



**STAFF REPORT  
ACTION REQUIRED  
with Confidential Attachment**

**Commuter Parking Update**

<b>Date:</b>	December 11, 2017
<b>To:</b>	TTC Board
<b>From:</b>	Chief Executive Officer
<b>Reason for Confidential Information:</b>	This report involves the security of the property of the municipality or local board.

**Summary**

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Maintenance and Operation Contract

At its meeting on February 21, 2017, the Board approved the extension of the commuter parking maintenance and operation contract with the Toronto Parking Authority (TPA). The contract was extended to December 31, 2017, to allow for continued negotiations. TTC staff have since worked with the TPA to reach a new agreement. On September 13, 2017, the TPA presented a proposal that closely aligns with the direction set by the Board in its confidential motion. Negotiations have advanced and TTC staff are optimistic an agreement will be reached in the near future. An extension on the current contract is recommended to ensure continuity of parking operations, while the new agreement is being finalized. TTC staff will report back to the Board in mid-2018 with the agreement for approval.

HONI/OILC Licence Agreement Renewals

The City on behalf of the TTC maintains licence agreements with Hydro One Networks Inc. (HONI) and Ontario Infrastructure and Lands Corporation (OILC) for the use of several hydro corridor lands for commuter parking lots. Five of these agreements must be renewed this year to continue the operation of six commuter lots. The City has negotiated the terms of the new licences on the TTC's behalf, but TTC approval is required before the agreements can be finalized.

## Recommendations

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### It is recommended that the Board:

1. Direct staff to extend the existing operations and maintenance contract with the TPA until June 30, 2018, including authority to pay the associated contract costs from the end of the original contract, to allow time to finalize an agreement with the TPA;
2. Authorize TTC staff to approve the renewal of HONI/OILC licence agreements to be executed by the City of Toronto on the TTC's behalf;
3. Authorize the public release of the confidential information contained in this report once the subject agreements have been executed.

## Financial Impact

### Maintenance and Operation Contract Extension

The operating costs associated with the 2017 and 2018 contract extensions are outlined in the table below.

2017 (July-December)	2018 (January-June)
\$1.6 M	\$1.7M

*\*Figures rounded to the nearest \$0.1M*

Further details on the financial impact of the operation and maintenance contract can be found in Confidential Attachment 1.

### HONI/OILC

The 2012-2016 HONI/OILC licence agreements for Kipling North, Kipling South, Islington Lomond, Islington Main, and Finch East and West had a total cost (including realty tax) of \$7.9 million. Please see the table below for a breakdown of the costs by parking lot.

Parking lot	Total licence fee (net of HST rebate) for the term	Realty tax (net of HST rebate) for the term	Total costs (fees & taxes) for the term (net of HST rebate)
Kipling North	\$ 467,231.04	\$ 235,164.80	\$ 702,395.84
Kipling South	\$ 848,016.96	\$ 119,612.95	\$ 967,629.91
Islington Lomond	\$ 327,616.32	\$ 122,251.65	\$ 449,867.97
Islington Main	\$ 295,053.12	\$ 25,655.90	\$ 320,709.02
Finch East & West	\$ 3,670,737.60	\$ 1,822,054.09	\$ 5,492,791.69
<b>Total</b>	\$ 5,608,655.04	\$ 2,324,739.40	\$ 7,933,394.44

The HONI/OILC licence agreements for the next five-year term, beginning January 1, 2017 and ending December 31, 2021, will cost approximately \$12 million (including realty tax). 2017 and 2018 total costs (net of HST rebate) will be \$2,397,569 and \$2,407,004, respectively. Please see table below for a breakdown of the costs by parking lot.

<b>Parking lot</b>	<b>Total licence fee for the term (net of HST rebate)</b>	<b>Est. realty tax for the term (net of HST rebate)</b>	<b>Total costs (fees &amp; taxes) for the term (net of HST rebate)</b>
Kipling North	\$ 792,303.36	\$ 264,876.42	\$ 1,057,179.78
Kipling South	\$ 1,437,919.68	\$ 128,203.02	\$ 1,566,122.70
Islington Lomond	\$ 555,558.72	\$ 125,315.82	\$ 680,874.54
Islington Main	\$ 500,353.92	\$ 27,246.73	\$ 527,600.65
Finch East & West	\$ 6,342,904.32	\$ 1,909,421.87	\$ 8,252,326.19
<b>Total</b>	<b>\$ 9,629,040.00</b>	<b>\$ 2,455,063.84</b>	<b>\$ 12,084,103.84</b>

Funding is available in the 2017 operating budget to accommodate the TPA operating and maintenance costs of \$1,582,629 and the HONI/OILC leases and related taxes of \$2,397,569. 2018 costs have been incorporated into the 2018 TTC Operating Budget approved by the TTC Board on November 28, 2017. Costs for HONI/OILC leases and related taxes to 2021 will be incorporated into future operating budgets as required.

The Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **Decision History**

### **TTC Board, December 14, 2011:**

The Board approved the commercial terms associated with renewal licence agreements between the City of Toronto, on behalf of the TTC, and Her Majesty the Queen in Right of Ontario as represented by the Minister of Infrastructure for six TTC commuter parking lots.

Report:

[http://www.ttc.ca/About\\_the\\_TTC/Commission\\_reports\\_and\\_information/Commission\\_meetings/2011/December\\_14\\_2011/Reports/LICENCE\\_RENEWALS\\_TTC.pdf](http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2011/December_14_2011/Reports/LICENCE_RENEWALS_TTC.pdf)

Minutes:

[https://www.ttc.ca/About\\_the\\_TTC/Commission\\_reports\\_and\\_information/Commission\\_meetings/2012/January\\_31/Minutes/index.jsp](https://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2012/January_31/Minutes/index.jsp)

**TTC Board, November 23, 2015:**

The Board asked TTC staff to identify ways to maximize revenue from parking lots and identify new partnership opportunities with the TPA.

Minutes:

[https://www.ttc.ca/About\\_the\\_TTC/Commission\\_reports\\_and\\_information/Commission\\_meetings/2015/December\\_16/Minutes/index.jsp](https://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2015/December_16/Minutes/index.jsp)

**TTC Board, December 16, 2016:**

The Board approved the recommendation to note the parking rate increases in support of the 2017 budget. It deferred the recommendation to go out to tender for the operation and maintenance of commuter parking lots until more information was provided by staff.

Report:

[https://www.ttc.ca/About\\_the\\_TTC/Commission\\_reports\\_and\\_information/Commission\\_meetings/2016/December\\_20/Reports/9\\_Commuter\\_Parking\\_Update.pdf](https://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2016/December_20/Reports/9_Commuter_Parking_Update.pdf)

Decision:

[https://www.ttc.ca/About\\_the\\_TTC/Commission\\_reports\\_and\\_information/Commission\\_meetings/2016/December\\_20/Reports/Decisions/Commuter\\_Parking\\_Update.pdf](https://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2016/December_20/Reports/Decisions/Commuter_Parking_Update.pdf)

**Board, February 21, 2017:**

Pending the outcome of the action approved by the Committee of the Whole during the in-camera session, the Board deferred the recommendation to authorize staff to move forward with a Request for Proposal and instead directed staff to extend the current operating contract by six months and work with TPA to reach an agreement provides value to the TTC.

Report:

[https://www.ttc.ca/About\\_the\\_TTC/Commission\\_reports\\_and\\_information/Commission\\_meetings/2017/February\\_21/Reports/5\\_Commuter\\_Parking\\_Operations\\_Update.pdf](https://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2017/February_21/Reports/5_Commuter_Parking_Operations_Update.pdf)

Decision:

[https://www.ttc.ca/About\\_the\\_TTC/Commission\\_reports\\_and\\_information/Commission\\_meetings/2017/February\\_21/Reports/Decisions/Commuter\\_Parking\\_Operations\\_Update.pdf](https://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2017/February_21/Reports/Decisions/Commuter_Parking_Operations_Update.pdf)

## Issue Background

### TPA Proposal History

On October 17, 2016, the TPA presented a draft 15-year term partnership proposal to TTC staff. The proposal centered on a revenue sharing model in which the TPA assumes

all capital costs associated with commuter parking lots. The TTC would receive a guaranteed amount of annual revenue, as well as an increase in overall operating costs.

A second version of this proposal was presented to TTC staff on February 3, 2017. This proposal differed from the original in that the TTC would assume all capital costs, but receive a greater share of guaranteed annual revenue. The TPA would continue to share in the revenue and the TTC would face steeper operating costs.

At its meeting on February 21, 2017, the Board was presented with a report that demonstrated both versions of the proposal would result in a net decrease in the TTC's share of commuter parking revenue when compared to the current operating contract.

In the same report, TTC staff also noted some key components that would be required from a new contract:

- a) Term of contract will be 5-year fixed-term, with another 5-year extended option to revisit and modify contract, if required;
- b) Key responsibilities to include, but not limited to: revenue collection, security and patrols, winter maintenance (snow removal & salting), lighting fixtures, tree trimming, leaf pickup, and specific signage;
- c) Contract value to be inclusive of all fixed maintenance costs over the duration on the contract term, additional variable costs to be electricity and miscellaneous costs incurred on behalf of the TTC;
- d) Existing revenue equipment should be used;
- e) Provide ability for customers to pay by mobile device;
- f) TTC to reserve the right to eliminate, change the size or add specific lots, and the contract price will reflect these changes on an ongoing basis;
- g) Breakdown provided of all costs associated with maintaining each individual lot; and
- h) Contractor to assume full responsibility for reported insurance claims.

TTC staff have worked with the TPA to ensure these key components are reflected in the new contract.

### HONI/OILC

The City on behalf of the TTC holds five HONI/OILC licences that must be renewed this year for the following lots: Finch East and West, Kipling North, Kipling South, Islington Main, and Islington Lomond. The licences for these commuter parking lots have been held by the TTC since the 1970s. The City has negotiated a new five-year term proposal for the licence agreements on the TTC's behalf. Given the overall increase in costs from the previous term, TTC staff will be conducting a review of the ongoing financial sustainability of operating these commuter lots and report back to the Board. The TTC has asked the City to ensure a six-month termination clause is included in the new licence agreements.

## **Accessibility/Equity Matters**

The recommendations of this report will not affect the accessibility of commuter parking lots.

## **Comments**

See Confidential Attachment 1 for commentary.

## **Contact**

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## **Attachments**

Confidential Attachment 1 – Maintenance and Operation Contract