REPORT FOR ACTION

Capital Performance Update for the Eight (8) Months Ending August 31, 2022

Date: September 14, 2022
To: Board of Directors, Toronto Parking Authority
From: President, Toronto Parking Authority
Wards: All

SUMMARY

The purpose of this report is to provide the Board of Directors, Toronto Parking Authority (TPA), with an update regarding the TPA's capital spend for the eight (8)-months ending August 31, 2022 including full-year outlook.

As illustrated in Figure1 below, actual capital expenditures August year to date total a modest $3.08 million or 5.6 percent of the capital budget of $54.74 million. However, our capital spend profile is back-end loaded with a projected full-year spend of $29.12 million, which represents 53.2 percent of our original capital plan. Our forecasted variance to plan of $25.6 million (canceled and carry-forward) in 2022 can be attributed to three areas. The first is the cancellation of $3.02 million in projects that are inconsistent with our current state of good repair (SOGR) strategy. Secondly, $8.08 million in deferred capital spending due to construction schedules unable to meet planned expectations. Thirdly, a $14.5 million deferment of the St Lawrence Market North acquisition due to construction delays.

Moving forward, management will leverage the capital variance reports with both the Audit Committee and the Board to identify not only the productivity of our capital spending programmes, but to highlight and recommend areas of opportunity to accelerate investments as circumstances warrant.

RECOMMENDATIONS

The President, Toronto Parking Authority recommends that:

1. The Board of Directors of Toronto Parking Authority receive the 2022 Capital Update.

FINANCIAL IMPACT

There is no financial impact resulting from the adoption of the recommendation in this report.

DECISION HISTORY

At its meeting of December 15, 16 and 17, 2021, City Council approved the Toronto Parking Authority 2022 Operating Budget, 2022 Capital Budget and 2023 - 2031 Capital Plan (see agenda item EX28.8). More information is provided here:
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.EX28.8

At its September 10, 2021 meeting, the Board of Directors of TPA approved the Toronto Parking Authority - 2022 Operating Budget and 2022-2031 Capital Budget (see agenda item PA26.2.). More information is provided here:
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.PA26.2

COMMENTS

2022 Capital Programs:

On an annual basis, TPA Management develops detailed operating and capital budgets for the upcoming years. The 2022-2024 capital plan is currently focused on five (5) key imperatives as reflected in our strategic priorities. They are as follows:

- Institutionalize Health and Safety as a Core Competency
- Modernize the State of Good Repair of our Parking Infrastructure
- Accelerate Bike Share's role as an integral component of Toronto's mobility network
- Fast track the deployment of the City of Toronto's Electric Vehicle (EV) Charging infrastructure to future-proof the TPA's parking operations while accelerating the City's sustainability agenda
- Invest in new payment technology to better reflect emerging consumer preferences.

In 2022, the TPA earmarked $54.74 million ($35.16 million + $19.59 million in 2021 carry-forward) to support our priorities. Due to the complex stakeholder engagement and coordination, design requirements, and product lead times, the bulk of the capital delivery and spend is scheduled to occur in fourth quarter (Q4) 2022. As we ramp up our internal procurement and project management capabilities balance of year and into

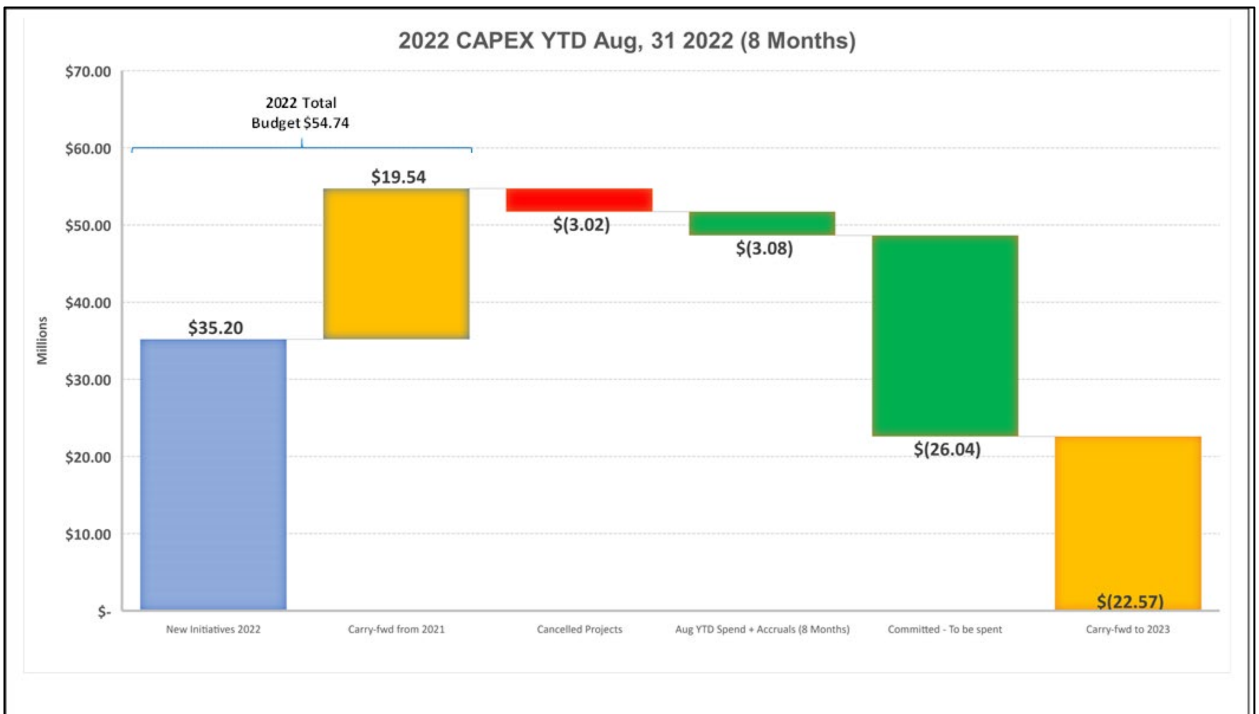
2023, it is managements expectations that we will be able to execute our project delivery and capital spend in a more balanced and deliberate fashion.

Reflected in the 2022 capital plan was a $19.54 million of carry forward from 2021. The majority of this 2021 carry-forward is allocated against TPA contributions for the construction of parking garages at St. Lawrence Market North, located at 29 Front Street East ($14.5M) and the Ethennonnhawahstihnen Community Recreation Centre and Library (formerly Bessarion Community Centre), located at 100 Ethennonnhawahstihnen' Lane ($4.5M). These new parking facilities will be operated by TPA as Car Parks 74 and 426, respectively.

As illustrated in Figure 1 below, the capital spend for the eight (8) months period ending August 31, 2022, was $3.08 million or 5.63 percent of the 2022 approved capital budget of $54.74 million. For the remaining four (4) months beginning September 1, 2022, the TPA has spent and forecasts (commitments) valued at $29.12 million or 53.2 percent of the 2022 capital plan. Additionally, the TPA expects to carry forward $22.57 million or 41.2 percent of the capital plan into 2023.

Our forecasted variance to plan of $25.6 million in 2022 can be attributed to three areas. The first is the cancellation of $3.02 million in projects that are inconsistent with our current SOGR strategy. Secondly, $8.08 million in deferred capital spending due to construction schedules unable to meet planned schedules. Thirdly, a $14.5 million deferment of the St Lawrence Market North acquisition due to construction delays.

Figure 1 - 2022 CAPEX Year to Date (YTD) Aug, 31 2022 (8 Months)



Despite the slow start, TPA is progressing well against the five (5) broad initiatives. Table 2 below provides detailed spend on initiatives and sub-initiatives.

With a well-defined program, established design standards, equipment specifications and procurement process, bike share has spent 34 percent of its capital allocation year to date (YTD). With the ability to accelerate the Four-Year Growth plan, Bike Share Toronto is forecasting a total spend of $5.8 million, or 159 percent of its capital allocation.

EV and SOGR initiatives are tracking slightly behind schedule. YTD, both programs have spent 21 percent or $1.29M of the total capital allocations (EV 18 percent or $1.06M and SOGR 3 percent or $0.227M). These initiatives required the development of design standards and the completion of condition assessments and detailed engineering design through procured services (consultants). TPA has received these elements, i.e., assessments and designs, and will deliver significant capital against these programs in fourth quarter (Q4) 2022.

The 2022 Health and Safety initiatives are tracking off schedule with only one (1) percent or $0.028 million of the 2022 capital allocation spent. The CCTV and Access Control project is the main delay on these initiatives, which are being delivered by Corporate Real Estate Management, Corporate Security, on behalf of TPA. Corporate Security has experienced a significant setback with the Information Technology (IT) system integration between the parking garages and the City of Toronto Security monitoring station. An IT consultant was procured to solve the integration issues and by year-end, this program is forecasted to spend 28 percent or $1.1 million of its capital allocation, with the balance carried forward to 2023.

The timing in which TPA commissions two new City-built parking facilities continues to be problematic and beyond the TPA's control. The TPA expects to receive Car Park 426 Ethennonnhawahstihnen Community Recreation Centre & Library (Formerly Bessarion Community Centre) in Q4 2022. However, the St. Lawrence Market North garage will not be delivered until 2023. This late delivery frees up $14.5 million in the 2022 Approved Capital plan and will be carried forward into 2023. As a result, TPA is forecasting 24 percent or $4.5 million of the capital allocation against its contributions for the construction of these two (2) garages.

Table 2: TPA Capital - 5 Initiatives Summary

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Initiatives	**Sub-Initiatives**	**2022 Plan**	**Spend YTD**	**% Spend**	**Forecast**	**% Forecast**	**Total Spend**	**% Total**
Bike Share		**$ 3,652,835**	**$ 1,228,662**	**34%**	**$ 4,594,540**	**126%**	**$ 5,823,202**	**159%**
	Bike Share Expansion	$ 2,222,835	$ 811,816	37%	$ 3,861,019	174%	$ 4,672,835	210%
	Bike Share SOGR	$ 1,430,000	$ 416,846	29%	$ 733,521	51%	$ 1,150,367	80%
EV		**$ 5,776,072**	**$ 1,059,549**	**18%**	**$ 4,574,922**	**79%**	**$ 5,634,471**	**98%**
	Off-Street EV Design	$ 1,696,598	$ 211,571	12%	$ 1,696,598	100%	$ 1,908,169	112%
	Off-Street EV Construction	$ 2,829,076	$ -	0%	$ 2,500,000	88%	$ 2,500,000	88%
	On-Street Guidelines	$ 342,868	$ -	0%	$ 342,868	100%	$ 342,868	100%
	On-Street Construction	$ 35,456	$ -	0%	$ 35,456	100%	$ 35,456	100%
	Site Readiness	$ 355,925	$ 355,925	100%	$ -	0%	$ 355,925	100%
	EV IBI Planning Report	$ 516,150	$ 492,053	95%	$ 24,097	5%	$ 516,150	100%
SOGR		**$ 8,652,520**	**$ 227,383**	**3%**	**$ 3,519,880**	**41%**	**$ 3,747,263**	**43%**
	Assessment	$ 776,120	$ 212,550	27%	$ 504,880	65%	$ 717,430	92%
	CP 68	$ 3,484,400	$ 14,833	0%	2,015,000	58%	$ 2,029,833	58%
	CP 43	$ 4,392,000	$ -	0%	$ 1,000,000	23%	$ 1,000,000	23%
Health & Safety		**$ 3,970,000**	**$ 28,169**	**1%**	**$ 1,104,511**	**28%**	**$ 1,132,680**	**29%**
	Security (CCTV, Access Control)	$ 2,970,000	$ -	0%	$ 500,000	17%	$ 500,000	17%
	Compliance Improvements	$ 1,000,000	$ 28,169	3%	$ 604,511	60%	$ 632,680	63%
Acquisitions		**$ 18,500,000**	**$ -**	**0%**	**$ 4,502,000**	**24%**	**$ 4,502,000**	**24%**
	CP74 St. Lawrence Market St N.	$ 14,500,000	$ -	0%	$ -	0%	$ -	0%
	CP 426 Ethennonnhawahstihnen	$ 4,000,000	$ -	0%	$ 4,502,000	113%	$ 4,502,000	113%

Moving forward, the careful management and execution of the capital plan is critical to the TPA's strategy. Management will provide capital updates and variances reports to both the Audit Committee and Board, including KPI's to measure and articulate the actual output of our investments. Additionally, these reports will allow management to recommend areas of opportunity to accelerate investments as circumstances warrant.

CONTACT

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SIGNATURE

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