**REPORT FOR ACTION**

# Toronto Parking Authority - 2026 Operating Budget and 2026-2028 Capital Budget

**Date:** September 9, 2025
**To:** Audit and Risk Management Committee of the Board of Directors of Toronto Parking Authority
**From:** President, Toronto Parking Authority
**Wards:** All

## SUMMARY


The purpose of this report is to provide the Audit and Risk Management Committee of the Board of Directors of Toronto Parking Authority with an overview of Management's proposed 2026 Operating Budget and the 2026–2028 Capital Budget submission to the City of Toronto. Consistent with previous years, a detailed review of management's proposed budget will be conducted with the Audit & Risk Management Committee on November 14, 2025.

Formal approval of the 2026 Operating Budget and the 2026–2028 Capital Budget will be requested at the Board meeting scheduled for December 5, 2025. At that time, Management will also present the 2026 Annual Operating Plan for the Toronto Parking Authority (TPA).

This timeline ensures that both the Board and Management have sufficient opportunity to thoroughly review and discuss the proposed budgets and Annual Operating Plan, while remaining aligned with the City's overall budgetary process.

Building off a strong performance through the first two quarters of 2025, Management is forecasting full year net income of $45.5 million which is +$3.6 million better than Plan. Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) forecast of $57.9 million is -$2.9 million versus plan.

Revenues are forecasted at a historic high of $177.3 million which is -$5.4 million versus plan driven by soft transaction performance in our parking portfolio. This was due in part to the lengthy snow event in February that closed 47% of our on-street inventory for snow removal resulting in 371 thousand fewer transactions. The Bike

Share system drove favourable revenues of $1.6 million in 2025 which has mitigated in part some of the parking softness.

Operating expenses are forecasted at $119.4 million which is $2.4 million lower than plan driven by disciplined cost management of discretionary costs and head count partially offset by favourability on municipal taxes and volume-related costs.

TPA 2025 capital delivery of $52.6 million includes expanding Bike Share Toronto across all 25 wards and the Toronto Islands, adding 750 bikes and 180 stations. To improve revenue performance at off-street facilities, management is advancing the EV charging network with 86 new chargers, increasing the total to 547 citywide. Investments also focused on reducing the State of Good Repair (SOGR) backlog through targeted car park upgrades. Additional service enhancements include modernization of equipment, customer experience, and data insights. These initiatives are guided by our multi-year capital strategy which supports our strategic priorities.

## RECOMMENDATIONS

The President, Toronto Parking Authority recommends that:

The Board of Directors of Toronto Parking Authority receive the proposed 2026 Operating Budget and 2026 - 2028 Capital Budget for Toronto Parking Authority as outlined in this report for information.

## FINANCIAL IMPACT

In 2026, Management is forecasting new historic revenue performance of $181.3 million (+$4.0 million versus 2025 forecast; -1.4 million versus Plan).

2026 Full year EBITDA of $57.7 million is -$0.2 million versus 2025 Forecast and -$3.1 million versus 2025 Budget. 2026 Net income of $42.3 million is -$3.2 million versus 2025 Forecast and $0.4 million versus 2025 Budget.

The 2026 Budget excludes any pricing adjustments as TPA continues to partner with the City on taking a longer-term view of the P&L recognizing the challenges of affordability across the city.

TPA's annual distribution to the City of Toronto for the 2026 financial year is budgeted to be $31.8 million; + $0.3 million better than 2025 plan.

## DECISION HISTORY

At its meeting of June 26 and 27, 2024, City Council adopted 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 15, 2023, City Council considered and debated Item MPB4.1, 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=2023.MPB4.1

At its meeting of June 15 and 16, 2022, City Council adopted 2022.IE30.11 and requested TPA Board of Directors to identify in its proposed 2023 Operating and Capital Budgets and 2024 – 2032 Capital Plan, the operating (including staffing) and capital budget requirements needed to support the operation, maintenance and continued expansion of the on-street Electric Vehicle Charging Program. Council also directed the Chief Financial Officer and Treasurer to ensure that the City of Toronto / Toronto Parking Authority Net Income Revenue Share Agreement provides Toronto Parking Authority with sufficient retained earnings to fund the incremental costs associated with the operation, maintenance and continued expansion of the on-street Electric Vehicle Charging Program.
https://secure.toronto.ca/council/agenda-item.do?item=2022.IE30.11

## COMMENTS

### 2026 Operating Budget and 2026 – 2035 Capital Budget Highlights:

#### Table 1: City of Toronto Income Share

| $000's | 2026 Budget | 2025 Forecast | 2025 Budget | 2026 Budget vs 2025 Forecast | | 2026 Budget vs 2025 Budget | | 2025 Forecast vs 2025 Budget | |
|---|---|---|---|---|---|---|---|---|---|
| **Net (loss) income from operations** | 42,338 | 45,536 | 41,921 | (3,199) | -8% | 416 | 1% | 3,615 | 9% |
| Income share from operations | 31,753 | 34,152 | 31,441 | (2,399) | -8% | 312 | 1% | 2,711 | 9% |
| **Total City of Toronto distribution** | **31,753** | **34,152** | **31,441** | **(2,399)** | **-8%** | **312** | **1%** | **2,711** | **9%** |

Over the last 3 years, TPA has delivered $94.2 million, overdelivering by $36.4 million over plan. In 2026, TPA’s annual distribution to the City of Toronto, 75% of Net income, is budgeted to be $31.8M; + $0.3 million better than 2025 Plan

## Table 2: 2026 Operating Budget

| | $000's | 2026 Budget | 2025 Forecast | 2025 Budget | 2026 Budget vs 2025 Forecast | | 2025 Forecast vs 2025 Budget | | 2026 Budget vs 2025 Budget | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Off-Street revenue | 93,794 | 92,333 | 94,987 | 1,461 | 1.6% | (2,654) | -2.8% | (1,193) | -1% |
| | On-Street revenue | 67,712 | 66,837 | 71,002 | 875 | 1.3% | (4,165) | -5.9% | (3,290) | -5% |
| | Bike Share revenue | 17,928 | 16,351 | 14,784 | 1,576 | 9.6% | 1,567 | 10.6% | 3,144 | 21% |
| | **Total parking & user revenue** | **179,433** | **175,522** | **180,773** | **3,912** | **2.2%** | **(5,252)** | **-2.9%** | **(1,340)** | **-1%** |
| | Other revenue | 1,825 | 1,779 | 1,897 | 46 | 2.6% | (118) | -6.2% | (71) | -4% |
| | **Total revenue** | **181,259** | **177,301** | **182,670** | **3,958** | **2.2%** | **(5,369)** | **-2.9%** | **(1,411)** | **-1%** |
| 1 | Direct expenses - operating | (74,759) | (71,087) | (71,603) | (3,672) | -5.2% | 516 | 0.7% | (3,156) | -4% |
| | **Contribution Margin** | **106,500** | **106,214** | **111,067** | **286** | **0.3%** | **(4,853)** | **-4.4%** | **(4,567)** | **-4%** |
| | *Contribution Margin %* | *58.8%* | 59.9% | 60.8% | | -1.2% | | -0.9% | | -2.0% |
| 2 | Indirect expenses & Taxes | (48,798) | (48,329) | (50,245) | (469) | -1.0% | 1,917 | 3.8% | 1,447 | 3% |
| | **EBITDA** | **57,702** | **57,885** | **60,822** | **(184)** | **-0.3%** | **(2,936)** | **-4.8%** | **(3,120)** | **-5%** |
| | *EBITDA margin %* | *31.8%* | 32.6% | 33.3% | | -0.8% | | -0.6% | | -1.5% |
| | Finance Income | 1,750 | 3,481 | 3,424 | (1,731) | -49.7% | 58 | 1.7% | (1,674) | -49% |
| | Amortization of property and e | (17,114) | (15,830) | (22,325) | (1,284) | -8.1% | 6,494 | 29.1% | 5,210 | 23% |
| | **Net income** | **42,338** | **45,536** | **41,921** | **(3,199)** | **-7.0%** | **3,615** | **8.6%** | **417** | **1%** |

*2025 Highlights*

2025 Net income is forecasted to be $45.5 million, which includes $15.8 million of amortization and $3.5 million of Finance Income, +$3.6 million versus plan. 2025 EBITDA is forecasted to be $57.8 million which is -$2.9 million versus 2025 plan.

Performance against 2025 plan is driven by Net Income growth of +$3.6 million or 8.6% versus Plan mainly driven by lower amortization of property, plant and equipment resulting from our capital delivery program and funding model adopted with the City Net Income share agreement approved by City Council.

Revenues are forecasted at a historic high of $177.3 million which is -$5.4 million versus plan driven by soft transaction performance in our parking portfolio. This was due in part to the lengthy snow event in February that closed 47% of our on-street inventory for snow removal resulting in 371 thousand fewer transactions. The Bike Share system drove favourable revenues of $1.6 million which off-set in part some of the parking softness.

Operating expenses are forecasted at $119.4 million which is $2.4 million lower than plan driven by disciplined cost management of discretionary costs and head count partially offset by favourability on municipal taxes and volume-related costs.

With prudent management, available cash reserves will be above $50 million, representing a $15 million decline versus 2024 due to execution of our 2025 capital expenditures of $52.6 million capital program and timing of settlement of intercompany transfers with the City. Cash disbursement in 2025 includes $14.0 million for St. Lawrence North.

*2026 Highlights*

Management's priorities in 2026 support TPA's strategic framework and are designed to accelerate TPA's vision of being recognized as the world's premiere operator of

Sustainable Parking, Bike Share and Last Mile Mobility Solutions. TPA's proposed 2026 Operating and Capital Budgets will be supported by the 2026 Annual Operating Plan, which will be presented to the Board, at its meeting of December 5, 2025.

2026 Net income is budgeted to be $42.3 million; +$0.4 million versus 2025 plan; -$3.2 million versus 2025 forecast tracing to $0.4 million on the top line and +$4.1 million in operating expenses offset by lower finance income resulting from a lower cash balance and lower amortization supported by TPA's Net Income Share Agreement with the City that funds Bike Share and EV Off-Street capital expenditures.

## 2026 – 2035 Capital Expenditure

| Projects (In $000s) | 2026 Budget | 2027 Plan | 2028 Plan | 2029 Plan | 2030 Plan | 2031 Plan | 2032 Plan | 2033 Plan | 2034 Plan | 2035 Plan | 2026 2035 Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ☑ | | | | | | | | | | | |
| *Health and Safety* | 1,632 | 2,176 | 3,144 | 3,219 | 340 | 50 | 25 | 25 | | | **10,611** |
| *Service Improvements and Growth* ☑ | 35,094 | 36,805 | 33,616 | 29,589 | 19,008 | 13,839 | 12,839 | 12,839 | 12,839 | 12,741 | **219,208** |
| *SOGR* | 10,400 | 10,320 | 7,800 | 14,800 | 11,800 | 15,800 | 14,800 | 14,800 | 14,800 | 12,909 | **128,229** |
| **Total Expenditures (including carry forward from 2025)** | **47,126** | **49,301** | **44,560** | **47,608** | **31,147** | **29,689** | **27,664** | **27,664** | **27,639** | **25,650** | **358,049** |

Note: 10-year capital plan excludes Rehabilitation of City Hall Parking Garage (Car Park 36). Estimated rehabilitation cost is $100 million as funding source is required.

The proposed 2026 Capital Plan of $47.1 million is designed to support Management's ongoing execution of TPA's five Strategic Priorities: Build a Great Place to Work, Drive Sustainable Growth, Strengthen the Core and Execute with Excellence, Connect with our Customers, and Engage and Innovate with our Strategic Partners. In addition, these capital investments will help mitigate several enterprise risks identified in our Enterprise Risk Management Strategy.

New investments include parking equipment modernization, bike share capital, enterprise asset management, investments in IT data insights/security, and continuous investments to reduce SOGR backlog. Management will present the 2026 Annual Operating Plan at the December 5th, 2025 Board meeting, which will outline our specific action plans by channel.

## CONTACT

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## SIGNATURE

W. Scott Collier, President
Toronto Parking Authority

## ATTACHMENTS

Attachment 1: Budget TO 2024 Budget Submission - Toronto Parking Authority