Task Force, Corporate Leadership Team and Human Resources (HR) Leadership Team. Activities have included:

- Implementation of daily TPA contingency meetings.
- Management of personal protective equipment (PPE) supplies in coordination with the EOC.
- Management of COVID-19 pandemic-related issues in alignment with the City.
- Parking support for the City’s front-line staff, including Toronto Public Health (public health workers), Toronto Police Association, and free or discounted parking arrangements for medical workers are being arranged at the request of the EOC.
- Following health and safety guidelines provided by Toronto's Medical Officer of Health.

As of March 12, some City programs, community centres, museums, Council and committee meetings were suspended. Employees were asked to self-isolate for 14 days on return from international travels, or if exposed to COVID-19. With the provincial state of emergency announcement on March 17, and subsequent closing of non-essential workplaces, working employees were limited to essential services only:

- Those not considered essential services worked from home if possible.
- All City employees were paid as usual up to April 26, 2020.
- As of April 1, the following COVID-19 measures were in place:

    - Mandatory self-isolation for travelers from outside Canada or in close contact with someone who had COVID-19.
    - Strong direction to stay home except for essential activities and physical distancing of 2 metres.
    - Encouragement of people over 70 years of age to stay at home as much as possible.
    - Limiting access to businesses to maximize physical distancing and control infection.

- On April 3, the City advised employees to continue essential work and work remotely to April 26, 2020. Employees would be redeployed where needed.
- All scheduled employees would be paid to April 26, 2020.

CONTACT

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SIGNATURE

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