



## REPORT FOR ACTION

# Toronto Parking Authority - 2022 First Quarter Financial Update

**Date:** April 26, 2022

**To:** Audit and Risk Management Committee of the Board of Directors of Toronto Parking Authority

**From:** President, Toronto Parking Authority

**Wards:** All

### SUMMARY

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Toronto Parking Authority's (TPA) operating profit for the first quarter of 2022 is \$1.1 million: \$0.7 million better than plan. Operating revenues missed plan by \$(3.1) million, however are \$8.7 million higher than 2021. Bike Share operating losses for the first quarter of the year are \$(1.5) million, +\$0.1 million favourable versus our plan. Operating and administration expenses were lower by \$3.6 million compared to budget as spending was adjusted to meet the requirements of the business.

Despite unexpected Covid-19 restrictions during the first quarter, TPA's full year operating profit is forecasted to be \$15.1 million or \$0.7 million favourable versus plan. Performance for the remainder of the year is expected to be on plan.

As the pandemic continues to evolve, TPA management has, and will continue to closely manage its discretionary costs to limit negative effects on net income. To ensure TPA remains a stable source of reliable dividends, management will continue to invest in safety and maintenance. In addition, prudent investments in our key strategic mobility pillars will further ensure modern, safe and customer centric mobility solutions.

### RECOMMENDATIONS

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The President, Toronto Parking Authority recommends that:

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

## FINANCIAL IMPACT

There are no financial impacts from this report.

## DECISION HISTORY

N/A

## COMMENTS

N/A

**Table 1: 2022 Q1 Year to Date Results**

For the Three Months Ending March 31, 2022	Actual	Budget	Change	
<b>Revenue</b>	<b>\$ 22,656</b>	<b>\$ 25,759</b>	<b>\$ (3,103)</b>	<b>-12.0%</b>
Direct expenses - operating	(11,404)	(13,569)	2,165	16.0%
Administration	(3,152)	(4,603)	1,451	31.5%
Municipal property tax	(5,421)	(5,464)	43	0.8%
Amortization of property and equipment	(2,209)	(2,289)	80	3.5%
Other income	386	418	(32)	-7.7%
<b>Operating income</b>	<b>856</b>	<b>252</b>	<b>604</b>	<b>239.7%</b>
Finance income	319	213	106	49.8%
Finance cost	(71)	(106)	35	33.0%
<b>Finance income</b>	<b>248</b>	<b>107</b>	<b>141</b>	<b>131.8%</b>
<b>Net income and comprehensive income</b>	<b>\$ 1,104</b>	<b>\$ 359</b>	<b>\$ 745</b>	<b>207.5%</b>

## 2022 Forecast

**Table 2: City of Toronto Revenue Share**

\$000's	2022 Forecast	2022 Budget	2021 Actual	2022 Forecast vs Budget		2022 Forecast vs 2021 Actual	
<b>Net (loss) income from operations</b>	<b>\$ 15,146</b>	<b>\$ 14,401</b>	<b>\$ 9,463</b>	<b>\$ 745</b>	<b>5.2%</b>	<b>\$ 5,684</b>	<b>60.1%</b>
Income share from operations	12,874	12,241	7,816	633	5.2%	5,058	64.7%
Distribution on the sale of assets	-	-	-	-	n/a	-	n/a
City of Toronto distribution	12,874	12,241	7,816	633	5.2%	5,058	64.7%
Special distribution to City of Toronto	-	-	12,000	-	n/a	(12,000)	-100.0%
<b>Total City of Toronto distribution</b>	<b>\$ 12,874</b>	<b>\$ 12,241</b>	<b>\$ 19,816</b>	<b>\$ 633</b>	<b>5.2%</b>	<b>\$ (6,942)</b>	<b>-35.0%</b>

Based on first quarter results, TPA's forecasted 2022 income share distribution will be \$12.9 million versus a planned distribution of \$12.2 million.

## 2022 Operating Forecast

**Table 3: 2022 Parking Operations Forecast**

\$000's	2022 Forecast	2022 Budget	2021 Actual	2022 Forecast vs Budget		2022 Forecast vs 2021 Actual	
<b>Parking revenue</b>	\$ 106,684	\$ 109,657	\$ 86,103	\$ (2,973)	-2.7%	\$ 20,582	23.9%
Operating expenses	73,979	76,038	64,348	2,059	2.7%	(9,631)	-15.0%
<b>Contribution from operations</b>	<b>32,705</b>	<b>33,619</b>	<b>21,755</b>	<b>(914)</b>	<b>-2.7%</b>	<b>10,951</b>	<b>50.3%</b>
Administrative expenses	17,569	19,050	13,761	1,481	7.8%	(3,808)	-27.7%
<b>Income from operations</b>	<b>15,136</b>	<b>14,569</b>	<b>7,993</b>	<b>567</b>	<b>3.9%</b>	<b>7,143</b>	<b>89.4%</b>
Other income	2,231	2,122	2,939	109	5.1%	(709)	-24.1%
<b>Net income before one-time gains</b>	<b>17,367</b>	<b>16,691</b>	<b>10,932</b>	<b>676</b>	<b>4.0%</b>	<b>6,434</b>	<b>58.9%</b>
Gain on the sale of assets	-	-	1,029	-	n/a	(1,029)	-100.0%
<b>Net income</b>	<b>\$ 17,367</b>	<b>\$ 16,691</b>	<b>\$ 11,961</b>	<b>\$ 676</b>	<b>4.0%</b>	<b>\$ 5,405</b>	<b>45.2%</b>

Parking operations net income of \$17.4 million is forecasted for 2022 versus planned net income of \$16.7 million. Revenue shortfalls will be partially offset through reduced direct variable expenses and maintaining staffing levels to meet business needs. Management is focused on those actions designed to ensure a strong top line recovery across our Parking and Bike Share portfolio:

- EV Charging Deployment
- Expansion of the Bike Share program
- Launch of Upgraded Green P App Version Two
- Omni-Channel Customer service technology
- Refreshed Wayfinding

**Table 4: Bike Share Operations Forecast**

\$000's	2022 Forecast	2022 Budget	2021 Actual	2022 Forecast vs Budget		2022 Forecast vs 2021 Actual	
<b>Bike Share revenue</b>	\$ 7,988	\$ 8,118	\$ 6,879	\$ (131)	-1.6%	\$ 1,109	16.1%
Salaries and benefits	602	619	424	17	2.8%	(178)	-42.1%
Operating expenses	9,606	9,789	8,954	182	1.9%	(652)	-7.3%
<b>Loss from operations</b>	<b>\$ (2,220)</b>	<b>\$ (2,289)</b>	<b>\$ (2,499)</b>	<b>\$ 69</b>	<b>3.0%</b>	<b>\$ 278</b>	<b>11.1%</b>

Bike Share's full year revenue is expected to increase 16 percent versus 2021 due to the continuing adoption and expansion of the cycling system. Overall, Bike Share's operating loss is expected to remain on budget as incremental revenue offsets expanded labour and depreciation expense.

**Table 5: 2022 Revenue Forecast**

\$000's	2022 Forecast	2022 Budget	2021 Actual	2022 Forecast vs Budget		2022 Forecast vs 2021 Actual	
Off Street	\$ 62,861	\$ 63,864	\$ 51,894	\$ (1,003)	-1.6%	\$ 10,967	21.1%
On Street	43,823	45,793	34,209	(1,970)	-4.3%	9,614	28.1%
<b>Parking Revenue</b>	<b>106,684</b>	<b>109,657</b>	<b>86,103</b>	<b>(2,973)</b>	<b>-2.7%</b>	<b>20,582</b>	<b>23.9%</b>
Annual Ridership	2,161	2,348	2,196	(186)	-7.9%	(35)	-1.6%
Causal Ridership	5,081	4,956	3,765	125	2.5%	1,316	35.0%
Other income	745	815	917	(70)	-8.5%	(172)	-18.7%
<b>Bike Share Revenue</b>	<b>7,988</b>	<b>8,118</b>	<b>6,879</b>	<b>(131)</b>	<b>-1.6%</b>	<b>1,109</b>	<b>16.1%</b>
<b>Total Operating Revenue</b>	<b>\$ 114,672</b>	<b>\$ 117,776</b>	<b>\$ 92,981</b>	<b>\$ (3,103)</b>	<b>-2.6%</b>	<b>\$ 21,691</b>	<b>23.3%</b>

Parking transaction volume remains below budget expectations, currently running at 70 percent of 2019. However, recent reopening and return of commuter traffic are expected to improve parking transaction volumes throughout the summer months and a return to planned levels.

**Table 6: Off-Street Parking Expenses**

\$000's	2022 Forecast	2022 Budget	2021 Actual	2022 Forecast vs Budget		2022 Forecast vs 2021 Actual	
Salaries, wages and benefits	\$ 25,948	\$ 27,635	\$ 19,909	\$ 1,686	6.1%	\$ (6,039)	-30.3%
Municipal taxes	22,729	22,772	20,517	43	0.2%	(2,212)	-10.8%
Maintenance	3,206	2,865	3,008	(341)	-11.9%	(198)	-6.6%
Utilities	2,756	2,965	2,071	209	7.0%	(685)	-33.1%
Rent	5,149	5,498	4,341	348	6.3%	(808)	-18.6%
Depreciation	7,250	7,214	7,417	(36)	-0.5%	167	2.3%
Payment processing & system fees	2,176	2,217	2,230	41	1.8%	53	2.4%
Software licensing	1,962	2,055	1,681	93	4.5%	(281)	-16.7%
Security	2,436	2,711	2,067	275	10.1%	(369)	-17.9%
Insurance	906	944	880	38	4.0%	(26)	-2.9%
Legal and audit	766	915	459	149	16.3%	(307)	-66.8%
Other general and administration	6,410	7,135	5,102	725	10.2%	(1,308)	-25.6%
<b>Total operating expenses</b>	<b>\$ 81,695</b>	<b>\$ 84,924</b>	<b>\$ 69,683</b>	<b>\$ 3,229</b>	<b>3.8%</b>	<b>\$ (12,013)</b>	<b>-17.2%</b>

Combined Off-street operating expenses are expected to be \$3.2 million better to plan primarily due to headcount management, security and administration savings offset by increased maintenance costs.

**Table 7: On-Street Parking Expenses**

\$000's	2022 Forecast	2022 Budget	2021 Actual	2022 Forecast vs Budget		2022 Forecast vs 2021 Actual	
Salaries, wages and benefits	\$ 1,652	\$ 1,629	\$ 1,504	\$ (23)	-1.4%	\$ (149)	-9.9%
Maintenance	2,146	2,739	130	593	21.6%	(2,016)	-1553.1%
Depreciation	1,308	1,517	752	210	13.8%	(556)	-73.9%
Payment processing & system fees	4,621	4,157	5,920	(464)	-11.2%	1,299	21.9%
All other operating expenses	126	122	122	(5)	-3.8%	(4)	-3.6%
<b>Total operating expenses</b>	<b>\$ 9,853</b>	<b>\$ 10,164</b>	<b>\$ 8,427</b>	<b>\$ 311</b>	<b>3.1%</b>	<b>\$ (1,426)</b>	<b>-16.9%</b>

On-street operating expenses are expected to decrease \$0.3 million or 3.1 percent, predominantly relating to depreciation of equipment.

**Table 8: Salaries, Wages and Benefits**

\$000's	2022 Forecast	2022 Budget	2021 Actual	2022 Forecast vs Budget		2022 Forecast vs 2021 Actual	
Off-Street	\$ 25,948	\$27,635	\$19,909	\$ 1,686	6.1%	\$ (6,039)	-30.3%
On-Street	1,652	1,629	1,504	(23)	-1.4%	(149)	-9.9%
Bike Share	602	619	424	17	2.8%	(178)	-42.1%
<b>Total salaries, wages and benefits</b>	<b>\$ 28,203</b>	<b>\$29,883</b>	<b>\$21,837</b>	<b>\$ 1,681</b>	<b>5.6%</b>	<b>\$ (6,366)</b>	<b>-29.2%</b>

TPA's staffing complement remains unchanged at 326.5 positions. 2022's Off-street and On-street payroll expense is favourable compared to budget as a number of positions, including several management roles, have remained vacant. The Bike Share program has received further staffing support to ensure an effective operation of the expanded system infrastructure.

**Table 9: 2022 Capital Expenditure Forecast**

\$000's	2022 Budget	2022 Deferred	2022 Forecast	2022 Q1 Spend
St. Lawrence Market North	\$ 14,500	\$ 14,500	\$ -	
Bessarion Community Centre	4,502	4,000	502	
CP68 Stairwell Rehabilitation	4,242		4,242	
CP 43 Stairwell Rehabilitation	4,000		4,000	
Security Projects (CCTV, Access Control)	3,434		3,434	
Electric Vehicle (EV) infrastructure	3,028		3,028	211
4 Year Bike Share Expansion	2,405		2,405	1,064
CP 58 Parking Garage Restoration	1,500		1,500	
Wayfinding - standardization	1,349		1,349	
Health and Safety -Safety Compliance Improvements	1,004		1,004	
Pay and Display	1,000		1,000	
Other projects under \$1 million	13,474	652	12,822	143
<b>Total Capital Projects</b>	<b>\$ 54,438</b>	<b>\$ 19,152</b>	<b>\$ 35,286</b>	<b>\$ 1,418</b>

Our top two strategic investment projects, Electric Vehicle (EV) infrastructure and the Bike Share expansion program totalling \$5.4 million are on track to be implemented in 2022.

**Table 10: 2022 Financial Position Forecast**  
(in thousands)

<b>Cash and cash equivalents, December 2021</b>	<b>\$</b>	<b>103,500</b>
Working capital adjustments forecast		(7,500)
2022 operating cash flow forecast		11,372
2022 capital expenditures forecast		(35,286)
<b>Cash and cash equivalents, December 2022</b>	<b>\$</b>	<b>72,086</b>

TPA's forecasted December 2022 cash position has decreased from December 2021 by \$(31.4) million to \$72.1 million due to capital expenditure requiring funding from retained earnings. Two projects budgeted in 2022 with a required cash payment of \$18.5 million - St Lawrence Market and Bessarion, have been deferred to 2023.

## **CONTACT**

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## **SIGNATURE**

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W. Scott Collier, President  
Toronto Parking Authority