



Toronto Parking Authority - Audit and Risk Management Committee

Meeting No.	2	Contact	Nancy Fiorentino, Committee Administrator
Meeting Date	Tuesday, May 10, 2022	Phone	416-338-5089
Start Time	1:30 PM	E-mail	tpaboard@toronto.ca
Location	Video Conference	Chair	Jeffrey Steiner

PR2.3	ACTION	Amended		Ward: All
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Relationship Framework: Roadmap to Modernization of Toronto Parking Authority's Operating Mandate and Financial Model

Committee Decision

The Toronto Parking Authority - Audit and Risk Management Committee recommends that:

1. The Board of Directors of Toronto Parking Authority receive the report (April 26, 2022) from the President, Toronto Parking Authority for information.
2. The Board of Directors of Toronto Parking Authority direct that the confidential presentation from the Vice President, Business Development, Toronto Parking Authority, and the Chief Financial Officer, Toronto Parking Authority, remain confidential in its entirety, as it pertains to positions, plans, procedures, criteria or instructions to be applied to negotiations to be carried on by the Toronto Parking Authority.

Decision Advice and Other Information

2:39 p.m. - Toronto Parking Authority - Audit and Risk Management Committee recessed its public meeting to meet in closed session to consider this item as it pertains to positions, plans, procedures, criteria or instructions to be applied to negotiations to be carried on by the Toronto Parking Authority.

Origin

(April 26, 2022) Report from the President, Toronto Parking Authority

Summary

At its meeting on May 10, 2022, the Toronto Parking Authority – Audit and Risk Management Committee considered Item [PR2.3](#) and made recommendations to the Board of Directors of Toronto Parking Authority.

Summary from the report (April 26, 2022) from the President, Toronto Parking Authority

Toronto Parking Authority is North America's largest municipal operator of public parking. Toronto Parking Authority is unique from most City Agencies in that it fully funds its operations from revenues. It also contributes significant amounts to the City's general revenues. Based on the current Net Income Sharing Agreement, Toronto Parking Authority remits to the City 85 percent of its net annual income and since 2002 has contributed more than \$1.3 billion to the City of Toronto to fund other municipal services and programs, including, affordable housing, transit and parks development.

Throughout the pandemic, Toronto Parking Authority has aggressively managed its head count, operating expenses and capital spending to maintain its cash reserves. In fact, the Toronto Parking Authority delivered positive net income throughout the pandemic with over \$19.7 million provided to the City of Toronto in 2021; virtually unheard of in the transportation sector. In addition, Toronto Parking Authority's Bike Share program achieved record ridership numbers in 2021 while squarely positioning itself as the trusted executional arm responsible for delivering the public network of Electric Vehicle Charging Infrastructure that will contribute to meeting the City's TransformTO policy objectives.

As the City continues to recover from the pandemic, the Toronto Parking Authority is focused on becoming the world's best provider of sustainable parking, bike share and last mile mobility experiences for our customers, our partners and our City. Achieving this vision will require that Toronto Parking Authority change its value proposition to create a seamless customer experience that delivers on choice, ease and speed through the City. Conceptually, our new go to market proposition will position Toronto Parking Authority as an integrator of mobility services across an expanded array of channels in both the B2C and B2C sectors.

Toronto Parking Authority is well positioned to capture and monetize these opportunities in 2022 and beyond; however, it requires a modernization of its mandate to reflect a changing city landscape. The risk statements included in Toronto Parking Authority's 2022 Annual Operating Plan (and 2023 - 2031 Capital Plan) identified a number of issues that could negatively impact the Toronto Parking Authority's ability to execute its strategy.

In particular, the absence of an integrated City-wide parking strategy defining our winning aspirations and establishing clarity of responsibilities and accountabilities remains a barrier to fully realizing our objectives. Secondly, the welcome expansion of the Toronto Parking Authority's scope including Bike Share and Electric Vehicle Charging has placed an incremental burden on the Toronto Parking Authority's capacity to fund the required capital infrastructure and opex associated with these initiatives. Thirdly, the planned re-purposing of 40 Toronto Parking Authority parking assets for other city-building purposes will have a negative impact on our top line performance over the mid-term.

Notwithstanding the foregoing, management remains confident these challenges are manageable and can be resolved satisfactorily within our current financial envelope. The Toronto Parking Authority business generates substantial net income each year - averaging \$65 million annually pre-pandemic, which is more than sufficient to meet our long-term requirements. Fundamentally, Management's task is to engage our City partners and develop an updated revenue sharing model that not only reflects current market conditions, but more importantly, supports the ambitious growth strategy of the Toronto Parking Authority while providing the City with a sustainable source of financial dividends. The current revenue sharing

model assigns an 85percent/15percent net income split with the city. This change was executed in 2017; prior to 2017 the dividend distribution was 75percent/25percent.

Toronto Parking Authority has conducted a financial analysis that assesses various revenue, operating expense and capital spending scenarios over the next five years. This analysis was presented to Toronto Parking Authority Board of Directors via an in-camera presentation in order to protect commercially sensitive information.

Background Information

(April 26, 2022) Report from the President, Toronto Parking Authority on Relationship Framework: Roadmap to Modernization of Toronto Parking Authority's Operating Mandate and Financial Model

<https://www.toronto.ca/legdocs/mmis/2022/pr/bgrd/backgroundfile-225089.pdf>

Confidential Presentation from the Vice President, Business Development, Toronto Parking Authority, and the Chief Financial Officer, Toronto Parking Authority