

Toronto Parking Authority - Audit and Risk Management Committee

Meeting No.	8	Contact	Gina Ang, Committee Administrator
Meeting Date	Tuesday, November 5, 2024	Phone	416-397-4592
Start Time	2:00 PM	E-mail	tpaboard@toronto.ca
Location	Video Conference	Chair	Zeshan Khan

PR8.4	ACTION	Adopted		Ward: All
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Toronto Parking Authority - 2025 Operating Budget and 2025-2027 Capital Budget

Committee Decision

The Toronto Parking Authority - Audit and Risk Management Committee recommends that the Board of Directors of the Toronto Parking Authority:

1. Approve the proposed 2025 Operating Budget and 2025 - 2027 Capital Budget for Toronto Parking Authority.
2. Approve the modified rates for on-street parking locations identified in Attachments 2 and 2-2 to the report (October 22, 2024) from the President, Toronto Parking Authority.
3. 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 the report (October 22, 2024) from the President, Toronto Parking Authority.
4. Approve the rates at the off-street parking facilities identified in Attachment 3-2 to the report (October 22, 2024) from the President, Toronto Parking Authority.
5. 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 Toronto Parking Authority operates for private landowners, on an as-needed basis.

Decision Advice and Other Information

Scott Collier, President, and Rose-Ann Lee, Chief Financial Officer, Toronto Parking Authority

gave a presentation on the 2025 Operating Budget and 2025-2027 Capital Budget.

Origin

(October 22, 2024) Report from the President, Toronto Parking Authority

Summary

At its meeting on Tuesday, November 5, 2024, the Toronto Parking Authority – Audit and Risk Management Committee considered [Item PR8.4](#) and made recommendations to the Board of Directors of the Toronto Parking Authority.

Summary from the report (October 22, 2024) from the President, Toronto Parking Authority:

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 Toronto Parking Authority's off-street facilities, Management continues to prioritize the expansion of Toronto Parking Authority'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, Toronto Parking Authority 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 Toronto Parking Authority'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 Toronto Parking Authority-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, Toronto Parking Authority's monthly permit campaign with a focus on B2B customer acquisitions and incremental inventory. Full year Earnings before Interest, Taxes, Depreciation and Amortization 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 Toronto Parking Authority'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 – Toronto Parking Authority Net Income Share Agreement that will ensure that Toronto Parking Authority 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 Toronto Parking Authority retains from its operations from 15 percent to 25 percent consistent with pre-2017 levels. This adjustment will provide Toronto Parking Authority with the incremental net income over the next three (3) years to support the execution of Toronto Parking Authority's state-of-good-repair 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 Toronto Parking Authority's Bike Share Toronto and Off-Street EV Charging programs.

Background Information

(November 5, 2024) Presentation on Toronto Parking Authority - 2025 Operating Budget and 2025-2027 Capital Budget

<https://www.toronto.ca/legdocs/mmis/2024/pr/bgrd/backgroundfile-250392.pdf>

(October 22, 2024) Report and Attachments 2, 2-2, 3, 3-3 from the President, Toronto Parking Authority on Toronto Parking Authority - 2025 Operating Budget and 2025-2027 Capital Budget

<https://www.toronto.ca/legdocs/mmis/2024/pr/bgrd/backgroundfile-249802.pdf>

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

<https://www.toronto.ca/legdocs/mmis/2024/pr/bgrd/backgroundfile-249803.pdf>

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

<https://www.toronto.ca/legdocs/mmis/2024/pr/bgrd/backgroundfile-249804.pdf>

Communications

(November 4, 2024) E-mail from David Mitchelson (PR.Supp.PR8.4)