Toronto Parking Authority

Office des parcs de stationnement de Toronto

The Toronto Parking Authority exists to provide safe, attractive, self-sustaining, conveniently located and competitively priced off-street and on-street public parking as an integral component of Toronto's transportation system.

FILE: 4015-30

January 27, 2005

City of Toronto
Budget Advisory Committee
Secretariat Division
City Clerk's Office
Main Floor, City Hall
100 Queen Street East
Toronto, Ontario, M5H 2E2

Attention: Councillor David Soknacki

Dear Councillor Soknacki:

RE: January 24, 2005 BAC Directions

At the Budget Advisory Committee meeting on January 24, 2005 the TPA was requested to report back on options to increase its' budgeted operating net income for 2005 from $42,066,300 (as submitted) to the 2004 budgeted level of $43,012,200.

This represents an increase to budgeted net income of $946,000. As I had pointed out in previous meetings with the BAC and BRG staff much of the reduction in the net income from 2004 to 2005 (budget to budget) can be attributed to three primary factors:

1. Discontinuing paid parking at the parks (along the beaches) - **$450,000 gross** ($125,000 net);

2. A decline in cars/revenue along the Yonge corridor – approximately **$375,000** and;

3. the NHL strike which reduced revenue from our carparks located near the Air Canada Center - **$300,000**

We will also lose the income from one of our retail leasing operations that is being converted to a condominium and garage under a joint venture with a developer. We will lose approximately $130,000 to $140,000 during 2005 while construction is in progress but it will be replaced by income from the garage spaces when the development is complete. The lost income was recovered as part of our joint venture agreement and was included in the sale price which we received in 2004.

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Options – Increasing Gross Revenues

At the January 24, 2005 BAC meeting I indicated that we could generate an additional $250,000 in on-street revenue in 2005 if we could get the necessary Council approvals in place and the equipment updated by June1, 2005.

A second option is to reinstate paid parking at the parks lot – this would result in approximately $125,000 more in net income to the TPA (($450,000 gross). However, Parks and Recreation would receive approximately $225,000***** from the TPA to include in their budget.

Summary

On-street rate increase approved by TPA board	250,000
Resume charging fees on parks lots if Council approves (net of expenses and Parks & Recreation share) *****	125,000
	375,000

When you include the impact to the Parks & Recreation Department the net impact will be almost $620,000. This would leave a shortfall of approximately $350,000 of the $946,000 you are asking us to find.

We are still in the process of studying the potential impact on revenue from expanding the hours of paid parking in the downtown core but do not have a number we would be comfortable/confident with at this time.

We will also study the potential impact of extending paid parking to residential streets flanking major arterial roads but do not have a projection at this time. Proceeding would be solely contingent on the approval of the local Councillor.

Options – Maintaining Services & Rents / Materials & Supplies at 3% Over 2004 Budget Amounts

I cannot identify any general reductions to expenditures which would not impact our ability to provide parking services including the maintenance of facilities.

The reasons for increases in certain expenditure categories is explained below.

1. ***Services & Rents*** is increasing by $788,000. The three primary causes are:

Utilities	480,000
Rent for new carpark - 1501 Yonge St	180,000
Communication cost increase - more machines	126,000
	786,000

- Utilities are increasing in 2005 largely because of a budgeting error in 2004.
- The rent increase relates to rent on a property we are leasing. The net income from the carpark we now operate on this property is positive after rent and other costs.
- The communication fee refers to the wireless communications costs of our pay & display network. The cost is increasing because additional equipment is being added. This equipment is generating more net revenue and is therefore a positive contributor to our bottom line.

The major components of this category are expenses such as hydro, telephone, snow clearing, advertising, major facility maintenance (contracted-out) and security.

- Reducing the budget for many costs is not possible because we do not have control over certain increases in rates (hydro/telephone).
- It may not be economical to reduce certain account budgets in the sense that we would only be deferring costs (repairs and major maintenance) – our experience has been that deferring major maintenance work results in the scope of work and cost increasing.
- Reducing the advertising budget would impact revenue if you accept that our marketing efforts have a positive impact on usage.
- A reduction in security coverage would have a negative impact on the numbers of vehicle break-ins - we have reduced from peak levels of 90-100 per month to 30-40 per month. The result would be an increase in customer complaints and some negative impact on usage.

We have not included any non-specific reserves or "cushions" in our expense numbers and feel we have set reasonably aggressive targets.

2. ***Materials & Supplies*** increases by $484,000. Of this increase $459,000 is related to a new merchant credit card processing contract. We selected the same processor as the City uses but costs in general have increased for this service. The cost fluctuates directly with credit card sales levels which we anticipate will increase in 2005. Once again more sales equates to more revenue which is reflected in our gross revenue budget

We will also undertake to meet, as requested, with the TTC general manager and the CFO at their earliest convenience to discuss commuter-parking strategies.

Finally I would like to clarify the discussion we had on **staffing levels** during our attendance at the BAC on January 24, 2005. You had questioned the increase of 1.7 bodies in staffing - without the benefit of the schedule you were referencing I had correctly explained that the increase was related to the FTE of student wages for various duties such as cashiering and facility maintenance. You further questioned the increase of one FT body under the "Exempt Professional & Clerical" category. What I could not recall at the time was that we also reduced one FT body in the "Hourly/Operations" category for a net change of nil for FT staff. Therefore the only change in staffing was the 1.7 FTE increase in student hours.

Yours truly,

Maurice J. Anderson
President

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