



REPORT FOR ACTION

On-Street Paid Parking Growth Strategy and Rate Review Process

Date: April 21, 2023

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

From: President, Toronto Parking Authority

Wards: All

SUMMARY

The purpose of this report is two-fold. First, to socialize with the Audit and Risk Management Committee of the Board of Directors an overview of Toronto Parking Authority's (TPA) on-street parking growth strategy. Secondly, to share with the Committee the complex process involved in the implementation of new rate changes that were last executed 2017.

As background, TPA operates an extensive inventory of on-street paid parking that includes approximately 21,500 parking spaces. In 2022, the on-street parking portfolio generated \$44.7 million in revenues accounting for 36 percent of the \$124M in total revenues generated by TPA.

As part of Management's growth strategy, TPA has begun to identify opportunities to optimize performance of its on-street portfolio including pricing, expanded paid hours of operation and incremental inventory. Concurrently, management will be working towards establishing a more efficient regulatory environment in which to operate the business.

Regular updates will be brought forward to the Board throughout the year including proposed amendments to Chapter 179 of the Municipal Code which governs TPA's ability to establish and make changes to on-street parking rates. In addition, TPA will carry out a comprehensive review of on-street paid parking rates and bring forward recommended changes as part of its' 2024 Operating Budget and 2024 - 2026 Capital Budget.

RECOMMENDATIONS

The President, Toronto Parking Authority recommends that:

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

FINANCIAL IMPACT

This report contains no financial impact analysis.

DECISION HISTORY

At its meeting of April 21, 2023, the Board of Directors of Toronto Parking Authority authorized payment of \$2,056,961.25 (excluding Harmonized Sales Tax) for the purchase of 225 Pay by Plate parking machines from Precise Parklink Inc., which will be made pursuant to the terms and conditions of the Master Services Agreement between the Toronto Parking Authority and Precise Parklink Inc. dated July 1, 2016.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.PA3.8>

At its meeting of February 15, 2023, City Council considered and debated Item MPB4.1, including Toronto Parking Authority's proposed 2023 Operating Budget and 2023 - 2025 Capital Budget and recommendation to defer the 2022 On-Street Rate Review to 2023. The Mayor's Proposed Budget is deemed adopted, as amended by City Council, as the Mayor did not exercise the power to veto under subsection 226.14(4) of the City of Toronto Act.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.MPB4.1>

At its meeting of February 7, 2023, City Council approved Item MM3.5 (Reviewing Revenue Tool Options for Toronto) and requested the Toronto Parking Authority Board to direct the appropriate staff at the Toronto Parking Authority to complete a review of rates for on-street and off-street parking.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.MM3.5>

At its meeting of October 2, 3 and 4, 2017, City Council approved Item GM 22.27, Changes to the On-Street Parking Machine Rates and Hours of Operation. This was the last approval by City Council of comprehensive changes to on-street paid parking.

<https://secure.toronto.ca/council/agenda-item.do?item=2017.GM22.27>

COMMENTS

TPA operates 21,500 on-street paid parking stalls across the City of Toronto, which are supported by 2,728 Pay and Display (P&D) parking machines and 180 single-space parking meters spanning more than 200 kilometres (km) of roadway. On-street parking spaces are a valued city asset and are under growing pressure from other competing uses for curb side space, including CafeTO (seasonal) and cycling infrastructure, which are described further below. Ongoing City-led capital construction activities and construction staging areas supporting private development are also contributing pressures to the on-street paid parking inventory.

As part of Management's growth strategy, TPA is reviewing revenue opportunities associated with its on-street parking portfolio, including:

- adjustments to on-street paid parking rates;
- extending paid hours of operation;
- expanding the inventory of on-street paid parking; and
- proposing changes to the regulatory framework that would introduce more flexibility in establishing and making changes to on-street paid parking.

Rate Setting Process

Under section 179-7 of the City of Toronto Municipal Code Chapter 179, Parking Authority, the TPA has been granted certain authorities by the City with respect to the construction, maintenance, operation and management of parking facilities within the City of Toronto, including on-street parking meter and parking machine facilities, which shall be exercised by the TPA subject to limitations. These limitations stipulate that:

- Only City Council may pass by-laws regulating the parking of vehicles and imposing penalties for the contravention of such by-laws;
- Only City Council may pass by-laws for the purposes of regulating the installation and operation of on-street parking meters and parking machines, including the setting of rates for meters or machines. Some exceptions apply; and,
- TPA has authority to fix rates for on-street parking meters or parking machines, provided that such rates do not exceed \$5.00 (inclusive of HST) per hour and that the President, TPA has obtained concurrence on the changes proposed from the Ward Councillor(s) for the Ward(s) in which the parking meters or parking machines are located.

Comprehensive Rate Review Process

TPA has historically carried out a comprehensive review of its on-street paid parking rates and the hours of operation once every three (3) years. The on-street rate review evaluates the performance of the on-street paid parking program, specifically parking utilization, existing hourly rates, and the hours of operation to ensure that rates and hours of operation are set to encourage short-term parking and market competitiveness.

There are four (4) main phases when undertaking a comprehensive review of the on-street rates that together can take 12 -15 months to complete:

Phase 1: Analysis of Existing On-Street Business Performance (Duration: 2-3 months)

When initiating a comprehensive review of on-street rates, TPA carries out a review of the existing business performance, including an analysis that correlates transaction costs against the volume and duration of parking. This data is then examined for each of the 990 zones across the city to ensure that there is an understanding of parking behaviour at a local scale. The analysis then isolates locations where there is a heightened demand for long-stay parking and a need to use rate increases to encourage a greater turnover in parking.

In addition, TPA carries out a review to identify parking zones where an adjustment to the hours of operation are needed to regulate parking activity beyond the existing hours of operation. With the analysis completed, recommendations to adjust rates are developed in draft and prepared for consultation.

Phase 2: Consultation (Duration: 1-2 months)

Once recommended changes to paid parking rates and hours of operation are developed, TPA will consult with City Divisions, including Transportation Services about any operational impacts associated with the changes, and Economic Development and Culture about potential impacts to local business. In addition, TPA will consult with Business Improvement Areas and local Ward Councillors to solicit feedback on proposed changes before seeking approvals by the TPA Board of Directors and City Council.

Phase 3: Approvals of the Proposed On-Street Rates and Hours of Operation (Duration: 4-6 months)

Amending paid parking rates and hours of operation require specific amendments to the City of Toronto Municipal Code Chapter 910, Parking Machines and Meters. In addition, an amendment to subsection 179-7D of Toronto Municipal Code Chapter 179, Parking Authority, will also be required to address the maximum on-street hourly parking rate and ensure consistency with the cap previously approved by Council, which is currently incorporated in Chapter 441, Fees and Charges. Key updates include:

1. Municipal Code Chapter 179: The delegated rate limit in subsection 179-7D of City of Toronto Municipal Code Chapter 179, Parking Authority, currently has an upper limit of \$5.00 inclusive of HST per hour. In order to adjust on-street rates above the current \$5.00 limit, this upper limit needs to be increased or removed altogether, by City Council amending Chapter 179, Parking Authority. Given the period of time that the current \$5.00 limit has been in place (unchanged since 2017), TPA plans to seek City Council approval to change the existing upper limit through a forthcoming report to TPA Board of Directors.

2. Municipal Code Chapter 441: Chapter 441 lists the upper limit in effect at machine/metered spaces. For any proposed increases above the current \$5.00 hourly rate, Chapter 441 must be updated with a revised fee schedule through a report to City Council. In addition, public notice is required when the item is processed through a Committee of Council, which requires TPA to work with the City Clerk to prepare the requisite public notice.
3. Municipal Code Chapter 910: to implement proposed changes to hourly rates and hours of operation, Schedule I of Toronto Municipal Code Chapter 910, Parking Machines and Meters, and potentially other Municipal Code provisions, would need to be amended to reflect a revised schedule of fees, reflecting the proposed changes. The by-law(s) to make these changes requires approval by City Council, as it is not within the delegated authority provided to the TPA.

When changes to the upper limit of \$5.00 per hour are contemplated, City Council approval must first be obtained before TPA proposes and consults about rate changes that are greater than the current upper limit. Given the public notice requirements, these approvals are obtained sequentially, not concurrently.

Phase 4: Implementation (Duration: 3-4 months)

Once all changes to rates and hours of operation are approved by City Council, TPA will work with its parking payment equipment vendor to reprogram the P&D and Pay-By-Plate (PbP) machines and schedule installations. There are 2,728 on-street parking payment machines across the City of Toronto, and these machines require manual updates to effect new rates. Once the machine installations are completed, the Green P mobile app and website are updated to simultaneously reflect the new rates.

When changes to hours of operation are enacted, TPA must also coordinate updates to on-street signage with Transportation Services Division, which oversees the installation of regulatory signage in the public right of way.

Expanding the On-Street Inventory

TPA regularly identifies potential paid parking spaces for implementation in future years. TPA consults with City partners including Transportation Services to assess any operational impacts with the location of proposed paid parking, as well as the affected Ward Councillor(s) and Business Improvement Area(s) (BIA) to identify any local concerns. As the feasibility of new proposed locations is confirmed, TPA works with its partners to bring forward a staff report to the appropriate Community Council to seek approval for the necessary by-law amendments. New on-street paid parking locations on a TTC route must also be approved by City Council.

In 2022, nearly 500 new on-street paid parking spaces were carefully analyzed, brought forward and ultimately approved by Community Council and City Council (where applicable). This included the conversion of 200 one (1)-hour free parking to paid parking spaces, and an additional nearly 300 paid spaces as a result of replacement parking from lost off-street / on-street initiatives or through the identification of on-street paid parking

growth opportunities. For 2023, TPA is targeting the identification of 500 new on-street spaces to primarily help offset the loss of high value inventory from City-led initiatives.

Simplifying and Streamlining the Regulatory Framework

TPA is exploring opportunities to update the Municipal Code to provide more flexibility for TPA to employ new technologies, including use of new parking machines with dynamic rate setting capabilities as well as mobile-only payment zones, which has the potential to improve TPA's operation and reduce its reliance on outdated technologies that are time-intensive and costly to maintain. Future opportunities include a review of:

- Variable pricing (e.g. time of day, day of week, events, seasonal pricing, progressive pricing where rates start lower then surge higher to encourage turnover);
- Hours of operation (e.g. 8:00AM to 9:00PM) by street/zone;
- Technologies required to support more dynamic and automated rate setting;
- Pricing considerations across various existing and potential payment channels including TPA's Green P mobile app, pay and display machine credit card and cash transactions, digital-only payment zones and third-party resellers;
- Pricing considerations for bundled EV charging and paid parking services; and,
- Governance and approvals process of making changes to parking rates (e.g. steps and timelines required to implement by-law amendments).

NEXT STEPS

TPA has already begun to identify and execute strategic opportunities to grow and modernize the on-street parking program. TPA will continue to engage with the Board throughout this year to support changes to the on-street program and to provide an On-Street Channel Review and a review of TPA's Master Services Agreement with Precise Parklink Inc., which governs the acquisition, operation and maintenance of on-street payment equipment.

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SIGNATURE

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