

Parking Services

# PARKING SUMMARY BUSINESS PLAN

November 2023

AHS Parking Services creates a province-wide parking service that is safe, efficient, effective, fair and equitable to patients, visitors, staff, physicians and all others who require parking at health care facilities in Alberta. Parking Services currently manages various leased and owned surface lots and parking structures located throughout the province.

## Healthcare dollars are used for healthcare, not parking maintenance, upkeep or new builds

AHS Parking Services is an ancillary operation and is required by provincial legislation to be financially self-sustaining. Parking fees must cover all operating and capital costs, including upgrades, maintenance, debt financing and construction of new parkades. Without parking fees, parking operations would not be financially sustainable and put AHS at risk of being non-compliant with provincial legislation for ancillary services.

## Demand and cost for AHS parking structures and maintenance are growing

The demand for additional parking across the province continues to grow; a reflection of the increased demand for healthcare across Alberta. Existing parking facilities require upgrades and maintenance to meet this growing demand and ensure the continued safety of all patients, staff and support persons.

### *New parkade costs*

While the provincial government budgets pay for the construction of new and renovated health facilities, AHS is responsible for the construction and financing of all new above and underground parkades. AHS finances these projects through long-term debt financing that are repaid over approximately 20 to 40 years. The repayment of this debt is only made possible through the funds collected via parking fees. In 2023/2024, Parking Services will contribute \$27M in principal payments and \$15M in interest payments to service \$377M in loans that have financed new parking structure builds across the province.

### *Parking projects*

Recent parking projects include the Arthur J.E. Child Comprehensive Cancer Centre (\$157M), the Grande Prairie Regional Hospital (\$60M) and The Summit: Marian & Jim Sinneave Centre for Youth Resilience in Calgary (\$8M). Ancillary revenues are also used to support design and construction of upcoming major capital parking project that will require new debt financing.

### *Maintenance and upgrade costs*

Parking fees also fund infrastructure repair projects and equipment upgrades to ensure AHS' parking facilities are safe and well-maintained for patients, visitors and staff. Parking Services is forecast to fund over \$20M in 2023/2024 to upgrade and renovate existing parking facilities across AHS.

## AHS parking rates are aligned with market

Several factors determine parking rates at AHS facilities, including market value, which is determined through review of local parking lots and other health care systems parking programs. Parking Services hires a transportation consultant to carry out a parking rate survey report annually. This report examines market trends and compares AHS' public and staff parking rates with those of other healthcare facilities, post-secondary institutions, municipalities and private operators in Alberta and across Canada. The report informs parking fee decisions at AHS, ensuring AHS facilities are fair and align with local market rates.

### *Staff parking rates*

In some smaller cities and municipalities, AHS may be the only location that charges for parking. To manage this, Parking Services has established a framework to adjust both staff and public parking rates. AHS staff, physicians and contractor rates are reviewed annually through a parking rate survey to align with the fair market value. If the fair market values remain consistent, AHS staff parking rates will remain unchanged. However, if AHS' staff rates are lower than the fair market value, they will be increased to match the market rates, ensuring compliance with Canada Revenue Agency regulations. Some AHS employees in high-cost locations in downtown Edmonton and Calgary may be subject to a taxable benefit due to AHS parking rates being below the fair market value. To align with market values, Parking Services will make adjustments to the rates for AHS staff, physicians and contractors at the beginning of each fiscal year, which are effective April 1st. These adjustments are based on the Alberta Consumer Price Index (ACPI).

### *Public parking rates*

The annual parking rate survey also compares AHS' public rates to market rates in Alberta and across Canada. This comparison includes AHS' public half-hour rate, daily rate, weekly rate and monthly rate. Parking Services strives to offer fair public parking rates while also addressing the increasing demand for parking at AHS facilities. To minimize the financial impact on patients and visitors, while rate reviews are done annually, Parking Services will likely make rate adjustments every three to four years based on market value. These adjustments are made by applying the ACPI and rounding up to the nearest increment based on the rate type. The half-hour rate will increase in accordance with the ACPI and be rounded to the nearest \$0.25, while the daily, weekly and monthly rates will be rounded to the nearest \$1.00. This approach helps ensure that parking remains accessible and affordable while still providing essential high-quality care to Albertans every day.

## Rate changes will be communicated annually and proactively

If and as the AHS assessments, described above, dictate a necessary rate change for staff and/or public parking, AHS will communicate this to staff and public, well in advance.

## Financial forecast

Increasing parking rates ensures AHS' parking operations remain financially sustainable and provides the ability to fund new parking facilities as healthcare services continue to expand across the province. Parking Services operating revenues are required to cover day-to-day operating expenses, debt and interest repayments and parking project expenditures. Operating revenues are generated from a number of different sources including public and staff parking fees as well as violation enforcement fines. Operating expenses include annual maintenance of signage, lighting and parking surfaces, utilities, equipment purchases, snow removal, elevator maintenance, staffing and contractor costs. Debt and interest repayment is specific to loans for financed parking facilities located across the province. Parking project expenditures relate to larger renovations, upgrades, planning and design costs. In the event that Parking Services is forecasted to generate a surplus in a given year, funds will be used to pay down parking loans or be spent on parking upgrade / renewal projects, Parking services must have an operating surplus to remain in compliance with legislation.

## Parking Services 2023-24 and 2024-25 Forecast

	2023/ 2024 Forecast		2024/ 2025 Forecast	
Operating Revenues	\$	83,875,000	\$	88,497,000
Less: Operating Expenses		(50,619,000)		(51,172,000)
<b>Net Operating Income</b>	<b>\$</b>	<b>33,256,000</b>	<b>\$</b>	<b>37,325,000</b>
Less: Debt repayments	\$	(27,078,000)	\$	(28,847,000)
Less: Project Spends/ Expenditures		(5,305,000)		(8,000,000)
<b>Net Cash Flow <sup>1</sup></b>	<b>\$</b>	<b>873,000</b>	<b>\$</b>	<b>478,000</b>

Note:

1) Surplus funds are targeted for reinvestment into capital projects and debt repayment