REPORT FOR ACTION

Toronto Parking Authority - 2022 September 30 Year-to-Date Financial Performance (Third Quarter Results)

Date: October 25, 2022
To: Audit and Risk Management Committee of the Board of Directors of Toronto Parking Authority
From: President, Toronto Parking Authority
Wards: All

SUMMARY

Toronto Parking Authority's (TPA) net income September 30 year to date was $21.5 million; $9.7 million higher to plan. Total revenue was $92.0 million; $1.7 million higher to plan as parking revenue were 75.1 percent versus pre-pandemic levels (2019). Costs were $72.1 million; $6.7 million lower to plan primarily due to a deliberate management strategy of conserving expenditures including staffing level management reflecting the uncertainty of the recovery in the first half of 2022. In light of the strong revenue recovery in Third Quarter (Q3), Management is forecasting to exceed full year plan by $16.2 million.

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 Q3 Results*

For the Period July 1 to September 30, 2022				
$000's	**Actual**	**Budget**	**Change**	
Off-Street revenue	20,739	17,298	3,441	19.9%
On-Street revenue	11,203	11,243	(40)	-0.4%
Bike Share revenue	3,090	3,474	(384)	-11.1%
Total parking & user revenue	**$ 35,032**	**$ 32,015**	**$ 3,017**	**9.4%**
Other revenue	534	418	116	27.8%
Total revenue	**35,566**	**32,433**	**3,133**	**9.7%**
Direct expenses - operating	(14,107)	(14,108)	1	0.0%
Administration	(3,904)	(4,486)	582	13.0%
Municipal property tax	(5,919)	(5,920)	1	0.0%
Amortization of property and equipment	(2,126)	(2,289)	163	7.1%
Total operating expenses	**(26,056)**	**(26,803)**	**747**	**2.8%**
Operating income	**9,510**	**5,630**	**3,880**	**68.9%**
Finance income	941	213	728	341.8%
Finance cost	(65)	(98)	33	33.7%
Finance income	**876**	**115**	**761**	**661.7%**
Net income and comprehensive income	**$ 10,386**	**$ 5,745**	**$ 4,641**	**80.8%**

Table 2: *2022 Q3 Year to Date Results*

For the Nine Months Ending September 30, 2022				
$000's	**Actual**	**Budget**	**Change**	
Off-Street revenue	52,516	48,070	4,446	**9.2%**
On-Street revenue	31,928	34,134	(2,206)	-6.5%
Bike Share revenue	6,205	6,869	(664)	-9.7%
Total parking & user revenue	**90,649**	**89,073**	**1,576**	**1.8%**
Other revenue	1,359	1,254	105	8.4%
Total revenue	**92,008**	**90,327**	**1,681**	**1.9%**
Direct expenses -operating	(38,177)	(41,533)	3,356	8.1%
Administration	(10,672)	(13,567)	2,895	21.3%
Municipal property tax	(16,705)	(16,851)	146	0.9%
Amortization of property and equipment	(6,530)	(6,867)	337	4.9%
Total operating expenses	**(72,084)**	**(78,818)**	**6,734**	**8.5%**
Operating income	**19,924**	**11,509**	**8,415**	**73.1%**
Finance income	1,798	639	1,159	181.4%
Finance cost	(203)	(304)	101	33.2%
Finance income	**1,595**	**335**	**1,260**	**376.1%**
Net income and comprehensive income	**$ 21,519**	**$ 11,844**	**$ 9,675**	**81.7%**

Highlights:

Q3 revenue was $35.6 million and Q3 Year to Date (YTD) revenue was $92.0M; $3.1 million and $1.7 million, respectively, higher than plan. Parking revenue was at a post Covid high averaging 82 percent in Q3 compared to 78 percent in Q2 and 63 percent in First Quarter (Q1) versus the same periods in 2019.

Q3 Operating expenses were relatively flat to plan primarily due to increased spend in security and variable expenses as transactional activity increases. Q3 YTD Operating Expenses were lower than plan due to targeted costs savings including headcount, consulting and maintenance in the first half of 2022.

Finance income for Q3 and Q3 YTD are higher than plan due to the higher interest rates on our cash reserves.

Q3 net income is $10.3 million and Q3 YTD net income is $21.5M; $4.7 million and $9.7 million, respectively, higher than plan due to the increase in parking revenue and targeted costs savings in the first half of 2022.

Table 3: *2022 Parking Operations Q3 YTD Results (Excluding Bike Share)*

For the Nine Months Ending September 30, 2022

$000's	**Actual**	**Budget**	**Change**	
Off-Street revenue	52,516	48,071	4,445	**9.2%**
On-Street revenue	31,928	34,134	(2,206)	**-6.5%**
Total parking & user revenue	**84,444**	**82,205**	**2,239**	**2.7%**
Other revenue	1,359	1,254	105	**8.4%**
Total revenue	**85,803**	**83,459**	**2,344**	**2.8%**
Direct expenses -operating	(30,158)	(33,922)	3,764	11.1%
Administration	(10,672)	(13,567)	2,895	21.3%
Municipal property tax	(16,705)	(16,851)	146	0.9%
Amortization of property and equipment	(6,218)	(6,736)	518	7.7%
Total operating expenses	**(63,753)**	**(71,076)**	**7,323**	**10.3%**
Operating income	**22,050**	**12,383**	**9,667**	**78.1%**
Finance income	1,797	639	1,158	181.2%
Finance cost	(203)	(304)	101	33.2%
Finance income	**1,594**	**335**	**1,259**	**375.8%**
Net income and comprehensive income	**$ 23,644**	**$ 12,718**	**$ 10,926**	**85.9%**

Table 4: *2022 Bike Share Operations Q3 YTD Results*

For the Nine Months Ending September 30, 2022				
$000's	**Actual**	**Budget**	**Change**	
Bike Share revenue	**6,205**	**6,869**	**(664)**	**-9.7%**
Salaries and benefits	(524)	(463)	(61)	-13.2%
Operating expenses	(7,808)	(7,278)	(530)	-7.3%
Loss from operations	**(2,127)**	**(872)**	**(1,255)**	**143.9%**

Table 5: *2022 Operating Expenses Q3 YTD*
(Total TPA Excluding Bike Share)

$000's	2022 Q3 YTD Actual	2022 Q3 YTD Budget	2021 Q3 YTD Actual	2022 Actual vs Budget		2022 Actual vs 2021 Actual	
Salaries, wages and benefits	$ 16,981	$ 21,888	$ 14,484	$ 4,907	22.4%	$ (2,497)	-17.2%
Municipal taxes	16,394	16,333	15,060	(61)	-0.4%	(1,334)	-8.9%
Maintenance	2,728	4,334	1,401	1,606	37.0%	(1,328)	-94.8%
Utilities	1,645	2,236	1,571	591	26.4%	(74)	-4.7%
Rent	4,482	4,138	3,430	(343)	-8.3%	(1,051)	-30.6%
Depreciation	5,929	6,549	6,059	620	9.5%	130	2.1%
Payment processing & system fees	6,614	4,769	5,517	(1,845)	-38.7%	(1,097)	-19.9%
Software licensing	1,473	1,545	1,115	72	4.7%	(358)	-32.2%
Security	2,146	2,039	1,606	(107)	-5.3%	(541)	-33.7%
Insurance	774	752	618	(21)	-2.8%	(156)	-25.3%
Legal and audit	417	688	751	272	39.5%	334	44.5%
Other general and administration	4,171	5,806	3,533	1,634	28.2%	(638)	-18.1%
Total operating expenses	**$ 63,753**	**$ 71,077**	**$ 55,144**	**$ 7,324**	**10.3%**	**$ (8,609)**	**-15.6%**

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 ($4.9 million); maintenance ($1.6 million); marketing and consulting underspend ($1.1 million);

2022 Forecast (Provisional Guidance - Subject to Change)

Table 7: *2022 Full Year Forecast*

For the Year Ending December 31, 2022 $000's	Forecast	Budget	Change	
Off-Street revenue	71,835	63,865	7,970	12.5%
On-Street revenue	45,222	45,793	(571)	-1.2%
Bike Share revenue	8,197	8,118	79	1.0%
Total parking & user revenue	**125,254**	**117,776**	**7,478**	**6.3%**
Other revenue	1,743	1,674	69	4.1%
Total revenue	**126,997**	**119,450**	**7,547**	**6.3%**
Direct expenses -operating	(51,386)	(55,468)	4,082	7.4%
Administration	(15,413)	(18,096)	2,683	14.8%
Municipal property tax	(23,227)	(22,771)	(456)	-2.0%
Amortization of property and equipment	(8,661)	(9,161)	500	5.5%
Total operating expenses	**(98,687)**	**(105,496)**	**6,809**	**6.5%**
Operating income	**28,310**	**13,954**	**14,356**	**102.9%**
Finance income	2,576	852	1,724	202.3%
Finance cost	(267)	(404)	137	33.9%
Finance income	**2,309**	**448**	**1,861**	**415.4%**
Net income and comprehensive income	**$ 30,619**	**$ 14,402**	**$ 16,217**	**112.6%**

Highlights:

With parking revenue averaging 82 percent in Q3 compared to 78 percent in Q2, the forecasted revenue for October to December has been updated to reflect this increase. Provisional center-cut full year financial forecast is $30.6 million profit; $16.2 million higher than plan. Fourth Quarter (Q4) spending forecasted at current run rate levels.

In summary, full year profit guidance between $15.0 million - $18.0 million better than plan.

CONTACT

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SIGNATURE

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