

Operational Services Report to
Executive Committee
2024 July 23

ISC: UNRESTRICTED
EC2024-0836

Parking Financial Policies Review

PURPOSE

The purpose of this report is to provide recommendations from a review of the financial policies guiding the Parking service. The integration of Calgary Parking Authority into The City of Calgary has increased the need to revisit the policies to balance the sustainability of the parking service while maximizing support back to The City. Adjusted policies are proposed that increase the return to The City and support for specific priorities while maintaining a self-supported parking service. This approach will provide an additional \$2.3 million annually to The City from Parking. Closure and redistribution of the Calgary Parking Long-Term Investment Fund is proposed, unlocking \$43M of one-time funds to be used for Council priorities.

PREVIOUS COUNCIL DIRECTION

The work has been initiated by Administration; however it addresses two motions from Council:

1. Report EC2023-0464, which directs “Administration to report back to Council with options to fund the Streets service line annual reinvestment programs of Street Light Lifecycle & Upgrade, and Pavement Rehabilitation with on-street parking revenues as part of the current review of the Financial Return Policies contained in Calgary Parking Policies already planned to be brought to committee in 2023”. Note this date was adjusted to Q2 2024 in report EC2023-1314.
2. The motion arising from report C2023-1148, which directs “Administration to return to Infrastructure and Planning Committee in Q2 2024 with program recommendations that direct net revenues generated through the Market Permit program to support community associations within the various Residential Parking Permit Market Permit zones through the existing Parking Revenue Reinvestment Program.”

Both reports were deferred to Q3 2024 in report EC2024-0693.

RECOMMENDATION:

That Executive Committee recommend that Council:

1. Amend Council Policy CP2021-04, *Calgary Parking Policies*, by replacing section 3 of the policy with the content in Attachment 1 and apply the new policies retroactively as of 2024 January 01.
2. Close the Calgary Parking Long-Term Investment Fund, and distribute the remaining balance in the fund as follows:
 - a. Allocate \$20.0M to the Fiscal Stability Reserve
 - b. Allocate \$23.0M to the Reserve for Future Capital
 - c. Allocate the remaining balance to the Calgary Parking Capital Reserve Fund
3. Bring adjustments to reflect the new policy to the mid-cycle budget adjustments in 2024 November.

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CHIEF ADMINISTRATIVE OFFICER/GENERAL MANAGER COMMENTS

General Manager Morgan concurs with this report.

HIGHLIGHTS

- The revised policies continue to enable Parking to be a self-supported service that generates a return for The City without requiring any tax support.
- Redistribution of revenue provides an additional \$2.3 million annually to The City from the Parking service to support corporate priorities.
- The Streets service would receive an annual \$3 million funding amount to support maintenance activities, that will scale with the total on-street parking supply.
- Parking will only retain an annual funding component (initially \$4 million) to maintain parking facilities and technology.
- External supports for events will be harmonized with existing City processes.
- The Parking Revenue Reinvestment Program will shift to a share of on-street parking net revenue to provide stable funding to business and community areas. Market permit net revenues will also be shared with communities by way of the program.
- The Calgary Parking Long-Term Investment Fund will be closed, unlocking \$43M in funds to support capital priorities outside of Parking.

DISCUSSION

Subsequent to Council's decision to integrate the Calgary Parking Authority into The City of Calgary in 2021, there is a need to review the existing parking financial policies to better serve both the Parking service and provide further benefits to The City. Additionally, Council had asked for investigation to fund two specific requests that would see a portion of parking revenues reinvested in the Streets service, and distribution of the Market Permit net revenues back to generating community areas. Thirdly, the existing Parking Revenue Reinvestment Program, which has successfully reinvested over \$7 million into community and business areas since inception, needed review as the existing formula did not provide a stable amount of funding on a yearly basis. A holistic review was necessary to consider all these requests.

A background report was prepared (Attachment 2) to review the existing policies and determine how the Parking funding stream could be repurposed to increase corporate support while maintaining a self-supported service. While this work does not generate new parking revenues, it considered if existing revenues could be better allocated to accomplish the above. This is largely accomplished by sharing 100% of all net revenues from the service, with Parking only retaining funding for the Calgary Parking Capital Reserve to meet asset maintenance and technology needs.

To guide the policies, five principles were developed:

- **Fiscal Responsibility:** The Parking service shall be self-supported and not require tax support
- **Increase returns:** Maximize the return of net revenues from Parking to The City by way of an annual return
- **Support through use of return:** Support City priorities through use of the annual return rather than directly from the Parking service

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- Streamlined process: Harmonize support for external festivals, events and non-profit activities through existing City processes
- Affordable parking options: Set off-street parking prices to generally achieve 90 per cent of the surrounding market price to provide an affordable option in a competitive parking market

Using these principles, Administration recommends replacing the existing parking financial policies in section 3 of *Calgary Parking Policies* with the following approach:

- Allocate 100 per cent of net enforcement revenues to General Revenues, including the Municipal Impound Lot
- Allocate 100 per cent of net revenues from parking operations as follows:
 - \$3 million annual contribution to the Streets service, to be adjusted annually based on on-street paid parking supply changes
 - An annual contribution for asset maintenance to the Calgary Parking Capital Reserve (initially \$4 million)
 - \$200,000 annual contribution to support funding for festivals, events, and non-profits
 - Share 10 per cent of net on-street parking revenues, with participating Business Improvement Areas and Community Associations by way of the Parking Revenue Reinvestment Program
 - Share 100 per cent of net market permit revenues to Community Associations by way of the Parking Revenue Reinvestment Program
 - One full time equivalent resource to support administration of the Parking Revenue Reinvestment Program
 - All remaining funds to General Revenues

The specific policy amendments are provided in Attachment 1. This approach will reprofile existing revenues to increase support for City priorities and provide more stability for external partners. It addresses the two motions from Council to address funding for street infrastructure and reinvesting Market Permit revenues without any need for tax support while maintaining a fully self-supported parking service. These changes return an additional \$2.3 million annually to The City from the parking service.

Administration is also proposing closing the Calgary Parking Long-Term Investment Fund and distributing the balance of \$53.56 million (as at end of 2023) as follows:

- \$20M to the Reserve for Future Capital to support the 5A network, previously approved by Council in 2022
- \$3M to the Reserve for Future Capital to fulfill the \$1 million funding commitment to Transportation Capital, as allocated in the current 2023-2026 Business Plan and Budget
- \$20M to the Fiscal Stability Reserve which can be reallocated as part of the mid-cycle business plan and budget discussions
- The remaining balance (\$10.56 million) transferred to the Calgary Parking Capital Reserve to support the provision of electric vehicle charging infrastructure

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To implement the proposed changes, adjustments will be brought to the mid-cycle budget adjustments in 2024 November. A 2024 January 01 effective date for the policies will allow the 2024 net returns to be distributed according to the new policies for the 2024 fiscal year.

EXTERNAL ENGAGEMENT AND COMMUNICATION

- | | |
|--|---|
| <input type="checkbox"/> Public engagement was undertaken | <input checked="" type="checkbox"/> Dialogue with interested parties was undertaken |
| <input type="checkbox"/> Public/interested parties were informed | <input checked="" type="checkbox"/> Public communication or engagement was not required |

Discussion was undertaken with internal parties to assess the impacts of proposed changes. Staff met with Business Improvement Areas on 2024 May 13 to share the proposed changes to the Parking Revenue Reinvestment Program. Community Associations were also engaged at a meeting held on 2024 June 14. The changes do not impact the services that the public will continue to receive from Calgary Parking.

IMPLICATIONS

Social

Redistributing net revenues from parking activities, either through direct support initiatives or through funding via distribution of returns, increases the number and range of social initiatives that can be funded by the City overall.

Environmental

The proposed allocation of the remaining balance in the Calgary Parking Long-Term Investment Fund will enable Calgary Parking to support electric charging at public facilities, supporting implementation of The City's Climate Strategy.

Economic

Adopting a policy of setting off-street prices at 90 per cent of the market rate will provide support for parkers without distorting the overall parking market.

Service and Financial Implications

No anticipated financial impact

Because the policies focus on a redistribution of planned revenues, the total amount of revenue would not change should these policies be adopted. The general revenue return is maintained under the proposed policies, so there is no tax impact. Further, the Parking service can continue to maintain self-support and provide a return to The City.

The current approved budget was developed under the existing policies and will need to be adjusted to adopt the new policies. Increased revenues from parking activities are generally offsetting any existing budget impacts. Budget adjustments arising from this work will be part of the mid-cycle budget adjustments.

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RISK

The proposed policies reduce several risks for Council. The Streets service will be enhanced through additional funding which will improve asset conditions. Requests for support for non-parking activities (like events) will be considered by established processes already in use by The City. The allocation to the Calgary Parking Capital Reserve will ensure that facilities and technology continue to be maintained in good condition without requiring capital funding from other sources.

The Parking service would not retain funding for future lands under the proposed policies. This means that if existing lots are repurposed for other civic needs, that the total return will decrease over time. Parking will work with other City units to determine what opportunities exist to support parking supply and the total return. The revised policies would see any variance in the parking annual return be a component of the overall corporate annual variance. If parking funds were to reduce over time due to reduced supply or other variables, the general revenue component would decrease.

If Council does not provide guidance on parking revenue policies, the existing policies will remain in effect. Several trends indicate that the existing dividend model will be difficult to maintain, particularly if parking supply is repurposed for other uses. Capital funding will not be sufficient to sustain parking infrastructure in the long term. Direct support requests would continue to be addressed on an ad-hoc basis by Calgary Parking.

ATTACHMENTS

1. Proposed Amendments to Section 3 of Calgary Parking Policies
2. Parking Financial Policies Background Report
3. Presentation

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Doug Morgan	Operational Services	Approve
Troy McLeod	Operational Services – Mobility	Approve
Katie Black	Community Services	Consult
Carla Mae	Corporate Planning and Financial Services	Consult
Michael Thompson	Infrastructure Services	Consult
Jill Floen	Law and Legislative Services	Consult

Author: Chris Blaschuk, Mobility