



REPORT FOR ACTION

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

Date: November 25, 2025

To: Board of Directors, Toronto Parking Authority

From: President, Toronto Parking Authority

Wards: All

SUMMARY

The purpose of this report is to provide the Board of Directors with Management's recommended 2026 Operating Budget and 2025 – 2027 Capital Budget.

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, head count and favourability on municipal taxes and volume-related costs.

TPA 2025 capital delivery of \$49.9 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 modestly advanced 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:

1. The Board of Directors of Toronto Parking Authority approve the proposed 2026 Operating Budget and 2026 - 2028 Capital Budget for Toronto Parking Authority as presented in Attachment 1 to this report.

FINANCIAL IMPACT

In 2026, Management is budgeting a new historic revenue performance of \$181.3 million (+\$4.0 million versus 2025 forecast).

2026 Full year EBITDA plan of \$57.7 million is -\$0.2 million versus 2025 Forecast and Net income of \$42.3 million; -\$3.2 million versus 2025 Forecast.

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 February 11, 2025, City Council considered and debated Item MPB27.1, including Toronto Parking Authority's proposed 2025 Operating Budget and 2025 - 2027 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/#/committees/2462/25761>

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>

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	2025 Forecast vs 2025 Budget	2026 Budget vs 2025 Budget
Net (loss) income from operations	42,338	45,536	41,921	(3,199) -8%	3,615 8.6%	416 1.0%
Income share from operations	31,753	34,152	31,441	(2,399) -8%	2,711 8.6%	312 1.0%
Total City of Toronto distribution	31,753	34,152	31,441	(2,399) -8%	2,711 8.6%	312 1.0%

In 2026, TPA's annual distribution to the City of Toronto, 75% of Net income, is budgeted to be \$31.8M; +\$2.7 million versus 2025 Forecast; + \$0.3 million better than 2025 Plan. Over the last 3 years, TPA has delivered \$99.7 million, exceeding plan by \$20.3 million.

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 equipment	(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%

Note: Operating expenses is the combined total of 1+2

2025 Highlights

2025 Net income is forecasted to be \$45.5 million, +\$3.6 million versus plan (includes \$15.8 million of amortization and \$3.5 million of finance income). 2025 EBITDA is forecasted to be \$57.9 million which 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 which offset, in part, some of the parking softness.

Operating expenses (1+2) are forecasted at \$119.4 million which is \$2.4 million lower than plan driven by disciplined cost management of discretionary costs, head count and favourability on municipal taxes and volume-related costs.

Amortization of property, plant and equipment is \$6.4 million lower than Plan due to timing of capital program delivery and direct capital funding from the City of Toronto in Bike Share and EV.

Available cash reserves will be above \$50 million, representing a \$15 million decline versus 2024 due to execution of our 2025 capital expenditures of \$49.9 million and timing of settlement of intercompany transfers with the City. Cash disbursement in 2025 includes \$14.0 million for St. Lawrence North.

TPA faces a potential unplanned risk to its net income stemming from the transfer of assets to other City of Toronto agencies. The current net income sharing framework does not address the impact of these asset transfers. Presently, assets are transferred at cost rather than fair market value. This practice negatively impacts TPA's net income, as the assets are written off without any corresponding proceeds, resulting in a financial loss. TPA has requested the City of Toronto Finance Division to provide a solution to mitigate this impact and ensures TPA's cash flow remains unaffected.

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 Plan is \$42.3 million:

- \$3.2 million versus 2025 forecast driven by top line growth of \$4.0 million with no rate changes, offset by \$4.1 million in operating expenses, \$1.7 million lower

finance income due to lower interest rates and cash balance and \$1.2 million higher amortization with continued capital investments of \$47.1 million.

- +\$0.4 million versus 2025 plan driven by \$5.2 million lower amortization due to direct capital funding from the City for Bike Share and EV, offset by \$1.4 million in lower revenue, \$1.7 million in higher expenses, and \$1.7 million in lower finance income stemming from lower cash balance and interest rate environment.

A \$4.0 million pricing adjustment, currently excluded from the 2026 Plan submission, would offset the expected CPI-related increase in operating expenses. Including this adjustment would result in higher EBITDA margins and percentages compared to both the 2025 Forecast and 2025 Plan.

Exhibit 1: 2026 Budgeted Total Revenue

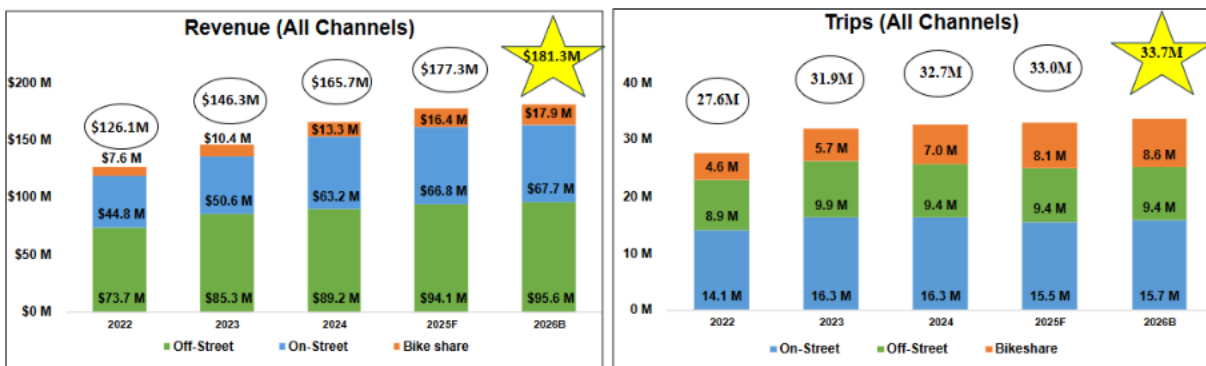


Table 3: 2026 Budgeted Total Revenue

\$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%

2026 planned revenue of \$181.3 million is +\$4.0 million versus 2025 forecast with top line growth of 2.2%.

The increase of \$4 million in revenue will include the following initiatives:

- +\$1.6 million from 0.5 million higher ridership and E-bike and casual mix in Bike Share
- +\$2.6 million from new growth opportunities:
 - \$1.3 million of new permits and other revenue opportunities

- \$0.3 million from bulk parking space purchases and acquisition of new B2B customers.
- \$0.5 million from the full year operations of new on-street inventory
- \$0.5 million from enforcement that generate higher paid parking compliance.
- -\$0.2 million from 112 thousand fewer trips due to redeployment of lots to City programs over the duration of the year.

2026 Budgeted Total Operating Expense

	2026 Budget	2025 Forecast	2025 Budget	2026 Budget v 2025 Forecast	2025 Forecast v 2025 Budget	2026 Budget vs 2025 Budget		
\$000's								
Volume Related	35,783	34,661	34,846	(1,123)	-3.2%	185	0.5%	(938) -2.7%
Salaries & Benefits	33,405	31,592	33,905	(1,813)	-5.7%	2,313	6.8%	500 1.5%
Municipal Taxes	23,776	22,868	25,530	(909)	-4.0%	2,662	10.4%	1,754 6.9%
Facility Costs	17,063	16,495	15,997	(568)	-3.4%	(498)	-3.1%	(1,066) -6.7%
Admin	8,166	8,729	6,819	563	6.5%	(1,910)	-28.0%	(1,347) -19.8%
Information Technology	5,363	5,071	4,752	(293)	-5.8%	(319)	-6.7%	(611) -12.9%
Total Operating Costs	123,557	119,415	121,848	(4,142)	-3.5%	2,433	2.0%	(1,709) -1.4%

The 2026 operating expenses budget reflects anticipated increases in costs related to higher trip volumes, flat staffing levels, updated municipal tax rates, and CPI increase for different expense categories. These adjustments are intended to enable the successful execution of strategic initiatives, fulfill TPA's mandate and uphold the guiding principle of disciplined cost management.

Budgeted operating expenses of +\$4.1 million versus forecast are driven by:

- +\$1.1 million or 3.2% volume related costs due to 0.7 million more trips, mainly from Bike Share trips growth of 7.5% to 8.6 million.
- +\$1.8 million or 5.7% in salary and benefits due to annualized impact of hiring, collective bargaining agreement and higher benefit rates. Current staffing levels will remain flat.
- +\$0.9 million or 4% increase in municipal taxes
- +\$0.6 million or 3.4% increase in facility costs to reflect 2.5% general CPI increase, 5.6% utilities and higher insurance costs related to growing asset base coming with new parking and bike/station equipment.
- -\$0.6 million or 6.5% reduction in marketing and consulting costs.
- +\$0.3 million or 5.8% investment in Information technology reflecting TPA's commitment to continuously invest in cybersecurity, compliance infrastructure and network communication.

Off-Street Performance

\$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 parking revenue	93,794	92,333	94,987	1,461 1.6%	(2,654) -3%	(1,193) -1%
Other revenue	1,825	1,779	1,897	46 2.6%	(118) -6%	(71) -4%
Total revenue	95,619	94,112	96,884	1,507 1.6%	(2,772) -3%	(1,265) -1%
Direct expenses - operating	(42,345)	(40,298)	(39,351)	(2,047) -5.1%	(947) -2%	(2,994) -8%
Contribution Margin	53,274	53,814	57,533	(540) -1.0%	(3,719) -6%	(4,259) -7%
<i>Contribution Margin %</i>	<i>55.7%</i>	<i>57.2%</i>	<i>59.4%</i>	<i>-1.5%</i>	<i>-2.2%</i>	<i>-3.7%</i>

Management planned 2026 contribution margin for Off-Street parking to decrease \$0.5 million or -1 % over the 2025 forecast.

Revenues are increasing by \$1.5 million due to +\$1.7 million from monthly parking permits, bulk parking purchases for special events, EV charging and acquisition of new B2B customers and other revenues, offset by -\$0.2 million from 112 thousand trips lost due to redeployment of lots to City programs over the duration of the year.

Expenses increasing \$2.0 million driven primarily by higher salary and benefit costs resulting from the annualized impact of new hires and collective bargaining agreement, higher security incidence at car parks that require on site monitoring, along with additional spending on equipment modernization and facility upgrades.

On-Street Performance

\$000's	2026 Budget	2025 Forecast	2025 Budget	2026 Budget vs 2025 Forecast	2025 Forecast vs 2025 Budget	2026 Budget vs 2025 Budget
On-Street parking revenue	67,712	66,837	71,002	875 1.3%	(4,165) -6%	(3,290) -5%
Direct expenses - operating	(11,733)	(11,326)	(12,705)	(407) -3.6%	1,379 11%	972 8%
Contribution Margin	55,979	55,511	58,297	468 0.8%	(2,786) -5%	(2,318) -4%
<i>Contribution Margin %</i>	<i>82.7%</i>	<i>83.1%</i>	<i>82.1%</i>	<i>-0.4%</i>	<i>0.3%</i>	<i>0.6%</i>

Management is budgeting the 2026 contribution margin for On-Street parking to increase \$0.5 million or 0.8 percent versus 2025 forecast.

Revenues of \$67.7M budgeted +\$0.9M vs Forecast driven from +\$0.5 million in the full year of operation of new inventory implemented throughout 2025 and +\$0.5 million on data driven measures to drive higher compliance offset by \$0.1 million other revenues.

Expenses are increasing by \$0.4 million due collective bargaining agreement, insurance premium costs increasing at 10% and utility costs increasing at 5.6%.

Combined Electric Vehicle Charging Performance

\$000's	2026 Budget	2025 Forecast	2025 Budget	2026 Budget vs 2025 Forecast	2025 Forecast vs 2025 Budget	2026 Budget vs 2025 Budget
Charging Revenue	1,005	818	978	187 23%	(160) -16%	27 3%
Associated Parking Revenue	811	781	1,145	30 4%	(364) -	(335) -
Total Revenue	1,815	1,599	2,123	217 14%	(524) -25%	(308) -14%
Direct expenses - operating	(1,226)	(1,034)	(1,232)	(192) -19%	198 16%	6 0%
Contribution Margin	590	565	891	24 4%	(326) -37%	(302) -34%
<i>Contribution Margin %</i>	32.5%	35.3%	42.0%	-2.9%	-6.6%	-9.5%

TPA has built the largest and most reliable municipally owned EV charging network in Canada, with a 99% uptime and is expected to attract over 178 thousand charging sessions in 2026. Off-Street session count is 136 thousand while On-Street is 42 thousand sessions. The combined charging capacity will expand beyond the current total of 547 chargers in operation.

2026 Highlights:

- Overall contribution margins are decreasing from 35.3% to 32.5% due to higher electricity rates growing at 5.6% vs 4.5% in 2025. Electricity chargers for Off-Street are based on commercial daily rates vs On-Street residential rates.
- Revenues increasing with sessions at 178 thousand; +30 thousand vs forecast.
- Operating expenses of \$1.2 million, -\$0.2 million vs 2025 forecast increasing in line with higher sessions and CPI related to electricity and continued investments in warranties for chargers.

Bike Share Toronto Performance

\$000's	2026 Budget	2025 Forecast	2025 Budget	2026 Budget vs 2025 Forecast	2025 Forecast vs 2025 Budget	2026 Budget vs 2025 Budget
Bike Share revenue	17,928	16,351	14,784	1,576 9.6%	1,567 11%	3,144 21%
Direct expenses - operating	(20,681)	(19,462)	(19,547)	(1,219) -6.3%	85 0%	(1,134) -6%
Contribution Margin	(2,753)	(3,111)	(4,763)	357 11.5%	1,652 35%	2,010 42%
<i>Contribution Margin %</i>	-15.4%	-19.0%	-32.2%	3.7%	13.2%	18.9%

As North America's 3rd largest bike share system (in size), Bike Share Toronto is projected to reach a record 8.1 million trips by the end of 2025, +1.1 million or 15% versus prior year. In 2025, Bike stations will be in all 25 wards including the Toronto Islands and will have achieved all elements of the four-year expansion plan concluding this year.

Management is budgeting the 2026 contribution margin for Bike Share Toronto to improve from -19.0 percent vs 2025 Forecast to -15.4 percent (+3.7% points better). The improved financial performance is driven by higher trips and favourable casual and

e-bike mix. Subsidy per ride is estimated to improve by 7 cents to \$0.32 vs 2025 forecast.

Revenues are increasing by \$1.6 million; Bike Share Toronto will deliver a record 8.6 million rides +0.5 million versus 2025 forecast and is projected to maintain a higher casual mix to attract new customers in the E-bike segment.

Expenses are increasing in line with higher trips and revenues with greater mix of e-bike usage in peak season. Management will continue to manage costs and optimize bike availability to drive favourable customer experience.

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
SOG	10,400	12,320	7,800	14,800	9,800	15,800	14,800	14,800	14,800	12,909	128,229
Total Expenditures (including carry forward from 2025)	47,126	51,301	44,560	47,608	29,146	29,689	27,664	27,664	27,639	25,650	358,048

Note: 10-year capital plan excludes Rehabilitation of City Hall Parking Garage (Car Park 36) and 40 York Street Garage (Car Park 52). Estimated rehabilitation cost is \$146 million; final cash outlay will be determined following a pending business case review.

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.

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SIGNATURE

W. Scott Collier, President
Toronto Parking Authority

ATTACHMENTS

Attachment 1: Toronto Parking Authority 2026 Operating and Capital Budget

Attachment 2: Budget TO 2026 Budget Submission - Toronto Parking Authority