



STAFF REPORT ACTION REQUIRED with Confidential Attachment

COMMUTER PARKING UPDATE

Date:	December 20, 2016
To:	TTC Board
From:	Chief Executive Officer
Reason for Confidential Information:	1. This report contains information that pertains to the security of property.

Summary

At its meeting on November 23, 2015, the TTC Board directed TTC staff to identify ways to maximize revenue from TTC parking lots.

With the closures of the Eglinton West lots for the LRT, York Mills, Islington Cordova & Wilson West for Build Toronto and Yorkdale for redevelopment, annual revenues have decreased by \$2.4 million per year so far.

The TTC currently provides 24 commuter parking lots across the city of Toronto. Although the majority of these lots are highly utilized, some rates are below market value. This report recommends strategically increasing parking rates at select TTC commuter lots to maximize non-fare parking revenue.

Recommendations

It is recommended that the Board:

1. Note the parking rate increases in support of the 2017 budget, as approved by the Board at its meeting on November 21, 2016 (see Appendix A);
2. Receive the information set out in the Confidential Attachment;

3. The information set out in the Confidential Attachment is to remain confidential until a new management contract is in place for the maintenance and operations of TTC commuter parking lots; and
4. Endorse the approach to go out to tender for the maintenance and operations of commuter parking lots.

Financial Impact

This recommendation will require minor expenditure, mainly to reprogram parking machines. These costs and the associated revenue increases are included the 2017 Operating Budget approved by the TTC Board.

Pricing adjustments will take effect on January 1, 2017. They are expected to result in nearly \$1.5 million of additional non-fare revenue in 2017.

The Chief Financial and Administration Officer has reviewed the financial impact and agrees with the contents.

Decision History

At its meeting on November 23, 2015, the TTC Board asked TTC staff to identify:

1. Ways to maximize revenue for the TTC from TTC parking lots;
2. Any additional partnership opportunities that might exist between the two organizations (TTC & TPA) that could result in improved service for TTC customers, new or enhanced revenue streams, and any potential operational efficiencies for the TTC.

https://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2015/December_16/Minutes/index.jsp

At its meeting on November 21, 2016, the Board approved the 2017 TTC operating budget, which included an estimated \$1.5M increase in commuter parking revenue, based on the higher prices noted in Appendix A.

Issue Background

TTC commuter lots are operated under a 10 year contract with the Toronto Parking Authority that expires on June 30, 2017. The vast majority of parking revenue comes from flat rate morning entries between 5:00 A.M. and 10:00 A.M. Flat rate parking between 3:00 P.M. and 2:00 A.M. is assigned a discounted afternoon/evening rate to encourage additional transit use. TTC lots offer free parking on weekends, with the exception of Islington Fieldway, Islington Lomond and Leslie due to local conditions. Presently, Leslie is the only lot with hourly rates due to its proximity to North York General Hospital.

Payment options include cash (26%), credit (69%), and the Green P Mobile App (5%). Twelve lots have controlled access, meaning customers pay at a gate to gain entry to the lot. The remaining lots are pay and display, meaning a customer will purchase a ticket from a machine and display it on their vehicle's dashboard, or purchase a digital ticket via the Green P Mobile App.

Commuter lots are primarily used by customers living within the city of Toronto. A 2013 Origin-Destination survey of TTC commuter lots found that approximately 60% of parking users originate from Toronto. The remaining customers reside in suburban areas such as, York Region, Peel Region, and other parts of the GTA.

TTC commuter parking lots serve two general purposes: Provide an affordable means for commuters to access the TTC, and generate non-fare revenue.

Any adjustment to parking rates must balance these two somewhat conflicting ends. In 2009, the TTC discontinued free parking lot access for Metropass holders. Many TTC commuters went from paying \$0 for parking to \$4 or \$5. This price hike caused overall parking utilization to plummet, as customers initially found the substantial price increase too high. In the years since, utilization has gradually rebounded. Average utilization across all lots is now 91%. Commuter parking has never been more popular in the history of TTC.

But while demand for TTC lots has increased, parking rates have remained stagnant. Some lot rates have not been adjusted since 2001. Most recently, Don Mills and Kennedy East parking rates were raised in 2013 by \$1 and \$2, respectively. Pricing has generally trailed behind inflation, while operating costs have risen. This report's recommended price increases at select lots will help increase non-fare revenue, while still offering an affordable way for commuter customers to access the TTC. These parking rate increases are anticipated to be the maximum amount we can charge without significantly impacting parking demand, as well as the associated ridership.

It should be noted that future parking revenue will depend on the number of lots the TTC has at its disposal. The TTC has already lost several parking lots to redevelopment by Build Toronto, having been declared surplus by the City of Toronto in 2009. Wilson West (610 parking spaces) closed on December 1, 2016. An additional 2,162 spaces at Wilson Station and Downsview Station will be lost over the next few years:

- Wilson South (541 parking spaces) is scheduled to close in Q2 of 2017. Presently, there is no fixed date for closure of the Main Wilson North lot.
- Downsview (632 parking spaces) is scheduled to close following the opening of the TYSSE. A new commuter parking lot at the new Finch West Station will provide 330 parking spaces. In total there will be over 2,800 new parking spaces when the TYSSE opens, which will help compensate for some of the lost parking spaces.

Accessibility/Equity Matters

The changes outlined in this paper will not affect the accessibility of commuter parking lot.

Comments

The strategic pricing proposal is based on the following factors:

Utilization

Utilization is the most significant factor, as it is a clear indicator of demand level for individual lots. All lots with recommended price increases have over 85% average daily utilization.

Elasticity

Price elasticity of demand illustrates how responsive demand is to pricing adjustments. The average price elasticity of demand for commuter parking lots is -0.5 (TPA estimate). This means a price increase from \$5 to \$6 (20%) will typically result in a 10% decrease in lot utilization. For lots below 90%, we have factored in this price elasticity and assumed lower utilization following the price increases. Presently, only four TTC lots have utilization levels below 90%. For commuter lots with 90% utilization or greater, demand is relatively inelastic, meaning there is no significant utilization loss when prices are increased by \$1-\$2. An increase above this range will start to negatively impact utilization.

Geographical Landscape

A commuter parking lot's value proposition to a TTC customer depends largely on location. This report considered the following location factors when developing the price change proposal:

- Pricing of competitor lots in close proximity to TTC commuter lots
- Walking distance to TTC subway station
- The overall neighborhood appeal (nearby attractions, hospitals, popular retail options, etc.)

Customer Journey

TTC customers view individual journey costs as singular. In other words, the cost of gas, the daily parking rate and TTC fare all add up to one cost in the mind of the customer. This perception limits the customer's willingness to pay and magnifies price increases. With a 10 cent fare increase coming into effect in January 2017, the recommended rate changes (\$1 at 10 lots and \$2 at 4 lots) are designed not to drive ridership away and are more in keeping with local commercial parking rates in the vicinity of the individual lots.

Other Considerations

Weekend Parking

Introducing paid weekend parking at select lots was considered. Three lots, Islington Fieldway, Islington Lomond and Leslie currently charge at weekends. At Islington local

condo owners use the lots to park second vehicles and for their visitors. Leslie is due to the close proximity of North York General Hospital. Several lots, including the Kipling station parking lots, experience high utilization levels during weekends and although charging a low weekend rate at these locations may increase overall parking revenue, free weekend parking has been a boon for weekend ridership levels and even a slight price increase may cause these levels to drop significantly.

Hourly Parking

Presently, Leslie is the only TTC commuter lot that offers hourly parking due to its proximity to North York General Hospital. Extending hourly parking to additional TTC lots was considered. Although hourly parking is generally more profitable than daily parking, it requires high demand over the day, not just the morning rush hour, which most TTC lots lack. There is opportunity with a few select, high turnover lots, but this will require further investigation in order to avoid pushing commuters out and negatively impacting ridership and fare revenue.

Continuous Improvement

In conjunction with the TPA, the TTC has worked to continuously improve service at its commuter parking lots. In 2015, the Green P Mobile Parking App was introduced at many of our lots to make parking more convenient for our customers. Thousands of commuter customers are now able to pay with their smartphones, instead of having to buy a paper ticket and place it on their vehicle's dashboard, reducing overall journey time.

The TTC and TPA have also kept parking lots well maintained, ensuring customers continue to view commuter parking as a reliable part of their daily commute.

New Parking Lot Management Contract in 2017

The TPA has performed the daily operations of our commuter lots since 2002. The current contract will expire on June 30, 2017. The TTC intends to go out to tender for future maintenance and operations of commuter parking lots with the goal of minimizing costs and increasing operational efficiencies going forward. Refer to Confidential Attachment 1.

Contact

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Attachments

1. Appendix A – Proposed Rate Increase
2. Confidential Attachment 1 – Commuter Parking Update

Appendix A: Proposed Rate Increases

Parking Lot	Current Rate	Proposed Rate
800 Kipling North	\$5	\$6
801 Kipling South	\$5	\$6
802 Islington Main	\$5	\$6
805 Keele	\$4	\$5
808 Yorkdale	\$5	\$7
810 Wilson South	\$3	\$5
811 Wilson Main (North)	\$4	\$5
815 Leslie	\$5	\$7
816 Don Mills	\$6	\$7
823 Warden South	\$4	\$5
825 Kipling Subway Cr.	\$5	\$6
827 Downsview	\$4	\$5
829 Wilson Transit Rd.	\$4	\$5
831 Islington Fieldway	\$3	\$5