

REPORT FOR ACTION

2024 Capital Review and 2025 Plan

Date: March 31, 2025

To: Audit and Risk Management Committee, Toronto Parking Authority

From: President, Toronto Parking Authority

Wards: All

SUMMARY

The purpose of this report is to provide the Toronto Parking Authority (TPA) Board of Directors with an in-depth analysis of the Capital Expenditure (CapEx) performance for 2024 and the plan for 2025.

Building on our successful results in 2023, the TPA has now delivered two consecutive years of capital spend rate exceeding 80 percent (%) of budget. In 2024, total capital expenditures reached \$57.1 million, representing 80.1% of budget. In addition, TPA-led spending amounted to \$36.2 million, exceeding the target of \$35.6 million by \$0.6 million.

Executionally, substantial progress was made in 2024, 91% of our projects were completed on time or ahead of schedule. Furthermore, 93% of projects were delivered on or under budget, 89% met their scope targets, resulting in a favorable cost variance of \$2.37 million. Critically, the State of Good Repair (SOGR) program experienced no safety incidents, underscoring our commitment to maintaining a safe working environment.

Organizationally, the TPA has strengthened its capital planning, delivery, and funding processes by adopting a proactive long-term approach to capital management. Capital initiatives were rigorously assessed through the lens of Strategic Imperatives, Enterprise Risk Management (ERM), our Annual Operating Plans (AOP), Asset Management Plan (AMP) and our Net Income Share commitments to the City of Toronto. This comprehensive evaluation allowed TPA to prioritize and effectively execute the capital program while gaining a thorough understanding of associated risks and opportunities, ultimately ensuring optimized financial performance and resource allocation.

As part of the 2025 budget process, management successfully secured Board approval for an investment of \$55.6 million in the 2025 Capital Plan, positioning the TPA for continued growth and innovation.

RECOMMENDATIONS

The President, Toronto Parking Authority recommends that:

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

FINANCIAL IMPACT

There is no financial impact resulting from the adoption of the recommendation in this report.

DECISION HISTORY

At its meeting on November 29, 2024, TPA Board of Directors (Item PA12.2) received a report providing an update to the Enterprise Risk Management program.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.PA12.2>

At its meeting on November 29, 2024, TPA Board of Directors (Item PA12.5) received a report providing an update to the 2025-2027 Capital Budget. [PA12.5 - Toronto Parking Authority - 2025 Operating Budget and 2025-2027 Capital Budget](#)

COMMENTS

The purpose of this report is to provide Toronto Parking Authority (TPA) Board of Directors with a review of the Capital Expenditure (CapEx) performance in 2024 and our 2025 plans.

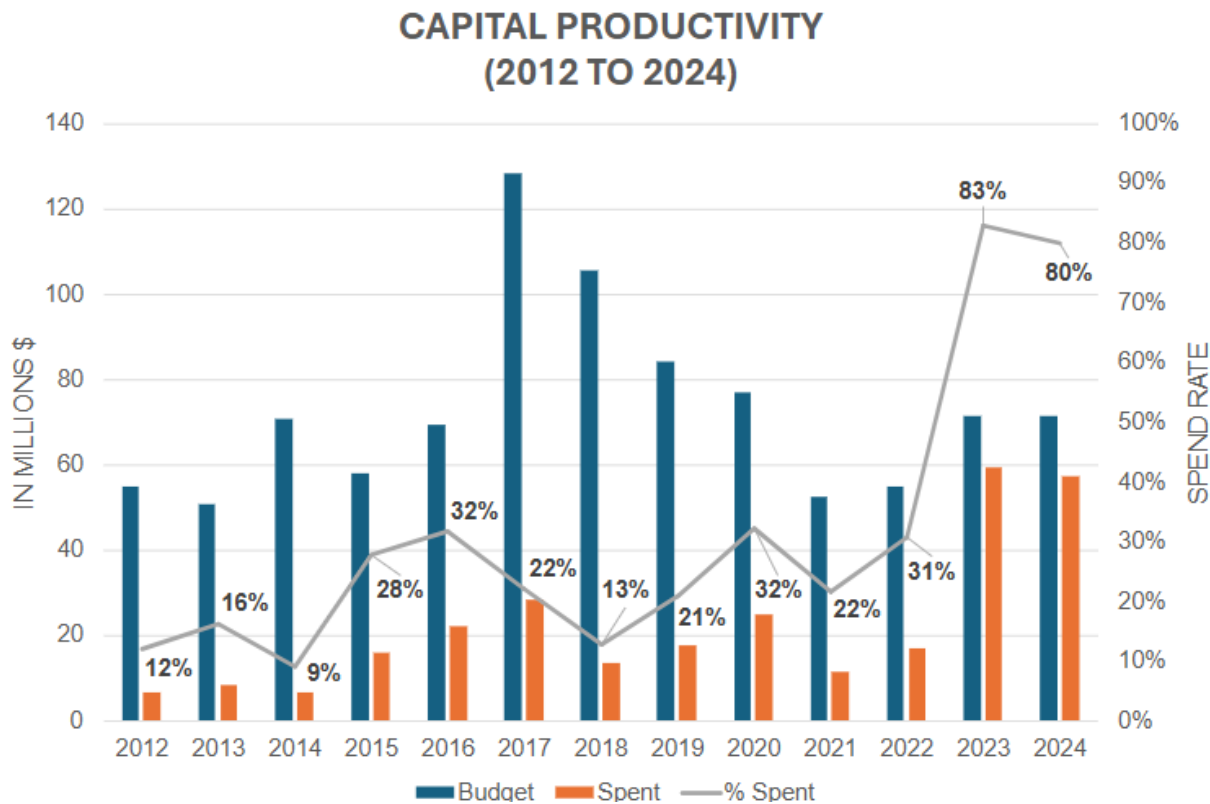
Building on its successful capital delivery in 2023, the TPA has now recorded two consecutive years exceeding an 80% capital spend rate (see Figure 1 – Capital Productivity). In 2024, total capital expenditures reached \$57.1 million, representing 80.1% of the planned budget. Furthermore, TPA-led spending totaled \$36.2 million, surpassing the target of \$35.6 million by \$0.6 million.

An analysis spanning the last decade illustrates that TPA's capital performance has been sub-optimal, with annual spend averaging 29% of budget (see Figure 1 – Capital Productivity). Furthermore, it is important to note that there has been an average annual rollover of 46% from the previous year's CapEx, exacerbating the negative impact of undelivered projects on business performance. 2024 capex budget carry over was reduced to 13%.

For context, the benchmark target for State of Good Repair (SOGR) investments is 10% of the total value of property and equipment assets. As of December 31, 2024, TPA has assets valued at \$307 million Net Book Value. This rule of thumb would drive a recommended annual SOGR investment of \$30.7 million. As illustrated in Figure 1 – Capital Productivity, between 2012 to 2022 TPA has consistently fallen short on SOGR

investments by 67% annually with average spend of \$7.4 million per year. This performance gap has resulted in a SOGR backlog of \$250 million (10-year).

Figure 1 - Capital Productivity (2012 to 2024)



In 2022, management refocused its efforts on addressing its capex deficiencies. First, the organization prioritized talent recruitment, assembling a dedicated team of engineers and financial analysts. Second, a detailed framework was established to clarify roles and responsibilities, fostering a shared understanding of execution requirements among team members and stakeholders. Furthermore, the team streamlined its business planning processes to improve decision-making and project implementation. Key Performance Indicators (KPIs) were introduced alongside a stringent review process to track progress and identify improvement opportunities.

The team focused on two strategic priorities. First, repairing, strengthening, and modernizing core assets. Second, targeted investments in growth initiatives including parking equipment, bike-share infrastructure, and EV charging.

Recognizing the multi-jurisdictional nature of our ecosystem, TPA established a CapEx framework to delineate ownership of capital programs between TPA and the City; differentiating projects based on decision-making authority.

- **TPA-Led Projects:** The TPA manages entire project lifecycles, such as the EV Off-Street Charging program.

- **City-Led Projects:** In these cases, the City oversees the construction of the business case and manages key project aspects, as demonstrated in the St. Lawrence Market North Redevelopment project.

In 2024, TPA strengthened its capital planning, delivery, and funding processes by adopting a proactive long-term approach to capital management. Capital initiatives were rigorously assessed through the frameworks of corporate strategy, operational imperatives, Enterprise Risk Management (ERM), the Net Income Share with the City of Toronto, and Asset Management (AM). This comprehensive evaluation allowed TPA to prioritize and effectively execute the capital program while gaining a thorough understanding of associated risks and opportunities, ultimately ensuring optimized financial performance and resource allocation.

Management leverages its ERM program, utilizing insights to inform strategic investments in risk mitigation. The capital program focused on addressing key risks identified in the ERM, including cybersecurity, aging infrastructure, deteriorating equipment, and security risks such as vandalism and theft. By prioritizing these areas, TPA aims to enhance the resilience and reliability of its operations, ensuring a safer environment for all stakeholders.

In May 2024, City Council approved a new net income sharing formula to increase the percentage of net income that TPA retains from its operations from 15% to 25%. The city will also contribute \$48 million over three years to support the capital expansion of TPA's Bike Share and EV Off-Street Charging programs. This upgrade in 2024 provides a more sustainable business model for the organization.

Lastly, TPA is investing in its Asset Management (AM) program to ensure compliance with Ontario Regulation 588/17. Phase 1 of the AM implementation project commenced in 2024, with the goal of creating the first Ontario Regulation-compliant Asset Management Plan by July 2025. This program will establish procedures for tracking asset maintenance, thereby enhancing reliability and extending asset lifespan, ultimately reducing downtime and maintenance costs.

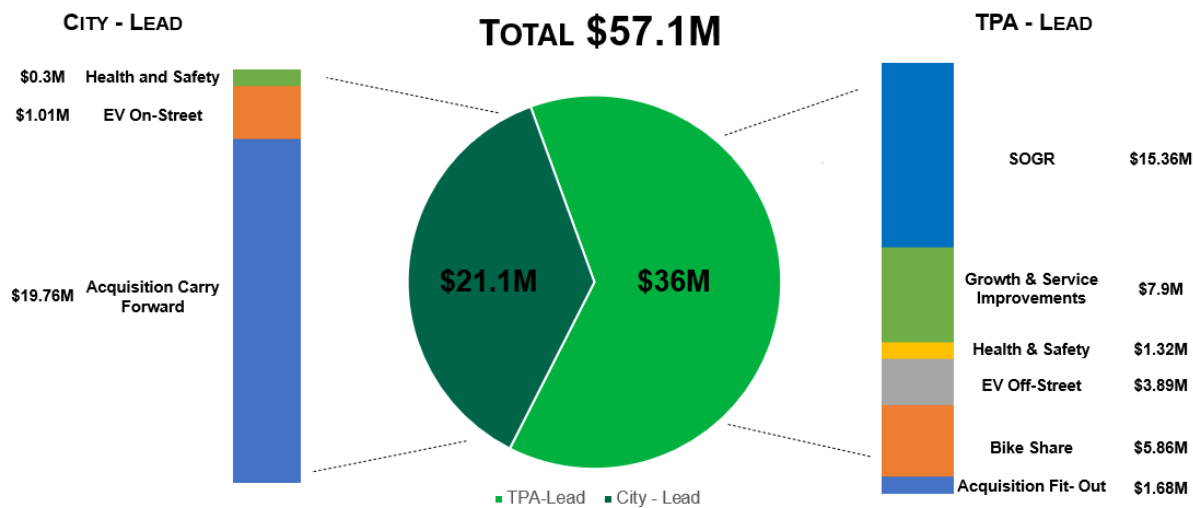
In 2025, TPA will enhance its forward-looking three-year capital planning schedule by developing a robust project pipeline, which offers numerous advantages. By initiating projects early in their life cycle - particularly during business case development and approval process - TPA will create and maintain an inventory of projects that are ready to proceed. This proactive approach aligns capital investments with long-term business goals, improves resource allocation, and mitigates risks. By prioritizing and identifying projects with developed business cases and approvals in a three-year horizon, TPA can reduce the uncertainties associated with last-minute approvals and unforeseen delays, thus enhancing efficiency in procurement and execution. In addition, a structured pipeline facilitates greater financial transparency, supporting effective budget management and forecasting. Maintaining an inventory of approved projects ensures continuous progress, minimizes downtime, and bolsters stakeholder confidence in TPA's growth and effective capital management. Moreover, having multiple projects ready positions the organization to adapt swiftly to changing market conditions and operational needs.

To further enhance its project management capabilities, TPA has been piloting project management software. This software is an enabler for improved project tracking, scheduling, resource allocation, and progress monitoring. By providing real-time updates and insights, the software streamlines project management processes, ensuring that projects stay on track and within budget. Furthermore, it promotes better communication and collaboration among team members, fostering cohesive and coordinated efforts that ultimately drive project success.

2024 Capital Review

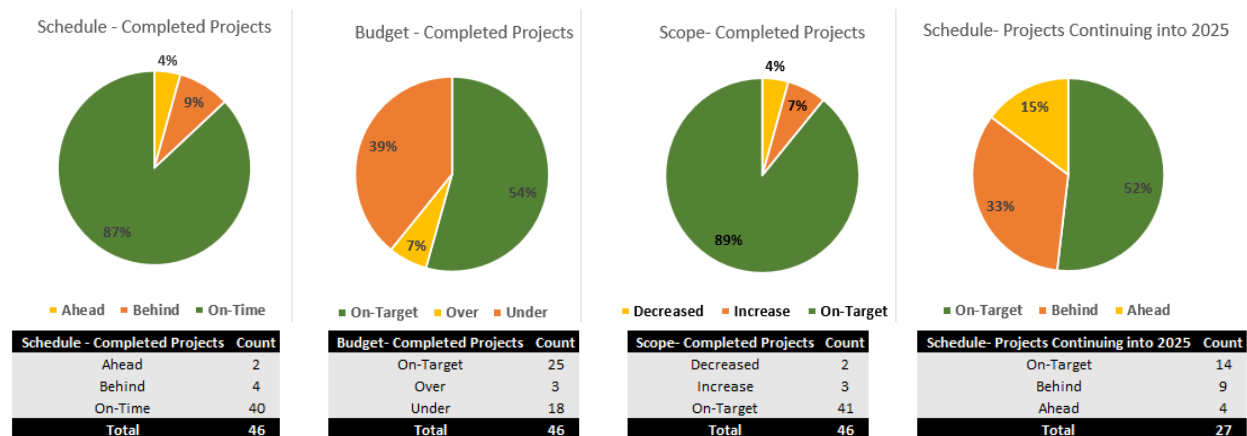
In 2024, total capital expenditures reached \$57.1 million, representing 80.1% of the planned budget. Furthermore, TPA-led spending totaled \$36 million, surpassing the target of \$35.6 million by \$0.4 million. (Figure 2). This represents two consecutive years of exceeding an 80% capital spend rate. Notable City led expenditures amounting to \$19.8 million includes the acquisition of 81 Simcoe Street (Car Park 221) and St. Lawrence Market North (SLMN).

Figure 2 – 2024 Actual Capital Distribution



Management’s focus on driving improved execution was evidenced by delivering 95% of TPA-led projects on or before scheduled deadlines. Furthermore, 93% of projects concluded at or below budgeted amounts, enabling the preservation of \$2.37 million in capital.

Figure 3 - Project Performance Metrics



As detailed in the 2024 Plan, TPA deployed its capital investments in five key areas summarized below:

Summary of Key Programs in 2024

Acquisitions. The acquisitions of Car Park (CP) 221 and SLMN, originally scheduled for completion in 2024, were postponed to 2025 due to construction delays beyond TPA's control. Most fit-out expenses, totaling \$1.6 million, along with acquisition costs of \$19.6 million, were incurred in 2024. Subsequently CP221 opened in January 2025 and SLMN will open early Q2 2025.

Bike Share Toronto. As we near the conclusion of our four-year growth plan, the Bike Share program has enjoyed +25% year-over-year ridership increases reaching 6.95 million trips. Capital investment in 2024 totaled \$5.8 million to support network expansion and service quality. Key highlights included the acquisition of 70 solar-powered stations, 14 new e-stations, 530 iconic bikes, and 160 electric bikes. Furthermore, management invested of \$460 thousand to develop and launch the new Bike Share app in May 2024 that significantly enhanced the customer experience, making it easier for new users to access the program and allowing us to expand our market footprint into new business segments.

EV Charging. In 2024, the EV Charging program reached a milestone, achieving 101,000 charging sessions with 20,000 unique customers. The TPA invested \$4.8 million to bolster its EV charging infrastructure, aligning with growth, financial, and risk management objectives. This expansion involved installing 54 new EV chargers across five key locations, raising the total from 405 to 459. The mix of 47 Level 2 and 7 DC fast chargers caters to varied charging needs, reducing wait times and optimizing both user satisfaction and operational efficiency. These chargers, now spread across 85 locations in Toronto, feature a user-friendly interface integrated with the Green P app, offering seamless payment options.

This initiative underlines TPA's commitment to supporting electric vehicle adoption and future-proofing its parking business, while fostering sustainable transportation and contributing to Toronto's environmental goals.

Service Improvements & Growth. Key investments in this area focus on new Pay-by-Plate meters, Parking Access and Revenue Control (PARC) hardware, and occupancy sensors, totaling \$5.2 million.

In 2024, TPA purchased an additional 339 Pay-by-Plate (PbP) on-street parking meters for \$3.1 million as part of Phase Two of the equipment modernization strategy, bringing the total to 564 new meters installed over the past two years. This expansion has resulted in improved performance outcomes, generating approximately \$548,000 in savings by reducing operating costs and avoiding EMV non-compliance fees, while also enhancing consumer payment options, including debit, Apple Pay, and Google Pay.

Additionally, an investment of \$1.65 million was allocated for new PARC hardware at locations: CP304 at 9 Wellesley Street West and CP125 at 323 Richmond Street East. This initiative aligns with our multi-year plan to implement a comprehensive PARC hardware and software system at the TPA, enhancing the customer experience and ensuring a seamless journey within our core parking operations.

Lastly, \$427 thousand was allocated to install occupancy sensors in 450 on-street parking spots. These sensors, positioned at our highest-traffic locations, will provide real-time information to our Green P app, website, and employee tools, delivering valuable insights on parking availability and compliance.

State-of-Good-Repair (SOGR). Prior to 2021, TPA's infrastructure portfolio suffered from chronic underinvestment in SOGR, resulting in a reactive, emergency-based repair approach that delayed necessary large-scale rehabilitation work and increased costs over time. In 2021, TPA initiated a 10-year program to restructure its SOGR strategy, aiming to create a structured plan to identify and prioritize repairs, assess required CapEx inputs, and execute planned repairs.

TPA's SOGR approach includes completing a comprehensive Building Condition Assessment (BCA) program, implementing a data-driven prioritization system to select repair locations, grouping required repairs into holistic projects to minimize long-term customer impacts, and initially focusing SOGR work on "fixing the bones" of the facility. Only after this foundational work would modernization steps, such as technology upgrades and customer service improvements, be implemented. The BCA program revealed an estimated \$250 million backlog in SOGR work over the next 10 years.

In 2024, TPA invested \$15.4 million into the SOGR comprehensive repair projects at 2 Church Street West (CP43), 9 Bedford Road (CP58), and 20 St. Andrew St. (CP68) began in Q3 2023. CP58 completed ahead of schedule in 2024, while repairs at CP43 and CP68 is scheduled to be completed in 2025. Phase 2 garage modernization work is being designed for implementation from Q4 2025 into 2026 at these facilities.

The success of TPA's new comprehensive SOGR strategy is evident in the CapEx results since 2021. Prior to the program, TPA underspent on SOGR, with only 11% of the planned budget spent annually from 2018 to 2021. Since the program's initiation in 2021, there has been significant improvement, with 88% of the planned SOGR

delivered in 2023 and 72% in 2024, demonstrating TPA's commitment to infrastructure renewal.

2025 CAPEX Plan

The 2025 capital plan remains focused on delivering key initiatives that support our growth objectives outlined in the 2025 Annual Operating Plan (AOP). The initiatives include completing the final year of the Bike Share four-year growth plan, installing an additional 75 EV chargers with an emphasis on enhancing our Level 3 DC fast charging infrastructure, advancing Phase 3 of the equipment modernization plans with more Pay-by-Plate meters and new PARC hardware and software, and continuing our investment in addressing the SOGR backlog.

TPA's 2025 capital plan is \$55.6 million, which includes \$9.9 million carried forward from 2024. For a detailed breakdown, please refer to Figure 4 below, which illustrates the distribution of the 2025 capital plan and Figure 5, which provides a detailed breakdown by category.

Figure 4 - 2025 Capital Plan Distribution

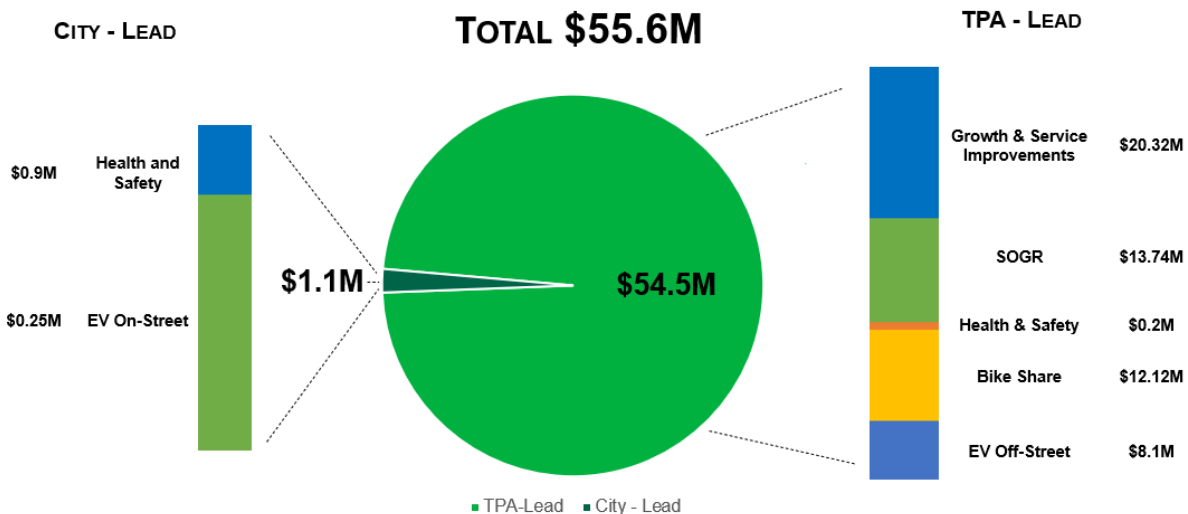


Figure 5 - 2025 Detailed Capital Plan

\$000's	2025 Budget
EV On-Street	250
Health and Safety	900
City Lead	1,150
Bike Share	12,121
Expand Off-Street EV Network	8,100
Health and Safety	198
Service Improvements and Growth	20,321
SOGR	13,740
TPA Lead	54,480
Grand Total	55,630

Specific program-level details include:

Bike Share Toronto. TPA will invest \$12.1 million in 2025 to finalize the implementation of the four-year growth plan. This investment includes the addition of 180 solar stations, 450 iconic bikes, 300 e-bikes, and 350 e-docks. By the end of 2025, Bike Share Toronto will be available in all 25 wards of the City, at 98 of the 120 subway stations, and 15 out of 18 GO stations, reinforcing its role as a vital component of the City's transportation network for first-and-last mile mobility.

EV Charging. TPA plans to install 75 new EV chargers across 13 locations for a total investment of \$9.1 million, increasing the number of chargers from 459 to 534. This deployment will feature 60 Level 2 chargers and 15 DC fast chargers, effectively addressing diverse customer charging needs. TPA also aims to upgrade two existing 50 kW DC fast chargers at CP43 to advanced Ultra-Fast 100 kW+ chargers, leveraging ongoing garage repairs and the growing demand for quicker EV charging solutions. By the end of 2025, TPA will operate 103 charging locations in Toronto, ensuring that 80% of Torontonians are within 5 kilometers of a Level 2 EV charger, further establishing TPA as the City's premier choice for EV charging.

Service Improvement & Growth. TPA is investing \$14.1 million to introduce Parking Access and Revenue Control Systems (PARCS) in six off-street gated facilities, along with a new parking permit system. This investment also includes the purchase and installation of 780 new Pay-by-Plate parking machines and the expansion of occupancy measurement systems at several off-street car parks. On the digital front, TPA will enhance the Green P app to improve customer experience and broaden Honk services at additional off-street locations.

SOGR. TPA is committing \$12.6 million to continue its holistic repair approach, initiating structural repairs at CP29, CP150, and CP43 (East). Immediate repair needs at facilities such as CP52 and CP286 will also be addressed. Additionally, emergency generator replacements - crucial for life safety systems - will take place at CP26, CP29, and CP43.

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SIGNATURE

W. Scott Collier, President
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ATTACHMENTS

N/A