REPORT FOR ACTION

Toronto Parking Authority - First Quarter 2021 Financial Update

Date: April 26, 2021
To: Board of Directors, Toronto Parking Authority
From: President, Toronto Parking Authority
Wards: All

SUMMARY

Early 2021 lockdown measures and vaccination supply challenges continue to create operating cash flow pressure, requiring Toronto Parking Authority (TPA) to continue to perform only critical activities while investing in the delivery of key strategic initiatives designed to ensure both employee and customer safety and TPA’s long-run financial sustainability.

TPA's operating loss for the first quarter of 2021 is $(4.5) million as parking transaction volume paces -55 percent below 2020 levels. TPA has approximately $84.6 million in cash and cash equivalents as of March 31, 2021, down $0.6 million from December 31, 2020.

RECOMMENDATIONS

The President, Toronto Parking Authority recommends that:

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

FINANCIAL IMPACT

TPA's first quarter operating loss of $(4.5) million is primarily comprised of parking operation losses of $(3.1) million, as off-street and on-street parking transaction volume fell -55.3 and -54.5 percent below 2020 levels; and Bike Share operating losses of $(1.4) million which is expected as seasonal ridership revenue remains low in winter months.

DECISION HISTORY

There is no prior decision history associated with this report.

COMMENTS

Financial performance for the three-month period ending March 31, 2021 is as follows:

Table 1: First Quarter 2021 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	5,042	7,019	12,186	(1,977)	(7,144)	-28.2%	-58.6%
Off Street	8,287	11,652	19,188	(3,365)	(10,901)	-28.9%	-56.8%
Parking revenue	**13,329**	**18,671**	**31,374**	**(5,342)**	**(18,045)**	**-28.6%**	**-57.5%**
Operating expenses	14,660	17,532	18,037	2,872	3,377	16.4%	18.7%
Admin expenses	3,348	3,943	2,922	595	(426)	15.1%	-14.6%
(Loss) income from operations	**(4,679)**	**(2,804)**	**10,415**	**(1,875)**	**(15,094)**	**66.9%**	**-144.9%**
Other income	760	656	1,415	104	(655)	15.9%	-46.3%
Net (loss) income before one-time gains	**(3,919)**	**(2,148)**	**11,830**	**(1,771)**	**(15,749)**	**82.4%**	**-133.1%**
Gain on the sale of assets	847	-	1	847	846	N/A	N/A
Net (loss) income	**(3,072)**	**(2,148)**	**11,831**	**(924)**	**(14,903)**	**43.0%**	**-126.0%**

Parking operating expenses for the first quarter remain below budget due to lower transaction processing fees, revenue-based parking lot lease expense and higher than budgeted staffing vacancies, including gapping for the 2020 voluntary separation program.

Late March 2021, upon the receiver selling the Yorkville development site, obliging the purchaser to construct and complete a new replacement municipal parking garage within the below-grade lands, a purchase price bonus of $0.8 million was paid.

Table 2: First Quarter 2021 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 revenue	652	306	248	346	404	113.1%	162.9%
Other revenue	23	150	-	(127)	23	-84.7%	N/A
Bike Share revenue	**675**	**456**	**248**	**219**	**427**	**48.0%**	**172.2%**
Operating expenses	2,027	2,306	1,458	279	(569)	12.1%	-39.0%
Admin expenses	35	105	30	70	(5)	66.7%	-16.7%
Net (loss) income from operations	**(1,387)**	**(1,955)**	**(1,240)**	**568**	**(147)**	**-29.1%**	**11.9%**

Bike share ridership revenue for the quarter has exceeded budget due to strong 2020 annual membership sales**,** which are recognized over the subsequent 12-month period. Operating expenses are expected to remain on plan for the year as marketing activities are deferred to the summer months.

Table 3: First Quarter 2021 Financial Position Forecast
(in thousands)

Cash and cash equivalents, December 2020	**$ 85,173**
Working capital adjustments forecast	(8,800)
2021 operating cash flow forecast	700
2021 capital expenditures - under review	(52,476)
Cash and cash equivalents, December 2021	**$ 24,597**

TPA's forecasted cash flow from operations remains at $0.7 million for the year, however due to the increased pandemic lockdown measures, TPA continues to take actions in response to COVID-19 in alignment with the City and to manage cash flow. These actions, with a long-term view, include:

- Performing only essential services, maintaining flexible operating shifts and hours to ensure 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. 2021 capital projects, totalling $52.5 million include one joint venture project which is anticipated to close in 2021: 11 Wellesley Street West ($7.27 million).
- Continually assessing and managing increased costs for security and repairs required as a result of increasing vandalism to parking facilities.
- Managing and deferring the recruitment of seasonal staffing and other non-union vacant or non-essential roles.
- Continuing business, governance and modernization projects including the implementations of: SAP Enterprise Resource Planning software Phase 2 and an online monthly parking permit and management system.

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

CONTACT

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SIGNATURE

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