

Analyst Briefing Notes

Budget Committee

November 3, 2009

Page

PART I: CAPITAL PROGRAM

Executive Summary.....	2
Recommendations.....	5
2009 Capital Variance Review	6
10-Year Capital Plan (2010 Recommended Budget, 2011-2019 Recommended Plan)	8
10-Year Capital Plan Overview.....	10
10-Year Capital Plan: Incremental Operating Impact Summary.....	16
Total 2010 Recommended Cash Flow & Future Year Commitments	17
2010 Recommended Capital Budget: Overview	18

PART II: ISSUES FOR DISCUSSION

2010 Recommended Capital Budget Issues	20
2011-2019 Recommended Capital Plan Issues.....	NA
Issues Referred to the 2010 Capital Budget Process	NA
Outstanding Issues from Prior Years' Budgets	NA

APPENDICES

Appendix 1: 10-Year Recommended Capital Plan Project Summary	21
Appendix 2: 2010 Recommended Capital Budget; 2011 to 2019 Capital Plan	22
Appendix 3: 2010 Recommended Cash Flow & Future Year Commitments	23
Appendix 4: 2010 Recommended Capital Projects with Financing Details	24
Appendix 5: 2010 Reserve / Reserve Fund Review	NA
Appendix 6: 2010 to 2019 New and Expansion Facility Projects.....	NA

Contacts: Josie Lavita
Director, Financial Planning
Tel: (416) 397-4229

Robert Flesch
Senior Financial Planning Analyst
Tel: (416) 397-4297

November 2, 2009

PART I: CAPITAL PROGRAM**Executive Summary**

- Funding for the Toronto Parking Authority's 10-Year Recommended Capital Plan balances infrastructure renewal needs for state of good repair with service improvement and growth projects to meet the forecasted increase in demand for off-street parking. In addition, funding is also required for health and safety projects.
- The following summarizes the allocation of recommended funding by project type:
 - The 10-Year Recommended Capital Plan requires \$251.289 million in funding for the expansion and/or new development of 49 off-street parking facilities to satisfy future demand.
 - Implementation of new parking technologies, such as the conversion of credit card acceptance for pay-and-display machines from off-line batch processing to on-line authorization to protect against fraud and lost revenue for \$6.000 million.
 - Maintenance projects at various facilities to extend the useful life of assets; ensure service reliability; and, postpone infrastructure replacement. These activities, with funding of \$50.162 million required in the 10-Year Recommended Capital Plan, include examples such as upgrades to existing lightning, sprinklers and fire alarms; replacement of elevators and bumper fences; painting; and, drainage control.
- The Toronto Parking Authority's 2009 Approved Capital Budget of \$30.495 million was 22.7% or \$6.934 million spent, as at September 30th, 2009. Actual expenditures by year-end are forecasted to be \$13.917 million or 45.6% of the 2009 Approved Capital Budget.
 - The projection of 2009 funding to be carried forward into the 2010 Recommended Capital Budget is \$4.373 million and includes sprinkler upgrades at Car Parks 68 and 29 for \$1.135 million; replacement of elevators at Car Parks 43, 11 and 15 for \$0.820 million; fire alarm upgrade at Car Park 15 for \$0.750 million; completion of the 22 space surface lot at Islington and Albion Road for \$0.113 million; lighting upgrades at Car Parks 36, 68, 111 and 43 for \$0.955 million; drainage reconstruction at Car Park 36 for \$0.100 million; and, resurfacing of Car Park 414 for \$0.500 million.
- The 10-Year Recommended Capital Plan totals \$318.555 million, including 2009 carry forward funding into 2010 of \$4.373 million, of which \$156.555 million or 49.1% is projected for the first 5 years, with the final 5 years requiring funding of \$162.000 million or 50.9%.

- Over the 10-year planning horizon, the Authority continues to be 100% self-sustaining with no debenture financing and with no impact on the municipal property tax levy. The 10-Year Recommended Capital Plan is funded primarily from the Authority's current and future retained earnings, which account for approximately 77.5% or \$243.632 million. Reserve funds and other sources of financing, such as the selling of air rights, account for the remaining 22.5% or \$70.550 million. Projects included in the Authority's 10-Year Recommended Capital Plan are not eligible for the Infrastructure Stimulus Fund (ISF) and Recreational Infrastructure Canada (RInC) funding.
- Changes to the 2009-2018 Approved Capital Plan reflect an increase of \$54.020 million or 23.0% compared to the 10-Year Recommended Capital Plan. The increase is driven by the addition of service improvement and growth projects to meet future demand for off-street parking and include the addition of 2 levels at Car Park 1 for \$9.800 million; Queen/Soho for \$8.000 million; St. Clair West – Corso Italia for \$3.000 million; redevelopment of Car Park 12 for \$9.300 million; Etobicoke Centre – Islington /Westwood for \$3.000 million; and, redevelopment of Car Park 15 for \$40.000 million.
- The 10-Year Recommended Capital Plan results in increased revenues from new and/or expanded parking facilities for 2011 of \$1.383 million; 2012 of \$1.620 million; 2013 of \$1.260 million; 2014 of \$1.488 million; 2015 of \$1.353 million; 2016 of \$1.260 million; 2017 of \$0.780 million; 2018 of \$0.900 million; and, 2019 of \$1.380 million. Incremental operating revenue from user fees is generated in the year following completion of parking facilities.
- The Toronto Parking Authority does not have a significant state of good repair backlog. The backlog, estimated at \$5.680 million for the end of 2009, accounts for 2.5% of the total 2008 property and equipment asset base. The backlog will be fully addressed within the first 4 years of the 10-Year Recommended Capital Plan.
- Feasibility and needs assessment studies have been completed for areas identified with current or future short-term municipal parking shortfalls. Associated cash flows have been estimated for each project. Cost estimates are based on market land price for the site and development cost estimations are prepared by the Authority's Design and Construction Department (legal, consulting, engineering, construction, etc). However, the identification of specific sites, purchase negotiations and design requirements have not been completed for a majority of projects in the final 7 years of the 10-Year Recommended Capital Plan, reflecting the speculative environment for long-term land development in the City.
- The 10-Year Recommended Capital Plan provides funding to advance the following priority actions outlined in the Mayor's and Council's policy agenda:
 - **Climate Change Adaptation, Clean Air and Sustainable Energy Action Plan:** Approximately \$3.330 million in funding is recommended for projects that advance the Action Plan for Climate Change Adaptation objectives. This includes energy efficiency projects of \$1.795 million; water usage reduction of \$1.135 million; and, the greening projects at various carparks of \$0.400 million.

- **Making a Stronger Economy:** Over the 10-year planning horizon, funding of \$251.289 million is required for the expansion and/or new development of 49 off-street parking facilities. The parking facilities will ensure that businesses in areas served throughout the City continue to grow and their neighbourhoods remain vibrant.
- The 2010 Recommended Capital Budget for previously approved and new/change in scope projects (excluding 2009 carry forward funding into 2010) of \$28.732 million is 67% allocated to service improvement projects at \$19.144 million; 17% to growth projects at \$4.882 million; 15% to state of good repair projects at \$4.262 million; and, 1% or \$0.444 million to health and safety projects.
- Approval of the 2010 Recommended Capital Budget will result in a commitment to future year funding for new/change in scope projects of \$13.600 million in 2011; \$4.200 million in 2012; and, \$0.200 million in 2013. Future year funding is required for multi-year projects, such as continued implementation of credit card reader electronic parking equipment to comply with emerging regulations; addition of 2 levels at Car Park 1; and, new off-street parking facilities for the Queen/Soho area.
- The 2009 summer labour disruption will not impact the Toronto Parking Authority's program delivery of the 2010 Recommended Capital Budget and 2011-2019 Recommended Capital Plan.
- The 2010 Recommended Capital Budget of \$33.105 million provides funding to:
 - Begin the design and development of 9 new service improvement and growth projects with funding of \$18.539 million. These projects will increase the supply of off-street parking throughout various areas of the City to satisfy demand shortfalls in municipal parking.
 - Continue implementation of greening projects at various car parks for \$0.100 million and credit card reader electronic parking equipment to comply with emerging regulatory requirements for \$2.000 million.
 - Complete maintenance projects, such as electrical upgrades; elevator replacement; fire alarm upgrades; drainage improvements at various car parks and the completion of facilities at College-Dovercourt (11A Kenwood); Greektown/Danforth; and, Islington-Albion (Barkwin) with funding of \$7.626 million.

Recommendations

The City Manager and Chief Financial Officer recommend that:

1. Council approve the 2010 Recommended Capital Budget for the Toronto Parking Authority with a total project cost of \$43.479 million and 2010 cash flow of \$33.105 million and future year commitments of \$24.000 million comprised of the following:
 - a) New Cash Flow Funding for:
 - i) 21 new/change in scope sub-projects with a 2010 total project cost of \$43.479 million that requires cash flow of \$25.479 million in 2010 and a future year commitment of \$13.600 million in 2011; \$4.200 million in 2012; and, \$0.200 million in 2013;
 - ii) 11 previously approved sub-projects with a 2010 cash flow of \$3.253 million and a future year commitment of \$6.000 million in 2011;
 - b) 2009 approved cash flow for 13 previously approved sub-projects with carry forward funding from 2009 into 2010 totalling \$4.373 million;
2. Council approve that no new debt be issued to finance the 2010 cash flow requirement for the capital program and that the Toronto Parking Authority's 2010 Recommended Capital Budget be fully funded from current and future retained earnings; reserves; and, other revenue sources;
3. Council approve the 2011-2019 Recommended Capital Plan for the Toronto Parking Authority totalling \$261.450 million in project estimates, comprised of \$16.100 million in 2011; \$26.000 million in 2012; \$29.800 million in 2013; \$27.550 million in 2014; \$26.000 million in 2015; \$31.000 million in 2016; \$33.000 million in 2017; \$42.000 million in 2018; and, \$30.000 million in 2019;
4. Council consider new operating revenue of \$1.383 million in 2011 and \$0.900 million in 2012 emanating from the approval of the 2010 Recommended Capital Budget for inclusion in the 2010 and future year operating budgets; and,
5. the President of the Toronto Parking Authority, in consultation with the Financial Plan Division, report to Budget Committee in September, 2010, on a detailed summary providing year-to-date spending; projected year-end spending; and, forecasted completion date for each project included in the 2010 Recommend Capital Budget.

PART I: CAPITAL PROGRAM

2009 Capital Variance Review

2009 Budget to Actuals Comparison - Total Gross Expenditures (\$000s)					
2009 Approved	Actuals as of September 30 th (3 rd Qtr Variance)		Projected Actuals at Year End		Balance
\$	\$	% Spent	\$	% Spent	\$ Unspent
30,495	6,934	22.7%	13,917	45.6%	16,578

2009 Experience

The Toronto Parking Authority's 2009 Approved Capital Budget of \$30.495 million was 22.7% or \$6.934 million spent, as at September 30th, 2009. Actual expenditures by year-end are anticipated to be \$13.917 million or 45.6% of the 2009 Approved Capital Budget. The projected year-end 2009 Approved Capital Budget spending represents a 22.9% or \$6.118 million increase over the 2008 rate of \$26.746 million. The level of projected 2009 year-end spending reflects the following:

- Delays arising from the unavailability of appropriate sites.
- Delays due to on-going negotiations for identified sites.
- Projects cancelled from a low probability of finding an appropriate site.
- Time lags in joint venture arrangements.

State of Good Repair projects represent 22% or \$6.845 million of the 2009 Approved Capital Budget. As at September 30th, 2009 approximately 24% or \$1.627 million of the approved funding for state of good repair projects was spent. The projected year-end spending is approximately 32% or \$2.175 million which compares to a 2008 rate of 45% or \$2.273 million.

Growth projects accounted for 16% or \$4.800 million of the 2009 Approved Capital Budget. The Toronto Parking Authority reported a spending rate of 5% or \$0.229 million for the 9 months ended September 30th, 2009. Projected year-end spending is 5% or \$0.230 million compares to 21% or \$3.090 million in 2008.

Service Improvement project funding reflects 54% or \$16.350 million of the 2009 Approved Capital Budget. The Authority spent 30% or \$4.952 million of its capital budget allocated to this category. The Authority is forecasting a year-end spending rate of 69% or \$11.332 million compared to a 2008 level of 39% or \$2.529 million.

Other projects represent 8% or \$2.500 million of the 2009 Approved Capital Budget and account for 5% or \$0.126 million in spending as of September 30th, 2009. The Authority projects a spending rate of 7% or \$0.180 million on projects within this category compared to 1% or \$0.006 million in 2008.

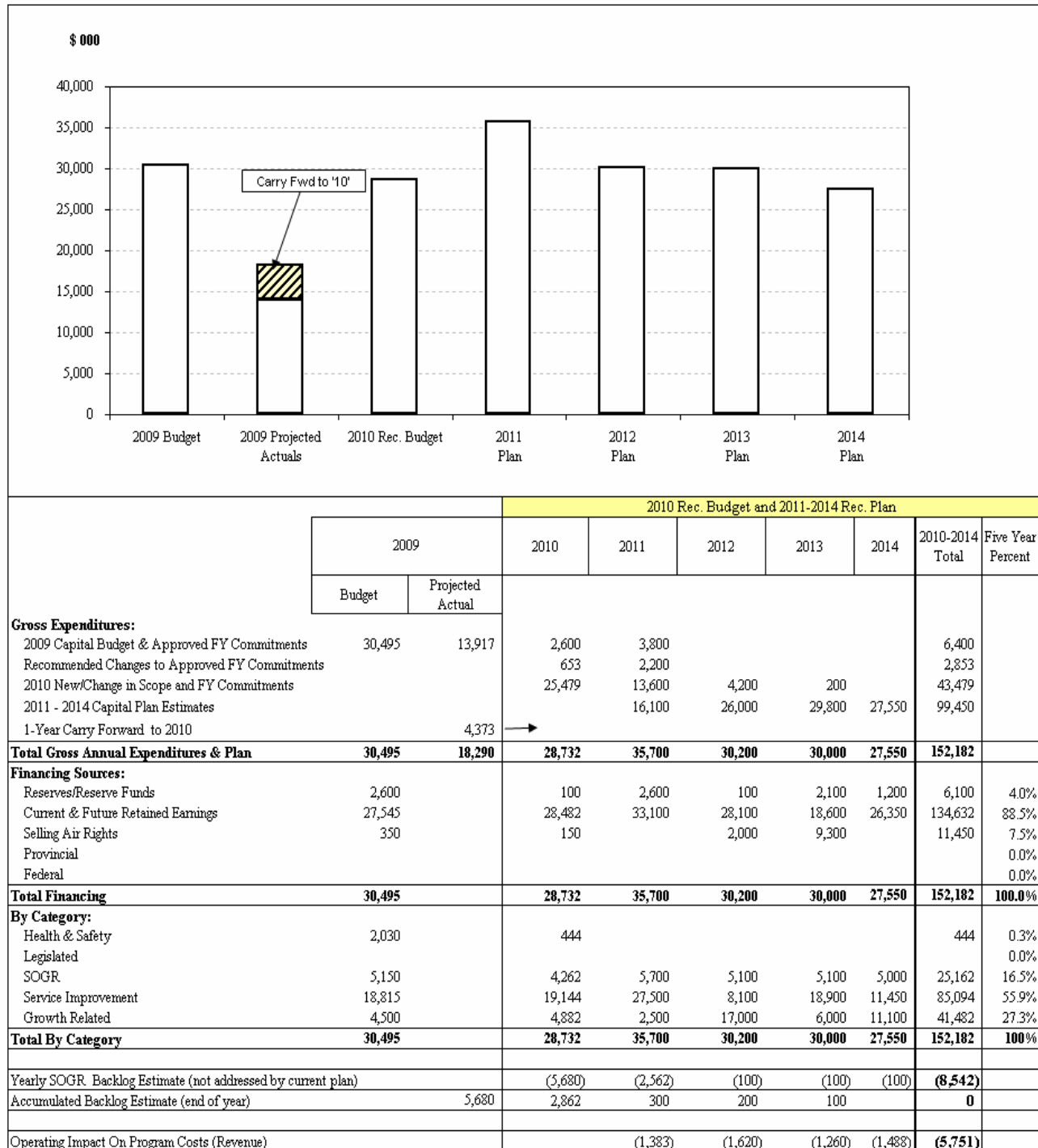
The funding from 2009 carried forward into 2010 included in the 2010 Recommended Capital Budget is \$4.373 million and is lower than the projected unspent expenditures of \$16.578 million identified in the Third Quarter Capital Budget Variance Report. Projects requiring 2009 carry forward funding in the 2010 Recommended Capital Budget include the:

- Sprinkler upgrades at Car Parks 68 and 29 for \$1.135 million.
- Replacement of elevators at Car Parks 43, 11 and 15 for \$0.820 million.
- Fire alarm upgrade at Car Park 15 for \$0.750 million.
- Completion of the 22 space surface lot at Islington and Albion Road for \$0.113 million.
- Lighting upgrades at Car Parks 36, 68, 111 and 43 for \$0.995 million.
- Drainage reconstruction at Car Park 36 for \$0.100 million.
- Resurfacing of Car Park 414 for \$0.500 million.

The labour disruption in the summer of 2009 does not have an impact on the Toronto Parking Authority's 2009 Approved Capital Budget forecasted year-end spending rate and completion of projects.

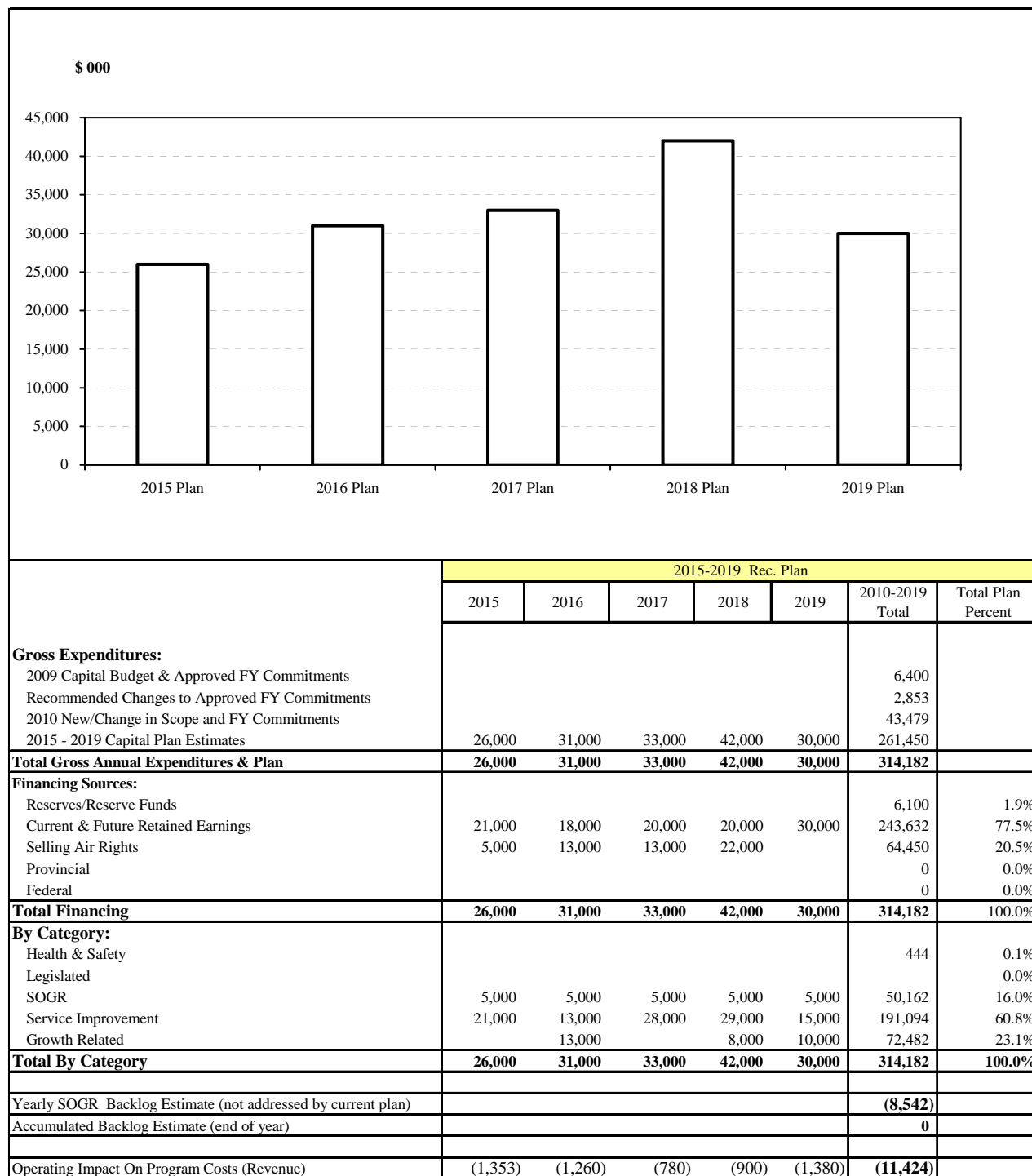
10-Year Capital Plan

2010 Recommended Capital Budget, 2011-2014 Recommended Capital Plan



10-Year Capital Plan

2015-2019 Recommended Capital Plan



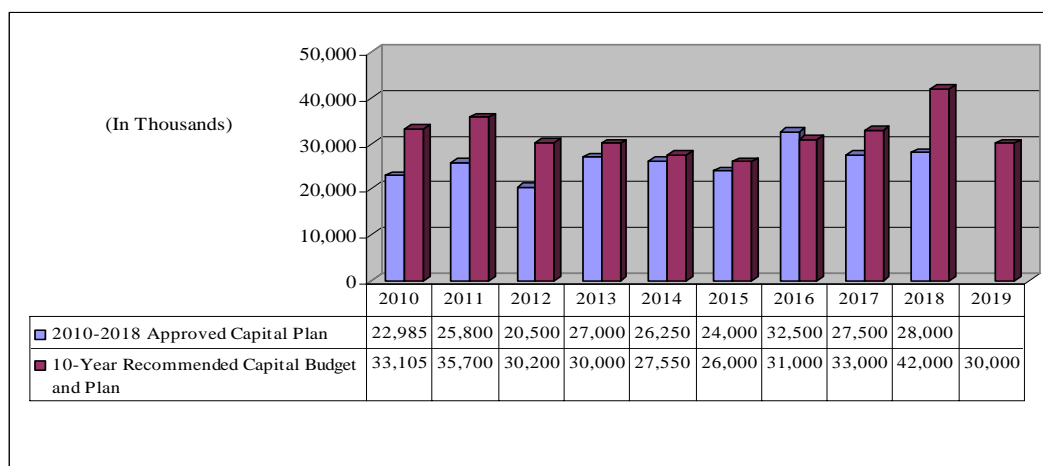
10-Year Capital Plan Overview

- Funding for the Toronto Parking Authority's 10-Year Recommended Capital Plan balances infrastructure renewal needs for state of good repair with service improvement and growth projects to meet the forecasted increase in demand for off-street parking. In addition, funding is also required for health and safety projects.
- Over the 10-year planning horizon, the Toronto Parking continues to be 100% self-sustaining with no debenture financing and with no impact on the municipal property tax levy. The 10-Year Recommended Capital Plan is funded primarily from the Authority's current and future year retained earnings, which account for 77.5% or \$243.632 million. The selling of air rights reflects 20.5% or \$64.450 million of the total funding of \$314.182 million. Reserve funds account for the remaining 1.9% or \$6.100 million.
- Projects included in the Authority's 10-Year Recommended Capital Plan are not eligible for Infrastructure Stimulus Fund (ISF) and Recreational Infrastructure Canada (RInC) funding.
- The 2009 summer labour disruption will not impact the Authority's delivery of the 10-Year Recommended Capital Plan.
- The following summarizes the allocation of recommended funding by project category:
 - *Service Improvement project* funding recommended in the 10-Year Recommended Capital Plan is 60.8% or \$191.094 million of the total new cash flow of \$314.182 million. These projects are mainly comprised of the expansion and/or redevelopment of existing parking facilities and infrastructure.
 - *Growth projects* account for 23.1% or \$72.482 million of the recommended funding over the 10-year planning horizon. These projects are primarily driven by the acquisition of properties for the development of new off-street parking facilities based on feasibility and needs assessment studies.
 - *State of Good Repair projects* comprise 16.0% or \$50.162 million and require funding for the maintenance of off-street and on-street parking facilities, such as lighting/electrical/sprinkler upgrades; paving; and, painting. These projects are designed to extend the useful life of assets; ensure service reliability; and, postpone replacement.
 - *Health and Safety projects* account for the remaining 0.1% or \$0.444 million of the new funding of \$314.182 million.
- The Toronto Parking Authority does not have a significant state of good repair backlog. The backlog, estimated at \$5.680 million for the end of 2009, accounts for 2.5% of the total 2008 property and equipment asset base. The backlog will be fully addressed within the first 4 years of the 10-Year Recommended Capital Plan.

Key Changes to the 2009-2018 Approved Capital Plan

The following highlights the changes from the 2009-2018 Approved Capital Plan with the 2010-2019 Recommended Capital Budget and Plan. As outlined in the table below, the 2010 Recommended Capital Budget of \$33.105 million in cash flow represents an increase of 44.0% or \$10.120 million compared to 2010 Approved Capital Plan of \$22.985 million. There is a \$54.020 million or 23.0% increase in the 10-Year Recommended Capital Plan.

Changes to the 2009-2018 Approved Capital Plan



The increase in the 10-Year Recommended Capital Plan is driven by the addition of service improvement and growth projects to meet future demand for off-street parking, as outlined in the table below:

Addition of 2 Levels at Car Park 1: New funding of \$4.900 million is recommended in 2010 and 2011 for the Charles/Hayden garage located at the southwest corner of Yonge and Bloor Streets. The recent increase in residential condominium development and other high density land uses in this area have displaced many of the surface lots and contributed to the current off-street parking shortfall.

Queen/Soho: Commercial and residential development is occurring in the Queen and Soho area. The 10-Year Recommended Capital Plan requires funding of \$4.000 million in 2010 and 2011 for the development of a new off-street parking facility.

St. Clair West – Corso Italia: The Toronto Parking Authority is currently negotiating a joint venture arrangement for construction of an underground garage on the current site of Car Park 41 to service development of a retail and medical facility. Recommended funding for this project is \$3.000 million in 2013.

Redevelopment of Car Park 12: Car Park 12 will be redeveloped as a 200 space garage with a residential condominium above the current facility. Recommended funding of \$9.300 million is required in 2013 for this service improvement project.

Etobicoke Centre - Islington/Westwood: Recommended funding of \$3.000 million is required in 2016 for the Etobicoke Centre (Islington/Westwood) off-street facility to serve the associated increase in demand from potential construction of the West District Courthouse by the Ontario Realty Corporation on the lands of the former Westwood Theatre.

Redevelopment of Car Park 15: Recommended funding of \$13.000 million in 2016 and 2017, with an additional \$14.000 million in 2018, is required for the redevelopment of Car Park 15 to meet the forecasted shortfall in off-street parking.

Summary of Project Changes

Key Projects (\$000's)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010 - 2018
Addition of 2 Levels at Car Park 1	4,900	4,900									9,800
Queen/Soho	4,000	4,000									8,000
St. Clair West - Corso Italia				3,000							3,000
Redevelopment of Car Park 12				9,300							9,300
Etobicoke Centre - Islington/Westwood							3,000				3,000
Redevelopment of Car Park 15							13,000	13,000	14,000		40,000

Project Financing

The Toronto Parking Authority is a self-sustaining public corporation owned by the City of Toronto and does not impact the municipal property tax levy. The City did not set debt affordability targets for the Authority since its operating and capital investments are funded through current and future retained earnings from user fees; reserves; and, selling of air rights.

The 10-Year Recommended Capital Plan is funded primarily from the Authority's current and future year retained earnings, which account for 77.5% or \$243.632 million. The selling of air rights reflects 20.5% or \$64.450 million of the total funding of \$314.182 million. Reserve funds account for the remaining 1.9% or \$6.100 million.

In 2007, the City and the Toronto Parking Authority renewed its Income Sharing Agreement for an additional 3 years. The agreement requires the Authority to pay annual rent to the City equal to 75% of its net income for the year or \$18.000 million; whichever is greater. In addition, from time to time, the Authority will pay an amount to the City that is in excess of capital asset funding requirements over the ensuing 5 year period. This is in addition to the share of annual net operating income paid under the current agreement. The Income Sharing Agreement between the Toronto Parking Authority and the City is set for renewal prior to January 1st, 2010.

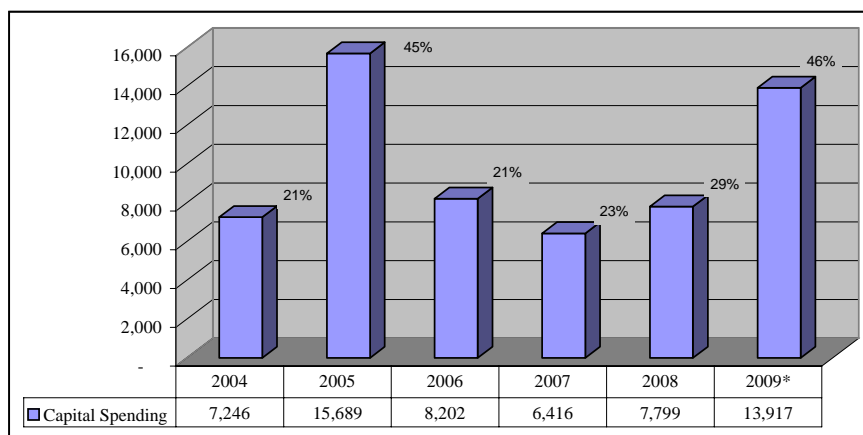
Infrastructure Stimulus Fund

Projects included in the Authority's 10-Year Recommended Capital Plan are not eligible for either the Federal government's Infrastructure Stimulus Fund (ISF) or Recreational Infrastructure Canada (RInC) funding.

Program Capacity and Readiness to Proceed

The Toronto Parking Authority's 2009 Approved Capital Budget of \$30.495 million was 22.7% or \$6.934 million spent, at of September 30th, 2009. Actual expenditures by year-end are anticipated to be \$13.917 million or 45.6% of the 2009 Approved Capital Budget. The Authority's capital budget spending from 2004 to 2009 is outlined in the graph below. The Authority has spent approximately 30.6% or \$9.878 million of an average annual capital budget of \$32.238 million.

Toronto Parking Authority Capital Budget Spending (2004 – 2009)



Note: 2009 projected year-end capital budget spending based on the Third Quarter Capital Budget Variance Report.

Capacity issues, both controllable and uncontrollable, that have limited the Toronto Parking Authority's historic capital budget spending rate include delays arising from the unavailability of appropriate sites; on-going negotiations for identified sites; and, joint venture arrangements. In addition, on limited occasions, projects have been cancelled because of a low probability of finding an appropriate site.

The 10-Year Recommended Capital Plan is an aggressive undertaking for the Toronto Parking Authority. In delivering planned expenditure levels, the Authority will continue to work with other City Programs to ensure that the design and development of sites proceeds efficiently. In addition, the Authority will continue to strengthen consultation and detailed coordination with private land developers and the real-estate industry.

Feasibility and needs assessment studies have been completed for areas identified with current or future short-term municipal parking shortfalls. Associated cash flows have been estimated for each project. Cost estimates are based on market land price for the site and development cost estimations are prepared by the Authority's Design and Construction Department (legal, consulting, engineering, construction, etc). Future year costs have been adjusted based on industry recognized inflationary indices for raw materials; fuel; labour; and land market conditions. However, the identification of specific sites and purchase negotiations have not taken place for a majority of projects in the final 7 years of the 10-Year Recommended Capital Plan, reflecting the speculative environment for long-term land development in the City.

State of Good Repair (SOGR) Backlog

The Toronto Parking Authority does not have a significant state of good repair backlog. The backlog, estimated at \$5.680 million for the end of 2009, accounts for approximately 2.5% of the total 2008 property and equipment asset base. The backlog includes maintenance activities such as lighting/electrical upgrades; paving; and, painting at various facilities throughout the City. The backlog will be fully addressed in the first 4 years of the 10-Year Recommended Capital Plan.

The Toronto Parking Authority recently implemented a comprehensive state of good repair program for the maintenance of off-street and on-street parking facilities and related infrastructure. The average annual funding over the 10-year planning horizon for state of good repair is \$5.016 million.

The new program will minimize any future potential for a state of good repair backlog and confirms the Authority's commitment to providing services which meet or exceed customer expectations.

Capital Project Highlights

Several key capital projects in the Toronto Parking Authority's 10-Year Recommended Capital Plan advance priority actions outlined in the Mayor's and Council's policy agenda, as outlined below.

Climate Change Adaptation, Clean Air and Sustainable Energy Action Plan

The reducing of greenhouse gas emissions is a commitment that the Authority, the City and its citizens all share. The 10-Year Recommended Capital Plan provides approximately \$3.330 million in funding for a broad range of projects that advance the Action Plan for Climate Change Adaptation, which include:

Energy Efficiency: The 2010 Recommended Capital Budget includes funding of \$1.795 million for lighting and electrical upgrades at several off-street parking facilities. The upgrades are designed to conserve and reduce energy consumption.

Water Efficiency: The 2010 Recommended Capital Budget also provides funding of \$1.135 million for the implementation of sprinkler upgrades at several off-street parking facilities.

Green Projects at Various Car Parks: Starting in 2009, the Authority increased landscaping at existing off-street parking facilities throughout the City. This program will improve the retainment of rainwater to reduce surface run-off. In addition, the planting of native vegetation will contribute to the reduction of CO₂ and other green house gases in the atmosphere. The 10-Year Recommended Capital Plan includes funding of \$0.400 million for the greening of carparks.

Making a Stronger Economy

Over the 10-year planning horizon recommended funding of \$251.289 million is provided for the expansion and/or new development of 49 off-street parking facilities. The parking facilities will ensure that businesses in areas served throughout the City continue to grow and their neighbourhoods remain vibrant. These facilities will be primarily be served by environmentally friendly pay-and-display machines and will not require parking attendants.

Off-Street Parking: The Toronto Parking Authority operates approximately 20,900 off-street spaces in 180 facilities, which includes:

- 11 attended lots.
- 13 fully automated garages.
- 166 unattended lots using environmental friendly solar powered pay-and-display technology.

All new off-street parking facilities will be based on the Green Parking Lot Development Standards. The Authority, in consultation with Toronto Water and other City Programs, has established criteria for the Standards. The new Development Standards provide design guidance regarding the following environmental targets:

- Planting more trees and using good soil quality and generous landscaped areas to reduce large expanses of unshaded asphalt which contribute to the urban heat island effect.
- Improving pedestrian and cycling infrastructure.
- Using energy efficient fixtures and recycled materials.
- Managing stormwater run-off on-site consistent with the objectives of the City's Wet Weather Flow Master Plan.

While the Authority's geographic footprint increases in terms of operational area, the Authority is proactive in implementing measures to ensure that its environmental foot print is minimized. The Toronto Parking Authority continues to negotiate joint venture developments with private developers to maximize land usage for off-street parking facilities.

The Authority manages, on behalf of the Toronto Transit Commission, 13,700 spaces at park-and-ride facilities and parking lots. In addition, the Authority manages for the Parks, Forestry and Recreation Program parking facilities along the waterfront and other areas in the City accounting for another 1,700 spaces on a seasonal basis.

On-Street Parking: The Toronto Parking Authority manages an estimated 18,000 on-street spaces controlled by the highly successful and profitable pay-and-display environmentally friendly technology or single spaced meters. The Authority's introduction of solar powered pay-and-display units in 1999 reflected one of the City's first users of photovoltaic technology for encouraging renewable energy sources.

Summary of Major Capital Initiatives

(In \$Thousands)	2010 Rec. Budget	2011 Plan	2012 Plan	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2010-2019 Total
New Car Parks	13,114	22,500	21,000	15,500	22,550	21,000	13,000	15,000	23,000	25,000	191,664
Redevelopment of Car Parks	5,425	4,900		9,300			13,000	13,000	14,000		59,625
Sub-Total	18,539	27,400	21,000	24,800	22,550	21,000	26,000	28,000	37,000	25,000	251,289
Other Major City Initiatives:											
Climate Change Adaptation											
Energy Efficiency	1,795										1,795
Water Efficiency	1,135										1,135
Green Projects at Various Carparks	100	100	100	100							400
Sub-Total	3,030	100	100	100							3,330
Total	21,569	27,500	21,100	24,900	22,550	21,000	26,000	28,000	37,000	25,000	254,619

The 10-Year Recommended Capital Plan includes \$3.330 million in funding for a broad range of projects that will advance the Action Plan for Climate Change Adaptation, as outlined above. The Authority is currently assessing the potential operating budget impacts from the energy efficiency projects.

The 10-Year Recommended Capital Plan provides funding of \$251.289 million for the expansion and/or new development of 49 off-street parking facilities, such as: Queen/Soho; King East of Spadina; King/Spadina Re-Investment (Portland to Bathurst); St Lawrence Market; Etobicoke Centre - Islington/Westwood; Waterfront/Distillery Area; King/Parliament; and, Bay/Lakeshore.

10-Year Capital Plan: Incremental Operating Impact Summary

(In \$Thousands)	2010 Rec. Budget	2011 Plan	2012 Plan	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2010-2019 Total
2010 Recommended Capital Budget											
Revenue		(1,383)	(900)								(2,283)
10-Year Recommended Capital Plan											
Revenue			(720)	(1,260)	(1,488)	(1,353)	(1,260)	(780)	(900)	(1,380)	(9,141)
Total											
Revenue		(1,383)	(1,620)	(1,260)	(1,488)	(1,353)	(1,260)	(780)	(900)	(1,380)	(11,424)

The incremental operating impacts stemming from the approval of the 2010 Recommended Capital Budget and 2011-2019 Recommended Capital Plan include the following:

- Incremental operating revenue from parking facilities of \$1.383 million in 2011; \$1.620 million in 2012; \$1.260 million in 2013; \$1.488 million in 2014; \$1.353 million in 2015; \$1.260 million in 2016; \$0.780 million in 2017; \$0.900 million in 2018; and, \$1.380 million in 2019.
- Incremental operating revenue from user fees is generated in the year following completion of parking facilities. Construction is expected to be completed at December 31 of the respective budget year. Future net profit projections for new off-street parking lots are based on past history. In assessing the financial viability of new lots, an annual 6% net rate return has been used.
- The Authority has not identified new positions arising from new off-street parking facilities. New parking facilities and/or related infrastructure will not have parking attendants and will be primarily served by pay-and-display machines. Maintenance of new facilities will be provided by existing Toronto Parking Authority staff. Automation allows the car parks to operate on a 24 hours basis.

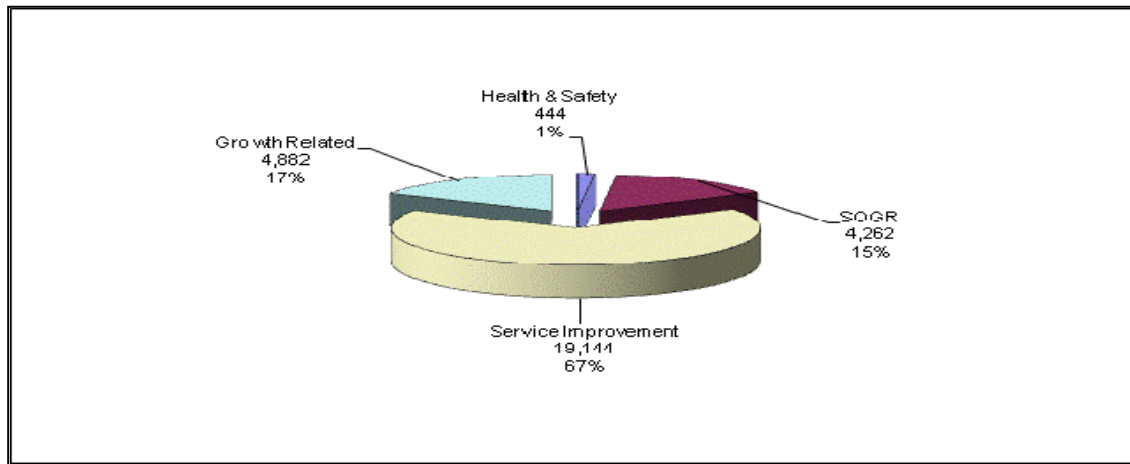
Total 2010 Recommended Cash Flow & Future Year Commitments

(In \$ Thousands)	2008 & Prior Year Carry Forwards	2010 Previously Approved Cash Flow Commitments	2010 New Cash Flow Rec'd	2010 Total Cash Flow Rec'd	2009 Carry Forwards	Total 2010 Cash Flow (Incl 2008 C/Fwd)	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total Cost
Expenditures																
Previously Approved		3,253		3,253	4,373	7,626	6,000									13,626
Change in Scope			200	200		200										200
New			9,632	9,632		9,632										9,632
New w/Future Year			15,647	15,647		15,647	13,600	4,200	200							33,647
Total Expenditure	0	3,253	25,479	28,732	4,373	33,105	19,600	4,200	200	0	0	0	0	0	0	57,105
Financing																
Reserves/Reserve Funds			100	100		100	2,600	100	100							2,900
Current & Future Retained Earnings		3,253	25,229	28,482	4,228	32,710	17,000	4,100	100							53,910
Other Revenue			150	150	145	295										295
Debt																0
Total Financing	0	3,253	25,479	28,732	4,373	33,105	19,600	4,200	200	0	0	0	0	0	0	57,105

- The 2010 Recommended Capital Budget is \$33.105 million and includes funding from 2009 projects carried forward into 2010 of \$4.373 million; previously approved cash flow commitments of \$3.253 million; and, \$25.479 million for new/change in scope projects.
- Approval of the 2010 Recommended Capital Budget will result in a commitment to future year funding for new/change in scope projects of \$13.600 million in 2011; \$4.200 million in 2012; and, \$0.200 million in 2013. Future year funding is required for multi-year projects, such as credit card reader electronic parking equipment to comply with emerging regulations; pay-and-display on-line credit card authorization to protect against fraud and lost revenue; addition of 2 levels at Car Park 1; and, new off-street parking facilities at the Queen and Soho area
- The 2010 Recommended Capital Budget of \$33.104 million is 98.8% or \$32.710 million funded from current and future retained earnings, with other sources of revenue accounting for the remaining 1.2% or \$0.395 million.

2010 Recommended Capital Budget: Overview

2010 Capital Budget by Category



The following summarizes the allocation of recommended funding by project category:

- The 2010 Recommended Capital Budget reflects the allocation of significant funding for *Service Improvement projects*. These projects account for approximately 67% or \$19.144 million of the total new cash flow of \$28.732 million. These projects are mainly comprised of the expansion and/or redevelopment of existing parking facilities and infrastructure.
- *Growth projects* account for 17% or \$4.882 million of the recommended funding in the 2010 Recommended Capital Budget. These projects are primarily driven by the acquisition of properties for the development of new off-street parking facilities based on feasibility and needs assessment studies.
- *State of Good Repair projects* account for approximately 15% or \$4.262 million of the total new cash flow of \$28.732 million. State of Good Repair projects are driven by renewal needs and are designed to extend the useful life of assets; ensure service reliability; and, postpone replacement. Examples include electrical upgrades; elevator replacement; fan replacement; painting; replacement of bumper fences; fire alarm upgrades; and, drainage improvements at various car parks through the City.
- *Health and Safety projects* account for \$0.444 million or 1% of the 2010 Recommended Capital Budget.

Capacity and Readiness to Proceed

Feasibility and needs assessment studies have been completed and associated cash flows developed for a majority of projects in the 2010 Recommended Capital Budget. Cost estimates are based on market land price for the site and development cost estimations are prepared by the Authority's Design and Construction Department (legal, consulting, engineering, construction, etc).

It is anticipated that the labour disruption in the summer of 2009 will not have an impact on the Toronto Parking Authority's 2010 Recommended Capital Budget spending or completion rates.

Capital Project Highlights

The 2010 Recommended Capital Budget provides funding for various priority actions that advance the Mayor's and Council's policy agenda:

Climate Change Adaptation, Clean Air and Sustainable Energy Action Plan: The 2010 Recommended Capital Budget provides funding of \$3.030 million for the following:

- Energy efficiency retrofitting at parking facilities (\$1.795 million).
- "Green" project at various carparks (\$0.100 million).
- Water efficiency retrofitting at parking facilities (\$1.135 million).

The 2010 Recommended Capital Budget of \$33.105 million provides funding to:

- Begin the design and development of 9 new service improvement and growth projects with funding of \$18.539 million. These projects will increase the supply of off-street parking throughout various areas of the City to satisfy demand shortfalls in municipal parking.
- Continue greening projects at various car parks for \$0.100 million and credit card reader electronic parking equipment to comply with emerging regulatory requirements for \$2.000 million.
- Complete maintenance projects, such as electrical upgrades; elevator replacement; fire alarm upgrades; drainage improvements at various car parks and the completion of facilities at College-Dovercourt (11A Kenwood); Greektown/Danforth; and, Islington-Albion (Barkwin) with funding of \$7.626 million.

PART II: ISSUES FOR DISCUSSION**2010 Recommended Capital Budget Issues****Capacity – Ability to Spend**

The 2010 Recommended Capital Budget is an aggressive undertaking for the Toronto Parking Authority with a total cash flow of \$33.105 million. This reflects an increase of 44.0% or \$10.120 million compared to the 2009 Approved Capital Plan of \$22.985 million. As noted previously, the Authority's actual capital budget spending capacity has been constrained by a variety of controllable and uncontrollable factors, resulting in an average annual spending rate of 30.6% or \$9.878 million over the previous 6 years. Based on the substantial increase to the 2010 Recommended Capital Budget in comparison to the 2009 Approved Capital Budget, combined with Authority's historical spending capacity, it is recommended that:

the President of the Toronto Parking Authority, in consultation with the Financial Plan Division, report to Budget Committee in September, 2010, on a detailed summary providing year-to-date spending; projected year-end spending; and, forecasted completion date for each project included in the 2010 Recommended Capital Budget.

Appendix 1

10-Year Recommended Capital Plan Project Summary

Appendix 2

2010 Recommended Capital Budget; 2011 to 2019 Capital Plan

Appendix 3

2010 Recommended Cash Flow And Future Year Commitments

Appendix 4

2010 Recommended Capital Projects With Financing Details