

# City reaps big profit in parking

## New machines add \$17-million to take

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TORONTO - The city's new pay-and-display parking system has proven far more profitable than even the Toronto Parking Authority expected, nearly tripling its profit over the last five years.

The authority expected a boon from the machines, but it has exceeded profit expectations by about 30%, said Maurice Anderson, the authority's president.

Toronto's seven former municipalities had a combined parking profit of \$11.05-million in 1997. In 2002, the city showed a profit of \$28.7-million on revenue of more than \$83-million.

Despite a cost of \$13,500 a unit, the machines pay for themselves within a year, said Kyle Rae, city councillor for the downtown ward of Centre-Rosedale. He said without the income provided by parking, city taxes would have to rise by about 4% or 5%. "People don't like to pay for parking ... but I feel if you can afford to run a car you need to pay for the parking space," he said. "It's like when you go out for dinner, you get your bill and you put in your tip."

The pay-and-display machines -- with a two-hour time limit and rates of \$1 to \$2 an hour -- have highlighted the economic inferiority of the traditional parking meter. For starters, people pay 99% of the time.

Meters receive payment from only 80% to 90% of potential customers because many people seek out a meter that has time remaining on its display, Mr. Anderson said.

Credit card service on the pay-and-display system has increased payment rates by almost 20% -- on old meters, people who lack change often risk getting a ticket, but convenience has fuelled both prudence and profit, Mr. Anderson said.

Lower costs for collection, maintenance and administration also play a role in the system's success, as well as a drop in coin theft, quite common with meters.

The city did take advantage of the changeover to raise prices marginally as well.

Software links the 2,000 parking machines across the city to a central monitoring station, allowing administrators to keep tabs on the status and daily income of each machine.

"The only way you can monitor the old meters is by walking around," Mr. Anderson said. "The new machines are all interconnected -- machines tell us when they need repair, and automatically download credit card payments into the system."

"It's been extremely efficient for us."

While business is booming, city councillors and parking officials say demand for parking spots in downtown Toronto will eventually outgrow capacity because of development and population growth.

Citizens who work downtown are being urged to take the bus or subway.

"We'd prefer them to take public transit, but many people don't want to do that," said Olivia Chow, city councillor for the downtown ward of Trinity-Spadina. "It's always a bit of a balancing act."

At the Jan. 1, 1998, amalgamation, approximately 21,000 single-space parking meters were ushered under one municipal roof. Over the last five years, 14,550 of the steel relics have been removed, mostly on main thoroughfares.

Each pay-and-display machine serves up to nine parking spaces. Motorists put the printed receipts on their front dash.

"The business and retail sector depends on people being able to pay for parking close to their stores -- without our ability to enhance the retail sector in downtown Toronto, the residential areas will die," Mr. Rae said. "People live down here because the services are here ... the restaurants, the shopping, the facilities."

Mr. Rae said he believes council should earmark a portion of parking profit for the Toronto Transit Commission, in order to improve service.

While city-run parking emphasizes high turnover, private companies usually have the opposite goal in mind, said Nick Spensieri, vice-president of operations for Spots, owner and operator of 12 parking lots across the city containing about 10,500 spaces.

"We're mainly servicing the tenants of office buildings -- people who have a vested interest in getting spaces," Mr. Spensieri said.

Large-surface lots in the downtown core are being developed into office and residential space, but most of their underground parking facilities are not open to the general public, he said.

"Traffic is like water, it always goes the easiest route." Mr. Spensieri said. "A lot of people don't want to give up their cars ... it's comfortable, they've got air conditioning and music."

He said the average monthly rate in a Spots lot is \$500 for a reserved space and \$300 to \$350 for an unreserved space.

"We're not quite there yet," he said of a downtown parking crisis. "But some people are going to have to eventually use public transportation or it's going to be a question of major gridlock."

TORONTO PARKING AUTHORITY REVENUES: 1997-2002:

	Gross Revenue?	Net income before municipal taxes?	Net income after municipal taxes?	City portion?
1997*	\$46.482	\$22.320	\$15.808	\$11.053
1999	\$55.286	\$32.121	\$24.812	\$16.633
2000	\$68.490	\$43.746	\$36.215	\$25.766
2001	\$74.770	\$47.446	\$34.596	\$25.948
2002	\$83.253	\$52.206	\$38.486	\$28.736

\* Includes all seven pre-amalgamation municipalities

? In millions

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