



REPORT FOR ACTION

Toronto Parking Authority - 2025 Operating Budget and 2025-2027 Capital Budget

Date: October 22, 2024

To: Board of Directors, Toronto Parking Authority

From: President, Toronto Parking Authority

Wards: All

SUMMARY

The Board received the proposed budget for information at its meeting on October 18, 2024. The purpose of this report is to provide the Audit and Risk Management Committee of the Board of Directors with Management's recommended 2025 Operating Budget and 2025 – 2027 Capital Budget in further detail. Formal approval will be requested at the November 29, 2024 Board meeting where Management will also present the 2025 Annual Operating Plan. This timeline affords both the Board and Management sufficient opportunity to discuss the proposed budget and the 2025 Annual Operating Plan, while adhering to the City's Budgetary process.

Building off a strong performance through the first two quarters of 2024, Management is forecasting full year net income of \$41.1 million and Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) of \$54.2 million which is +\$9.2 million and +\$6.5 million, respectively, versus 2024 plan. Revenues are forecasted at a historic high of \$166.4 million, +\$6.8 million versus plan while operating expenses are forecasted at \$112.3 million which is \$0.4 million unfavorable due to higher volume related costs. As expected, cash reserves will end the year at \$28.3 million, representing a \$36.2 million decline versus 2023 due to execution of our 2024 capital expenditures of \$65.7 million and settlement of intercompany transfers with the City.

Capital delivery highlights in 2024 include the continued expansion of Bike Share Toronto with 78 new stations, 350 new e-docks and 160 e-bikes added to the network. With a focus on driving the productivity of TPA's off-street facilities, Management continues to prioritize the expansion of TPA's electric vehicle (EV) charging network by adding 38 off-street EV chargers in 2024, increasing the overall network size from 407 to 445 EV chargers.

In Q4 2024, TPA will welcome the transfer of two (2) new parking garages, including St. Lawrence Market North (Car Park 72) and 121 St. Patrick Street (Car Park 221). These acquisitions together account for more than \$20 million of the forecasted capital spend in 2024. A further \$20+ million was invested to address health & safety issues and state-of-good-repair (SOGR) projects at three (3) of TPA's high-velocity parking garages, while 339 new Pay-by-Plate machines have been deployed in support of equipment modernization and improved customer experience.

Management remains on track to deliver 94%+ of the TPA-led capital spend, while reducing the enterprise risk profile by actioning targeted spend. Total capital spend for 2024 is forecasted to be \$65.7 million versus the Board-approved plan of \$71.3 million.

In 2025, Management is forecasting record top line performance with planned revenues of \$182.6 million (+\$16.2 million versus 2024 Forecast). Growth in revenues will be driven by rate changes on the parking channel of the business, TPA's monthly permit campaign with a focus on B2B customer acquisitions and incremental inventory. Full year EBITDA of \$60.8 million is planned which is +\$6.7 million versus 2024 Forecast and +\$13.1 million versus 2024 Plan. 2025 Net income is forecasted at \$41.9 million, which includes \$3.4 million in finance income and \$22.3 million of amortization resulting from capital spend.

The proposed 2025 Capital plan of \$55.6 million is designed to support Management's continued execution against TPA's five (5) Strategic Objectives: Build a Great Place to Work; Drive Sustainable Growth; Strengthen the Core, Execute with Excellence; Connect with our Customers; and Engage and Innovate with our Strategic Partners. Furthermore, our capital investments will serve to reduce many of our enterprise risks outlined in our Enterprise Risk Management Strategy. Management is not anticipating any carry forward amounts from 2024 to be included in the attached budget submission.

In June of 2024, City Council approved the terms and conditions of a new City of Toronto – TPA Net Income Share Agreement that will ensure that TPA has access to sufficient retained earnings to both fund its Capital Program and continue to make annual contributions to the City of Toronto. Under the new framework, the net income sharing formula has been adjusted to increase the percentage of net income that TPA retains from its operations from 15 percent to 25 percent consistent with pre-2017 levels. This adjustment will provide TPA with the incremental net income over the next three (3) years to support the execution of TPA's SOGR program and continued investments in equipment modernization supporting our growth strategy. In addition, the City will provide \$48 million over the next three (3) years in direct funding for the continued capital expansion of TPA's Bike Share Toronto and Off-Street EV Charging programs.

RECOMMENDATIONS

The President, Toronto Parking Authority recommends that:

1. The Board of Directors of Toronto Parking Authority approve the proposed 2025 Operating Budget and 2025 - 2027 Capital Budget for Toronto Parking Authority;
2. The Board of Directors of Toronto Parking Authority approve the modified rates for on-street parking locations identified in Attachments 2 and 2-2;
3. The Board of Directors of Toronto Parking Authority direct the President, Toronto Parking Authority to request the City Solicitor to submit bills to City Council to make amendments to the appropriate Chapters of the Toronto Municipal Code to implement the rates for on-street parking locations identified in Attachments 2 and 2-2 to this report;
4. The Board of Directors of Toronto Parking Authority approve the rates at the off-street parking facilities identified in Attachment 3-2 to this report; and
5. The Board of Directors of Toronto Parking Authority provide authority for the President, Toronto Parking Authority to establish market rates for special event parking at off-street parking facilities and at off-street facilities that TPA operates for private landowners, on an as-needed basis.

FINANCIAL IMPACT

In 2025, Management is forecasting a record high of \$182.6 million (+\$16.2 million versus 2024 Forecast; +\$23 million versus 2024 plan) in revenues. Full year EBITDA of \$60.8 million which is +\$6.7 million versus 2024 Forecast and +\$13.1 million versus 2024 Budget and Net income of \$41.9 million, which includes \$3.4 million in finance income and \$22.3 million of amortization on capital spend. TPA's annual distribution to the City of Toronto for the 2025 financial year is budgeted to be \$31.4 million; + \$7.5 million better than 2024 plan.

The cost to implement the rate changes to on-street and off-street paid parking is estimated to cost \$0.67 M. Sufficient funding is included in TPA's approved 2024 Operating Budget and proposed 2025 Operating Budget to cover these costs.

DECISION HISTORY

At its meeting of June 26 and 27, 2024, City Council adopted Item EX15.19 and approved the terms of a new 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. In addition, City Council authorized the 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, in a form satisfactory to the City Solicitor, and subject to the approval of the Board of Directors of the Toronto Parking Authority.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.EX15.9>

At its meeting of February 14, 2024, City Council considered and debated Item MPB15.1, including Toronto Parking Authority's proposed 2023 Operating Budget and 2023 - 2025 Capital Budget. The Mayor's Proposed Budget was 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=2024.MPB15.1>

At its meeting on February 6, 2024, City Council adopted item IE10.6, enabling enhanced accessibility for the Bike Share Toronto program. This included the development of low-income passes for riders, flexible payment options and discounted membership fees for equity-deserving Torontonians.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.IE10.6>

At its meeting of March 29, 2023, City Council adopted Item IE2.6, approving a new modernized Bike Share Toronto rate structure. The report highlighted TPA's key objectives of continuing to incentivize cycling as a transportation option, providing Bike Share Toronto customers with a simpler rate structure and recognizing the incremental operating expenses associated with the introduction of e-bikes.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.IE2.6>

COMMENTS

2025 Operating Budget and 2025 – 2034 Capital Budget Highlights

Table 1: City of Toronto Income Share

\$000's	2025 Budget	2024 Forecast	2024 Budget	2025 Budget vs 2024 Forecast		2025 Budget vs 2024 Budget		2024 Forecast vs 2024 Budget	
Net (loss) income from operations	41,921	41,119	31,921	802	2%	9,999	31%	9,198	29%
Income share from operations	31,441	30,839	23,941	601	2%	7,500	31%	6,898	29%
Total City of Toronto distribution	31,441	30,839	23,941	601	2%	7,500	31%	6,898	29%

TPA's annual distribution to the City of Toronto for the 2025 financial year is budgeted to be \$31.4 million, up by \$7.5 million or 31 % better than the 2024 Budget of \$23.9 million.

In June 2024, City Council approved the terms and conditions of a new City of Toronto – TPA Net Income Share Agreement, allowing TPA access to sufficient resources to both fund its Capital Program and continue to make quarterly contributions to the City of Toronto. This builds upon the \$1.4 billion, including dividends, property taxes, and rents, that TPA has contributed to the City since 2002.

Under the new framework, the net income sharing formula has been adjusted to increase the percentage of net income that TPA retains from its operations from 15 % to 25 %. This adjustment provides TPA with the incremental net income over the next three (3) years to support the execution of TPA’s SOGR program and continued investments in equipment modernization delivering choice, ease and speed for our customers and mitigating enterprise risk. In addition, the City will provide \$48 million over the next three (3) years in direct funding for the continued capital expansion of TPA's Bike Share Toronto and Off-Street EV Charging programs.

Management continues to work with the City’s Financial Planning Division to address the long-term sustainable relationship framework for TPA (e.g. Phase 2 of the net income sharing discussions) and expects to provide the Board with an update on this work in Q1 of 2025.

Table 2: 2025 Operating Budget

\$000's	2025 Budget	2024 Forecast	2024 Budget	2025 Budget v 2024 Forecast		2025 Budget v 2024 Budget		2024 Forecast v 2024 Budget	
Off-Street revenue	94,987	86,571	84,643	8,416	9.7%	10,344	12%	1,928	2.3%
On-Street revenue	71,002	64,542	59,722	6,460	10.0%	11,280	19%	4,821	8.1%
Bike Share revenue	14,784	13,363	13,288	1,421	10.6%	1,496	11%	75	0.6%
Total parking & user revenue	180,773	164,477	157,653	16,297	9.9%	23,121	15%	6,824	4.3%
Other revenue	1,897	1,963	1,939	(66)	-3.4%	(43)	-2%	24	1.2%
Total revenue	182,670	166,440	159,592	16,230	9.8%	23,078	14%	6,848	4.3%
1 Direct expenses - operating	(71,603)	(65,501)	(67,154)	(6,102)	-9.3%	(4,449)	-7%	1,653	2.5%
Contribution Margin	111,067	100,939	92,438	10,128	10.0%	18,629	20%	8,501	9.2%
<i>Contribution Margin %</i>	<i>60.8%</i>	<i>60.6%</i>	<i>57.9%</i>						
2 Municipal property tax	(25,530)	(24,004)	(23,918)	(1,526)	-6.4%	(1,612)	-7%	(86)	-0.4%
3 Indirect expenses	(24,715)	(22,783)	(20,823)	(1,932)	-8.5%	(3,892)	-19%	(1,960)	-9.4%
EBITDA	60,822	54,152	47,697	6,670	12.3%	13,125	28%	6,455	13.5%
<i>EBITDA margin %</i>	<i>33.3%</i>	<i>32.5%</i>	<i>29.9%</i>						
Finance Income	3,424	4,691	2,766	(1,267)	-27.0%	659	24%	1,925	69.6%
Amortization	(22,325)	(17,724)	(18,541)	(4,601)	-26.0%	(3,784)	-20%	817	4.4%
Net income	41,921	41,119	31,921	802	2.0%	9,999	31%	9,198	28.8%

Note: The proposed 2025 Budget assumes approval of rate changes for parking.

Operating expenses is the combined total of 1+2+3

2024 Highlights

2024 EBITDA is forecasted to be \$54.2 million which is +\$6.5 million versus 2024 plan. 2024 Net income is forecasted to be \$41.1 million, which includes \$17.7 million of amortization and \$4.7 million of Finance Income, +\$9.2 million versus plan.

Performance against 2024 plan is driven by growth in revenues, reaching historic levels (+\$6.8 million versus plan), -\$0.4 million operating expenses and +\$1.9 million in finance income resulting from higher interest earned against cash balances and +\$0.8 million from amortization.

Parking revenues were mainly driven by the implementation of on and off-street rate changes that were completed ahead of schedule. Parking transactions have flattened to 87.1 % versus pre-pandemic levels. Operating expenses of \$121.8 million are \$0.4 million unfavourable against Plan with higher transactional volume related expenses offset by lower than general and administration costs.

TPA is forecasting a year-end available cash position of approximately \$28.0 million. The ending balance is influenced by quarterly intercompany payments to the City and deployment and payment of our capital program.

2025 Highlights

Management's priorities in 2025 support TPA's strategic framework and are designed to accelerate TPA's vision of becoming the world's premiere operator of sustainable parking, Bike Share and last mile mobility solutions. TPA's proposed 2025 Operating and Capital Budgets will be supported by the 2025 Annual Operating Plan, which will be presented to the Board at its meeting of November 29, 2024.

TPA's 2025 EBITDA is budgeted to be \$60.8 million, +\$6.7 million versus 2024 Forecast and +\$13.1 million versus 2024 plan, tracing to +\$16.2 million on the top line and +\$9.6 million in operating expenses. 2025 Net income of \$41.9 million; +\$10.0 million vs 2024 plan; +\$0.8 million versus 2024 forecast is driven by higher EBITDA performance offset by lower finance income resulting from a lower cash balance and higher amortization due to continued investments in Capital spend.

Exhibit 1: 2025 Budgeted Total Revenue

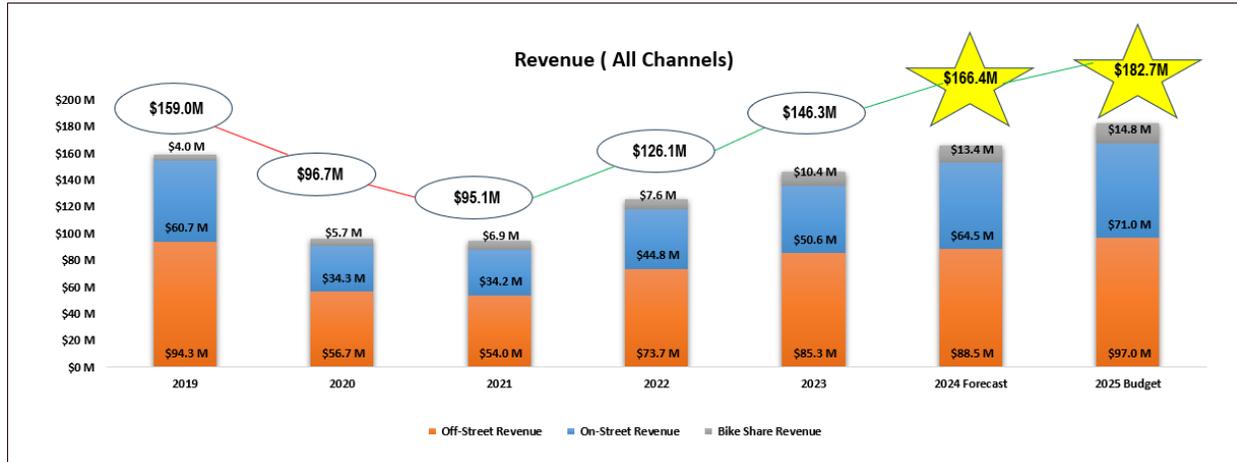


Table 3: 2025 Budgeted Total Revenue

\$000's	2025	2024	2024	2025 Budget v 2024		2025 Budget v 2024		2024 Forecast v 2024	
	Budget	Forecast	Budget	Forecast	Budget	Budget	Budget	Budget	
Off-Street revenue	94,987	86,571	84,643	8,416	9.7%	10,344	12%	1,928	2.3%
On-Street revenue	71,002	64,542	59,722	6,460	10.0%	11,280	19%	4,821	8.1%
Bike Share revenue	14,784	13,363	13,288	1,421	10.6%	1,496	11%	75	0.6%
Total parking & user revenue	180,773	164,477	157,653	16,297	9.9%	23,121	15%	6,824	4.3%
Other revenue	1,897	1,963	1,939	(66)	-3.4%	(43)	-2%	24	1.2%
Total revenue	182,670	166,440	159,592	16,230	9.8%	23,078	14%	6,848	4.3%

2025 budgeted revenue of \$182.7 million is +\$16.2 million versus 2024 forecast with top line growth of 10% expected versus 2024 and +\$23 million versus 2019.

The 2025 revenue budget assumes growth from two areas:

- \$8.5 million in incremental revenue generated through approved pricing initiatives (\$5.1 million from on-street parking, \$3.4 million from off-street parking) and
- \$7.7 million in new volume (\$3.5 million in inventory, \$2.4 million from permits and acquisition of new B2B customers, \$1.4 million from bike share trips/ mix and \$0.4 million from EV sessions growth).

Parking revenues are expected to reach 108.3% of 2019 levels or +9.6% versus forecasted 2024 levels. In comparison, transactions have organically stabilized to a new normal between 87-89%, reflecting the persistence of the hybrid work model in the marketplace, exacerbated by city-wide congestion issues materially impacting high velocity locations in the downtown core.

Management is expecting to onboard two (2) new parking garages (Car Park 72 - St. Lawrence Market North and Car Park 221 - 121 St. Patrick Street) in Q4 2024 and is budgeting a full year revenue impact in 2025. Plan submission also includes a return to operation of SOGR-impacted garages (Car Parks 43: 2 Church Street, 58: Bedford Ave. and 68: Kensington Market) and the impacts of TPA facilities (Car Park 71: 35 Bellevue) being repurposed for other municipal programs/initiatives.

Table 4: 2025 Budgeted Total Operating Expense

\$000's	2025 Budget	2024 Forecast	2024 Budget	2025 Budget vs 2024 Forecast	2025 Budget vs 2024 Budget	2024 Forecast vs 2024 Budget
Volume Related	34,398	31,587	30,970	(2,811) -8.9%	(3,427) -11.1%	(617) -2.0%
Salaries and benefits	33,905	31,029	31,038	(2,876) -9.3%	(2,867) -9.2%	9 0.0%
Municipal taxes	25,530	24,004	23,918	(1,526) -6.4%	(1,612) -6.7%	(86) -0.4%
General Administration	10,625	9,820	10,018	(805) -8.2%	(606) -6.1%	198 2.0%
Facility Costs	17,390	15,848	15,890	(1,542) -9.7%	(1,501) -9.4%	41 0.3%
Total Operating Costs	121,848	112,288	111,834	(9,560) -8.5%	(10,014) -9.0%	(454) -0.4%

2025 planned operating expenses assume increased volume related costs, current staffing levels, adjusted municipal taxes, and higher general administration and facility costs to support the execution of strategic initiatives and meet TPA's mandate. Budgeted operating expenses of +\$9.6 million versus forecast are driven by:

- \$2.8 million or 8.9% volume related costs (credit card transaction fees for example) that are growing slower than 9.8% revenues due to cost containment discussions with key vendors to secure competitive pricing;
- \$2.9 million in additional expenses for salary and benefits due to annualized impact of hiring with higher market rates, merit and contractual pay increases.
- \$1.5 million or 5% increase in municipal taxes due to higher tax rate and acquisition of two new facilities;
- \$0.8 million general administration costs reflecting TPA's commitment to proactively manage cyber security risks, data governance, insurance premiums and consulting services; and
- \$1.5 million increase in facility costs to reflect 3% CPI and new parking inventory, direct charging costs of EV sessions, Bike Share network into 25 wards with station connectivity and bike spare parts.

Table 5: Off-Street Parking Performance

\$000's	2025 Budget	2024 Forecast	2024 Budget	2025 Budget v 2024 Forecast	2025 Budget v 2024 Budget	2024 Forecast v 2024 Budget
Off-Street parking revenue	94,987	86,571	84,643	8,416 10%	10,344 12%	1,928 2%
Other revenue	1,897	1,963	1,939	(66) -3%	(43) -2%	24 1%
Total revenue	96,884	88,535	86,583	8,349 9%	10,301 12%	1,952 2%
Direct expenses - operating	(39,351)	(37,050)	(38,502)	(2,301) -6%	(848) -2%	1,453 4%
Contribution Margin	57,533	51,485	48,080	6,049 12%	9,453 20%	3,404 7%
<i>Contribution Margin %</i>	<i>59.4%</i>	<i>58.2%</i>	<i>55.5%</i>			

Management is budgeting the 2025 contribution margin for Off-Street parking of \$57.5 million to increase \$6.0 million or 12% over the 2024 forecast. The budgeted increase is driven by:

- \$8.3 million in revenue from growth initiatives (+\$4.9 million) and assumed price increase (+\$3.4 million), partially offset by \$2.3 million in operating expenses, including:
 - \$1.5 million volume related costs resulting from higher revenues parking and EV charging sessions;
 - \$0.4 million in maintenance costs resulting from increased commercial tenant portfolio repairs, operation of an expanded number of EV chargers and other costs associated with upkeeping aging equipment and infrastructure; and
 - \$0.4 million for labour cost due to annualization of hiring of vacant positions and contractual increases.

Table 6: On-Street Parking Performance

\$000's	2025 Budget	2024 Forecast	2024 Budget	2025 Budget vs 2024 Forecast	2025 Budget vs 2024 Budget	2024 Forecast vs 2024 Budget			
On-Street parking revenue	71,002	64,542	59,722	6,460	10%	11,280	19%	4,821	8%
Direct expenses - operating	(12,705)	(11,869)	(12,548)	(837)	-7%	(157)	-1%	679	5%
Contribution Margin	58,297	52,674	47,174	5,623	11%	11,123	24%	5,500	12%
<i>Contribution Margin %</i>	<i>82.1%</i>	<i>81.6%</i>	<i>79.0%</i>						

Management is budgeting the 2025 contribution margin for On-Street parking of \$58.3 million to increase \$5.6 million or 11% versus 2024 forecast. The budgeted increase is driven by:

- An increase of \$6.5 million in revenue resulting from +\$5.1 million in assumed council approved rate increases and +\$1.3 million in the full year operation of new inventory implemented throughout 2024.
- \$0.8 million increased expenses from volume related costs due to price increase, new inventory and continual replacement of near obsolete DG4 parking equipment with new Pay-By-Plate machines providing greater choice, ease and speed with payment options and CX experience to available inventory.

Table 7: EV Charging Performance

EV Combined \$000's	2025 Budget	2024 Forecast	2024 Budget	2025 Budget vs 2024 Forecast	2025 Budget vs 2024 Budget	2024 Forecast vs 2024 Budget			
Charging Revenue	978	523	376	454	87%	601	160%	147	39%
Associated Parking Revenue*	1,145	561	240	584	104%	906	-	321	-
Total Revenue	2,123	1,084	616	1,039	96%	1,507	245%	468	76%
Direct expenses - operating	(1,232)	(697)	(515)	(535)	-77%	(717)	-139%	(182)	-35%
Contribution Margin	891	388	101	504	130%	790	780%	286	283%
Contribution %	42.0%	35.7%	16.4%						

As the largest municipally-owned and operated EV charging network in Canada, TPA will add a further 38 EV chargers to its network in 2024, increasing the total from 407 to 445. This includes 348 off-street chargers and 97 on-street chargers. The network has grown to attract 15,000 unique customers and is expected to attract 188,000 charging sessions in 2025, +88,000 versus 2024 forecast and +122,000 versus 2024 plan. Total 2025 plan sessions include:

- 148,000 off-street sessions, +75,000 versus 2024 forecast and +122,000 versus 2024 plan; and
- 40,000 sessions on-street sessions, + 12,000 versus 2024 forecast and +388 versus 2024 plan.

Total EV Charging Revenues are budgeted at \$2.1 million; +\$1.0 million versus 2024 forecast, including:

- \$1.8 million off-street charging and associated parking revenues, +\$1.0 million versus 2024 forecast, and
- \$0.24 million in on-street charging and associated parking revenues; +\$0.1 million v 2024 forecast.

Table 8: Bike Share Toronto Performance

\$000's	2025	2024	2024	2025 Budget v 2024		2025 Budget v 2024		2024 Forecast v 2024	
	Budget	Forecast	Budget	Forecast	%	Budget	%	Budget	%
Bike Share revenue	14,784	13,363	13,288	1,421	11%	1,496	11%	75	1%
Direct expenses - operating	(19,547)	(16,583)	(16,104)	(2,964)	-18%	(3,443)	-21%	(479)	-3%
Contribution Margin	(4,763)	(3,220)	(2,816)	(1,543)	48%	(1,947)	69%	(403)	14%
<i>Contribution Margin %</i>	<i>-32.2%</i>	<i>-24.1%</i>	<i>-21.2%</i>						

As North America's 3rd largest bike share system (in size), Bike Share Toronto is projected to reach a record 6.5 million rides by the end of 2024, +0.7 million v prior year. In 2024, TPA made several notable additions to the Bike Share Toronto system, including the addition of 160 e-bikes and an additional 350 e-charging docks. Bike Share Toronto's annual membership is forecasted to grow to a record level of 38,000 members in 2024, representing an increase of +2,500 versus 2023.

In 2025, Bike Share Toronto is expected to deliver 7 million rides or +0.5 million versus 2024 forecast. Increased ridership (+0.2 million rides) is driven by higher use of an expanded fleet of e-bikes.

Management is budgeting the 2025 contribution margin for Bike Share Toronto to deteriorate by 8.1% from -24.1% (2024 Forecast) to -32.2%. Although record revenue of \$14.8 million (+1.4 million versus 2024 forecast) is expected due to planned ridership growth, operating expenses are also expected to rise given the increased costs of operating an expanded network. The 2025 Operating Budget includes:

- \$14.8 million in record revenue (+\$1.4 million versus 2024 Forecast) due to planned ridership growth; and
- \$19.5 million in operating expenses (+\$3.0 million versus 2024 forecast) resulting from:
 - \$1.5 million increase in direct program costs resulting from incremental 0.5 million rides;
 - \$1.0 million in spare parts costs due to increase in overall rides and mix (1.2 million or 19% of total rides +0.2 million e-bike rides vs 2024 forecast); and
 - \$0.5 million to complete expansion to 25 wards with use of temporary contractors, station connectivity for new installations, and support for the next four-year growth strategy.

Table 9: 2025 – 2034 Capital Expenditure

2025 Capital Budget;
2026 - 2034 Capital Plan

Projects (In \$000s)	2025 Budget	2026 Plan	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan	2032 Plan	2033 Plan	2034 Plan	2025 - 2034 Total
Health & Safety & Legislated	1,098	3,000	2,530	1,031	689	340	50	25	25		8,788
SOGR	13,740	14,000	14,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	146,740
Service Improvement & Growth	40,793	38,089	31,229	43,189	20,589	13,839	13,839	13,839	13,839	13,839	243,084
Total Expenditures (including carry forward from 2024)	55,631	55,089	47,769	59,220	36,278	29,179	28,889	28,864	28,864	28,839	398,612

Note: 10-year capital plan excludes Rehabilitation of City Hall Parking Garage (Car Park 36). Estimated rehabilitation cost is \$96 million as funding source is required. Furthermore, excludes major tenant portfolio SOGR repairs of \$10M.

The proposed 2025 Capital Budget includes \$55.6 million in new investments that support TPA’s strategic priorities while minimizing risk profile outlined in our Enterprise Risk Management Strategy. New investments include the expansion of Bike Share Toronto to all 25 wards, modest expansion of TPA’s EV charging network, and acceleration of our modernization efforts against our margin accretive parking channels including equipment modernization, SOGR and Health & Safety. Management will present the 2025 Annual Operating Plan at the November 29, 2024 Board meeting, which will outline specific action plans by channel.

RATE REVIEWS

Management has carried out a review of the rate structures and rates across its business channels - on-street parking, off-street parking, Bike Share Toronto and EV Charging. Recommended changes to on and off-street parking rates are integrated into the proposed 2025 Operating Budget.

On-Street Rate Review

TPA’s rate setting policy is designed to ensure that rates are set to encourage short-stay, high turnover parking. This approach ensures that on-street paid parking is available to support the local businesses and communities that are served. On-street parking rates currently range from \$1.50/hour to a maximum of \$6.50/hour, with the

highest rates charged in high-demand areas within the City's high-density areas. The current rate structure, including the size and performance of each rate card, is summarized in Table 10.

Table 10: Existing On-Street Rate Structure

Current Rate (Per Hour)	Number of Spaces
\$1.50	1,768
\$2.75	7,681
\$4.00	8,782
\$5.25	2,582
\$6.50	803
Total	21,616

Historically, comprehensive reviews of the on-street parking rates have occurred once every three (3) years with the most recent rate adjustment approved as part of TPA's 2024 Operating Budget. Prior to 2023, the last rate review was completed in 2017 with the approved changes to rates implemented in phases over a three (3) year period between 2018 and 2020. Subsequent rate reviews were deferred in 2020, 2021 and again in 2022 due to the ongoing impacts of the pandemic.

TPA's on-street hourly parking rates remain considerably lower than other comparable cities in North America with the City of Vancouver charging up to \$11/hour, the City of Chicago charging up to \$9.35/hour (\$7 USD), New York City charging up to \$12/hour (\$9.00 USD), and San Francisco charging up to \$10.35/hour (\$7.75+ USD).

In addition, TPA's inventory of on-street paid parking remains under growing pressure from other competing curbside uses, including several City of Toronto initiatives, such as CaféTO, new cycling infrastructure, loading zones, Vision Zero and City-led capital construction activities. In 2024, City of Toronto initiatives, including CaféTO, and new cycling infrastructure have resulted in an estimated YTD loss of approximately \$3 M in revenue. Management continues to work with the Transportation Services Division and local stakeholders to identify new on-street paid parking opportunities and has successfully obtained approval for 596 new spaces through October 22, 2024 YTD with another 421 expected to receive approval before year end. Notwithstanding, the continued pressure on TPA's on-street paid parking inventory - particularly in high density areas - further supports the need to increase rates to ensure a regular turnover in parking activity. At the same time, increasing rates recognizes the cost of congestion to the City and the premium that should be placed on the value of curbside space.

As part of this year's rate review, TPA evaluated the performance of its on-street paid parking program, including the utilization of spaces, length of stay and existing hourly parking rates. Several other factors, including local conditions, price elasticity, inflation and the parking rates in other comparable North American cities were also considered. Based on the analyses completed, TPA is recommending that the changes shown in Table 11 be made to the on-street paid parking rates.

Table 11: Proposed Hourly Rate Structure

Current Rate (Per Hour)	Proposed Rate (Per Hour)	Number of Spaces
\$1.50	\$1.50	1,323
\$2.75	\$3.00	8,005
\$4.00	\$4.25	8,048
\$5.25	\$5.50	1,669
\$6.50	\$6.75	2,571
	Total	21,616

The recommended rate changes, including changes to hours of operation noted below, are expected to generate \$5.1 M in incremental revenue in 2025 and can be fully implemented by TPA in phases by April 2025.

Consultation

As part of the on-street rate review process, TPA engaged all City Councillors to review the recommended rate changes and address any questions or concerns. The feedback received broadly provided support for the rate changes being recommended. A summary of the feedback received is included in Attachment 2.

In addition, TPA staff met with the Toronto Association of Business Improvement Areas Association (TABIA) as part of their monthly meeting in October 2024 to provide information about the rate review and proposed recommendations. Feedback at the meeting and through subsequent interactions also provided broad support for the proposed rate adjustments.

Lastly, TPA staff engaged with relevant City divisions and agencies, including Transportation Services, Financial Planning, Toronto Police Services and Economic Development and Culture about the rate review. Based on the consultation carried out, TPA's President is satisfied that the consultation requirements under Chapter 179-7 (D) have been met.

TPA will continue to monitor the on-street paid parking program and work with the City to coordinate the implementation of the proposed rates and locations in 2025. This includes introduction of bills at City Council at its December 2024 meeting to give effect to the relevant by-laws. Additional information on the rationale for the proposed new rate structure is included in Attachment 2.

Off-Street Rate Review

TPA operates 294 off-street parking facilities throughout the City of Toronto, including surface lots and garages. To ensure off-street parking rates reflect current demand patterns and market rates, TPA reviews its off-street parking rates at least once annually. This allows Management to deliver on its mandate to provide parking options to serve the greatest number of customers.

Of the facilities that TPA operates, there are select locations under the operational jurisdiction of other City agencies (i.e., TTC/Exhibition Place) where the TPA is not responsible for rate setting, and as such, those facilities are subject to their own independent review of rates by the applicable City agency and were not considered in this analysis.

As part of the 2024 Off-Street Rate Review process, TPA reviewed the rates at 221 off-street facilities, including 160 under its operational jurisdiction and an additional 61 that TPA manages under parking management agreements on behalf of third parties, including other City divisions and private landowners.

A rate structure comprising the following is typically offered at most off-street parking facilities:

- Half hour
- Daily maximum
- Evening maximum
- Monthly permit

As part of its comprehensive annual Off-Street Rate Review, a data-driven approach is taken to ensure that market-based recommendations are pursued. TPA compiles operational data and analyzes several factors related to the performance of specific car parks and groups of car parks. Locations are screened for year-over-year changes in the number of transactions, demand and peak usage. Potential rate increases are then reviewed for consistency with the rates at other nearby TPA parking facilities and on-street parking and then benchmarked against comparable commercial competitor parking facilities.

Based on improving demands and peak utilization rates at TPA's off-street parking facilities, Management is recommending that parking rates at 112 of TPA's 294 off-street facilities be changed, as outlined in Attachments 3 and 3-2. In addition, TPA is proposing to establish rates for two (2) new joint venture locations coming online in

2024: St. Lawrence Market North facility (CP 72) located at 92 Front Street East and Simcoe/St. Patrick facility (CP 221) located at 121 St. Patrick Street. The proposed changes will ensure that TPA's rates are both competitive and consistent with TPA's rate setting policies.

Lastly, Management is seeking the Board's authority to: 1). Make adjustments to the rate structure set at facilities for special events on an as needed basis; and 2). Make adjustments to the rates set at privately-owned parking lots that TPA manages. This will allow TPA to adjust the rates both to match market demands and the particular needs of individual clients.

In summary, the recommended rate changes will impact 112 facilities that are located across 14 Wards. This includes one location where an overall price reduction is recommended due to demand, availability and competitor pricing nearby. The recommended off-street rate changes (refer to Attachment 3-2) are expected to generate \$3.4M in incremental revenue in 2025 and, pending Board approval, are expected to be implemented in phases by April 2025. Additional information about the objectives and methodology for the Off-Street Rate Review can be found in Attachment 3.

Bike Share Toronto

Bike Share Toronto (BST) is an affordable, sustainable and convenient mobility option that has become an integral part of the city's transportation network. Since its inception in 2011, the program has seen tremendous success, growing from a system of 80 stations and annual ridership of 400,000 to North America's third largest bike share system with a network of over 825 stations, 9,000 bikes (including 1,900 E-bikes) and projected ridership of 6.5 M in 2024.

BST's success to date can be attributed in large part to TPA's focus on delivering a consistent and reliable customer experience for each and every ride. These efforts were rewarded by securing the best ever customer satisfaction score of 90% during the most recent survey in 2023. BST has experienced explosive growth in the last several years with ridership growth of +675% since 2016. In 2024 alone, riders purchased 38,000 annual memberships, a 10% increase from 2023, and on its busiest day to date in 2024, BST hit an all time-record of 35,000 rides.

BST has built a loyal base of riders including both commuters and visitors that have chosen to navigate Toronto on a bike to live, work, learn and play. With over 38,000 annual memberships sold in 2024, a 10% increase since 2023, ridership has grown to include a mix of 20% casual riders and 80% annual members. In addition, over the past six (6) months alone in 2024, over 25,000 new individuals have tried the program that have never used BST before.

Management is not proposing to make any changes to BST's current rates as part of the 2025 Operating Budget. While TPA will be required to subsidize the unfavorable contribution margin of \$4.7M from its high-value parking revenues, continued

investments in BST will still be made to deliver better and more consistent service reliability. These investments include more resources to support the deployment of more assets (600 daily charged e-bikes and 900 new iconic bikes); the rebalancing of bikes at high volume locations; and investments in tools, supplies and spare parts to maximize the number of bikes on the road.

In 2025, BST will also deliver stations in communities not well served by other transportation options, including north of Highway 401 and into Scarborough. This will allow the program to have a presence in every ward, providing greater accessibility options across the City.

As directed by City Council through [item MM20.7](#), BST is reviewing alterations to its permissions such that youth aged 16 and 17 would be allowed to utilize classic bikes without adult supervision. As part of these proposed changes, riders between 14 and 16 years of age would also be permitted to ride classic bikes, when accompanied by an adult. Management is exploring the legal implications of this change and will report back to the Board on the associated risks and opportunities at its November 29, 2024 meeting.

EV Charging

TPA has focused on re-imagining its business to create multi-modal mobility hubs that satisfy our customers' demand for choice, ease and speed. This shift has incorporated capital investments into EV charging infrastructure that will both future proof TPA's core parking business by driving incremental parking revenue and support TransformTO EV adoption objectives.

As an emerging and growing business channel for TPA, Management is focussed on growing awareness of the EV program and delivering the best possible customer experience that drives customer loyalty. Although Management is not proposing any changes to EV charging pricing as part of the 2025 Operating Budget, it is anticipated that the pricing structure will shift such that customers will pay for EV charging for each kilowatt hour of electricity utilized, as compared to the current hourly/flat rate pricing model. Analysis will be carried out that encompasses the time of use pricing model set by Toronto Hydro, reflecting the varying utility rates associated with the day of the week and time of day electricity is used. These enhancements are aligned with global industry standards for EV charging pricing and will be coordinated through Environment & Climate Division to ensure a consistent city-wide approach.

CONTACT

Rose-Ann Lee, Chief Financial Officer, Toronto Parking Authority,
416-393-7282, rose-ann.lee@greenpmobility.com

Jeffrey Dea, Vice President, Growth & Strategy, Toronto Parking Authority,
437-243-6545, jeffrey.dea@greenpmobility.com

Jarrett McDonald, Vice President, Operations, Toronto Parking Authority,
437-833-3363, jarrett.mcdonald@greenpmobility.com

Arlene Yam Fritz, Vice President, Human Resources, Toronto Parking Authority,
437-993-9230, arlene.yam.fritz@greenpmobility.com

SIGNATURE

W. Scott Collier
President, Toronto Parking Authority

ATTACHMENTS

Attachment 1: Budget TO 2025 Budget Submission - Toronto Parking Authority

Attachment 2: On-Street Parking Rate Review

Attachment 2-2: Map of Proposed On-Street Rate Increase Locations

Attachment 3: Off-Street Parking Rate Review

Attachment 3-2: Off-Street Rate Recommendations by Facility

Attachment 3-3: Map of Proposed Off-Street Rate Increase Facilities

Attachment 1: Budget TO 2025 Budget Submission - Toronto Parking Authority

Attachment 2: On-Street Parking Rate Review

On-street parking spaces typically serve local businesses by providing short-stay parking (three (3) hours or less in duration) and are subject to high demand. TPA’s on-street portfolio is priced in such a way that it relies on high turnover and discourages longer stay commuter-type travel to serve the greatest number of customers.

Proposed Rate Changes

A comprehensive review of the on-street paid parking program ensures TPA’s objectives for parking rates are met, which encompasses:

- managing usage to ensure that parking is provided to accommodate short stay parkers;
- adjusting rate levels to reflect changes in demand and supply; and
- accelerating harmonization of rates across neighbourhoods.

The proposed rate adjustments will also require amendments to the City of Toronto Municipal Code Chapter 910, Parking Machines and Meters. Table 1 below outlines the existing and proposed new on-street rates.

Table 1: Proposed New On-Street Rates

Current Rate (Per Hour)	Proposed Rate (Per Hour)
\$1.50	\$1.50
\$2.75	\$3.00
\$4.00	\$4.25
\$5.25	\$5.50
\$6.50	\$6.75

As part of the rate review process, TPA engaged City Councillors whose wards are impacted to review the recommended rate changes with an offer to meet to review the recommendations in detail and address any questions or concerns. The feedback received broadly provided support for the rate changes being recommended. A summary of the feedback received is included in Table 2 below.

Table 2: City Councillor Feedback for On-Street Rate Review

Ward #	Ward Name	City Councillor	Feedback Provided	Date Feedback Received
1	Etobicoke North	Vincent Crisanti	Ward 1 does not have on-street paid parking and is not directly impacted.	
2	Etobicoke Centre	Stephen Holyday	No Concerns	October 8, 2024
3	Etobicoke-Lakeshore	Amber Morley	No Concerns	October 17, 2024
4	Parkdale-High Park	Gord Perks	No Concerns	October 4, 2024
5	York South-Weston	Frances Nunziata	No Concerns	October 4, 2024
6	York Centre	James Pasternak	No Concerns	October 21, 2024
7	Humber River-Black Creek	Anthony Perruzza	No Concerns	October 18, 2024
8	Eglinton-Lawrence	Mike Colle	No Concerns	October 9, 2024
9	Davenport	Alejandra Bravo	No Concerns	October 9, 2024
10	Spadina-Fort York	Ausma Malik	No Concerns	October 18, 2024
11	University-Rosedale	Dianne Saxe	No Concerns	October 16, 2024
12	Toronto-St. Paul's	Josh Matlow	No Concerns	October 3, 2024
13	Toronto Centre	Chris Moise	No Concerns	October 10, 2024
14	Toronto-Danforth	Paula Fletcher	No Concerns	October 21, 2024
15	Don Valley West	Vacant	No Concerns	October 9, 2024
16	Don Valley East	Jon Burnside	No Concerns	October 7, 2024
17	Don Valley North	Shelley Carroll	No Concerns	October 7, 2024
18	Willowdale	Lily Cheng	No Concerns	October 22, 2024

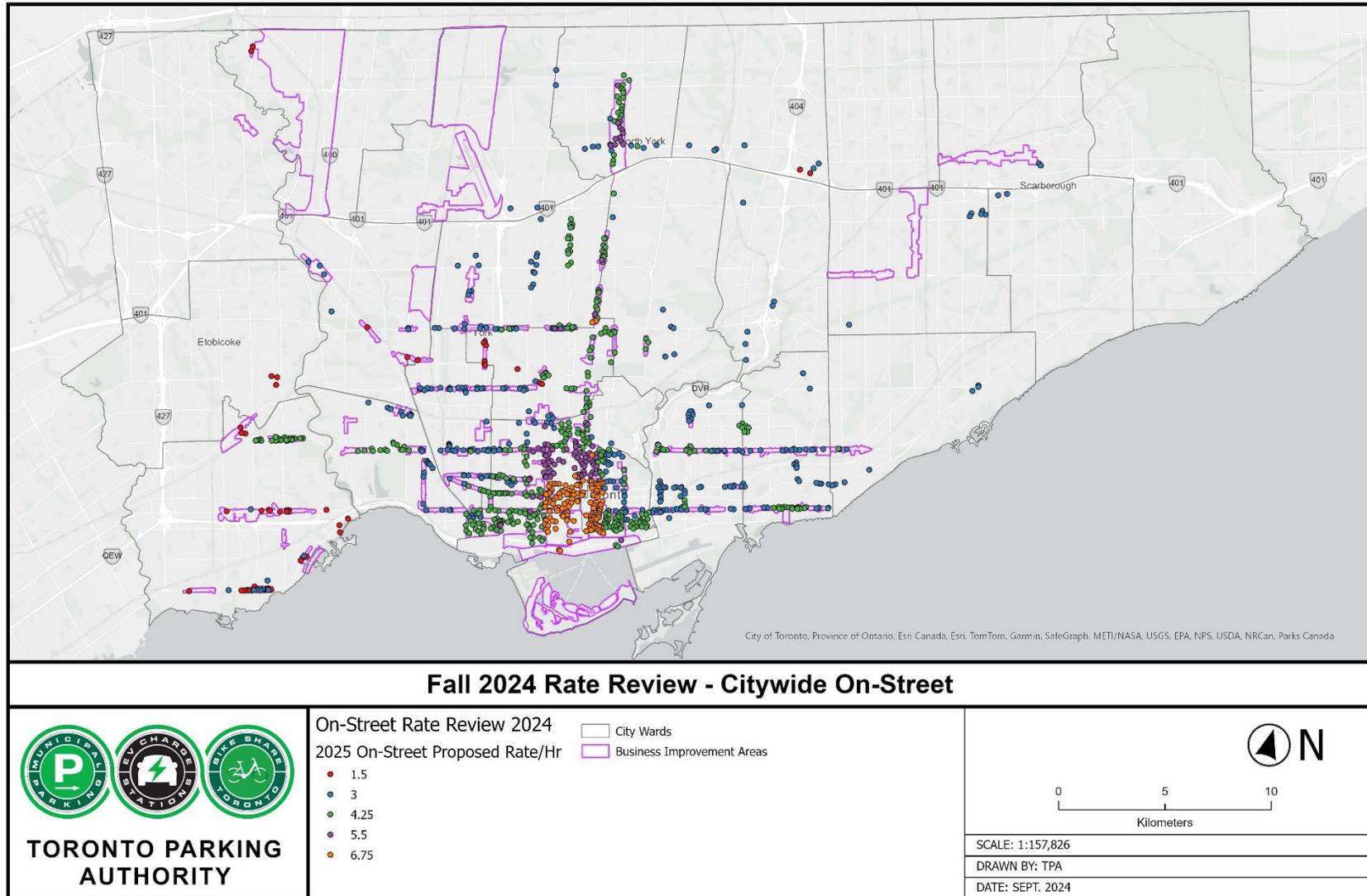
19	Beaches-East York	Brad Bradford	No Concerns	October 4, 2024
20	Scarborough Southwest	Parthi Kandavel	No Concerns	October 18, 2024
21	Scarborough Centre	Michael Thompson	No Concerns	October 9, 2024
22	Scarborough-Agincourt	Nick Mantas	Ward 22 does not have on-street paid parking and is not directly impacted.	
23	Scarborough North	Jamaal Myers	No Concerns	October 9, 2024
24	Scarborough-Guildwood	Paul Ainslie	No Concerns	October 21, 2024
25	Scarborough-Rouge Park	Jennifer McKelvie	Ward 25 does not have on-street paid parking and is not directly impacted.	

Based on the consultation carried out, TPA's President is satisfied that the consultation requirements under Chapter 179 have been met.

In addition, TPA staff met with the Toronto Association of Business Improvement Areas Association (TABIA) through their Interdepartmental monthly meeting in October 2024 to provide information about the rate review and recommendations. Feedback at the meeting and through subsequent interactions also provided broad support for the proposed rate adjustments.

Lastly, TPA staff engaged with relevant City divisions, including Transportation Services and Economic Development and Culture about the rate review and confirmed no concerns with the rate changes proposed.

Attachment 2-2: Map of Proposed On-Street Rate Increase Locations



Attachment 3: Off-Street Parking Rate Review

TPA's comprehensive annual off-street rate review compiles operational data and analyzes a number of factors related to the performance of its parking facilities. The review ensures that current rates address demand patterns which in return allow TPA to deliver its mandate of providing short-stay, high-turnover parking.

Methodology

In 2022, TPA began a journey of modernizing its tools and systems to more robustly analyse and capture utilization and user behaviour for all its facilities. This included the implementation of a new data -driven analytics tool that allows a better understanding of customers and their associated behaviour in real time. The first run of the rate review process using these tools concluded in late 2023, which has allowed TPA to review the efficacy of decisions made during the last review as a part of the 2024 process.

While TPA's Board policies outline general guidelines and benchmarks to consider when setting rates, TPA is now able to analyse parking behaviour and make recommendations that are catered to the unique behaviour of each facility more deeply. This change in approach has allowed TPA to make more accurate recommendations on the rates needed to encourage short-term parking behaviour. With the implementation of new business intelligence tools, TPA can review when parkers enter facilities, how long they typically stay, and other important variables that influence how customers utilize TPA facilities. By understanding the behaviour of customers, TPA can better set rates to encourage short-term parking and capture additional revenue not previously considered, providing a better customer experience.

1. Facilities Subject to Targeted Rate Adjustments (21 Facilities)

This year, TPA reviewed all twenty-one (21) gated off-street facilities in its portfolio. Given that these facilities were subject to rate increases in 2023-2024, TPA was able to measure the level of sensitivity to these increases to make appropriate recommendations on potential rate changes. Based on findings, it has been determined that there is low price elasticity at these facilities. Because the facilities are concentrated within the downtown core, the availability of competitors is much greater. In turn, TPA has been able to make competitive recommendations to ensure these facilities continue to provide parking to support local community needs.

2. Top Performing Surface Lots (20 Facilities)

TPA reviewed its top 20 performing (by revenue) surface parking facilities, which are located across the City and are associated with different behaviours and intended purposes, ranging from short-term stays for shopping at local businesses to commuting facilities and last mile mobility options.

3. Demand Up and Average Transaction Value (ATV) Down (17 Facilities)

This profile includes facilities where the demand for parking has increased year over year since 2019 while the average transaction value (ATV) is falling, indicating that a review of the existing rates may be required. This provided two opportunities for TPA:

- a) Where there is increased demand, the rates may be too low, leading to an overutilized facility.
- b) Further, given the ATV being down, TPA reviewed these facilities against competitors to ensure it is competitively priced to provide high turnover parking and capture additional revenue opportunities, where applicable.

4. Average Annual Daily Peak Occupancy Over 80 % OR 70 % with Top 20 Days Average Peak Occupancy Over 100 % (63 Facilities)

In accordance with Policy 2-1 – Off-Street Rate Setting, an average daily peak occupancy of 80 % or higher is considered overutilized and indicative that a rate increase is warranted. Of the facilities that did not fall into one of the three (3) profiles identified above, TPA reviewed these facilities to determine whether a rate change was required. Within this profile, TPA is recommending a modest three (3) % increase for 29 facilities which had rate changes in the last cycle and a six (6) % increase for 34 facilities whose rates were not impacted as part of the last rate review. Specific adjustments to the rates include rounding half-hour rates upwards to the nearest quarter and rounding the daily max and evening max rates upwards to the nearest dollar.

In addition, TPA undertook a more detailed review of parking facilities that had an average daily peak occupancy of between 70 and 84.99 % to determine whether the peak occupancy at these facilities peaked during different seasons or periods of the year. Instead of using an average daily peak usage measure over a single month, TPA explored the peak occupancy across the busiest 20 days throughout the year.

The facilities that fell within this range on average had occupancy rates of 149 %, suggesting there may be seasonality factors, including parking facilities that are not open during the winter months or which may otherwise be impacted by holiday shopping destinations. Recognizing the demands at these locations, TPA is recommending that a 3% or 6% increase, as described above, be implemented.

Table 1 provides a summary of the profiles and number of facilities that have been identified for rate adjustments. Each facility, proposed rate increase and corresponding Ward is summarized in Attachment 3-2.

Table 1: Summary of Off-Street Facilities Recommended for Rate Changes

	Profile	Facilities Reviewed	Facilities Recommended for Rate Changes
1	All Gated Car Parks	21	16
2	Top 20 Performing Surface Lots	20	20
3	Demand up, ATV Down	17	13
4	Peak Occupancy > 70 %	63	63
TOTAL		121	112

A total of 100 facilities did not fit within the four (4) profiles identified above and were therefore not reviewed. With this approach, TPA is able to establish pricing that ensures parking is available (i.e. supply exceeds demand), can accommodate short-term parking demands and be competitively priced. Further, TPA is able to provide appropriate recommendations that capture added value based on real time data and evidence of parker behaviour.

Rate Reductions

In response to lower occupancy and nearby competitor rates, a rate reduction was applied at one (1) facility - Car Park 43 at 2 Church Street. The neighbouring facility has a current rate of \$5.00 per hour and TPA has elected to match this rate at \$2.50 per half hour, in addition to commensurate adjustments to the day and night max, as well as weekend rates.

At two (2) other facilities, rate reductions were applied only to longer-term rates, based on behaviour and elasticity of demand observed from the rate adjustments made last year:

- Car Park 53 located at 803 Richmond Street West - Sunday Day Max reduced from \$7.00 to \$6.00
- Car Park 216 located at 205 McCaul Street- Weekday Evening Max reduced from \$9.00 to \$8.00, Weekend Evening Max Rates reduced from \$9.00 to \$8.00

Competitor Analysis

As part of its off-street rate review, TPA carried out a review of comparable competitors within a radius of facilities within a 300m walking distance to ensure that existing and proposed rates are consistent with comparable competitors and TPA's off-street rate setting policy.

The practice of benchmarking provides further assurance that the rates at TPA facilities will ensure an availability of parking supply. If the rates are too low relative to competitor lots, there may be instances of overutilization, leaving customers unable to find parking and potentially not returning in future. If the rates are too high relative to competitor lots, customers may seek parking elsewhere and TPA revenues will likely be negatively impacted.

Of the first three (3) profiles described above, a total of 24 off-street facilities had comparable competitors where a rate increase is proposed. These competitors generally share common elements to the TPA facility in question. Lots which fall under profile (4) are routinely identified for rate review based on high occupancy thresholds. Attachment 3-2 provides a summary of these competitor rates relative to TPA facilities, which ultimately form the basis for reviewing and modifying rates at each respective facility. In cases where the TPA facility does not have a direct competitor, other indicators are relied upon, such as occupancy and utilization, to determine if there is an opportunity to explore rate increases.

Consultation

As part of the off-street rate review process, the TPA engaged with stakeholders, including TABIA and local ward Councillors, to ensure an opportunity to review the recommended rate changes and the rationale for those changes. Pending TPA Board approval, further communication will be posted on the TPA website to ensure customers are made aware of the upcoming rate changes. Lastly, new rate signage will be displayed at the entry of each facility to notify customers of the new rates.

Managed Lots Where Rates Are Set by TPA's Partners

As part of TPA's portfolio, there are several off-street locations that the TPA manages on behalf of various City agencies, including Toronto Community Housing Corporation (TCHC), Toronto Transit Commission (TTC) and Exhibition Place. Rates at these locations are set by the respective partners separately and outside of TPA's annual rate review process. TPA works with these partners to align their rates with TPA's rate setting objectives.

Attachment 3-2: Off-Street Rate Recommendations by Facility

Attachment 3-3: Map of Proposed Off-Street Rate Increase Facilities

