



Parking Financial Policies

Background Report

June 2024



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Executive Summary

The integration of Calgary Parking Authority into The City of Calgary has presented an opportunity to modernize the parking financial policies. Additionally, typical revenue streams have been challenged as we continue to navigate the impacts of the COVID-19 pandemic. By updating these policies, Calgary Parking can enhance financial returns and funds can be redirected to other City priorities.

The following principles were developed to guide the proposed updates:

- **Fiscal Responsibility:** The Parking service shall be self-supported and not require tax support
- **Increased 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
- **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

Proposed 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 annually 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 annually to support funding for festivals, events, and non-profits
 - 10 per cent of on-street parking net revenues shared with participating Business Improvement Areas and Community Associations through the Parking Revenue Reinvestment Program
 - 100 per cent of Market Permit net revenues to Community Associations as part of the Parking Revenue Reinvestment Program
 - One FTE to support administration of the Parking Revenue Reinvestment Program
 - All remaining funds to General Revenues

This strategic reallocation will increase support for City priorities and provide a more stable Parking Revenue Reinvestment Program. It fulfills Council's two motions to address funding for street infrastructure and reinvesting Market Permit revenues. It can be addressed without any need for tax support and it continues to enable a fully self-supported parking service.

Additionally, Administration proposes closing the Calgary Parking Long-Term Investment Fund. The balance of the Calgary Parking Long-Term Investment Fund was \$53.56 million at the end of 2023. These funds in the are proposed to be redistributed 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

To implement the proposed changes, adjustments will be brought to the mid-cycle budget adjustments in 2024 November.

Introduction

The Calgary Downtown Parking Corporation was set up in 1958 to create an arms-length entity that could manage municipal parking assets in a competitive market. Over time, this entity evolved into the Calgary Parking Authority (CPA), which self-funded the operation of public parking facilities. Additionally, CPA provided an annual financial return to The City of Calgary, which could be used to lower property taxes and fund other civic priorities.

Why review now?

The integration of Calgary Parking Authority into The City of Calgary as well as the impacts of the pandemic have increased the need to revisit and modernize the parking financial policies. Modernization aims to balance the sustainability of the parking service while maximizing the financial support for other City priorities.

Key items to address:

- Reevaluating parking's current retention of 35 per cent of net revenues from parking sales
- Clarifying the role of the Calgary Parking Long-Term Investment Fund
- Addressing increased requests for direct support of broader corporate priorities (downtown support, pandemic recovery, etc.) through parking discounts or in-kind services
- Assess implications of a shrinking off-street parking supply
- Ensuring contributions to the Calgary Parking Capital Reserve are sufficient to meet ongoing asset needs
- Modernizing the Parking Revenue Reinvestment Program to provide an stable and ongoing stream of funding, which has not been achieved since the pandemic began

Additionally, the work addresses two Council motions:

1. EC2023-0464, which requests Administration explore options to fund programs in the Streets service line with on-street parking revenues.
2. The motion arising from C2023-1148, which directs Administration to bring recommendations that direct net revenues generated through the Market Permit program to support community associations within RPP zones through the existing Parking Revenue Reinvestment Program.

Background

Calgary Parking Authority (CPA) began as an arms-length entity from The City of Calgary in the late 1950s. Under this framework, parking operated as a self-funded entity that could develop public parking facilities, provide a reliable stream of revenue from them, and responsibly manage publicly owned parking assets.

Evolution of CPA Responsibilities:

- 1995: Council approved transferring parking enforcement functions from Calgary Police Service to CPA, creating a distinct revenue category for parking penalties.
- 2002: CPA took over operations of the Municipal Impound Lot (previously privately operated), at which time it began retaining revenues from stored vehicles.
- late 2000s: The in-house development of ParkPlus technologies in the created additional revenue opportunities through as a Software as a Service (SaaS) and significantly expanded CPA's role as a parking manager for third-party lots in Calgary.

Origin of policies

Prior to 2010, parking revenues were generally directed to The City's general revenue program. Specific Council direction included:

- Annual allocation of \$1 million to the Transportation Infrastructure Investment Fund
- Annual contributions to the Parking Land fund for downtown cash-in-lieu parkades, with any excess of the budgeted parking revenues also placed in this fund.
- These processes were documented as Administrative Policies within Finance.

In 2010, The City retained Western Management Consultants to conduct a "Strategic Review of the Policy Foundation, Business Model and Governance of the Calgary Parking Authority." The report made recommendations which were approved by Council in report LPT2010-43.

As part of this work, financial policies were reviewed in conjunction with several business model options for CPA. The review found that the annual returns to The City had not been documented in policy to set a clear expectation on return levels. The recommendations included that The City retain control and establish a parking policy framework to guide the CPA and document financial requirements. Calgary Parking Policies (Council Policy CP2021-04) is the framework document that was created to serve this purpose.

The review recommended three financial policies.

1. 100 per cent of net revenue from parking enforcement activities (continuation of existing practice)
2. The greater of 65 per cent or \$13 million of parking net profits.
3. Operating expenses are not to exceed 57 per cent of gross revenues.

Administration recommended that the \$13 million minimum amount be reduced to \$11 million to increase flexibility for CPA, reflecting anticipated reductions in parking supply and revenue. This arrangement forms the basis of the current returns policy.

The financial policies were approved by Council in report LPT2011-25.

Policy Adjustments:

- Post 2011: After further analysis, the operating expense ratio was increased to 59 per cent, as generally, over the 2010s, CPA's operating expense ratio was in the low 60 per cent range and was 63% for 2023.
- 2021: The policy was dropped as part of the interim policy changes to integrate CPA into The City in report C2021-1185.

Subsequent reviews of CPA's governance were completed in 2013 (Conroy Ross report) and the investigation into the Municipal Controlled Corporation option in 2019-2021 (KPMG). However, neither of these focused on the established financial return policies in detail.

Current policies

The current financial policies are guided by Council Policy in *Calgary Parking Policies* Section 3 (Financial Return Policies).

Section 3.1 outlines the specific return policies:

1. Parking operations shall provide a revenue return to The City.
2. Expenses and revenues for the provision and sale of parking services will be separate line items in business unit budgets from other lines of service.
3. Net revenue from parking is calculated by deducting from gross revenue:
 - a. operating expenditures,
 - b. internal recoveries to and from other business units directly related to providing parking services, and
 - c. principle debt repayment for debt related to past Calgary Parking Authority transactions.
4. All expenses and revenue related to parking enforcement are not included in the calculation in policy 3.
 - a. 100 per cent of net revenue from parking enforcement activities is deposited in a City of Calgary general account.
5. The parking service will operate with a budget surplus that is the greater of:
 - a. \$11 million, or
 - b. 65 per cent of net revenue from parking as calculated in 3.
6. The amount specified in policy 5 shall be reviewed each budget cycle to address inflation and changing conditions in the parking market.

Section 3.2 guides the distribution of collected funds.

- For the budgeted revenue amount:
 - \$1 Million annually for the Transportation capital program
 - \$500,000 annually to fund Transportation Planning initiatives
 - Remainder to City general revenues
- For surplus amounts above budget:
 - 50 per cent of funds are put in the Parking Revenue Reinvestment Reserve, and distributed based on share of parking activity to eligible BIA and CA areas.
 - Remaining 50 per cent of funds go to City general revenues.

Note: For the purpose of these calculations, the budgeted amount is the expected amount of parking returns included in The City's 4-year service plan and budget, which is typically higher than the minimum return requirement identified in the policy.

Property Tax Contributions

Calgary Parking properties are currently reviewed by Assessment for exemption under section 362(1)(b)(ii) of the Municipal Government Act, which exempts properties as follows:

362(1)(b) property held by a municipality, except the following:

- (i) Property from which the municipality earns revenue and which is not operated as a public benefit;*
- (ii) Property that is operated as a public benefit but that has annual revenue that exceeds the annual operating costs;*

Many City properties operated by Calgary Parking meet the criteria in 362(1)(b)(ii), which triggers the requirement for property tax payment. This requirement did not change with the integration of CPA into The City.

Return requirements during COVID-19

The COVID-19 pandemic drastically reduced parking demand, dropping to 35 per cent of 2019 levels during peak restrictions. To support Calgarians and businesses, enforcement activities were reduced and parking prices were lowered in many locations. CPA also provided over \$4 million in direct support through relief programs such as 30-minute free parking, vaccine clinic parking, and free on-street patio support. New products were developed, such as the flex pass, which meet customer need by offering a block of monthly parking sessions at a significantly reduced rate. While activity is returning, parking revenues are still below pre-COVID levels.

As such, Calgary Parking has not met the \$11 million minimum return requirement since 2020. To address the City's budget requirements, interim approaches included:

- 2020: CPA received a \$10.3 million COVID relief payment of \$10.3 million from the Province of Alberta, which was used to meet the \$11 million distribution to The City.
- 2021: City Council waived the \$11 million distribution requirement, and no distribution was returned.
- 2022 and 2023: A combination of measures supplemented the return amount to reach \$11 million:
 - Foregoing the annual \$3 million contribution to the Calgary Parking Capital Reserve
 - Using investment income earned on reserves
 - Redirecting the 35 per cent normally retained by CPA

While these approaches are suitable in the interim, they are not sustainable long-term approaches.

Review of Distribution of Past Parking Revenues

The Parking service has generated an ongoing return to The City of Calgary after accounting for all expenses, averaging \$24.7 million per year since 2014. This return equates to a 1 to 2 per cent decrease in overall property taxes during this period.

Reviewing Existing Commitments

Before any changes are made to the revenue policies, it is important to understand the potential impacts of redirecting such funding. Below is an overview of each funding component, and the potential impacts.

Distribution of Funds from Parking Sales:

These items are funded by the 65 per cent of net revenues from parking sales provided by Calgary Parking to The City. If the 65 per cent amount is lower than \$11 million, then the \$11 million amount applies. This component includes the sale of all parking products, permit sales, net revenues from the Municipal Impound Lot, revenue from the management of internal and third-party parking facilities, ParkPlus and other software contracts, and investment revenue.

\$1 million annual contribution to the Transportation Capital Budget

This policy has been in place for many years to support the overall transportation capital investment program. This funding source has no limiting conditions as to what can be funded with this money, unlike other grant programs.

However, it has not been indexed with inflation and represents less than 2 per cent of the transportation infrastructure budget in the 2023-2026 cycle.

Given changes in Calgary's growth and funding sources, it is recommended that this policy be concluded and the funds be redirected to the Streets service.

Recommendation: Conclude this policy.

\$500 000 annual contribution to fund Transportation Planning initiatives

This funding stream was approved in 2017 as part of the conclusion of the downtown cash-in-lieu program (TT2017-0044). Prior to this time, the \$500 000 annual contribution was being made to the Parking Land Acquisition fund to support purchase of future lands for downtown cash-in-lieu facilities.

The funding has been used to support the Parking Strategist position in the former Transportation Planning business unit (now located in the City & Regional Planning business unit). This arrangement contributed to enable a previous budget reduction request by finding an alternate funding source for this work. The funds

also provided funding for parking studies, strategic initiatives and the 2020 Municipal Development Plan / Calgary Transportation Plan update.

With the integration of CPA into The City, parking duties are adjusting and all City staff supporting the Parking service will be part of the self-supporting budget, reducing the need for separate funding.

Recommendation: Conclude this policy and incorporate this role into the self-supported budget.

Remaining budgeted revenues to City General Revenue Program

Unallocated revenues collected from parking are provided to The City's General Revenue Program, averaging \$8.4 million over the past 10 years.

Redirecting of these funds to specific purposes would require a corresponding decrease in tax-supported budget to avoid impacting the overall property tax rate. If the funds are allocated without any offset, this would require an increase to the property tax rate of approximately 0.36 per cent.

Recommendation: Maintain providing remaining funds to the City's General Revenue program.

Distribution of Funds from Enforcement:

Allocation of net revenues to City General Revenue Program

Net revenues from enforcement are provided to The City's General Revenue Program, averaging \$5.1M over the past 10 years.

This approach ensures there is no direct benefit to the parking service line in terms of achieving ticket quotas as the revenue is not retained within the service. This allows the Parking Safety & Compliance unit to focus on compliant behaviours rather than revenue targets and conforms with enforcement best practices..

Enforcement revenues offset approximately 0.22 per cent of the property tax rate annually.

Recommendation: Maintain providing net enforcement revenue directly to The City's General Revenue Program.

Reviewing Surplus Funds

Once all parking return commitments have been met, surplus funds are split between the Parking Revenue Reinvestment Program and The City's General Revenue Program. This arrangement was established in 2016 in conjunction with the conclusion of the downtown cash-in-lieu program, as the funds had formerly been placed in the Parking Land Acquisition fund, which was no longer needed.

The impacts of the COVID-19 pandemic has resulted in no surplus funds available since 2019. As a result, the funding for this program only occurred between 2016-2019.

Distribution of Surplus Funds

50 per cent of surplus funds to the Parking Revenue Reinvestment Program

Half of surplus funds were placed in the Parking Revenue Reinvestment Reserve, distributed proportionally to the revenue generated in each BIA or CA area. This has resulted in an investment of \$7.6 million since program inception.

The surplus model has led to an inconsistent availability of funds, with some years receiving large amounts, and others none. Increasing funding stability is recommended and the program is reviewed in more detail later in this report.

Recommendation: Review the Parking Revenue Reinvestment Program to increase stability and certainty of funds.

50 per cent of surplus funds to the City's General Revenue Program

The balance of the surplus was retained by The City. Initially, the funds were directed to the former Budget Savings Account program; this policy was updated to direct funds to general revenues in 2021 as part of the policy changes in report C2021-1185. The overall amount from surplus funds directed to general revenues was \$8.1 million.

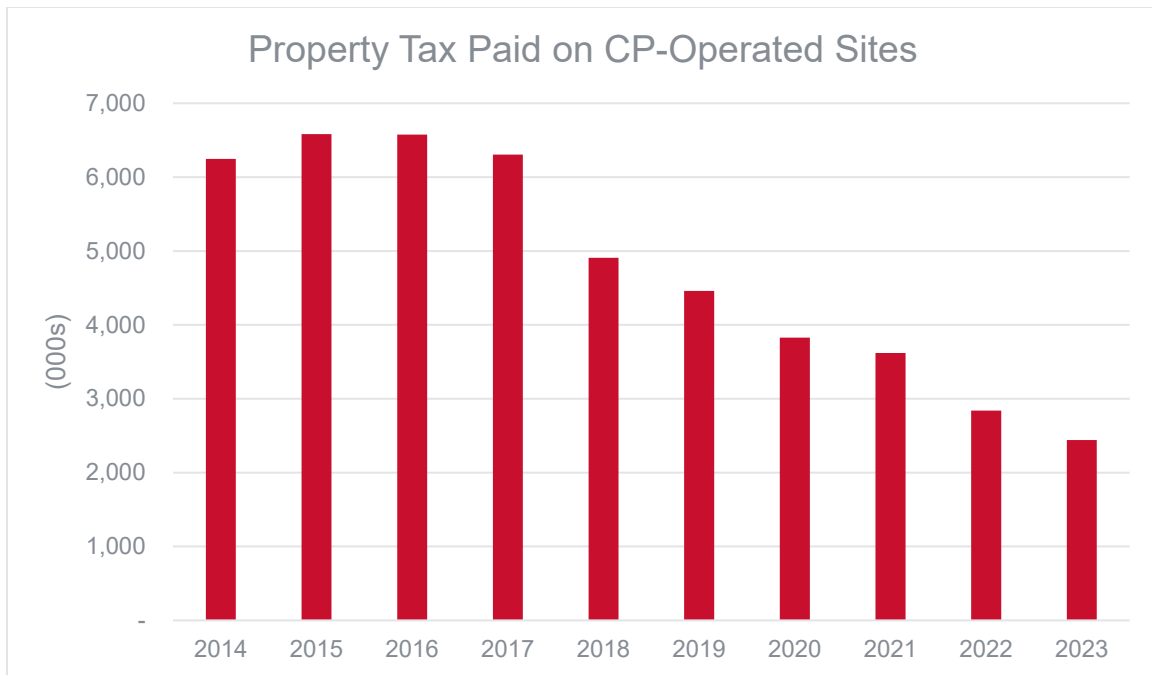
Recommendation: Combine surplus revenues with the overall net revenue return to The City's General Revenue Program.

Other City Returns

In addition to the return amounts provided, Parking provides direct returns as part of operational expenses and as a service provider to other City services/Business Units.

Property Tax

As discussed earlier, Calgary Parking is required to remit property taxes on any property generating a net profit. This amount can vary significantly from year to year, as it depends on several factors such as the assessed value of the property in question and the level of parking activity. If the net revenue of the parcel is less than the property tax owing, the parcel will be considered tax exempt. However, if the parcel earns more net revenues than the tax owing, tax is then due. This includes properties such as the Municipal Impound Lot. In the ten-year period from 2014 to 2023, \$47.8 million was paid in property tax for City-owned sites operated by Calgary Parking.



Direct Transfers to City Units

Calgary Parking manages parking for several City properties that are stewarded by other Business Units. This funding stream is the net revenue for these properties back to their respective Business Units.

A summary of direct distributions back to The City is provided below.

Distribution Type	Current Approach	Net Return (2023)
Fines and Penalties	100 per cent of net revenues – return to City General Revenue Program	\$9,578,000
Sale of Parking and other parking revenues (Impound Lot, parking management, technology, space rentals, etc).	Greater of 65 per cent of net revenues or \$11 million return to City and distributed per Calgary Parking Policies. Remainder retained by parking service – historically placed in Long Term Investment Fund.	\$11,000,000
Property Taxes	MGA requirement that properties generating a net profit pay property tax, even if municipally owned.	\$2,442,130
Direct supports for City Business Units and partners	Revenues from parking sales for managed lands, varies by agreement.	\$1,694,900
External support through Surplus Funds	Parking Revenue Reinvestment Program – 50 per cent of surplus revenues placed in reserve for access by eligible BIA and CAs. Surplus is defined by the amount exceeding the amount in The City’s annual budget.	\$2,131,000

Funding Retained by the Parking Service

As an arms-length entity, CPA had several responsibilities within the operation to ensure that it could both achieve short-term needs and long-term sustainability. These items were funded by the 35 per cent net revenue component retained by CPA after the distribution to The City had been provided.

The previous Calgary Parking Committee had set up specific commitments to address these needs by way of two reserves, the Calgary Parking Capital Reserve and the Calgary Parking Long-Term Investment Fund. These reserves were operated by The City's Treasury team but were considered outside of the City's reserve system. As part of the triennial reserve review report for 2022 (Report EC2023-0466) these reserves were incorporated into The City reserve system. Each reserve had an annual contribution component.

\$3 million annual contribution to the Calgary Parking Capital Reserve

In 2020, the Calgary Parking Committee approved an annual contribution of \$3 million to the Calgary Parking Capital Reserve Fund to provide funds to sustain capital infrastructure. This reserve provides funding for all of Calgary Parking's capital needs; including facility maintenance and lifecycle, vehicles, payment equipment and all technology needs to support the ParkPlus system and infrastructure. As a result, the Parking service does not need to draw on other capital funding sources.

The current balance of the reserve is \$154 million. This includes the \$37 million that was transferred from the Cash-In-Lieu Lifecycle Sustainment Reserve that was closed as part of EC2023-0466.

Building condition assessment reports and technology planning has determined that a total of \$296 million is needed over the next 30 years to support the parking service's ongoing capital needs and commitments to cash-in-lieu facilities. The current \$3 million annual contribution is not sufficient to meet this need.

Recommendation: Review the annual contribution amount for the Calgary Parking Capital Reserve to ensure the fund can sufficiently support future capital requirements.

Contribution to the Calgary Parking Long-Term Investment Fund

The Calgary Parking Long-Term Investment Fund was created by CPA in 2019 to increase returns on funds available for strategic initiatives. This included potential land purchases, opportunities for the ParkPlus technology, or other items that supported the stability of the service. An example of the use of this fund was the construction of Platform Parkade, which opened in 2021 and supports East Village redevelopment. Additionally, as part of the 2023-2026 Service Plans and Budget, Council directed that \$20 million from the fund go to support the 5A network. Currently, there are no other projects planned or allocated for from this fund.

Recommendation: Review the Calgary Parking Long-Term Investment Fund to determine how it can best support both the Parking service and the broader needs of The City.

Summary

In summary, the recommendations based on the review of the existing policies is as follows:

Existing Policy	Recommendation
\$1M per year to the Transportation Capital Plan	Conclude
\$500 000 per year to support Transportation Planning Initiatives	Conclude
50 per cent of Surplus Funds made available for the Parking Revenue Reinvestment Program	Review to increase stability of funding
\$3M per year to support the Calgary Parking Capital Reserve	Review amount to ensure future liabilities sufficiently addressed
Remaining funds transferred to The City allocated to the General Revenue program	Maintain
Place remaining funds retained by Calgary Parking into the Calgary Parking Long-Term Investment Fund	Review the need for this fund and approach

Policy Principles to Guide Returns

The integration of CPA into The City changes the dynamic in terms of revenue allocation and retention. The existing policies were developed with a frame that CPA, as an arms-length unit of The City, was entitled to retain a portion of revenues to further business objectives. An integrated Calgary Parking unit can continue to meet business sustainment requirements while making more funding available to City priorities.

Maintaining a self-supported service

The Parking service is the only City service that generates a profit that is then made available for other City priorities. This also allows the service to be self-supported by users and not require any tax support. The service also competes in a competitive market with other parking operators and landowners. The City's market share in this competitive marketplace is directly correlated to its ability to influence parking supply through long-term strategic planning.

Existing policy already directs that the parking operation be self-supported and return annual proceeds to The City. It is recommended that this policy be retained and strengthened to reinforce that the service is not tax-supported.

As The City's parking service provider, Calgary Parking provides several parking services to internal City Business Units. These include services such as:

- Managing parking lots on lands stewarded by other Business Units and respectively returning a net revenue from sales.
- Selling parking to Business Units that can be used for parking fleet or staff.
- Making parking temporarily available for parking supply impacted by City projects.
- Providing software solutions, such as the Calgary Transit Reserved Parking application.

These services are provided similar to what would be provided to the general public or third parties. The City pays market prices for parking and parking management services. Calgary Parking also has contracts with many Civic Partners to manage their parking facilities, under similar terms.

It is recommended that this approach be continued, rather than eliminating internal fees for service. This ensures that units are using parking services efficiently in alignment with Council's overall policies for the service line. This also keeps Calgary Parking's offerings comparable to the private market. For infrastructure projects that require temporary parking, the cost should be included in the project budget, aligning with the approach used by enabling services. Parking funds generated from this approach contribute to the annual net return provided back to The City. Changing this approach would have a significant impact on revenue returned. If there are unique needs for further support from Parking, it is recommended that the respective area make a case for the use of funds during the annual service plans and budget process, ensuring transparency.

Recommendation: Strengthen the self-supported nature of the parking service, with a focus on providing the maximum return to City general revenue for allocation.

Recommendation: Business units should seek to use the annual return amount if support is needed from Parking, rather than receive discounted services directly from Parking.

Supporting our community

Calgary Parking Authority and Calgary Parking have a rich history of supporting the Calgary community through reduced rates for lot rentals, parking discount programs and the CPA Parking Sponsorship Program. As with all service lines, The City's commitment to social responsibility and community building is clearly shown in Parking service projects and ongoing programs. An example of this is the ongoing Road Home initiative that has been operating for more than 10 years. Calgarians can make donations to the Calgary Food Bank or Calgary Homeless Foundation through ParkPlus machines located throughout the city and anywhere using the mobile app.

Several award-winning initiatives such as High Park at the City Centre Parkade, community amenity space at Platform Parkade and the ParkPark installation at Lot 43 in Inglewood have added extra spaces and a sense of place to the communities Calgary Parking operates in. These efforts are in addition to the funding allocated by The City to support the Parking Revenue Reinvestment Program which provides direct investments into communities that use paid parking.

The integration of Calgary Parking has revealed instances where duplicative support or misaligned support of initiatives The City had already decided not to support. There is a perception that Calgary Parking can absorb costs to support events and initiatives since it generates a net revenue. However, Calgary Parking is also not well positioned to adjudicate the merits of each event, leading to inconsistent community support.

It is recommended that Calgary Parking supports align with existing City processes and have one intake process for requests for support. While Calgary Parking can still provide occasional support or sponsorship (similar to any other Business Unit) community requests should be considered corporately.

Recommendation: Harmonize Calgary Parking's support for community events and non-profit groups with existing City processes.

Role of Price

Calgary Parking responds to different parking constraints and market factors in the different settings that it operates in. On-street and off-street parking facilities serve different purposes and different factors are used to determine prices. In all cases, the principles of the user fees policy guide pricing strategy.

The off-street parking provided by Calgary Parking is strategically located to provide publicly available parking in areas where it acts as a community amenity (provides parking in parking-scarce areas) and where it contributes to city planning objectives (located where it minimizes traffic congestion and Greenhouse Gas emissions). These facilities ensure that there is a reasonable access for all Calgarians to short and long stay parking throughout the downtown and nearby neighbourhoods, despite operating in a competitive market. However, this parking is also provided in a market that has other competing providers. Currently, Calgary Parking operates less than 20 per cent of off-street parking stalls in downtown Calgary.

Calgary Parking Authority's governing bylaw delegated pricing of parking to the CPA, factoring in cost recovery and City policies. This practice has continued since the integration of CP into The City but is not explicitly outlined in a policy document. Typically, off-street parking is priced lower than on-street parking (which is more convenient), to encourage better utilization of the total parking supply. Structured and heated

parking facilities are priced higher than comparable surface parking. Historically, Calgary Parking has priced parking at about 90 per cent of the average rates of competing lots. Promotional rates are sometimes used to maximize lot usage and to promote new offerings.

Unlike policies for commercial and residential on-street parking (section 4.1 of *Calgary Parking Policies*), this approach has not been formally codified in policy to guide the parking service. It is recommended that policy be added to provide guidance on off-street prices.

Recommendation: Adopt policy to set off-street parking prices at 90 per cent of surrounding market prices as a general guide.

Recommendation: Adopt policy to allow promotional rates to maximize lot usage and to promote new offerings.

Role of Supply

The ability for Parking to maintain an annual return depends on the amount of parking supply under operation. This is particularly true of lots where Calgary Parking is the steward, such as parkades in the downtown that were constructed through the cash-in-lieu program. For these lots, Parking can return the full net revenue amount as part of the return. For lots operated on behalf of another Business Unit, a management fee is retained, and net revenue is returned to the respective Business Unit, (typically offsetting their tax funding).

Since 2014, Calgary Parking managed supply has dropped by 5.5 per cent (465 stalls), despite new facilities such as the Platform parkade. This leaves the current supply managed by Calgary Parking at 8100 stalls. An additional 6.0 per cent (560 stalls) has been allocated to the Calgary Municipal Land Corporation (CMLC) to support development in East Village. Further, 9.0 per cent (761) of stalls have been identified to support corporate partners and initiatives, like repurposing Lot 6 for future park and event uses. If this total supply is removed from inventory, Calgary Parking's total off-street supply would be reduced to 6315 stalls, which would be a 15 per cent drop from current levels.

This reduction impacts the long-term strategic function of Parking to influence city planning outcomes, and makes it difficult to meet a fixed, minimum revenue return. As such, an updated policy should focus on a scalable return that can maximize returns at any supply level. Further, Calgary Parking should explore possibilities to collaborate with corporate partners to manage existing inventory to support annual returns and ensure that corporate partners are making existing supplies available for Calgary Parking to manage. This would be a subsequent piece of work.

Recommendation: Eliminate the \$11 million minimum requirement for the net parking operations return due to the forecasted reduction in parking supply.

Recommendation: Explore opportunities to work with corporate partners to further manage off-street parking inventory to support the annual revenue return.

Proposed Principles

Considering the above, the following principles are recommended for inclusion in section 3 of *Calgary Parking Policies* to guide the use of net revenues generated by the Parking service:

Proposed Principle	Rationale
The Parking service shall be self-supported and not require tax support	The service generates a net profit and should not rely on tax revenues
Maximize the return of net revenues from Parking to The City by way of an annual return	So long as parking is self-supporting from a capital and operating perspective, any net revenue can be made available to The City for reinvestment.
Support City priorities through use of the annual return rather than directly from the Parking Service	Increase transparency of support for various initiatives through requests to access the return, rather than direct support.
Harmonize support for external festivals, events and non-profit activities through existing City processes	By leveraging existing City processes, requests are streamlined and only a single request is required to receive supports that include parking.
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	Prices are set based on prevailing market prices and consider current parking demand. Once these are accounted for, prices will be set to be less than the market average price.

A Proposal for Revenue Reallocation

Reviewing revenue retention by the Parking Service

Today's parking revenue policies were created under the premise that there was a need for Calgary Parking Authority to retain a share of the parking revenue to support the arms-length entity, while ensuring The City received a minimum return (\$11 million) from parking sales. CPA used the retained earnings to fund the Calgary Parking Capital Reserve, and surplus revenues were placed into the Calgary Parking Long-Term Investment Fund to support strategic priorities.

Administration considered a range of revenue 'splits', from the existing 65 per cent return to The City, all the way to 100 per cent return of net revenues from parking sales going to The City, similar to the enforcement function. Providing 100 per cent of net revenues from parking sales to The City is recommended for several reasons:

- This option maximized transparency for the use of parking returns as they are transferred to The City's general revenue for use, rather than the Parking service directly supporting activities.
- If a percentage of net revenues was retained by Parking, the remaining amount, after funding the Calgary Parking Capital Reserve, was not significant enough to enable land purchases or other large strategic needs for the Parking service.
- It would not be possible to provide funding to address Council's requests through the Streets Notice of Motion if Parking continued to retain 35 per cent of net revenues.
- The Parking service can continue to be self-supported under this approach.
- Moving to returning 100 per cent of net revenue aligns Parking with other self-supporting business units.

Given the above, the move towards sharing 100 per cent of net revenues from parking operations is recommended. Given the expected reduction in supply, a minimum floor amount would no longer be advisable.

Recommendation: Adopt policy that 100 per cent of net revenue from Parking operations is returned to City general revenue.

One item that was identified in the review was that revenues from the Municipal Impound Lot were considered as part of the revenue from Parking operations. Given the nature of activity at the Impound Lot and the link to parking enforcement, it is recommended that this amount be included with the parking enforcement return, rather than the parking operations return. This supports the general mandate of the Impound Lot to be self-supporting within the Parking service.

Recommendation: Include net revenues from the Municipal Impound Lot as part of the net revenues from parking enforcement, rather than parking operations.

Addressing support for specific needs

By returning 100 per cent of net revenues from parking operations, The City can use the additional funding to address specific priority areas, in addition to funding general operations. The following specific supports are proposed to be deducted from the net revenues received. After these allocations, the remaining amount would be available to the corporate general revenue program.

Funding Street Infrastructure (Notice of Motion)

The Parking and Streets service lines are interdependent with considerable overlap. On-street parking is one of the many curbside uses of public street space, and parking administration practices efficiently manage curbside function of the streets, improving traffic flow and safety. This relationship includes several examples of expenses in one service lines which provides a secondary benefit to the other. For example, streetlighting’s primary purpose it to light streets and adjacent sidewalks, but parking is a service that is often located in between.

A review of expenses in the public right-of-way outlined that there are several key areas that are within the Streets service that provide a benefit to the Parking service. The general cost breakdown of annual expenses for street space used by parking is as follows:

Item	Average Annual Cost
Streetlighting	\$771,000
Parking Signage	\$241,000
Surface maintenance (pavement repair, markings, etc)	\$1,021,000
Surface cleaning (snow and sweeping)	\$771,000
Overall annual costs	\$2,804,000

These costs are approximately \$2.8 million per year. Unlike other City service lines with parking assets, Calgary Parking does not provide a revenue return to Streets for revenue associated with on-street parking. If Calgary Parking were to operate an off-street lot of the size and revenue of the paid on-street parking system, a net revenue return to the owner would be approximately \$8 million per year. This revenue stream and the standard used when working with other service lines justifies a transfer to offset the expenses that the Streets service makes to support the Parking service.

A \$3 million annual contribution to the Streets service can be accommodated within the existing budget and will address the direct expenses from the street system. The amount is slightly higher than the \$2.8M to allow for some flexibility in annual costs or indirect costs that may not be captured in the analysis. This funding will go to support infrastructure maintenance levels for the street system. As of 2023, there were 7012 on-street paid parking spaces. It is recommended that the \$3 million annual amount be factored each year based on the changes to the on-street parking supply relative to the 2023 supply amount.

Recommendation: To direct \$3 million annually to the Streets service to support street infrastructure, to be scaled annually based on the current paid parking supply.

Supporting External Events and Non-Profits

Historically, Calgary Parking has provided various supports to enable community festivals and events. This typically includes closure of parking lots to support event activities (i.e. event rentals), which can include discounts on parking for various events or organizations. Event rental rates for non-profit groups are significantly discounted and registered charities receive a further discount, where they are only required to pay a \$25 rental fee for a lot closure, and are not required to address any loss in parking revenues. This support was estimated to be \$191,000 in 2023.

The integration provides the opportunity for Calgary Parking to work more closely with The City’s Festivals & Events team and other internal units to enable a single intake for subsidy requests for City-supported events. This way, event organizers do not need to make multiple requests for City support, and The City provides a consistent perspective on the level of support provided to events.

A \$200,000 annual amount will be set aside to provide support for these requests. The exact mechanisms will be determined in conjunction with the Festivals & Events team. It is expected that there will be a division between event support, and targeted parking discounts for non-profit organizations. This amount should be reviewed prior to each business plan and budget cycle based on the demand for support, and any policy changes brought to the budget cycle if necessary.

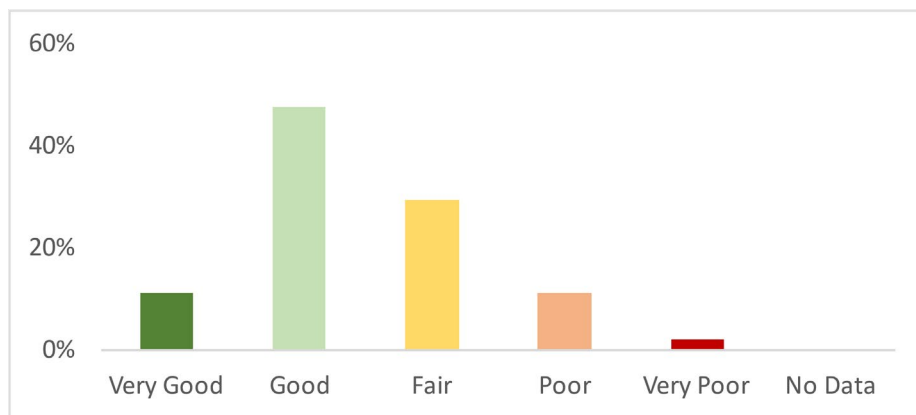
Recommendation: To direct \$200,000 annually to support external festivals, events and non-profit parking programs.

Ensuring sufficient capital to maintain the Parking service

With the proposed policy changes, funding of the Calgary Parking Capital Reserve would be the only location where parking funds are retained within the Parking service.

Ongoing building condition assessment work, as well as technology planning has determined that a total present value of \$296 million (\$404 million undiscounted) in capital projects over the next 30 years is needed to support the parking service’s current operations. Calgary Parking’s physical core assets include 13 parkades (built between 1978 and 2019) and 32 surface lots. While several assets are in good condition, parking assets can deteriorate quickly due to their exposure to weather elements and salts left from vehicles, which can penetrate structural members. Underground facilities are also vulnerable to seepage. Several of the major facilities (City Centre, Harmony, McDougall, City Hall) are older than 40 years old and require more significant rehabilitation over time as building components deteriorate. It is

Condition of Parking Assets (2022)



more cost effective to maintain these structures rather than build new ones. If maintenance is left too long, the facility (or portions of) will need to be closed and a loss in revenue will result.

Additionally, the capital program funds the ParkPlus technology stream and maintains Calgary Parking's technology infrastructure. Capital costs to maintain the software and network environment are approximately \$2M per year. This enables Calgary Parking to provide bespoke parking software to manage the parking system. While the system is continually evolving to address current operating environments, ensure regulatory compliance and system security needs, many software components require 'lifecycle' development so that they do not become obsolete.

Using financial modeling with a 4 per cent annual yield on existing reserves and a 2 per cent inflation rate, the current \$3 million annual contribution is not sufficient to meet this overall need. An increase in annual contributions to \$4 million is recommended to enable the service to continue to be self-supported and not require capital support from The City.

As the amount will adjust over time, it is recommended that the Calgary Parking Capital Reserve terms be amended to include the initial amount directly and review this target amount as part of the triennial reserve review process.

Recommendation: Adjust the terms of the Calgary Parking Capital Reserve to set an annual contribution (initially to be \$4 million per year) for asset maintenance, to be reviewed on a regular basis as part of the triennial reserve review process (informed by building condition assessments and technology planning).

Providing direction for the Calgary Parking Long-Term Investment Fund

The current balance of the Long-Term Investment Fund is \$53.56 as of the end of 2023. A \$20 million allocation to the 5A network was approved by Council in 2022 but has not yet been withdrawn. A recommendation to place this funding in the Reserve for Future Capital will be included in the Council report.

The fund was reviewed relative to the strategic intention of funding land purchases or system expansion. The fund balance was not significant enough to fund a new structured parking facility. While land could be purchased to enable surface parking, the revenues generated from a surface parking operation would have a very long payback time, particularly if the parking facility is in a location with low parking prices, such as a main street. The downtown parking strategy review completed in 2016 envisioned a supply reduction over time with no further public parking structures and the cash-in-lieu program was ended at that time. With the \$4M per year recommendation to support the Calgary Parking Capital Reserve, additional funds are not necessary, except for an amount to fund electric vehicle charging infrastructure. As this is new infrastructure (rather than maintenance infrastructure) it is not currently funded by the reserve. This will enable Calgary Parking to implement climate action measures. After this allocation, this leaves \$20 million available to Council that would be placed into the Fiscal Stability Reserve for future allocation.

Dispersal of the remaining \$33.56 million is recommended as follows:

- \$20 million to the Fiscal Stability Reserve (FSR)
- \$3 million to fulfill the allocation of \$1 million annually to transportation capital (as part of the outgoing policy) that has been programmed in the 2023-2026 budget
- The remaining balance (\$10.56 million) would be moved to the Calgary Parking Capital Reserve to support electric vehicle charging infrastructure

Recommendation: To close the Calgary Parking Long-Term Investment Fund and make funds available for other corporate priorities.

A more predictable Parking Revenue Reinvestment Program

The Parking Revenue Reinvestment Program was established in 2016 to provide direct investment benefit back into the areas where there is paid parking. This is considered best practice in parking planning, but Calgary is unique in that it is one of the few jurisdictions in North America that invests parking revenues directly back in these areas. Today the program allows for fifty per cent of net returns above the budget amount (the surplus) from the sale of parking to be placed in a reserve for the reinvestment in public realm improvements. The reinvestment amount is proportioned between the share of revenues generated within Business Improvement Areas (BIAs). There is a separate allocation for revenue not associated with a BIA. 2017 was the first year that funds were made available from parking revenues.

These funds are used to fulfill the following objectives in paid parking areas:

- Facilitate a strong pedestrian environment
- Further the implementation of complete streets
- Provide incremental improvements to area parking
- Enhance area urban design
- Add to the vibrancy of the area

Due to the pandemic, there has been no surplus revenue available to support this program since 2020. The average annual distribution for this program was in the order of \$1.5 million from 2017 to 2020.

The program's reliance on surplus revenues makes it highly dependent on the forecasted budget for parking revenues rather than the actual parking activity generated by the area. The current 2023-2026 budget has a conservative forecast for parking operational net returns. This resulted in a \$2.13 million surplus in 2023. As Calgary Parking was required to return a minimum of \$11 million return from parking operations, but the anticipated returns in the 2023-2026 budget were much less, thus the surplus that was generated was somewhat artificial. If the existing policy is maintained, the budget should be adjusted to match the \$11 million in future years until such time that parking operations are anticipated to be above \$11 million (current forecast is 2025). However, this would eliminate contributions to the program as a result.

The current surplus calculation does not separate out the source of revenues. Therefore, in addition to on-street revenues, revenues from off-street parking lots, ParkPlus sales, and the Municipal Impound Lot contribute to these amounts, though that was not envisioned when the program was approved. The revenues from many of these items are not directly linked to activity from parkers in these areas.

To provide consistent funding to BIAs for public realm improvements, Administration reviewed and conducted a comparison analysis on the following funding models:

- Surplus model (current program)
- Surcharge model (per transaction charge)
- Surcharge model (per hour charge)
- Flat fee model
- Percentage of net on-street revenue

The surcharge models would include an additional fee of \$0.25 to \$1.00 on the transaction or the hourly rate. The surcharge fee collected will be placed in a reserve to be used by the respective BIA.

The flat fee model includes an annual contribution of \$500 000, \$1 million, or \$1.5 million from Parking net revenue to be placed in a reserve fund for public realm improvements in BIAs. The funds would be distributed based on the proportion of paid parking stalls within the respective area boundaries.

The percentage of net on-street revenues model operates by sharing 10 per cent of annual on-street net revenue with BIAs. Therefore, BIA allocations will align with actual parking sales within the BIA areas.

The table below provides further details of each model:

Funding Model	How it Works	Projected Distribution	Advantages	Disadvantages
Surplus Budget (Current Model)	<p>The City reinvests a portion of net returns above the budget amount (the surplus) from the sale of parking into paid parking areas to fulfill policy objectives.</p> <p>The reinvestment amount will be proportioned between the share of revenues generated within BIAs and outside of BIAs</p>	<p>BIA Total: \$ 1,859,000</p> <p>CA Total: \$ 272,000</p>	<p>This model does not negatively impact Parking's revenue contributions to The City because they are based on budget surpluses</p>	<p>This model allows for inconsistent funding to BIAs and CAs for future projects and programs because funding is only provided when there is a surplus.</p>
Surcharge (Per Transaction)	<p>A surcharge of \$0.25, \$0.50, \$0.75 or \$1.00 will be applied to each on-street transaction within a specific BIA boundary.</p> <p>BIAs are required to apply for the program and select the surcharge amount.</p> <p>Revenue from the Market Permit program will be allocated to the distribution for CAs</p>	<p>BIA Total: \$817,000 to \$3,270,000</p> <p>CA Total: \$140,000</p>	<p>This model allows for consistent and predictive funding for BIA and CA future projects and programs</p> <p>This model does not negatively impact Parking's contribution to The City because the contributions are based on an applied surcharge in addition to the existing on-street rates</p>	<p>This program requires significant administration such as the application process, implementation of surcharge, and the distribution of funds.</p> <p>This approach can create inequities between areas that chose to have surcharges and those that do not. Areas that do not apply a surcharge would not receive parking revenue (but parking would be less expensive)</p>
Surcharge (Per Hourly Rate)	<p>A surcharge of \$0.25, \$0.50, \$0.75 or \$1.00 will be applied to the hourly parking rate within a respective BIA boundary</p> <p>BIAs are required to apply for the program and select the surcharge amount.</p> <p>Revenue from the Market Permit program will be allocated to the distribution for CAs</p>	<p>BIA Total: \$831,000 to \$3,322,000</p> <p>CA Total: \$140,000</p>	<p>The model allows for consistent and predictive funding for BIA and CA future projects and programs</p> <p>This model does not negatively impact Parking's contribution to The City because the contributions are based on an applied surcharge in addition to the existing on-street rates</p>	<p>This program requires significant administration such as the application process, implementation of surcharge, and the distribution of funds.</p> <p>This approach can create inequities between areas that chose to have surcharges and those that do not. Areas that do not apply a surcharge would not receive parking revenues (but parking would be less expensive)</p>

<p>Flat Fee Model</p>	<p>A flat fee amount of \$500,000, \$1,000,000 or \$1,500,000 from Calgary Parking net revenues will be placed in a reserve</p> <p>Funds will be distributed to BIAs based on the proportion of paid on-street stalls within their respective boundary</p> <p>Revenue from the Market Permit program will be allocated to the distribution for CAs</p>	<p>BIA Total: \$333,000 to \$999,000</p> <p>CA Total: \$140,000</p>	<p>This model allows for consistent and predictive funding for BIA and CA future projects and programs</p>	<p>This model will negatively impact Parking's contribution to The City because a portion of net revenues will be placed in a reserve for the exclusive use of BIAs.</p> <p>There is no direct link to increased parking activity, as it only supports the proportion of distribution.</p>
<p>Percentage of Net On-Street Revenue from Parking Sales</p>	<p>10 per cent of net on-street revenues shared with generating area.</p>	<p>BIA Total: \$997,000</p> <p>CA Total: \$140,000</p>	<p>The amount is predictable and directly linked to parking activity in BIA and non-BA areas.</p> <p>The approach can be accommodated within the existing program.</p> <p>Parking revenues from other parking operations are fully retained by The City</p> <p>Administration of this method is simpler than the surcharge models</p>	<p>This model will negatively impact Parking's contribution to The City because a portion of net revenue will be placed in a reserve for the exclusive use of BIAs</p> <p>Areas no longer receive revenues from parking services other than on-street parking.</p> <p>Areas that relied heavily on off-street revenues to support the return will receive less funds (e.g. Downtown)</p>

BIAs and CAs were consulted on the surcharge options for funding and feedback was provided through a survey conducted by Calgary Parking. Key comments included:

- **Consistency:** If there was a predictable amount available each year, it would help with budgeting for area improvements.
- **Support for surcharge model:** Some respondents were in favour of the surcharge model being implemented. Proponents see the benefits of consistent funds being available, where those opposed were concerned about potential impacts and perceptions of consumers.
- **Clarification of impacts:** BIAs wanted to see a cost benefit comparison of different surcharge rates subsequently prepared and presented it to the BIAs.
- **Impact on customer base:** Perception that it may create a barrier to accessing businesses.
- A proposal was submitted requesting that the formula for the allocation of funds within areas overlapping with BIAs be made more equitable by distributing 50 per cent of the funds to the CA and 50 per cent to the local BIA. (Submitted by Beltline Neighbourhoods Association).

The net revenue share model was developed as a subsequent option to address concerns identified from exploring the surcharge model. It addresses the consistency of funding impacts and maintains a link between the area and the amount of revenue generated. It eliminates any perception barriers to accessing businesses.

Recommendation: To adopt a 10 per cent share of net revenue policy for on-street paid parking in generating areas.

Analysis of sharing net revenues from residential parking permits (Motion Arising)

With updates to the Residential Parking Permit (RPP) program, a market permit and low-income market permit were made available to residents in large multi-residential buildings. The product offers a parking

option for residents who would otherwise be ineligible at rates comparable to off-street options. The market permit rate structure is as follows:

- \$105/month (city centre zones)
- \$75/month (inner-city zones)
- \$50/month (suburban zones)
- \$2.50/month (low-income market permit – all zones)

This rate structure is intended to encourage on-site parking as a primary parking choice for residents but provides an additional option for circumstances where this is not possible.

As of June 2024, Market Permit uptake is approximately 280 permits including 185 permits and 130 low-income permits. The projected net revenue for the market permit is approximately \$140 000 annually for 2024 and approximately \$160,000 in 2025.

The proposed changes to the Parking Revenue Reinvestment Program maintain the existing process of proportioning revenues generated in a specific area back to that area. Revenues are placed in the Parking Revenue Reinvestment Reserve, and Community Associations may make requests of the reserve to use the funds on infrastructure and public realm improvements that enhance the area where monies are generated. Given that prices for the market permits are set based on surrounding market prices, rather than program costs, the net revenue can be made available for reinvestment by way of the Parking Revenue Reinvestment Reserve.

Policy changes can be made to allocate this net revenue to the non-BIA component of the program because these funds are generated exclusively from residents. This recommendation would address the motion arising from Council to share Market Permit revenues with Community Associations for investments in public realm infrastructure through the Parking Revenue Reinvestment Program. It also helps partially address the proposal to increase the share of parking funds between BIA and CA areas. For clarity, it should be noted that this approach does not flow net revenues directly to Community Associations. Rather, they may submit eligible projects to the Parking Revenue Reinvestment Program, and the program will determine an amount of support that will consider the proportional share of revenue generated by the participating community.

Although no formal request has been made by Council, there have been discussions about sharing net revenues from standard and select residential parking permits. These permit fee levels have been set to achieve cost recovery for the permit program. There is no anticipated surplus revenue from these permits and adjustments to permit prices are considered each 4-year budget cycle to align with the cost recovery objective. As a result, no policy on sharing net revenues for standard and select residential parking permits is proposed.

Recommendation: To allocate 100 per cent of net revenue from the Market Permits to the Parking Revenue Reinvestment Program, to be allocated proportionally to CAs based on the net revenue generated in the respective area.

Supporting program administration

The Parking service is currently working to align the administration of the Parking Revenue Reinvestment Program with the Partnerships Business Unit that already works regularly with BIAs and CAs.

Administration of the program includes tracking available funding by areas, considering requests from BIAs and CAs to use funds and approving eligible costs, and reporting. Previously, these activities would have been addressed as part of the \$500,000 per year contribution to Transportation Planning. As this policy is proposed to be concluded, we recommend funding a separate FTE position (estimated to be \$140,000 per year) to support a position to administer this program.

Recommendation: Allocate funding for one FTE to support administration of the Parking Revenue Reinvestment Program.

Summary of Proposed Policy Changes

The table below summarizes each policy item with recommended direction:

Policy Item	Recommendation
100 per cent of net enforcement revenues to city general revenues (excluding impound lot)	100 per cent of net enforcement revenues to city general revenues (including impound lot)
65 per cent of net parking operations revenues retained by The City, with 35 per cent of revenues retained by Parking. Minimum return requirement is the greater of 65 per cent or \$11 million	100 per cent of net parking operations revenues to the corporate revenue program, with no minimum requirement
Provide a reinvestment in the Streets service to reflect the role street infrastructure plays in providing on-street parking	\$3 million annual allocation to the Streets service, scaled annually by paid parking inventory
Address support for external events and non-profits	\$200,000 annual allocation to support external events and non-profits
Address Calgary Parking capital needs	Set an annual allocation for asset maintenance through the Calgary Parking Capital Reserve terms (initially \$4 million) and review target amount through triennial reserve review process (informed by facility condition assessments and technology planning)
Update the Parking Revenue Reinvestment Program to increase program stability	Move to a model that shared 10 per cent of net on-street parking revenues with generating areas
Investigate sharing Market Permit net revenues with Community Associations	Share 100 per cent of net Market Permit revenues by way of a deposit in the community association component of the Parking Revenue Reinvestment Program
Provide a resource to support administration of the Parking Revenue Reinvestment Program	Fund one FTE to administer the program
Revisit the need for the Calgary Parking Long-Term Investment Fund	Close the fund and redistribute to corporate priorities

Financial Impact of Proposed Policies

The recommended policies can be implemented without any reduction general revenues. This is largely enabled by retaining less money within the Parking service.

Parking Financial Returns

Amount (In \$000)	2023	2024-2026 Projected (Avg) with Current Policies	2024-2026 Projected (Avg) with Proposed Policies
<i>Portion to General Revenues</i>	16 948	16 966	16 531
<i>Specific Allocations Distributed to PRRP</i>	1 500	1 500	3 340
	2 130	635	1 590
Total to City from Parking Operations and Enforcement	20 578*	19 101	21 461
Total retained by Parking Service	4 201	6 360	4 000
Total Net Revenue	24 779	25 461	25 461

Notes:

Revenues are forecasted to increase by roughly 4 per cent per year above 2023 actual levels, based on trends from the first quarter of 2024. The average net revenue amount is less in these years due to an adjustment that occurred in 2023 with respect to the accrual of parking enforcement revenues. Previously, revenues from parking enforcement were accrued in the year they were received. Beginning in 2023, revenues will be accrued in the year the ticket was issued. Due to the court process, there can be considerable lag between when a ticket is issued, and payment is received. This one-time accrual adjustment increased enforcement revenues and returns in 2023, however enforcement returns are anticipated to be less than that amount in the following years.

While the general revenue component is slightly lower given the allocation to several different priorities, the current forecasts for parking revenue will enable a net positive impact on the budgeted general revenue amount. Adjustments to the budget will be proposed as part of the mid-cycle budget adjustments to update the Parking revenue forecast and reflect the new policies.