REPORT FOR ACTION

Toronto Parking Authority - 2022 June 30 Year to Date Financial Performance (H1 Results)

Date: July 12, 2022
To: Board of Directors of Toronto Parking Authority
From: President, Toronto Parking Authority
Wards: All

SUMMARY

Toronto Parking Authority's (TPA) net income June 30 year to date was $11.1m and +$5.0m versus plan. Revenues were $56.4m; ($1.4m) unfavourable to plan driven by First Quarter (Q1) lockdowns negatively impacting customer traffic. Costs were $46m; +$6.0m favourable to plan tracing to a deliberate management strategy of conserving expenditures reflecting the uncertainty of the recovery. In light of first half profit performance and strong Second Quarter (Q2) revenue recovery, Management is forecasting to exceed full year profit plan between $9m and $13m. Management will provide the Board with a comprehensive full-year 2022 financial forecast at the September 29, 2022 Board meeting.

RECOMMENDATIONS

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

Performance Tables

Table 1: *2022 Q2 Results*
($000's)

For the Period from April 1 to June 30, 2022	Actual	Budget	Change	
Off-Street revenue	18,752	16,746	2,006	12.0%
On-Street revenue	11,844	12,040	(196)	-1.6%
Bike Share revenue	2,365	2,514	(149)	-5.9%
Total parking & user revenue	**$ 32,961**	**$ 31,300**	**$ 1,661**	**5.3%**
Other revenue	439	418	21	5.0%
Total revenue	**$ 33,400**	**$ 31,718**	**$ 1,682**	**5.3%**
Direct expenses - operating	(12,670)	(13,857)	1,187	8.6%
Administration	(3,615)	(4,477)	862	19.3%
Municipal property tax	(5,364)	(5,467)	103	1.9%
Amortization of property and equipment	(2,194)	(2,289)	95	4.2%
Total operating expenses	**(23,843)**	**(26,090)**	**2,247**	**8.6%**
Operating income	**9,557**	**5,628**	**3,929**	**69.8%**
Finance income	538	213	325	152.6%
Finance cost	(67)	(100)	33	33.0%
Finance income	**471**	**113**	**358**	**316.8%**
Net income and comprehensive income	**$ 10,028**	**$ 5,741**	**$ 4,287**	**74.7%**

Highlights:

Q2 revenue was $33.4m and +$1.7m better than plan. Parking revenues were at a post Covid high of 78 percent versus Q2 2019. Sequentially, April parking revenues were at 74.9 percent, May 76.4 percent and June 82.8 percent versus same month 2019. TPA's net income for Q2 was $10 million, +$4.3 million better than plan. Cost favourability of $2.2m versus plan for the quarter driven by unplanned staffing vacancies, and marketing deferrals.

Table 2: *2022 Q2 Year to Date Results*
($000's)

For the Six Months Ending June 30, 2022	Actual	Budget	Change	
Off-Street revenue	31,777	30,773	1,004	3.3%
On-Street revenue	20,725	22,891	(2,166)	-9.5%
Bike Share revenue	3,115	3,395	(280)	-8.2%
Total parking & user revenue	**$ 55,617**	**$ 57,059**	**$ (1,442)**	**-2.5%**
Other revenue	825	837	(12)	-1.4%
Total revenue	**$ 56,442**	**$ 57,896**	**$ (1,454)**	**-2.5%**
Direct expenses - operating	(24,071)	(27,425)	3,354	12.2%
Administration	(6,768)	(9,082)	2,314	25.5%
Municipal property tax	(10,786)	(10,931)	145	1.3%
Amortization of property and equipment	(4,404)	(4,578)	174	3.8%
Total operating expenses	**$ (46,029)**	**$ (52,016)**	**$ 5,987**	**11.5%**
Operating income	**10,413**	**5,880**	**4,533**	**77.1%**
Finance income	857	426	431	101.2%
Finance cost	(138)	(206)	68	33.0%
Finance income	**719**	**220**	**499**	**226.8%**
Net income and comprehensive income	**$ 11,132**	**$ 6,100**	**$ 5,032**	**82.5%**

Highlights:

Q2 Year to Date (YTD) revenue was $56.4m and ($1.45m) below plan tracing to Q1 top line softness versus budget. Q2 YTD parking revenues performed at a 71 percent index versus 2019 (plan was built at a 72 index). For context, Q1 Parking revenues performed at a 63 percent index versus 2019 whilst Q2 recovered to a 78 percent index as lock-downs were lifted.

Net income Q2 YTD is $11.1m; +$5m versus plan driven entirely by $6.0m in targeted cost savings and deferments including head count, marketing, security and maintenance.

Table 3: *2022 Parking Operations Q2 Year to Date Results (Ex Bike Share)*
($000's)

For the Six Months Ending June 30, 2022	Actual	Budget	Change	
Off-Street revenue	31,777	30,773	1,004	3.3%
On-Street revenue	20,725	22,891	(2,166)	-9.5%
Total parking revenue	**$ 52,502**	**$ 53,664**	**$ (1,162)**	**-2.2%**
Other revenue	825	837	(12)	-1.4%
Total revenue	**$ 53,327**	**$ 54,501**	**$ (1,174)**	**-2.2%**
Direct expenses - operating	(19,280)	(22,516)	3,236	14.4%
Administration	(6,768)	(9,082)	2,314	25.5%
Municipal property tax	(10,786)	(10,931)	145	1.3%
Amortization of property and equipment	(4,197)	(4,491)	294	6.5%
Total operating expenses	**$ (41,031)**	**$ (47,020)**	**$ 5,989**	**12.7%**
Operating income	**12,296**	**7,481**	**4,815**	**64.4%**
Finance income	857	426	431	101.2%
Finance cost	(138)	(206)	68	33.0%
Finance income	**719**	**220**	**499**	**226.8%**
Net income and comprehensive income	**$ 13,015**	**$ 7,701**	**$ 5,314**	**69.0%**

Table 4: *2022 Bike Share Operations Q2 Year to Date Results*
($000's)

For the Six Months Ending June 30, 2022	Actual	Budget	Change	
Bike Share revenue	**$ 3,115**	**$ 3,395**	**$ (280)**	**-8.2%**
Salaries and benefits	(327)	(307)	(20)	-6.5%
Operating expenses	(4,671)	(4,689)	18	0.4%
Loss from operations	**(1,883)**	**(1,601)**	**(282)**	**-17.6%**

Table 5: *2022 Operating Expenses Q2 Year to Date (Total TPA excluding Bike Share)*

$000's	2022 Q2 YTD Actual	2022 Q2 YTD Budget	2021 Q2 YTD Actual	2022 Actual vs Budget		2022 Actual vs 2021 Actual	
Salaries, wages and benefits	$ 11,197	$ 14,512	$ 9,614	$ 3,315	22.8%	$ (1,583)	-16.5%
Municipal taxes	10,786	10,931	10,687	145	1.3%	(99)	-0.9%
Maintenance	2,601	2,582	1,763	(19)	-0.7%	(838)	-47.5%
Utilities	1,123	1,523	1,140	400	26.3%	17	1.5%
Rent	2,353	2,649	1,686	296	11.2%	(668)	-39.6%
Depreciation	3,666	3,607	3,626	(59)	-1.6%	(40)	-1.1%
Payment processing & system fees	1,032	1,087	621	54	5.0%	(412)	-66.3%
Software licensing	920	1,048	700	128	12.2%	(220)	-31.4%
Security	1,193	1,382	849	189	13.7%	(344)	-40.6%
Insurance	491	512	382	21	4.1%	(108)	-28.3%
Legal and audit	282	469	453	187	39.9%	171	37.8%
Other general and administration	5,388	6,719	4,891	1,330	19.8%	(497)	-10.2%
Total operating expenses	**$ 41,031**	**$ 47,020**	**$ 36,411**	**$ 5,989**	**12.7%**	**$ (4,619)**	**-12.7%**

Note: Above parking operating expenses include on-street, off-street and admin expenses, excluding Bike Share

Highlights:

Major cost favourability versus plan tracing to salaries, wages and benefits ($3.3m); marketing and consulting savings ($850k) and security ($200k).

Table 6: *2022 Salaries, Wages and Benefits Q2 Year to Date (All TPA Staff)*

$000's	2022 Q2 YTD Actual	2022 Q2 YTD Budget	2021 Q2 YTD Actual	2022 Actual vs Budget		2022 Actual vs 2021 Actual	
Off-Street	$ 10,296	$ 13,704	$ 8,867	$ 3,408	24.9%	$ (1,429)	-16.1%
On-Street	901	808	747	(93)	-11.5%	(154)	-20.6%
Bike Share	327	307	142	(20)	-6.4%	(185)	-130.7%
Total salaries, wages and benefits	**$ 11,523**	**$ 14,819**	**$ 9,755**	**$ 3,295**	**22.2%**	**$ (1,768)**	**-18.1%**

2022 Forecast (Provisional Guidance- Subject to Change)

Table 7: *2022 Full Year Forecast*
($000's)

For the Year Ending December 31, 2022	Forecast	Budget	Change	
Off-Street revenue	69,284	63,864	5,420	**8.5%**
On-Street revenue	44,412	45,793	(1,381)	**-3.0%**
Bike Share revenue	7,846	8,118	(272)	**-3.4%**
Total parking & user revenue	**121,542**	**117,775**	**3,767**	**3.2%**
Other revenue	1,815	1,673	142	**8.5%**
Total revenue	**123,357**	**119,448**	**3,909**	**3.3%**
Direct expenses -operating	(52,114)	(55,468)	3,354	6.0%
Administration	(15,783)	(18,096)	2,313	12.8%
Municipal property tax	(22,626)	(22,771)	145	0.6%
Amortization of property and equipment	(8,987)	(9,161)	174	1.9%
Total operating expenses	**(99,510)**	**(105,496)**	**5,986**	**5.7%**
Operating income	**23,847**	**13,952**	**9,895**	**70.9%**
Finance income	1,933	852	1,081	126.9%
Finance cost	(337)	(404)	67	-16.6%
Finance income	**1,596**	**448**	**1,148**	**256.3%**
Net income and comprehensive income	**$ 25,443**	**$ 14,400**	**$ 11,043**	**76.7%**

Highlights:

Provisional center-cut full year financial forecast of $25.4m profit; +$11m better than plan. Forecast assumes July-December revenue run rate of 78 percent index versus 2019 levels; mirroring Q2 performance. Back-half spending returns to plan levels.

In summary, full year profit guidance between $9m-$13m better than plan.

CONTACT

W. Scott Collier, President, Toronto Parking Authority, (416) 917-2408, Scott.Collier@toronto.ca

SIGNATURE

W. Scott Collier, President
Toronto Parking Authority