REPORT FOR ACTION

Toronto Parking Authority - 2023 March 31 Year-to-Date Financial Performance (First Quarter Results)

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

Toronto Parking Authority's (TPA) net income March 31 quarter to date was $8.6 million; $6.1 million higher versus plan.

Total revenue was $31.5 million; $1.4 million higher to plan as parking revenue reached a post-pandemic high of 84.6 percent (versus 2019). Costs were $22.1 million; $3.5 million lower than plan driven by favourability on salaries, utilities, maintenance, and consulting costs.

Financing income was $1.1 million better than plan due to the higher interest rates on cash balance. This is expected to decrease throughout the year as capital is deployed.

Management will be providing a full-year forecast in conjunction with Second Quarter (Q2) results.

Capital spend was $2.8 million and is tracking to our planned spending curve.

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: *2023 Q1 Results*

For the Period January 1 to March 31, 2023				
$000's	**Actual**	**Plan**	**Change**	
Off-Street revenue	18,372	16,791	1,582	9.4%
On-Street revenue	11,447	11,774	(328)	-2.8%
Bike Share revenue	1,237	1,100	136	12.4%
Total parking & user revenue	**$ 31,056**	**$ 29,665**	**$ 1,390**	**4.7%**
Other revenue	480	474	6	1.2%
Total revenue	**31,535**	**30,139**	**1,396**	**4.6%**
Direct expenses - operating	(12,576)	(14,818)	2,243	15.1%
Indirect expenses	(4,268)	(5,448)	1,180	21.7%
Municipal property tax	(5,245)	(5,336)	91	1.7%
Total operating expense	**(22,088)**	**(25,602)**	**3,514**	**13.7%**
Operating income	**9,447**	**4,537**	**4,910**	**108.2%**
Finance income	1,430	374	1,056	282.1%
Amortization of property and equipment	(2,224)	(2,350)	127	5.4%
Net income	**$ 8,654**	**$ 2,561**	**$ 6,093**	**237.9%**

Highlights:

Net Income

Net income at $8.6 million; + $6.1 million better than plan. Highlights are:

- $1.4 million higher in revenue mainly driven by Off-Street parking revenue
- $3.5 million lower in total operating expense due to salaries, utilities, and timing of consulting initiatives and maintenance activities
- $1.1 million resulting from higher interest rates on cash balances
- $0.1 million on lower amortization of property and equipment

Revenue

Total revenue was $31.5 million; $1.4 million higher than plan with $0.9 million due to price increases and $0.4 million due to increased transaction volume.

Total parking revenue was at a post-Covid high averaging 84.6 percent in First Quarter (Q1) 2023 compared to 79.4 percent in Fourth Quarter (Q4) 2022 and 82.9 percent in Third Quarter (Q3) 2022.

Bike Share revenue completed a strong quarter during off-peak time and was $0.1 million higher than plan.

Expenses

Total operating expense was $22.1 million; $3.5 million lower than plan, primarily due to lower salaries, utilities, maintenance and consulting costs.

Financing Income

Financing income was $1.0 million higher than plan due to the higher interest rates on our cash reserves. This is expected to decrease as the year progresses and capital is deployed.

Table 2: *2023 Off-Street Q1 Results*

For the Period January 1 to March 31, 2023

$000's	**Actual**	**Plan**	**Change**	
Off-Street parking revenue	**18,372**	**16,791**	**1,582**	**9.4%**
Other revenue	480	474	6	1.3%
Total revenue	**$ 18,852**	**$ 17,265**	**$ 1,588**	**9.2%**
Direct expenses - operating	(7,595)	(9,777)	2,182	22.3%
Indirect expenses	(2,578)	(3,401)	823	24.2%
Municipal property tax	(5,245)	(5,336)	91	1.7%
Total operating expense	**(15,418)**	**(18,514)**	**3,096**	**16.7%**
Operating income	**3,435**	**(1,249)**	**4,684**	**375.0%**
Finance income	1,439	387	1,052	-
Amortization of property and equipment	(1,888)	(2,013)	125	6.2%
Net income	**$ 2,986**	**($2,875)**	**$ 5,861**	**-203.9%**

Off-street transaction trend:

Table 3: *2023 On-Street Q1 Results*

For the Period January 1 to March 31, 2023				
$000's	**Actual**	**Plan**	**Change**	
On-Street parking revenue	**$ 11,447**	**$ 11,774**	**($328)**	**-2.8%**
Direct expenses - operating	(2,217)	(2,546)	329	12.9%
Indirect expenses	(752)	(1,034)	282	27.2%
Total operating expense	**(2,969)**	**(3,580)**	**611**	**17.1%**
Operating Income	**8,478**	**8,194**	**283**	**3.5%**
Finance income	(9)	(12)	3	23.0%
Amortization of property and equipment	(144)	(183)	40	21.7%
Net income	**$ 8,324**	**$ 7,998**	**$ 326**	**4.1%**

On-street transactions trend:

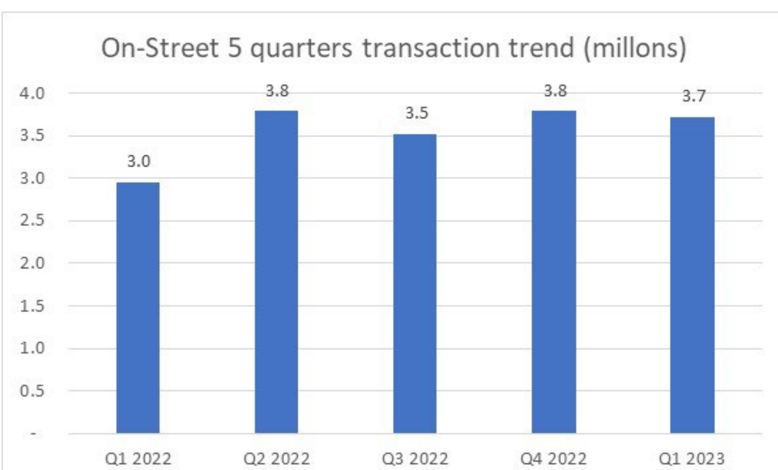


Table 4: *2023 Bike Share Operations Q1 Results*

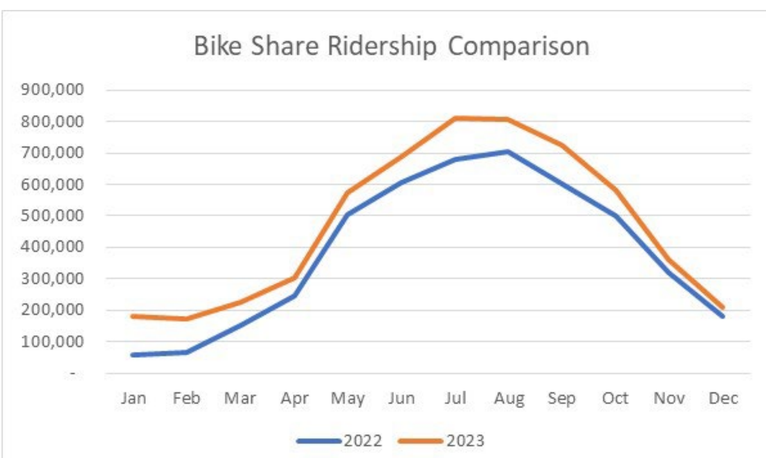
For the Period January 1 to March 31, 2023				
$000's	**Actual**	**Plan**	**Change**	
Bike Share revenue	**$ 1,237**	**$ 1,100**	**$ 136**	**12.4%**
Direct expense - operating	(2,764)	(2,495)	(268)	-10.8%
Indirect expenses	(938)	(1,013)	75	7.4%
Total operating expense	**(3,701)**	**(3,508)**	**(193)**	**-5.5%**
Operating loss	**(2,465)**	**(2,408)**	**(57)**	**-2.4%**
Amortization of property and equipment	(192)	(154)	(38)	-24.6%
Loss from operations	**($2,657)**	**($2,562)**	**($95)**	**-3.7%**

Revenues exceeded plan by $0.14 million tracing to a modest increase of 275 memberships sold and strong casual trips of 108 thousand higher than plan due to favourable winter conditions.

Higher revenue performance was offset by worse than planned operating expenses of $0.2 million tracing to the larger number of e-bike trips and their associated service costs. Loss from operations was therefore short of plan by $0.1 million.

Looking forward, Management is confident that its April 4th implementation of it's new pricing strategy will more than off-set our modest Q1 plan shortfall in Bike Share.

Ridership trend (Jan 2022 to March 2023 actuals, April 2023 to end of year forecast)



Ridership at the end of 2022 was 4.6 million and is expected to reach 5.4 million for 2023, an 18 percent increase. We are on track to achieve plan.

Table 5: *2023 Capital Spend Q1 YTD Results*

For the Period January 1 to March 31, 2023

Category	Actuals	Annual Plan	% Spend	Annual 2023 Forecast	% Spend
Acquisition	-	468	0%	143	30%
Bike Share	2	10,326	0%	13,279	129%
EV	44	8,776	0%	10,622	121%
Growth & service improvements	90	5,935	2%	6,805	183%
Health & Safety	28	1,913	1%	682	36%
State of good repairs	2,665	19,083	14%	13,980	73%
controllable	**2,829**	**46,500**	**6%**	**45,510**	**98%**
Acquisition	6	16,186	0%	20,342	126%
Electric vehicle chargers	-	8,611	0%	8,494	99%
Health & safety	12	-	0%	1,485	100%
uncontrollable	**18**	**24,797**	**0%**	**30,320**	**122%**
Grand Total	**2,847**	**71,297**	**4%**	**75,830**	**106%**

As at March 31st, 2023 capital spend was $2.8 million mainly spent on Municipal CP43 (2 Church) and Municipal CP68 (30 St. Andrew) state of good repair.

With current commitments at over $18.0 million, management is forecasting to achieve the controllable annual spend of $45.5 million and we are actively engaging with our partners to ensure completion of the uncontrollable spend in 2023.

CONTACT

Rose-Ann Lee, Chief Financial Officer, Toronto Parking Authority, (647) 202-9440, Rose-Ann.Lee@toronto.ca

Arjun Mandyam, Director of Planning & Analysis, Toronto Parking Authority, (437) 993-7923 Arjun.Mandyam@toronto.ca

SIGNATURE

W. Scott Collier, President
Toronto Parking Authority