



Report to: General Committee

Date: October 15, 2012

SUBJECT: ESTABLISHMENT OF A PARKING AUTHORITY

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RECOMMENDATION:

- 1) That the report entitled “Establishment of a Parking Authority” dated October 15, 2012 be received;
- 2) That the Markham Parking Authority (MPA) be established as a municipal service board;
- 3) That Council appoint three members of Council and two independent members to the MPA;
- 4) That staff be authorized to retain consultants to assist the MPA in the development of a vision, a five year business plan, a financial plan and other implementation issues as required, to be funded from the Engineering Department’s Capital Account (Parking Management, Paid Parking and Parking Strategy);
- 5) That staff work with Council members appointed to the MPA to develop a governance manual and implementing By-law addressing the items set out in S.196 of the Municipal Act and report back to Council.
- 6) That the MPA report back to Council with a vision, a five year business and financial plan and other implementation issues as identified in this report;
- 7) And that Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

The purpose of this report is to make recommendations with respect to the implementation of an efficient and effective process to establish a Parking Authority in accordance with the direction

of the Parking Advisory Committee. This report will identify the preferred option for the establishment of a parking authority, a municipal service board, and identify next steps for the development of the Markham Parking Authority's vision and business plan.

BACKGROUND:

Parking Inventory:

Currently, Markham owns and operates approximately 1,500 municipal parking spaces either on the streets or in designated lots. A further 301 parking spaces have been constructed for the Cornell Community Centre / Markham Stouffville Hospital for a grand total of approximately 1,800 spaces.

In 2005, Council approved the establishment of a paid parking program for 175 on-street (pay & display) parking spaces in Markham. Currently, 16 of 17 parking "pay-and-display" units are deployed on eight streets (Centurian Drive, Allstate Parkway, Frontenac Drive, Ferrier Street, Acadia Avenue, Cox Boulevard and YMCA Boulevard) in Markham. Parking rates are nominal and revenues from the 16 parking meters have not been sufficient to offset Capital or Operating expenses. From 2006 to 2011, the annual operating surplus or deficit has ranged from a (\$6,929) deficit to a \$3,258 surplus. However, if we include the capital costs of the pay-and-display machines, the program deficit ranges from (\$31,600) to (\$21,413). This information includes:

- Revenue from the paid parking machines
- Revenues from paid parking fines in the areas surrounding the machines
- Operating expenses (revenue collection costs, enforcement officers, and enforcement vehicle and fuel expenses)
- Capital expenses (purchase of the pay-and-display machines, the concrete pads, and signage)

Staff will report back to the Parking Advisory Committee or the MPA on the relocation of unprofitable parking pay-and-display units.

Parking Authority:

Staff has reported to the Parking Advisory Committee on several occasions and has outlined governance options for the establishment of a Parking Authority. Staff has recommended that without a comprehensive parking strategy and significant assets (parking inventory), establishment of a separate corporate entity for management of parking is not warranted. Other options are available, including Committee of Council (ie the Parking Advisory Committee), a Parking Department, or a municipal service board. At its July 10th 2012 meeting, the PAC recommended that Council establish a Parking Authority in the City of Markham and that "Staff be directed to investigate options for establishing a Parking Authority in the City of Markham".

DISCUSSION:

There are two principal governance options for establishing the Markham Parking Authority (“MPA”). These are to establish the MPA as either a municipal services corporation or a municipal service board. Other governance options (i.e. Committee of Council, Parking Department, Parking Enterprise, etc.) are not explored in this report, as directed by the Parking Advisory Committee. Each of the two Parking Authority options is described below.

OPTION 1: Municipal Services Corporation:

The *Municipal Act, 2001*, as amended, permits municipalities to establish arms-length corporations to provide services that the municipality itself could provide. The legislation requires a lengthy process to be undertaken prior to establishing the corporation, including preparation of a business case study and public consultation.

The principal advantage to having an arm’s length body to manage the City’s parking inventory is to limit the City’s liability and provide the service at arm’s length from Council, while Council continues to have a voice in the corporation either through a unanimous shareholder’s agreement or control of the Board of Directors through appointment of staff or council members to the Board. Furthermore, the corporation can be operated on a for-profit basis, paying dividends to the municipality.

However, there are some significant drawbacks that outweigh the above-noted benefits, especially given the small parking inventory currently owned by the City. In particular, establishment of the Markham Parking Authority as a municipal services corporation would be a lengthy process, likely requiring the transfer of City assets for the corporation to manage. Additionally it would entail significant funding commitments to assist the corporation with start up costs, most notably capital investment, operating costs and staffing. Such a corporation would be viable and with a potential to be self-sustaining if it had significant assets to manage or a significant building program funded and to be implemented. It is unlikely that a business case would support the municipal service corporation model at this time, although future circumstances may make this a more attractive option.

OPTION 2: Municipal Service Board (Preferred Option):

Under this option, Council may delegate its powers and duties in relation to parking to a municipal service board. Council must appoint at least two members to a municipal service board, who are limited to maximum four year terms, but may be appointed for multiple terms. Council sets the eligibility of board members, as well the procedural rules that apply to the board, and its financial relationship with the municipality.

This model provides the Markham Parking Authority with a measure of autonomy, and a simpler administrative structure than a municipal service corporation. A municipal service board with council and ratepayer or business representatives will likely be more responsive to community issues than a for profit corporation. An additional benefit is that depending on how it is structured, a municipal service board could have significantly fewer expenses than a municipal services corporation.

In contrast to a municipal services corporation, the establishment of a municipal service board does not require a transfer of City assets to the Parking Authority. Council can choose simply to delegate the management of the City's parking inventory to the Parking Authority. This allows Council to retain control over its assets and makes the process to set up the board much quicker. It is recommended that Council retain the authority to approve the board's budget and other financial plans.

A major benefit of a municipal service board is that it may be quickly established with few start-up costs, although it has authority and jurisdiction similar to a municipal service corporation. There is no extensive process, including a preparation of business case and public consultation, required before establishment of a municipal services corporation. Council can adopt a by-law that establishes the board, delegates certain authority to it, and may provide for its administration, funding, operation and reporting obligations. The by-law would also establish the eligibility criteria for board members. It is important to note as well that as the City's inventory of parking spaces increases and when the business case supports it, the board can be converted to a municipal service corporation.

STAFF RECOMMENDATION:

Staff recommends that the Markham Parking Authority be established as a municipal service board because this option allows the Authority to be established more quickly and with less start-up cost than a municipal services corporation, for the reasons set out in this report.

Implementation:

It is recommended that the MPA develop a vision, and a five-year business plan which would address matters, including capital and operating requirements.

Some of the issues that the MPA will need to address for Council's consideration include:

- To what extent the Parking Authority will be involved in the parking business (i.e. the extent of ownership and operation of parking assets, parking around mobility hubs, parking at transit stations, etc.)
- Funding, construction and operation of facilities
- Parking policies related to specific development
- Establishing a relationship with Metrolinx on current and future parking facilities at GO Stations

- Identifying individual areas with specific parking requirements and developing business cases for each area (eg.: Markham Centre, mobility hubs, community centre's, Civic Centre, business parks, pay & display locations, permit parking areas, etc.)
- Parking enforcement
- Staffing requirement

It is recommended that consultants with expertise in the industry be retained to assist with the development of the business plan and any other implementation issues that arise. Funding for the consultant is available in Engineering's capital budget accounts.

In addition, there are also matters under section 196 of the Municipal Act which must be determined, such as:

- The name, composition, quorum and budgetary process of the board
- The eligibility of persons to hold office as board members (ie: qualifications of non-Council members)
- The manner of selecting board members, the resignation of members, the determination of when a member's seat becomes vacant and the filling of vacancies
- The term of office and remuneration of board members
- The number of votes of the board members. (voting vs. non-voting)
- The requirement that the board follow rules, procedures and policies established by the municipality
- The relationship between the municipality and the board, including their financial and reporting relationship

The consultant will work with the Council member appointees to the Board to develop recommendations for Council approval.

FINANCIAL CONSIDERATIONS:

The establishment of a Markham Parking Authority is supportive of Markham's growth management strategy.

There is currently a combined total of \$388,442 in the Engineering Department's Capital Accounts labeled as parking management, paid parking and parking strategy (accounts 9328, 6817 and 8449), which is available to fund the services of a consultant to assist in the development of a vision, a five year business plan, a financial plan and other implementation issues as required.

HUMAN RESOURCES CONSIDERATIONS:

The MPA is an unresourced new program which staff does not have spare capacity to support. The MPA will be required to outline their staffing requirements in a 5-year operating plan.

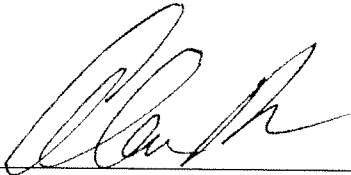
ALIGNMENT WITH STRATEGIC PRIORITIES:

The establishment of a Markham Parking Authority aligns with strategic objectives associated with growth management, transportation / transit and the environment.

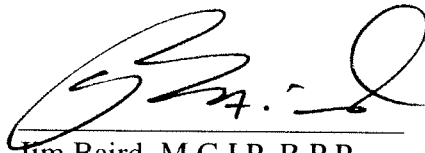
BUSINESS UNITS CONSULTED AND AFFECTED:

In addition to the departments represented by the signatories below, the Finance department has also been consulted and has provided comments for this report.

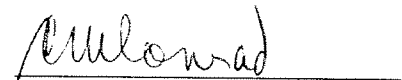

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