



Toronto Parking Authority Contract – TTC Commuter Parking

Date: June 12, 2018

To: TTC Board

From: Deputy Chief Executive Officer, Chief Customer Officer

Summary

The existing Maintenance & Operating Contract with the Toronto Parking Authority (TPA) came into effect on July 1, 2007 and is set to expire on June 30, 2018. TPA offered a number of proposals, which were renegotiated to better suit TTC requirements and offer a broader scope of services. Following the direction of the Board to continue our partnership with the TPA, TTC staff is finalizing a new Maintenance & Operating Contract with an upset limit of \$44 million over a 10-year term.

Through this partnership, TTC will continue to provide affordable means for commuters to access the transit system. The foundation of the new contract will be similar to that of the current scope of services, but does offer the following revisions, which are better suited for the current operational environment and the needs of both parties:

- Inclusion of Line 1 extension parking lots and an employee lot at Hillcrest Complex;
- TPA to assume responsibility of the security contract;
- Adjusted staffing plans to reflect new lot openings and closures;
- Enhanced governance process to maximize efficiencies and continued operational review;
- Inclusion of a Capital Refurbishment Plan to identify “state of good repair” requirements;
- Inclusion of a Parking System Solution Plan, which will offer innovative technological solutions;
- Offering of rate, signage, and marketing plans with the goal to maximize financial performance, and improve customer experience;
- Additional management and administration responsibilities on behalf of the TPA to better meet TTC needs;
- Management fee adjusted from a fixed amount to a 1.5% fee of gross revenue.

Recommendations

It is recommended that the Board:

1. Delegate authority to the CEO to finalize and enter into a Parking Lot Maintenance and Operating Contract with the Toronto Parking Authority for a term of 10 years (beginning July 1, 2018) with an upset limit of \$44,000,000 consistent with the principles set out in this Report.

Financial Summary

The current contract costs are approximately \$3.5M annually. With the new agreement, the TPA will continue to charge on a cost recovery basis. Based on prior year costs and the established work plan, first year costs (beginning July 1, 2018) are estimated at \$4.10M. This increase is driven primarily by an estimated \$0.5M required to maintain the three new Line 1 extension parking lots. The cost estimate also includes the TPA management fee which will be 1.5% of revenue. Attachment 1 details the expected annual costs for 2018 through to 2027, which includes an annual inflationary increase of 2%.

On top of these costs, an estimated \$1.68M spread over 10 years will be required for state of good repair of the parking payment equipment, as it is 10-13 years old. The majority of these costs are likely to be spent in the first five years.

Non-labour cost savings associated with anticipated permanent lot closures have been taken into account. Additional labour cost savings are anticipated once the analysis has been completed by the TPA. These savings will be included in the final contract.

With expected annual inflation, the overall contingency of 5% for emergency and unforeseen repairs and/or changes to operations, and the \$1.68M equipment renewal plan, the 10-year Maintenance & Operating Contract costs are expected to total \$44 million.

Costs between July 1 and Dec 31, 2018 are estimated at \$2.34M. Sufficient funding is included in the 2018 Operating Budget approved by City Council on February 12, 2018. Sufficient funds will be incorporated into future budgets as required.

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

Equity/Accessibility Matters

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

Decision History

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%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2015/December%2016/Minutes/index.jsp)

TTC Board - December 20, 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%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2016/December%2020/Reports/9%20Commuter%20Parking%20Update.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%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2016/December%2020/Reports/Decisions/Commuter%20Parking%20Update.pdf)

TTC 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 Operations Agreement by six months and work with TPA to reach an agreement.

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%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2017/February%2021/Reports/5%20Commuter%20Parking%20Operations%20Update.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%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2017/February%2021/Reports/Decisions/Commuter%20Parking%20Operations%20Update.pdf)

TTC Board - December 11, 2017:

The Board approved the request to extend the existing Operations Agreement 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.

Report:

[https://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2017/December 11/Reports/8 Commuter Parking Update.pdf](https://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2017/December%2011/Reports/8%20Commuter%20Parking%20Update.pdf)

Decision:

[https://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2017/December 11/Reports/Decisions/8 Commuter Parking Update Decision.pdf](https://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2017/December%2011/Reports/Decisions/8%20Commuter%20Parking%20Update%20Decision.pdf)

Issue Background

The existing Maintenance & Operating Contract with the TPA came into effect on July 1, 2007, which was set to expire on June 30, 2017. With the direction of the TTC Board, the contract was extended until June 30, 2018 while the TTC and the TPA underwent negotiations for a new long-term agreement.

As of April 2018, the TPA is operating 23 commuter parking lots, with a total of approximately 12,500 parking spaces. Further permanent lot closures planned over the term of the contract due to Metrolinx LRT changes and CreateTO redevelopment plans, which were taken into consideration during negotiations.

TPA Proposal History

On October 17, 2016, the TPA presented a draft Partnership Proposal to TTC staff. Under the proposed 15-year contract the TPA would share in commuter parking revenues and increase the TTC's operating contract costs, with the TPA assuming responsibility for all capital costs.

- Suggested revenue split: 75%/25% (TTC/TPA) applicable to revenue over \$12M.
- This would yield a net decrease in the TTC's share of commuter parking revenue when compared to the current contract.

On February 3, 2017, the TPA presented Version 2 of the draft Partnership Proposal to TTC staff. Under the revised proposed 15-year contract, the TTC would maintain responsibility for all capital costs and receive a greater share of guaranteed revenue. The TPA would continue to share in commuter parking revenues.

- Suggested revenue split: 75%/25% (TTC/TPA) applicable to revenue between \$12 and \$14M.
- This would yield to a net decrease in the TTC's share of commuter parking revenue when compared to the current contract.

The initial offers were not deemed acceptable by the TTC and on September 13, 2017, the TPA presented a new 10-year term proposal that better aligned with the Board's direction and the TTC's goal of continuing to provide an affordable means for commuters to access the transit system. Unlike earlier proposals, the TPA would not share in the commuter parking lot revenue and the TTC will retain full control of pricing.

- Two management fee options were presented: a) \$300,000 fixed fee or b) 10% of total Operating Expenses.

- Although the proposal was deemed more acceptable, there was a need for more negotiation regarding the management fee, security contract, insurance, and other TTC requirements.

Upon further negotiation and additional revisions of the September 2017 proposal, TPA presented a proposal in April 2018, which is to be used as the basis for the new Maintenance and Operating Contract as described in the Comments section of this report.

Comments

Continued TPA Partnership Benefits

Alignment to TTC Corporate Plan (2018 – 2020):

A mutually beneficial and aligned partnership with TPA supports the new Corporate Plan by focusing on financial sustainability and efforts to “Move more customers, more reliably” and “Make taking public transit seamless”. This partnership will continue to facilitate the inter-modal travel experience, which was identified as a driver of satisfaction by the non-users of public transit. To that end, the TTC has engaged the TPA on how to best align their parking operations in support of public transit.

Simplicity in continuing operations with the same partner:

The TTC and the TPA have shared a long-standing relationship as City Agencies and partners. This eliminates the learning curve associated with onboarding a new management company and eases the coordination of operations, procedures, and practices.

TPA capabilities & expertise:

The TPA offers a number of benefits, such as its Green P Mobile Parking Application, low credit card merchant fees, and leveraging of economies of scale. As part of the new Maintenance & Operating Contract, the TPA will provide their expertise and knowledge, allowing the TTC to make technological advancements and pricing strategies that increase efficiencies and improve customer experience.

Contract Scope

The proposed 10-year Maintenance & Operating Contract will be similar to the current contract scope.

Core elements of the current and future contract:

- The TPA is responsible for providing all necessary services and materials to ensure the safe and continuous operation and maintenance of the commuter parking lots and shall pay all costs relating to the operation, maintenance and repair, including but not limited to crack sealing, pavement repairs, fence repairs, catch basin repairs, equipment parts, labour, all materials (supplies), special servicing of the commuter lots, or any equipment within the commuter lots, as required.

- TTC will continue to assign the commuter parking component of its contracted snow clearing operations to TPA for administration.

Summary of revisions – in reference to the TPA Proposal (Attachment 2):

- Inclusion of additional parking lots:
 - Line 1 extension subway stations: Finch West, Pioneer Village, Highway 407;
 - Employee lot at Hillcrest Complex.
- Security Contract:
 - TPA to assume responsibility for administering and managing the contract based on current TTC requirements.
- Staffing Plans:
 - No significant staffing changes will be required, but with the inclusion of Line 1 extension parking lots, it is estimated that additional Enforcement Staff (incl. unallocated labour) costing \$149,000 will be necessary.
- Governance:
 - Regular quarterly or semi-annual meetings will be conducted to review/manage emerging issues, with the goal to maximize efficiencies (e.g. leveraging TPA economies of scale to reduce costs per parking space).
- Capital Refurbishment Plan:
 - TPA will conduct an annual review of the current lots to identify “state of good repair” requirements needed to maintain the properties in a safe serviceable condition. This can include: removal and replacement of the asphalt surface, modifications and additions to the existing lighting system including electrical panel, concrete bases, and poles with LED lighting, etc.
- Parking System Solutions Plan:
 - TPA will provide recommendations on innovative technological solutions including but not limited to web-based services, license plate recognition systems, and the Green ‘P’ Mobile app, integration of PRESTO, INTERAC flash, and guidance parking systems.
- Rate Strategies, Signage and Marketing Plans:
 - TPA will monitor lot performance and provide recommendations for enhancements to improve financial performance;
 - TPA to conduct review of signage for improved customer experience;
 - Potential to develop a co-branding strategy with TTC and TPA, leading to cost savings associated with signage cost sharing.
- Additional Management/Administration responsibilities:
 - Managing, tendering (where necessary), and administering the landscaping, power sweeping, winter maintenance, and security contracts in addition to any other contract necessary for successful performance;
 - Reviewing, consulting, planning, and executing on capital, technology, operational, marketing, and pricing plans/strategies;

- Managing, tendering (where necessary), and administering repair and maintenance contracts over and above maintenance obligations covered in the agreement;
 - Troubleshooting back-end IT-related issues;
 - Overseeing all financial and reporting matters;
 - An administrative charge of 10% will be applied to the non-management labour costs, which include IT staff, administration, and facility maintenance.
- Management fee:
 - TPA will receive 1.5% of gross revenue generated from the lots or a minimum annual amount of \$100,000.

See the final proposal and detailed TTC/TPA responsibilities outlined in Attachment 2.

Contact

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416-393-4249
paul.occhiogrosso@ttc.ca

Signature

Kirsten Watson
Deputy Chief Executive Officer, Chief Customer Officer

Attachments

Attachment 1 – Financial Impact

Attachment 2 – TPA Proposal (April, 2018)

Attachment 1 – Financial Impact

<i>In \$Millions</i>	01-Jul											
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027		
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total	
Annual Operating Budget	\$ 4.04	\$ 4.12	\$ 4.20	\$ 4.29	\$ 4.37	\$ 4.46	\$ 4.55	\$ 4.64	\$ 4.73	\$ 4.83	\$ 44.24	
Savings from lot closures	-\$ 0.02	-\$ 0.02	-\$ 0.21	-\$ 0.63	-\$ 0.64	-\$ 0.66	-\$ 0.67	-\$ 0.68	-\$ 0.70	-\$ 0.71	-\$ 4.94	
Hillcrest maintenance	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.09	\$ 0.09	\$ 0.09	\$ 0.83	
Revised Annual Operating Budget	\$ 4.10	\$ 4.18	\$ 4.07	\$ 3.74	\$ 3.81	\$ 3.89	\$ 3.96	\$ 4.05	\$ 4.12	\$ 4.21	\$ 40.12	
Parking equip. renewal	\$ 0.58	\$ 0.23	\$ 0.35	\$ -	\$ 0.52	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1.68	
~5% Contingency											\$ 2.20	
Total Upset Limit	\$ 4.68	\$ 4.41	\$ 4.42	\$ 3.74	\$ 4.33	\$ 3.89	\$ 3.96	\$ 4.05	\$ 4.12	\$ 4.21	\$ 44.00	

Notes

- 2% inflation added from Year 2 and onwards
- Savings from lot closures only accounts for non-labour savings and a 1-year contingency is built in to account for any closure delays
- Parking equipment upgrades/renewal amounts are estimates



**Toronto Parking
Authority**

**Office des parcs de
stationnement de
Toronto**

The Toronto Parking Authority has provided 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 for 60 years.

FILE: 5000-12

April 30, 2018

Sent Via E-mail

Mr. Arthur Borkwood
Mr. Paul Occhiogrosso
Toronto Transit Commission
1900 Yonge Street
Toronto, Ontario
M4S 1Z2

Dear Messrs Borkwood and Occhiogrosso:

RE: Updated Proposal: TTC Commuter Parking Operations

Please Note, this letter supersedes TPA correspondence of April 27, 2018, based on updated information obtained from TTC on April 27, 2018.

We are pleased to provide you with this correspondence following up on our earlier Proposal submissions of July 4, 2017, discussions over the summer / fall of 2017, and subsequent formal update of September 13, 2017. We have taken account of your comments, assessed our previous analyses in detail and offer the following as a framework for negotiating a renewal of the Operations Agreement between the Toronto Transit Commission (TTC) and Toronto Parking Authority (TPA) for the operation of the TTC commuter parking network.

PROPOSAL

1. Commuter Lots

All Commuter Lots operating under the Current Operations Agreement ("Current Commuter Lots") are to be governed under the terms and conditions of this Proposal. For greater clarity, a list of these Commuter Lots is provided in *Appendix 'A' – List of Commuter Lots*. Furthermore, three (3) new Commuter Lots ("TYSSE Commuter Lots") will be added to the Agreement. The TYSSE Commuter Lots are also identified in *Appendix 'A' – List of Commuter Lots*, for reference. Finally, as requested by TTC, the contract will also include management of the TTC Hillcrest Complex employee lot.

2. Term and Renewal

The Operations Agreement will be in place for a period of ten (10) years ("Term") commencing on a date to be agreed upon by both parties. It will be renewable for a subsequent term of ten (10) years provided that either party gives the other written notice twelve (12) months prior to expiry. It is understood that the terms and conditions of this agreement may be subject to further negotiations at the time of renewal.

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3. Responsibilities of TPA and TTC

For the most part, TPA will continue to provide services to TTC similar to those under the Current Operations Agreement. TPA does, however, propose revisions ("Revisions") related to the security services, staffing plans, governance, and the management fee. For greater clarity, a detailed list of responsibilities of both parties is provided in *Appendix 'B' – TPA & TTC Responsibilities & Obligations*, and said Revisions are summarized below:

Security Contract

As requested by TTC, TPA is willing to assume responsibility for administering the Security Contract with a suitable service provider for the Commuter Lots on behalf of TTC. Our Manager of Corporate Security has undertaken a review of requirements based on experience with the TPA public parking network as well as a review of the scope of services provided to the TTC under their current Security Contract. We strongly recommended expanding the scope of services, as follows in order to provide a higher level of customer service and safety to our mutual customers:

- i) Two mobile uniform vehicles with 2 guards in each – East of Yonge Street per weekday for 12 hours with a start time of 9:00 am
- ii) Two mobile uniform vehicles with 2 guards in each – West of Yonge Street per weekday for 12 hours with a start time of 9:00 am

We are advised that TTC prefers not to expand the scope, accordingly, we are recommending an annual review of the program to assess performance and any recommended adjustments. In addition, in view of the TPA Board direction at its March 5, 2018 meeting regarding TPA Security matters (Item PA8.4) we will also be engaging the City Corporate Security Division in this discussion. Based on the TTC requirements, the scope of services will be:

- i) One mobile uniform vehicle with one guard – East of Yonge Street per weekday for 12 hours with a start time of 9:00 am
- ii) One mobile uniform vehicle with one guard – West of Yonge Street per weekday for 12 hours with a start time of 9:00 am

Staffing Plans

The staffing levels for the Current Commuter Lot program are adequate and appropriate to provide the required services, and we do not anticipate significant changes from staffing levels provided in 2017. With inclusion of the TYSSE lots, we anticipate increasing the staffing levels by 1.5 FTE (in Enforcement staff only) resulting in an added cost of approximately \$149,000, which will be fully recoverable from TTC. Details of labour costs are provided in the 2018 Operating Budget (sent previously as a separate excel document). Direct labour to deliver all other aspects to the TYSSE lots under the Agreement (i.e. maintenance, collections, equipment service and administration / management) will be absorbed under the existing complement.

Governance

TPA proposes scheduling regular quarterly or semi-annual meetings (“Governance Meetings”) to work collaboratively with the TTC, on a timely basis, in order to review, manage, and execute on:

- i) *The Operations Experience and Emerging Issues:* to ensure delivery of the scope of services governed by the Agreement in an efficient manner capturing any operational savings while delivering excellent customer service, TPA has conducted an in-depth review of labour costs and staffing levels with respect to the Current Commuter Lots along with the TYSSE Commuter Lots. Given the large operational platform that TPA has established, we are able to generate significant savings to TTC via a significantly lower labour cost/space allocation. This includes an amount we are introducing; an administrative charge of ten percent (10%) that will be applied against the labour cost component of the expense budget. This will partially offset unallocated labour expenses incurred by TPA in the management and operation of the TTC commuter parking network (IT staff, administrative, facility maintenance). The resulting economies of scale available to TTC allows us to leverage approximately \$761 / space in labour cost savings to TTC in the proposed 2018 commuter parking budget overall, including the new TYSSE lots, compared to TPA system-wide operations. This has taken into account efficiencies resulting from anticipated closures (permanent and temporary) of certain current commuter lots. Table 1.2 illustrates that the incremental labour costs associated with TYSSE Commuter Lots are approximately \$131 / space lower than those of the current commuter lots. System wide, the labour rate (including the 10% factor for unallocated labour cost) significantly benefits from TPA’s economies of scale, as shown in Table 1.3.

Table 1.2 – Labour Cost Comparison per Space (Current Commuter Lots vs. TYSSE Commuter Lots)

	Current Commuter Lots	TYSSE Commuter Lots
# of Spaces	9,671	2,826
Labour Costs	\$1,778,555	\$148,918
\$/Space	\$184 / space	\$53 / space

Table 1.3 – Labour Cost Comparison per Space (TPA Lots vs. TTC Commuter Lots)

	Total TTC Lots (incl. TYSSE Lots)	Total TPA Off-Street Lots
# of Spaces	12,804	25,660
Labour Costs	\$1,927,473	\$23,500,000
\$/Space	\$154 / space	\$915 / space

- ii) *A Capital Refurbishment Plan*: TPA proposes to conduct a detailed review of each of the Current Commuter Lots and work collaboratively with TTC to identify 'state of good repair' requirements needed to maintain the properties in a safe serviceable condition (including but not limited to the removal and replacement of the asphalt surface, modifications and additions to the existing lighting system including electrical panel, concrete bases, and poles with LED lighting, modifications and installation of perimeter protection components, as required, and all contractual bonds), annually. It is understood that notwithstanding TTC will maintain sole discretion in the execution and funding of these capital improvements, over and above the terms of the Operations Agreement, although TPA is willing to deliver such improvements if requested, and in such case will bill back TTC the costs incurred.

- iii) *A Short, Medium and Long-term Parking Systems Solutions Plan*: that aims to improve customer service and take advantage of emerging and evolving innovative technology solutions including but not limited to web-based services, license plate recognition systems, and the Green 'P' Mobile app. Within the first year of the Agreement, TPA will provide a proposal offering medium & long-term parking systems technology solutions at the Commuter Lots which may include, but not be limited to, the integration of PRESTO and the Green 'P' Mobile Pay app (where possible), INTERAC flash, License Plate Recognition ("LPR"), and parking guidance systems where appropriate.

In addition, TPA recommends that TTC consider investing in replacing the parking systems equipment at the gated Commuter Lots since the equipment and associated technology is at the end of its useful life. A detailed parking equipment capital life cycle plan will be provided within the first year of the Agreement. This can be updated anytime between year five (5) and year seven (7) upon request of TTC.

- iv) *Rate Strategies, Signage and Marketing Plans*: that are focused on maximizing revenues while maintaining a customer service orientation. TPA has previously shared their recommended rates in our initial proposal presented in October, 2016. With the acknowledgement that TTC subsequently reviewed/changed their rates, TPA will continue to review the rates on a routine basis, while closely monitoring Commuter Lots that are performing poorly and recommend appropriate strategies to boost performance.

We plan to review all signage including way-finding markers, rate signs, branded signage and provide recommendations to maximize the usage of the Commuter Lots, while continuing to focus on delivering high levels of customer service.

Branding Partnership: As discussed in our recent meetings, as part of this arrangement, TPA would like to work with TTC in developing and designing an effective co-brand to be integrated into the signage currently at the Commuter Lots. The benefits of this include:

- a) showcasing a successful partnership between two fellow City agencies
- b) commencing a pilot project that could lead to further efficient and effective co-branding opportunities for TTC and TPA including but not limited to signage on Green 'P' lots in close proximity to TTC terminals
- c) cost savings achieved by sharing signage costs

- v) *Management and Administration:* In addition to being responsible for all aspects of the operation including but not limited to staffing personnel, maintenance, enforcement, revenue collection, technical services, monitoring, communication charges, tickets, and insurance, TPA corporate head-office staff will provide support services and dedicated staffing hours related to:
- a) managing, tendering (where necessary), and administering the landscaping, power sweeping, winter maintenance, and security contracts in addition to any other contract necessary for successful performance of the Proposed Agreement;
 - b) reviewing, consulting, planning, and executing on capital, technology, operational, marketing, and pricing plans/strategies;
 - c) managing, tendering (where necessary), and administering contracts related to repairs and maintenance over and above the maintenance obligations covered by the Agreement, where applicable should TTC decide to engage TPA in carrying out such works;
 - d) troubleshooting back-end IT-related issues; and,
 - e) overseeing all financial and reporting matters.

4. Management Fee

Historically, TPA has received a nominal management fee of approximately \$120,000 per year, adjusted annually for inflation and further impacted by the number of parking spaces under management. Following review of TPA's investment in the management and administration necessary to administer the Agreement, the historical management fee does not adequately cover costs. The proposed management fee is based on one and one-half percent (1.5%) of gross revenues generated from the lots or a minimum annual amount of \$100,000.

5. Lot Closures

TPA is aware that several TTC lots may be closed due to the development or sale of the Commuter Lot properties. TPA proposes the following formula with respect to the closure of Commuter Lots:

- a) TPA be informed of any closures at least ninety (90) days in advance so they can commence any work required to close the Commuter Lots in a seamless fashion;
- b) All direct operating expenses pertaining to a closed lot will be reduced to \$0, upon closure;
- c) Each closure will be assessed individually to determine if some or all labour (fixed) costs pertaining to a closed lot will be reallocated to the remaining Commuter Lots. Upon a cumulative total minimum of 2,000 spaces being reduced (relative to no. of spaces in the 2018 operating period), at which point, TPA will review staffing levels in order to determine the magnitude of savings (if any) that can be passed

through. It is recognized that many other factors, including mode of operation and geographic distribution of facilities, in addition to magnitude of space supply, also have a bearing on the numbers and distribution of labour needs;

- d) The 2018 Operating Budget provides an allocation for management fees by Commuter Lot, which amount will be used to determine the reduction in management fees upon lot closure;
- e) Despite any lot closures, the total management fee for managing the Commuter Lots will not be less than \$100,000.

6. Reporting and Cash Distributions

TPA will continue to provide reporting documents, variance analyses, invoices, reconciliations, and cash distributions in the same manner as current practice. TTC will maintain their current practice of cash distributions and reporting, as well. If agreeable to both parties, the current practice will be documented accordingly in the final form of the Operations Agreement, along with Schedules identifying the reports, invoices and other such documentation. TPA requests that TTC provide TPA with a copy of their capital policies or abbreviated documentation to help TPA staff invoice costs associated with repairs and maintenance in line with TTC's requirements and policies.

7. Environmental Condition of the Property

TPA and the TTC acknowledge that TPA will have no responsibility or liability for environmental contamination existing on, in or from any of the Commuter Lots, except for such contamination directly caused by the negligence or willful misconduct of TPA. In addition, TPA will not be responsible for the clean-up or contamination associated with the use of road salt in the normal course of snow clearing at any of the Commuter Lots.

8. Termination

Either TPA or TTC shall have the right, in its sole discretion, to terminate the Operations Agreement by delivering written notice of termination to the other party not less than three hundred and sixty five (365) days prior to the effective date of termination.

9. Board Approval

All agreements are subject to each party obtaining approval from their respective boards, at the next regularly scheduled board meeting, following staff concurrence on the general agreement terms and conditions.

10. Form of Agreement

The parties agree to use their best efforts to enter into an agreement in a form and substance satisfactory to TTC and TPA, acting reasonably and consistent with the terms set out herein, within ninety (90) days from the execution of the date of this Proposal.

Mr. Arthur Borkwood
Mr. Paul Occhiogrosso
April 27, 2018
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Should you wish to discuss further or require further information, please feel free to reach out to us, at your convenience.

Yours truly,

TORONTO PARKING AUTHORITY



Andrew Koropeski
Acting President

AK:tt

Attachments:

Appendix 'A' – List of Commuter Lots
Appendix 'B' – TPA & TTC Responsibilities & Obligations

Appendix A

List of Commuter Parking Lots

Current Commuter Lots

Commuter Lot No.	Lot Name	No. of Spaces
800	Kipling North	282
801	Kipling South	829
802	Islington Main	534
804	Islington Lomond	283
805	Keele	187
811	Wilson Main	885
813	Finch West	1,552
814	Finch East	1,646
815	Leslie	102
816	Don Mills	366
817	Ellesmere	68
818	Lawrence East	90
821	Kennedy South	483
822	Warden North	920
823	Warden South	151
824	Victoria Park	173
826	Kennedy North Serv	199
827	Downsview	632
829	Wilson Transit Rd	72
831	Fieldway	217
Total		9,671

TYSSE Lots

Commuter Lot No.	Lot Name	No. of Spaces
TBD	Highway 407	589
TBD	Steeles West	1881
TBD	Finch West	356
Total		2826

Notes: Space count is based on inventory received from TTC in April 27, 2018 and is subject to change.

Appendix B

TPA & TTC Responsibilities & Obligations

TPA Responsibilities

TPA shall be responsible for the following:

- a) provide for and pay for all necessary services, staffing, and materials to ensure the safe and continuous operation and maintenance of the Commuter Lots;
- b) make and pay for any minor repairs and maintenance to the Commuter Lots where and so often as need be to maintain the Commuter Lots in good operating condition including but not limited to pavement repairs, lighting and lighting systems, fence repairs, line striping, catch basin repairs, and pot hole repairs;
- c) maintain the Commuter Lots operable seven (7) days a week including statutory holidays or within the hours mandated by TTC;
- d) operate and enforce payments at the Commuter Lots diligently and in an economical and efficient manner;
- e) keep accurate books of account and records of any and all monies received and disbursed in the operation of the Commuter Lots. These books of account and records will be available for inspection and audit by TTC or its authorized representatives at any time during normal business hours;
- f) collect and process all revenue from the revenue-generating equipment including but not limited to coins, cash, and card transactions;
- g) power sweep the Commuter Lots in April and October of each year, including a spring cleanup of all Commuter Lots, each year;
- h) landscape the Co mmuter Lots as mandated by the TTC;
- i) maintain all equipment at the Commuter Lots including but not limited to gate arms, Pay and Display machines, card readers, and provide all material and supplies to operate equipment including tickets/paper rolls;
- j) pay all charges for electricity, water and any other utility services furnished to the Commuter Lots and maintain all such utilities in good order and working condition;
- k) keep the Commuter Lots free and clear of litter and debris and arrange for daily clean up;
- l) provide all vehicles necessary for the operation of the Commuter Lots, as required;
- m) obtain and keep in force commercial general liability insurance against claims for bodily injury, death or property damage occurring in or on the Commuter Lots arising as a direct result of the negligence of TPA in the operation of the business. TTC will be named as additional insured parties. TPA will provide the TTC with a confirmation of insurance;
- n) insure the lots with "all risks" property insurance;
- o) manage and administer the snow clearing contract once assigned by TTC to TPA;

- p) manage and administer Security Contract for the Commuter Lots;
- q) TPA will be responsible for any Green 'P' branded signage, while sharing costs with any co-branding signage with TTC

TTC Responsibilities

TTC shall be responsible for the following:

- a) pay for completed construction of new parking or reconstruction of existing Commuter Lots to bring to an acceptable state of operation; Notwithstanding, TTC may contract out for any work associated with construction or reconstruction of a Commuter Lot to TPA on terms and conditions agreeable to both parties;
- b) pay all real property taxes, rates, charges and assessments, and any other taxes, rates, charges or assessments levied, rated, charged or assessed against the Commuter Lots;
- c) pay for all ground licenses fees charged against the Commuter Lots;
- d) make and pay for any improvements or developments required by any governmental authority or body in order to operate the Commuter Lots; Notwithstanding, TTC may contract out for any work associated with construction or reconstruction of a Commuter Lot to TPA on terms and conditions agreeable to both parties;
- e) tender the snow clearing contract(s) for the Commuter Lots with subsequent assignment of the management and administration of the snow clearing contract to TPA;
- f) make the final decision on rates for the Commuter Lots following consultation and recommendations from TPA;
- g) pay for all parking systems equipment costs and capital refurbishments costs, as required, save and except any minor repairs and maintenance as detailed in (b) and (i) of TPA Responsibilities, above; Notwithstanding, TTC may contract out for any work associated with construction or reconstruction of a Commuter Lot to TPA on terms and conditions agreeable to both parties;
- h) reimburse TPA in the same manner as current practice and based on the monthly amount of the annual operation budget provided to TTC plus card processing fees;
- i) pay the management fee to TPA to be calculated based on 1.5% of gross revenues from the lots;
- j) TTC will be responsible for any signage on the Commuter Lots, save and except, any Green 'P' branded signage, and will share costs of any co-branding signage with the TPA.