



Toronto Parking Authority

Meeting No. 9	Contact Gina Ang, Committee Administrator
Meeting Date Tuesday, May 28, 2024	Phone 416-338-5089
Start Time 9:30 AM	E-mail tpaboard@toronto.ca
Location Committee Room 2, City Hall/Video Conference	Chair Hartley Lefton

PA9.11	ACTION	Adopted		Ward: All
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2024-2026 City of Toronto - Toronto Parking Authority Net Income Share Agreement

Board Decision

The Board of Directors of the Toronto Parking Authority recommends that:

1. City Council approve the terms of the Net Income Share Agreement between the City and the Toronto Parking Authority for a three (3) year period, effective January 1, 2024, as outlined in Attachment 2 to the report (May 15, 2024) from the President, Toronto Parking Authority and the Chief Financial Officer and Treasurer, City of Toronto.
2. City Council authorize appropriate City staff to prepare a Net Income Sharing Agreement between the Toronto Parking Authority and the City of Toronto, in accordance with the terms set out in Attachment 2 to the report (May 15, 2024) from the President, Toronto Parking Authority and the Chief Financial Officer and Treasurer, City of Toronto, in a form satisfactory to the City Solicitor, and subject to the approval of the Board of Directors of the Toronto Parking Authority.

Origin

(May 15, 2024) Report from the President, Toronto Parking Authority and the Chief Financial Officer and Treasurer, City of Toronto

Summary

At its meeting on May 28, 2024, the Board of the Directors of the Toronto Parking Authority considered Item [PA9.11](#) and made recommendations to City Council.

Summary from the report (May 15, 2024) from the President, Toronto Parking Authority and the Chief Financial Officer and Treasurer, City of Toronto

The purpose of this report is to present the Board of Directors of the Toronto Parking Authority (TPA) with the proposed terms of a new Net Income Share Agreement with the City of Toronto (the "City"). Toronto Parking Authority and the City's Financial Planning Division have collaborated to develop the principles of a new net income sharing agreement that will ensure

that Toronto Parking Authority has access to sufficient resources to both fund its Capital Program, and continue to make annual contributions to the City of Toronto that build upon the \$1.4 billion, including dividends, property taxes, and rents, that Toronto Parking Authority has contributed to the City since 2002, as outlined in Attachment 1 - Annual Contributions Made by the Toronto Parking Authority to the City of Toronto.

The review of Toronto Parking Authority's financial framework with the City is being carried out in two (2) phases with the first phase intended to arrive at an agreement with the City that will provide Toronto Parking Authority with the needed financial stability in the short-term to execute its 2024 Operating Budget and the 2024 - 2026 segment of the 10-Year Capital Budget and Plan, including the continued capital expansion of Toronto Parking Authority's Bike Share Toronto and Electric Vehicle (EV) Charging programs. The second phase of work, intended to address the long-term sustainability of Toronto Parking Authority will continue, with recommendations expected to be presented to the Board of Directors of the Toronto Parking Authority in Q4 2024.

Under the new framework, the net income sharing formula will be changed to increase the percentage of net income that Toronto Parking Authority retains from its operations from 15 percent to 25 percent which results in the City dividend dropping from 85 percent to 75 percent from the current Agreement. This enhanced income share ratio will provide Toronto Parking Authority with incremental net income over the next three (3) years to address the extensive backlog in state of good repair (SOGR) in Toronto Parking Authority's parking garages. In addition, the City will directly fund the continued capital expansion of Toronto Parking Authority's Bike Share Toronto and Electric Vehicle Charging programs over the term of the Agreement. Table 1 summarizes the proposed terms that are recommended for the new Net Income Share Agreement.

Table 1: Proposed Changes to the City of Toronto - TPA Net Income Share Agreement

	Current Agreement	Proposed Agreement
Term	2017 - 2019	January 1, 2024 - December 31, 2026
Income Sharing Formula	85 percent City / 15 percent Toronto Parking Authority	75 percent City / 25 percent Toronto Parking Authority
Minimum Annual Dividend Payment to the City	\$38.0 million	75 percent of prior year net income
Progress Payment Frequency	Monthly	Quarterly (at fiscal quarter-end or year-end)
Direct CAPEX Funding	N/A	\$48.0 million

The change to the income sharing formula reflects the conditions that were in place prior to the 2017 agreement where a 75/25 income sharing formula was used to support Toronto Parking Authority's capital requirements at a time that pre-dated the extension of Toronto Parking Authority's mandate to include Bike Share Toronto and Electric Vehicle Charging. A reversion to this model is required given the Toronto Parking Authority's relative cash reserve position after the pandemic and current capital program requirements of approximately \$186.7 million

over three (3) years (2024 - 2026) of Toronto Parking Authority's 10-Year Capital Budget and Plan.

The new Agreement will continue to support annual net income contributions by Toronto Parking Authority to the City, estimated to be at least \$91.0 million over the three (3) year term. Contributions will be paid on a quarterly basis, subject to unforeseen circumstances which may result from the interruption of service, any other unplanned occurrence or Council decision, which may have an adverse and material effect on the net income and/or the Toronto Parking Authority's cash reserves.

Subject to the Board's endorsement and approval by City Council, the Net Income Share Agreement will retroactively take effect January 1, 2024, for a three (3) year period ending December 31, 2026.

Background Information

(May 15, 2024) Report and Attachments 1 and 2 from the President, Toronto Parking Authority and Chief Financial Officer and Treasurer, City of Toronto on 2024 - 2026 City of Toronto - Toronto Parking Authority Net Income Share Agreement
(<https://www.toronto.ca/legdocs/mmis/2024/pa/bgrd/backgroundfile-245866.pdf>)

Communications

(May 27, 2024) Letter from Alison Stewart, Director, Advocacy and Public Policy, Cycle Toronto (PA.Supp)
(<https://www.toronto.ca/legdocs/mmis/2024/pa/comm/communicationfile-180022.pdf>)

Speakers

Alison Stewart, Director of Advocacy and Public Policy, Cycle Toronto