

EXHIBITION PLACE

14

March 26, 2004

To: The Board of Governors of Exhibition Place

From: Dianne Young
General Manager & CEO

Subject: **Parking Rate Increase**

Recommendation(s):

It is recommended that the Board:

- 1) Approve the change in parking rates outlined in this report;**
- 2) Request staff to develop a communication strategy of this change for Exhibition Place/NTC clients, tenants and public; and,**
- 3) Take into consideration the increase in parking rates when analyzing increases to either building rents or the cost of services in 2005.**

Background:

At its meeting of September 25, 1998, the Board raised the parking rates from \$7.00 to \$8.00 (surface) and \$9.00 to \$10.00 (indoor). At its meeting of October 30, 1998, the Board raised parking rates from \$8.00 to \$9.00 (surface) and from \$10.00 to \$11.00 (indoor).

Discussion:

The present parking rates at Exhibition Place are \$9.00 daily rate for surface lots across the grounds (ie both at lots near NTC and lots used for Medieval Times/Liberty Grand); \$11.00 daily rate for the NTC garage; after 6 p.m., \$7.00 for all surface lots and \$9.00 for the NTC garage; an Exhibitor Rate of \$6.50/day; and Special Event/Concert rate of \$15.00.

The level of parking transactions and revenue has been fairly consistent since 1999, despite the active marketing by Ontario Place to provide bulk parking to the trade and consumer show producers. Some of the larger shows (eg. The Home Show, One of A Kind Craft (Christmas and Spring) and Computerfest) now purchase the Ontario Place lots in order to provide free or discounted parking to their customers. These shows believe it is necessary to do this to be competitive with shows at other venues (eg. International Centre).

While parking rates have not increased since 1999, the cost of all other services (electrical, cleaning etc) and all rents in the NTC have increased on an annual basis in the range of 3% to

5.5% each year. Although it is the visitor not the show producer that pays for parking, the show producer sees all these costs as a "package" that affects the financial success of its show. Certainly, visitors to trade and consumer shows at the NTC cite "the cost of parking" as a negative, especially visitors from outside Toronto. However, a review of other parking operations in Toronto such as the MTCC and Toronto Parking Authority indicate that in 2000/2001 daily rates have increased (but not evening or weekend rates). Furthermore, there have been operational increases absorbed by parking operations over the last 5 years (ie increase in unionized wages). From the perspective of the City, additional revenues in 2004 would be of great benefit given the serious financial situation facing the City.

However, while it may be appropriate for the Board to consider a parking rate increase, staff would recommend that such increase be limited to only the daily rate and not change the "after 6 p.m." rates, exhibitor rates or special event rates. Staff also recommends that there be an adjustment to lower the daily rate for the NTC garage by \$1.00 so that the daily rates are the same across the entire grounds – whether inside or outside. This would be consistent with pricing strategy used by the City of Toronto Parking Authority at similar mixed parking facilities within the city.

One of the major reasons for a "one-price strategy" for daily rates being recommended is the underutilization of the garage. While the garage is a modern parking facility, the premium charged for parking in the garage (\$2.00/vehicle) is a deterrent and it is very challenging for parking staff and paid duty officers to redirect guests to the garage. Most customers prefer to wait in line to access a surface parking lot rather than pay the premium charged to use the garage. This underutilization of the garage places strain on the remaining parking inventory and also causes serious traffic congestion during busy periods, and especially during events such as hockey games/concerts where most of the guests arrive 1/2 hour before the event starts.

For example, in 2002 surface Lot "D" which has the capacity for 1,000 vehicles and which is located adjacent to the Automotive Building and Stanley Barracks, processed 198,568 vehicles, while the NTC garage, which has capacity for 1,300 vehicles, processed 86,869 vehicles during the same 166-day operating period. Capacity/occupancy for Lot "D" for this period was 196%, while the capacity/occupancy for the garage was only 40%. Even though the garage is very underutilized, it is our policy to open it for NTC events as trade and consumer shows customers and producers expect the garage to be open even if it is unprofitable.

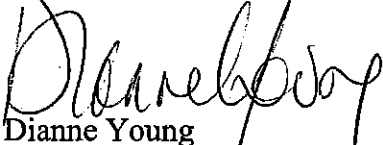
Therefore, the staff recommendation is to change the daily parking rate to \$10.00 per vehicle for both surface lots and the NTC garage. The benefits of this recommendation are as follows:

- While the increase in parking rates may be seen as a negative by show producers, a decrease to the rates in the underground may be seen as a positive by their customers.
- The increase (and decrease) in daily rates will result in the Board earning an additional \$70,000.00 in 2004 if the new rates were implemented September 1, 2004, and approximately \$145,000.00 for the period January to December 2005.
- One daily rate across the grounds will be of great benefit to the smooth operations of all parking lots at Exhibition Place especially if the construction of the hotel proceeds.

Conclusion:

This report outlines a proposal for a limited increase in parking rates at Exhibition Place so that effective September 1, 2004, the daily rate for surface parking will be \$10.00 and daily rate for underground parking will be \$10.00. All other rates will remain in place at present levels.

Submitted by:



Dianne Young
General Manager & CEO

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