



TTC Customer Car Parking Lot Lease Renewal

Date: February 28, 2023

To: TTC Board

From: Chief Strategy and Customer Officer (Acting)

Summary

The purpose of this report is to seek approval to renew the property licenses for nine TTC customer car parks at four stations.

The City of Toronto, 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 hydro corridor lands for TTC customer car parking lots. The agreements affecting nine car parks at four subway stations have expired. The City has negotiated the terms of the new licences on the TTC's behalf, for the term of January 1, 2022 to December 31, 2026.

Recommendations

It is recommended that the TTC Board:

1. Authorize TTC staff to approve the renewal of Hydro One Networks Inc. and Ontario Infrastructure and Lands Corporation licence agreements to be executed by the City of Toronto on the TTC's behalf.
2. Direct TTC staff to develop a strategy for customer car parking and report back to the Board on outcomes and recommendations in 2023.

Financial Summary

There are nine car parks at four stations covered by this agreement that are listed below in Table 1. The HONI/OILC licence agreements for the use of these properties for car parks have traditionally been for five-year terms, with the most recent for the years 2017 to 2021 and based on a pre-established formula that incorporates market values. In the previous term, the cost of the HONI/OILC (licence fee) was approximately \$2.4 million per year.

As negotiated by the City, the HONI/OILC licence agreements for the next five-year term, beginning January 1, 2022 and ending December 31, 2026, will cost \$5.0 million per year, including non-rebateable portion of HST, which represents an overall increase

of \$2.6 million or 109%. Table 1 below, includes a breakdown of the HONI licence fee by parking lot:

Table 1 – Proposed Commuter Parking HONI licence costs; and comparison to previous agreement				
	Previous Agreement 2017-2021		Proposed renewal – 2022-2026	
			As negotiated by City for TTC	
Car Park	Lot capacity (car spaces)	Licence fee, per year	Licence fee, per year	Per cent cost increase
KIPLING STATION - North Lot	238	\$151,361	\$322,722	113%
KIPLING STATION - South Lot	829	\$302,976	\$571,662	89%
KIPLING STATION - South-East Lot	405	\$182,228	\$388,530	113%
ISLINGTON STATION - Main Lot	534	\$98,331	\$209,651	113%
ISLINGTON STATION - Lomond Lot	283	\$109,183	\$232,791	113%
ISLINGTON STATION - Fieldway Lot	160	\$84,203	\$179,530	113%
FINCH STATION - West and East Lots	3,227	\$1,246,162	\$2,608,282	109%
FINCH WEST STATION - Main Lot	347	\$219,467	\$483,116	120%
Total	6,023	\$2,393,911	\$4,996,284	109%

An increase of 10% in HONI/OILC licence fees was expected in the 2022 Operating Budget and a total of \$2.6 million for licence fees was budgeted. However, licence fees have more than doubled from the previous term due to higher appraised land values, resulting in a corresponding increase in costs, over and above the budget expectation. The resulting 2022 unfavourable variance of \$2.4 million was accommodated through other under-expenditures realized in 2022.

The 2023 Operating Budget, approved by the Board on January 9, 2023 and City Council on February 15, 2023, included a \$2.4-million increase in the 2023 Operating Budget to account for the higher HONI fees, bringing the total budget to \$5.0 million for 2023, which is sufficient to address the increased costs noted above.

The 2023 Operating Budget, approved by the Board on January 9, 2023 and City Council on February 15, 2023, included \$5.0 million to account for the new annual HONI license fee, and a further \$2.5 million to fund property taxes and maintenance costs for a total of \$7.5 million. As the total \$7.5-million cost exceeds both the pre-pandemic annual revenue of \$6.4 million and the anticipated 2023 revenues of \$3.8 million from these HONI lots, a detailed review of all TTC car parks will be completed and presented to the Board later in 2023. This review will develop a new strategy regarding the TTC's car parking lots, as outlined in the comments section of this report.

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

Equity/Accessibility Matters

The provision of paid TTC customer car parking at TTC subway stations is an established means of access to transit. The continued provision of customer car parks, all of which include accessible parking spots, provides an option for customers to access the TTC, and does not create any barriers, disadvantages or inequities.

Decision History

At its meeting on December 11, 2017, the TTC Board approved the [commercial terms associated with renewal licence agreements](#) between the City of Toronto, on behalf of the TTC, and the Province of Ontario for six TTC commuter parking lots, for a five-year term, from January 1, 2017 to December 31, 2021.

Issue Background

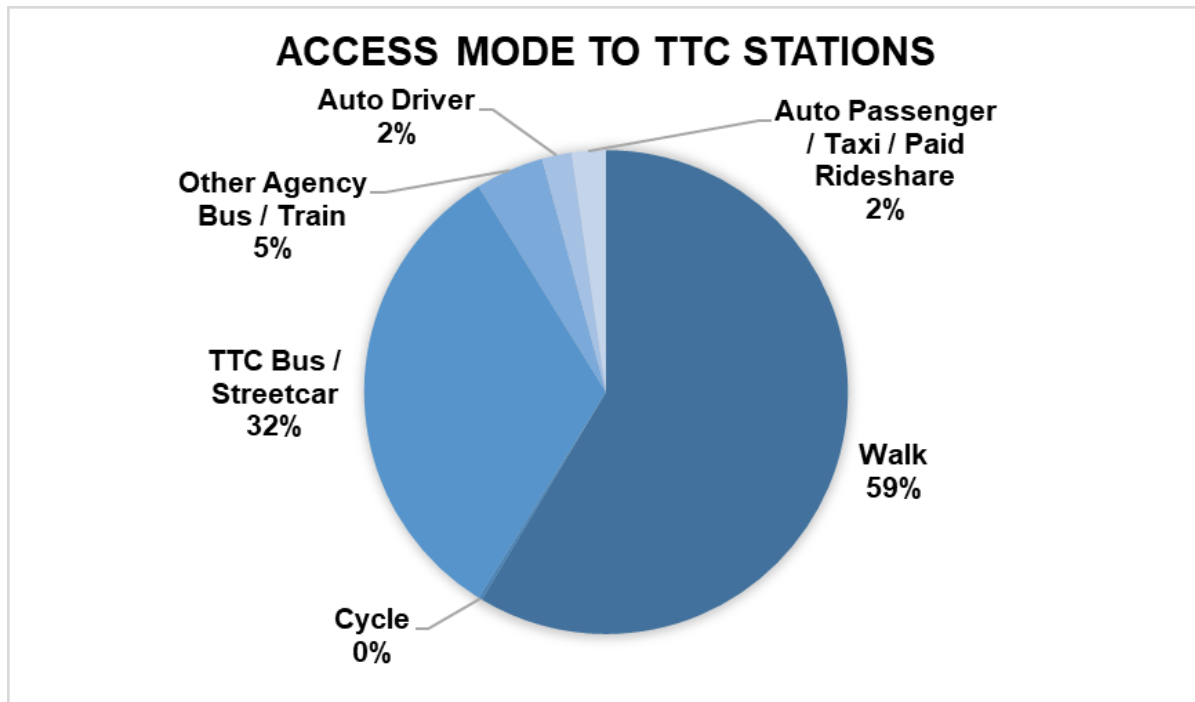
Car parking at TTC subway stations has been one of several methods of access to the transit network for TTC customers since shortly after the first subway opened in 1954. The car parks are operated on a pay-per-use basis, with the cost to the customer set to local prevailing market conditions at each lot. At some stations, the car parks share space with passenger pick up and drop off areas (PPUDO), which allow people with cars to drop off or pick up TTC passengers. Some stations also have designed taxi stands. In addition to car parking, all TTC stations have parking for bicycles; some stations have bike lockers or bike rooms for more secure cycle storage; and many TTC stations also have Bike Share stations nearby.

The TTC has a total of 24 car parks at 17 stations. Nine of these car parks, at four stations, are wholly or partly on hydro lands owned by HONI/OILC. The remainder are on land owned by the City of Toronto. These lands are primarily used for car parking, but in some cases also accommodate PPUDOs and pedestrian sidewalks to the station. The City of Toronto has an active program to redevelop City-owned TTC car parks to higher uses, such as housing. The TTC car parks on hydro lands are not candidates for this redevelopment, because of both their ownership by HONI/OILC, and the physical constraints to development posed by the overhead high-voltage wires.

All TTC car parks are operated for the TTC under contract by the Toronto Parking Authority. That agreement is not part of this Board report.

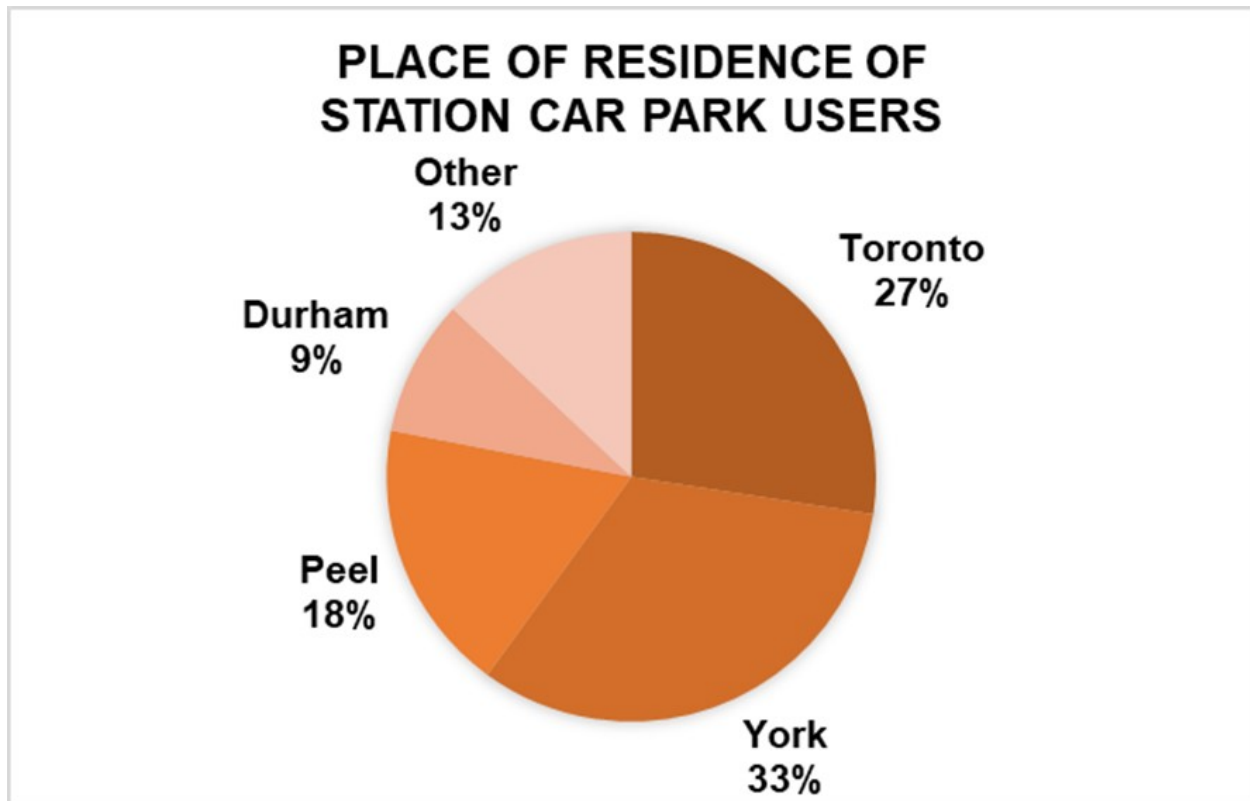
Based on pre-pandemic usage patterns, TTC customers using subway station car parks make up approximately four per cent of total TTC ridership. The chart below shows the method of access to/from our stations, under typical pre-pandemic weekday conditions. The majority of TTC subway customers either walk to the station, or transfer from a bus or streetcar.

Chart 1 – Access Mode to the TTC Station



TTC subway station car parks contribute to the TTC's role as a regional transit service. A majority of customers who use the station car parks live outside Toronto, as shown in Chart 2 below, which shows the place of residence for car park users, on a typical pre-pandemic weekday.

Chart 2 – Place of Residence of Station Car Park Users



Comments

The City, on behalf of the TTC, maintains licence agreements with HONI/OILC for nine car parks at four stations: Kipling, Islington, Finch and Finch West. The previous agreement for these properties expired at the end of 2021, and they are due to be renewed. The licence costs for using these properties and associated property taxes are paid by the TTC as an operating expense. This is a long-standing arrangement between the TTC, the City and the hydro companies, dating back to the 1970s.

Over the last two years, the City has negotiated a new five-year licence agreement with HONI/OILC on the TTC's behalf. The costs of using the hydro lands have substantially increased, due to an increase in land valuation, compared to the previous five-year agreement. TTC staff have worked with City staff to ensure that the agreement is as favourable to the TTC and its customers as is possible. The agreement includes the ability for the TTC to cancel all or some of the licences, and eliminate the operation of the car parks, on six-month notice.

This report recommends that TTC staff be authorized to approve the agreement for the licences, as negotiated by the City. Given the substantial increase in costs, however, TTC staff would also commence a detailed review of all TTC car parks. This review would develop a new strategy regarding car parks, and would consider, among other issues the following:

- The property costs of car parks, for both City-owned and Hydro-owned lots;

- The operating cost of car parks, including the TTC’s agreement with our contract operator;
- The capital cost of car parks, which require periodic repaving and renewal;
- Utilization of the car parks, including the revenue generated;
- Forecast transit ridership change if car parks were eliminated, added or changed in price;
- Pricing of the car parks, including consideration of variable pricing by time; different prices for reserved, unreserved, and car pool spots; and free use at off-peak times;
- Discussions with HONI/OILC and other stakeholders about the payments made by the TTC and the market value of the land, which cannot be redeveloped;
- Potential changes to lot pricing and usage if new taxes or levies are introduced for car parks;
- Methods of customer payment; and
- The relationship to future development potential and new mobility solutions, such as micro-transit, improved active transportation access and charging infrastructure for electric vehicles.

This review, which will include consultation with TTC customers, residents and stakeholders, will be carried out starting this year, and will be reported to the TTC Board in 2023.

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Signature

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