



REPORT TO

REGULAR BOARD

IMPLEMENTATION OF PAID PARKING AT THE TCDSB

“All your words are true; all your righteous laws are eternal.” Psalm 119:160 NIV

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RECOMMENDATION REPORT

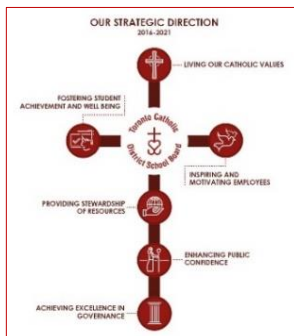
Vision:

At Toronto Catholic we transform the world through witness, faith, innovation and action.

Mission:

The Toronto Catholic District School Board is an inclusive learning community uniting home, parish and school and rooted in the love of Christ.

We educate students to grow in grace and knowledge to lead lives of faith, hope and charity.



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A. EXECUTIVE SUMMARY

This report provides information related to implementation of paid parking for all Toronto Catholic District School Board (TCDSB) employees as approved in the 2019-2020 budget. As part of the inclusion of paid parking in the budget, teachers and administrators will pay \$10.00 per day for parking, while all other staff would pay \$5.00 per day, which results in an estimated revenue generation target of \$6.4 million as adopted by the Trustees.

There are a number of factors which must be addressed and further analyzed prior to the implementation of paid parking in order to ensure an effective rollout of this initiative, including but not limited to:

- Examining the potential of retaining external assistance in order to initialize the operationalization of paid parking;
- Determining both the appropriate soft and hard infrastructure to implement, monitor, and enforce employee paid parking;
- Assessing the infrastructure considerations for each parking lot;
- Developing standard operating procedures for paid parking;
- Fully assessing the taxable benefit impacts; and
- Reviewing the impact on employee and labour relations

Staff recommend that a soft launch of the implementation of paid parking for TCDSB employees be delayed until February 2020, with the shortfall in revenue to be made up from 2019-20 in-year surpluses or the Operating Contingency Reserve.

Paid Parking at TCDSB facilities on evenings and weekends

Arising from the budget deliberations, staff were also directed to explore the feasibility of procuring a third party to manage revenue generating paid parking at all TCDSB schools and facilities during the evenings and weekends. This option poses several challenges, namely impact on the Board's tax-exempt status, and conformity to City of Toronto zoning bylaws. Staff will continue to investigate the feasibility of this initiative.

The cumulative staff time required to prepare this report was 36 hours

B. BACKGROUND

1. ***The 2019-2020 TCDSB Budget, approved by the Board on June 13, 2019, included the introduction of paid parking for TCDSB employees.*** Paid parking was identified as a revenue generation source to address budget shortfalls. The 2019-2020 budget included a \$6.4 million revenue generation target for the implementation of paid parking at all TCDSB facilities, with a charge of \$10.00 per day for teachers and administrators, and \$5.00 per day for all other staff.
2. ***The option of paid parking was included as part of the 2019-2020 TCDSB budget engagement and consultation process.*** The original staff analysis on paid parking consisted of applying a \$5.00 per day charge on the approximately 7,000 parking spaces system wide for 195 days per year and further applying an 80% estimated utilization rate. This produced a gross revenue of approximately \$5.5 million, which was then reduced by 40% to account for overhead costs and infrastructure necessary to bring the program to fruition. The net effect was revenue of \$3.2 million. While the exact mix of teachers, administrators, and all other staff utilizing parking at TCDSB facilities requires further analysis, doubling the charge for teachers and administrators would result in additional revenues while likely maintaining fixed overhead costs.
3. ***Staff were also directed to investigate the potential of paid parking after hours and on weekends.*** Arising from the budget deliberations regarding paid parking, staff were also directed to explore the feasibility of procuring a third party to manage paid parking at all TCDSB schools and facilities during the evenings and weekends
4. ***The TCDSB would be the first school board in the Ontario to implement paid parking.*** While other publicly funded educational institutions in the City of Toronto, such as Universities and Colleges, charge staff for parking, no school Board in Ontario has undertaken a similar initiative.
5. ***The Vancouver District School Board initially approved paid parking for staff in 2015-2016, however did not proceed with implementation.*** In the course of researching the issue, staff identified only one other school board who sought to implement paid parking for staff: The Vancouver District School Board (VDSB). The VDSB initially approved paid parking for the 2015-2016 school year, charging staff seeking parking between \$10 and \$15

per month. The VSB estimated that charging a fee for its 3,500 parking spaces would generate revenue of approximately \$225,000 per year. The VDSB did not implement paid parking, as Trustees voted to remove this initiative from the 2015-2016 budget.

In addition, the VDSB included paid parking in its 2016-2017 budget consultation, with a revenue target of \$175,000, however the initiative was not approved.

C. EVIDENCE/RESEARCH/ANALYSIS

Paid parking for TCDSB employees

1. *Preliminary analysis indicates that implementing paid parking for staff does not impact the Board's Tax Exempt status or create zoning issues.* As per Section 3(1)9 of the *Assessment Act*, all land owned by the TCDSB is exempt from municipal property taxes. The preliminary opinion indicates that as long as the lands are owned, used, and occupied solely by the Board, charging staff for parking would not impact the Board's real property tax-exempt status.

With respect to zoning, TCDSB sites are currently exempt from the City of Toronto harmonized zoning bylaw, and are governed by the zoning bylaws of the former municipalities. Parking is considered a necessary and ancillary use for schools, and zoning and site plan regulation often require it. As such, employee parking is necessary and ancillary to the Board's statutory mandate. City bylaws are generally silent about whether parking can be paid.

Further diligence on both of these key matters will be undertaken prior to the implementation of paid parking.

2. *There are numerous issues which must be addressed and further analysed in order to ensure the effective implementation of paid parking.* These include but are not limited to the following
 - Examining the potential of retaining external assistance in order to initialize the operationalization of paid parking;
 - Determining both the appropriate soft and hard infrastructure to implement, monitor, and enforce employee paid parking;

- Assessing the infrastructure considerations for each parking lot;
 - Developing standard operating procedures for paid parking;
 - Collective Bargaining considerations;
 - Fully assessing the taxable benefit impacts; and
 - Reviewing the impact on employee and labour relations.
3. ***Additional external and internal resources will most likely be required to implement paid parking.*** Staff are examining the potential of procuring the services of a consultant to assist with developing an implementation plan for paid parking. Following implementation, there will be need for dedicated staff resources to operate, manage, and enforce this initiative. In addition, it is likely that the implementation of paid parking will require the need for the TCDSB to seek Payment Card Industry compliance for processing credit card transactions as it relates to occasional parking.

These costs are assumed to be covered through the revenue generation and therefore would not further impact the operating budget.

4. ***Staff are exploring a number of options to implement paid parking at TCDSB sites.*** The initial operationalization of paid parking will require a significant upfront investment. Staff are exploring the feasibility and costs associated with various forms of implementation, including
- Hard infrastructure improvements such as installing gates and card readers on sites;
 - Pay and display systems similar to those in place in commercial parking lots; and
 - Web and application based options similar to those in operation in the higher education sector.

Staff have reached out to software vendors to begin exploring the options available. Each option, and the associated software, hardware, infrastructure, payment and enforcement requirements need to be analysed to determine an implementation plan.

5. ***The infrastructure considerations for each site must be reviewed.*** A review of the maintenance, renewal, and operational requirements to maximize the number of available parking spaces is necessary on a site-by-site basis. This includes the cost of improvements to parking lots such as line painting, asphalt repairs,

improved fencing, and lighting. In addition, a review of the snow clearing practices, which typically results in the loss of parking spaces, is needed to determine the additional costs associated of removal off-site.

6. ***The development of a standard operating procedure for the administration of paid parking is a key consideration of an implementation plan.*** In order to ensure that the parking arrangement works while ensuring efficient operations at TCDSB schools , a number of issues must be resolved, including:

- Ensuring parking for staff who are required to be at multiple TCDSB sites on any given day;
- The impact on the availability of parking for occasional teachers and other itinerant staff;
- The implementation of paid parking at shared and leased facilities, and
- The impact on visitor and student parking.

7. ***A full understanding of the potential implications of the creation of a taxable benefit is necessary prior to the implementation of paid parking.*** The introduction of paid parking could create an issue with respect to taxable benefits. The Canada Revenue Agency (CRA) views a taxable benefit associated with parking as the fair market value of the parking spot less any amount the employee pays. The fair market value of the parking is determined based on the parking rates charged in the surrounding area.

It is likely that the fair market value for parking is different for each school, which results in a situation where some employees will receive a taxable benefit (if the TCDSB rate is lower than fair market value), while others will not (the TCDSB rate is equal or greater than fair market value).

One possible approach that may mitigate the impact of a taxable benefit is where a “scramble” style parking arrangement is in use. Many TCDSB sites use this arrangement where parking is not necessarily guaranteed as there are more employees commuting than there are parking spaces available. Under this scenario employees would be paying for the right to park in any TCDSB lot across the system, but are not necessarily guaranteed a spot upon arrival. The advantage to this scenario is that it may mitigate the impact of CRA action.

Further legal analysis is required on the taxation impacts to the Board and its employees prior to implementation.

8. ***Given the considerations noted in this report, staff recommend delaying the implementation of paid parking for TCDSB employees until February 2020.*** It is likely that a phased-in approach will be required, where the complete software, infrastructure and enforcement package is not implemented at the initial stages of the program, with a soft rollout in February as the first phase. Staff also recommend that the revenue generation shortfall associated with the implementation of paid parking be absorbed by either in-year surpluses or the Operating Contingency Reserve at the end of the fiscal year.

Paid Parking at TCDSB Facilities on evenings and weekends

9. ***The implementation of after-hours paid parking through a third party operator carries significant tax assessment and zoning risks.*** Under the *Assessment Act*, the school exemption does not allow for joint occupancy, as the public educational institution must be the sole owner/occupier/user of the site to benefit from the exemption. In the event the Board were to retain a third party parking operator, such as a private parking company, through a license or other agreement, it would likely offend the TCDSB's property tax exemption status.

With respect to zoning, after hours paid parking is not associated with the school use or education function, and is not clearly necessary and ancillary to the Board's statutory mandate. It is likely that the City would not permit this type of commercial parking on TCDSB sites.

10. ***Both risks are potentially mitigated by entering into an agreement with another tax-exempt entity.*** While further diligence is required on this matter, a preliminary review indicates that if the Board were to seek out a third party parking operator that is otherwise tax exempt, such as the Toronto Parking Authority (TPA), there are potentially reasons for the Municipal Property Assessment Corporation to uphold the TCDSB exemption. Furthermore, under the harmonized zoning by-law, the TPA is permitted to operate in all zones. Given that the Board sites fall under the former bylaws, a review of these bylaws is required to determine if public parking is permitted on each individual site.
11. ***Staff have reached out to TPA to initiate discussions, and will report back on any progress in advancing this initiative.***

D. STAFF RECOMMENDATION

That the implementation of paid parking for TCDSB employees be deferred until February 2020, with the revenue shortfalls associated with delaying this initiative to be funded through in-year surpluses, if available, or the Operating Contingency Reserve at the end of the fiscal year.