

CONFIDENTIAL-Attach 2-Potential City Operating Model for Calgary Parking Authority-PFC2021- 0998.docx

For Calgary Parking Authority

Contents

Purpose and Scope	3
Executive Summary	4
Overview	5
Calgary Parking Authority Origins: A Community-Shaping Service	5
Calgary Parking Authority in the Twenty-First Century	6
Summary of Calgary Parking Authority’s Financial Position	7
CPA Mandate.....	9
Calgary’s Parking System and Policies	9
Governance	11
Calgary Parking Authority Current Operating Structure.....	11
Issues Gaps and Opportunities.....	12
City of Calgary Organizational Realignment and Concept Structure	13
Analysis of New Potential Structure	18
Implementation Considerations and Timeline.....	20
Financial Analysis of Concept	20
ParkPlus System™ Marketing	22
Summary	23

Purpose and Scope

At the 2021 May 18 meeting of the Priorities and Finance Committee, Committee asked Administration to explore alternative operating models for Calgary Parking Authority. Within the available time frame, Administration has prepared a concept that integrates Calgary Parking Authority into The City's organizational structure. This concept would contrast the Municipally Controlled Corporation concept that is also in development to provide Committee and Council with a more wholesome spectrum of operating models available.

This analysis builds on learnings from the Municipally Controlled Corporation analysis and specifically explores one alternative concept model. This model takes inference from The City's organizational realignment initiative and leverages the full suite of enabling services available within the organization. The report includes a preliminary financial analysis using a benchmarking approach, a risk assessment based on the policy context and legal environment that a municipal parking service operates within, and a review of operating models through the lens of the purpose and mandate Council has set for Calgary Parking Authority.

As a preliminary analysis, this report is not meant to provide the same level of detail as the complementary Municipally Controlled Corporation report. Instead, it focuses on four key questions:

- What would this concept look like in structure and practice?
- How does the concept align to the purpose and mandate provided by Council?
- What cost savings could result from this alternative concept?
- What are benefits and drawbacks of this concept?

Executive Summary

Ensuring the best model is in place with respect to the provision of parking services in Calgary helps maximize alignment with long term policy, achieve social, environmental, economic and fiscal outcomes, support business and increases overall vitality of communities.

Administration's role as identified in Calgary Parking Policies (Council Policy TP017) is to "establish or define: the purpose, mandate, corporate structure and governance model of the Calgary Parking Authority". Consequently, Administration has created this concept to assist Council in understanding the range of potential roles for the Calgary Parking Authority in achieving both the mandate established in bylaw 28M2002 and the objectives outlined in Calgary Parking Policies.

A high-level, initial analysis of a City option suggests savings and benefits that could be realized along with an enhanced governance structure, opportunities to provide public benefit and ensure the long-term sustainability of parking services provided to Calgarians. Further, greater opportunity exists for parking as a public service offering that could be established to reduce costs for other government institutions, such as other Alberta municipalities, Hospitals, Care Centers, Universities, Colleges, Courts and Airports at reduced costs helping those agencies retain greater revenues for their operations reducing overall tax burden provincially.

The new structure would move away from a stand-alone model to an embedded services model taking advantage of economies of scale within the City of Calgary. This is achieved by using the City of Calgary organizational structure to manage the functional requirements to operate the parking services in Calgary and extended service to other government agencies.

Parking operations are a significant tool within the transportation network. Transitioning to a business unit structure will directly support objectives of the Municipal Development Plan and Calgary Transportation Plan, and enhance collaboration with business units and stakeholders who need the transportation network to operate their business.

Key benefits of the proposed business unit concept are:

- ✓ Governance and Oversight
- ✓ Policy Alignment
- ✓ Public Responsiveness
- ✓ Public Benefit
- ✓ Cost Effectiveness & Efficiency
- ✓ Economic Vitality
- ✓ Support for Businesses
- ✓ Minimal Duplication of Resources
- ✓ Effective Delivery & Integration with Operational Areas

Overview

Calgary Parking Authority Origins: A Community-Shaping Service

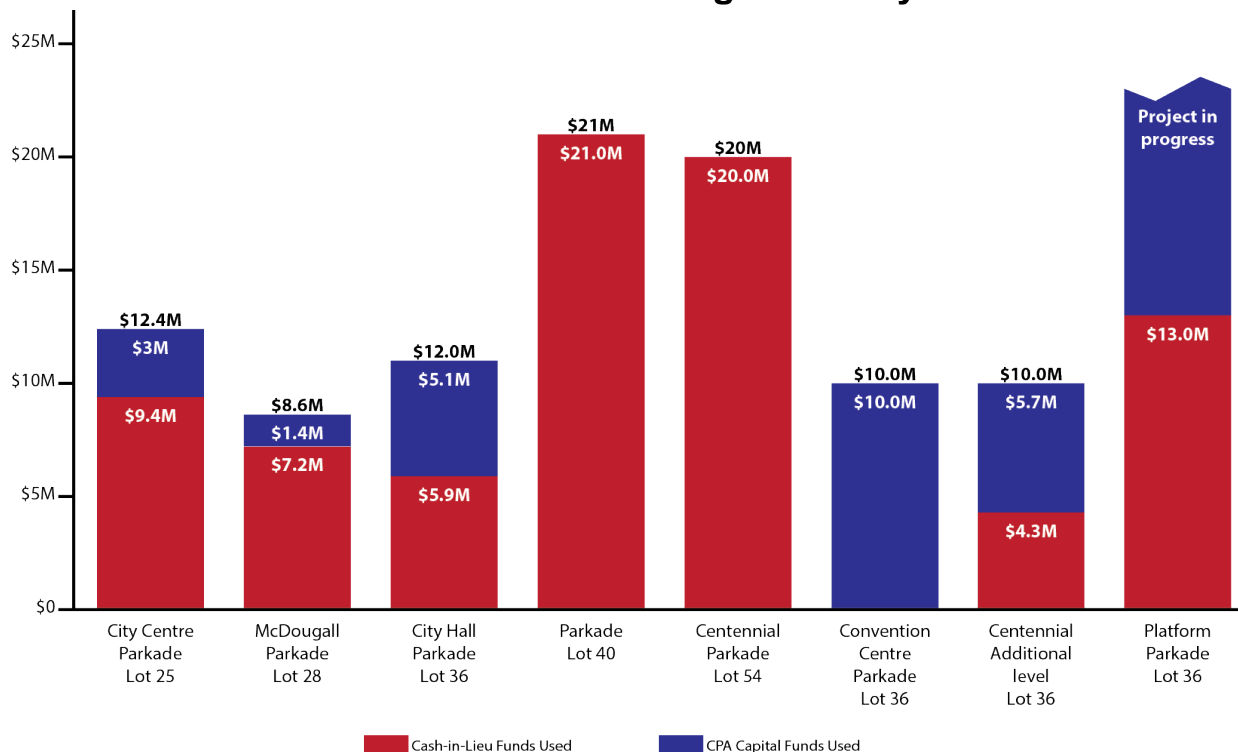
A City provided parking service has the ability to provide a service to residents and visitors with consideration for several objectives not common with private parking providers. Historically, off-street parking has been more difficult to find and less popular to use than on-street parking. City operated parking services have mitigated this with familiar branding and a common user experience that could attract more parkers to off-street parkades. This is paired with other city-shaping objectives that parking can influence, such as where parking facilities are built, how much parking is built and what kind of parking is provided (short-stay, long-stay, contract, evening, weekend, etc.).

Calgary Parking Authority was formed in close alignment with The City's downtown cash-in-lieu of parking program and the land use bylaw that enabled it. The primary purpose of this program was to promote land use and transportation policies that both enhanced services for citizens and promoted efficiencies in the downtown area. Under the program, a significant proportion of downtown Calgary parking was provided by The City through Calgary Parking Authority in centralized parkades, with funding contributions from both the CPA and private developments. These parkades were large enough to have efficient designs (use less land) and provide savings (economies of scale), while being strategically located to intercept vehicles entering downtown (reduce traffic.) CPA parkades were also operated to provide a larger proportion of short-stay parking than private competitors. This model supports local businesses by improving the availability and visibility of parking for customers and visitors when compared to private parkades which tend to provide more parking to monthly contract holders. The program is credited as a primary factor contributing to the success of Calgary's CTrain system.

Between 1978 and 2021, eight downtown parkade projects were funded by The City. Of these, seven used cash-in-lieu funds as the primary funding source. \$81M in cash-in-lieu funds (\$150M in 2021 dollars) was spent throughout the life of the program. This represents 72 per cent of the total cost of these assets¹. The cash-in-lieu program was concluded in 2018 and the funds from the program were exhausted in as part of the Platform Parkade project. The end of the cash-in-lieu parking program reduces the need for the current model in facilitating the administration and delivery of parkade developments for the downtown core.

¹ Does not include Platform Parkade project which is still in progress.

Cash-in-Lieu Funding Summary



Calgary Parking Authority in the Twenty-First Century

Just as Calgary Parking Authority's mandate has evolved over time as the emphasis on downtown parking has decreased, additional responsibilities have been added. Enforcement and impound lot functions were transitioned from Calgary Police Service in the 1990s significantly broadening Calgary Parking Authority's service offerings. In step with these changes, Calgary Parking Authority has leveraged technology to create electronic and mobile payment solutions that have a seamless user experience across different parking types and locations.

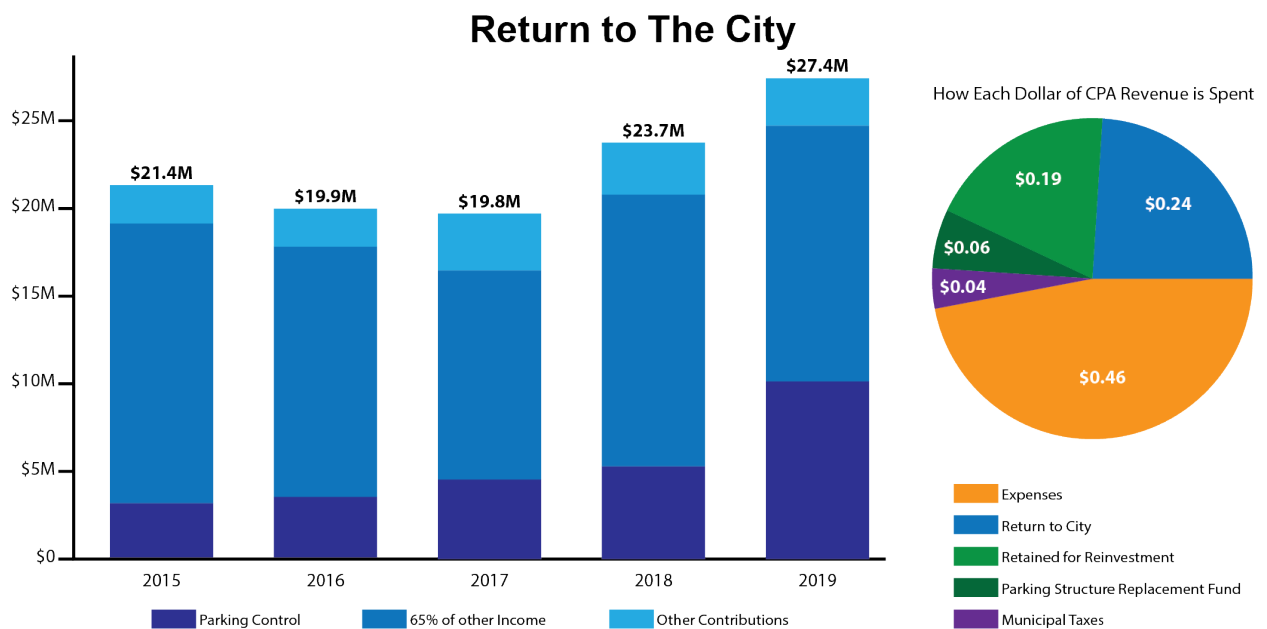
As parking technology has matured, the advantages of City-operated parking facilities have shifted. Brand recognition, access and availability no longer offer the same benefits as real-time signage and mobile apps have become pervasive. Parkers have much more information than a generation ago which has tended to level the playing field with respect to city parking facilities and private providers.

At the same time, the parking landscape in Calgary has also changed. High downtown office vacancy as well as a long lag time for providing parking facilities led to a conclusion of the cash-in-lieu parking program. Downtown travel modes have continued to shift away from cars to transit, walking, biking and shared mobility. Together these are decreasing the demand for parking facilities. Other neighbourhoods have grown significantly at the same time which has shifted parking pressure to other areas like main streets and transit oriented development (TOD) areas. These areas do not tend to command the same parking revenue as downtown and

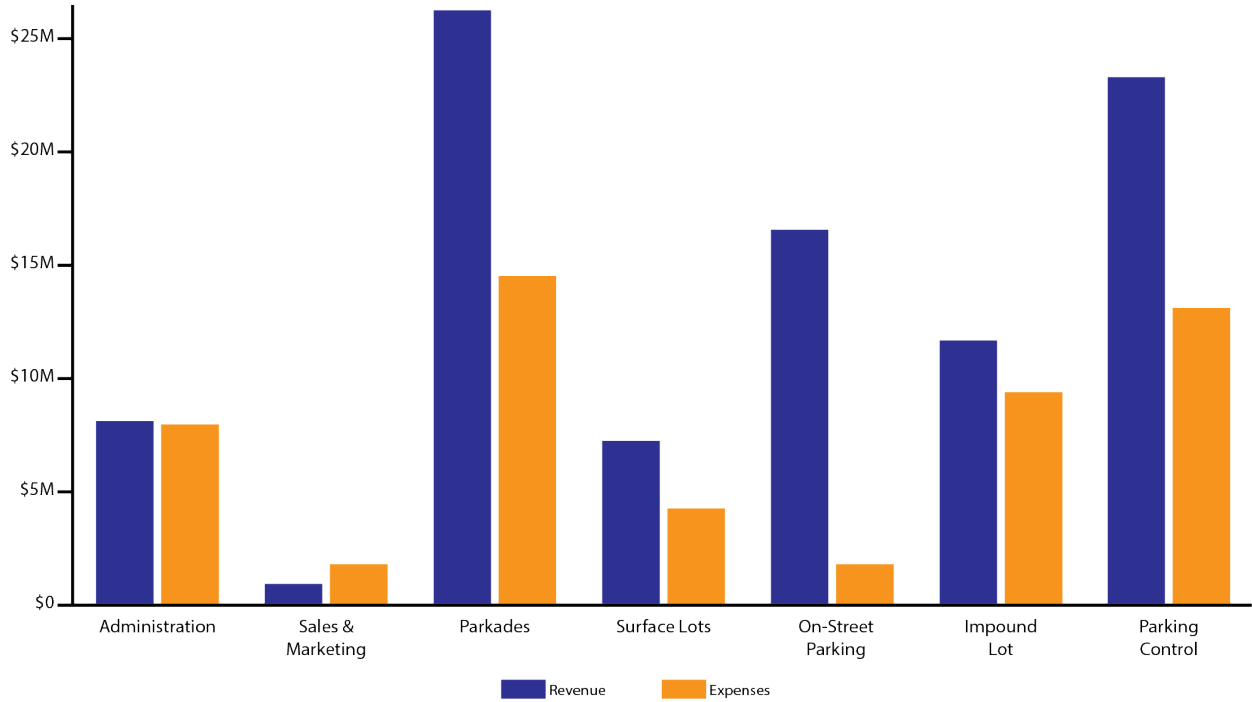
because of that draw less investment interest from private parking providers. The City on the other hand has the ability to invest in these areas with a greater emphasis on the community need, city-shaping and business support considerations and less on immediate revenue implications.

Summary of Calgary Parking Authority’s Financial Position

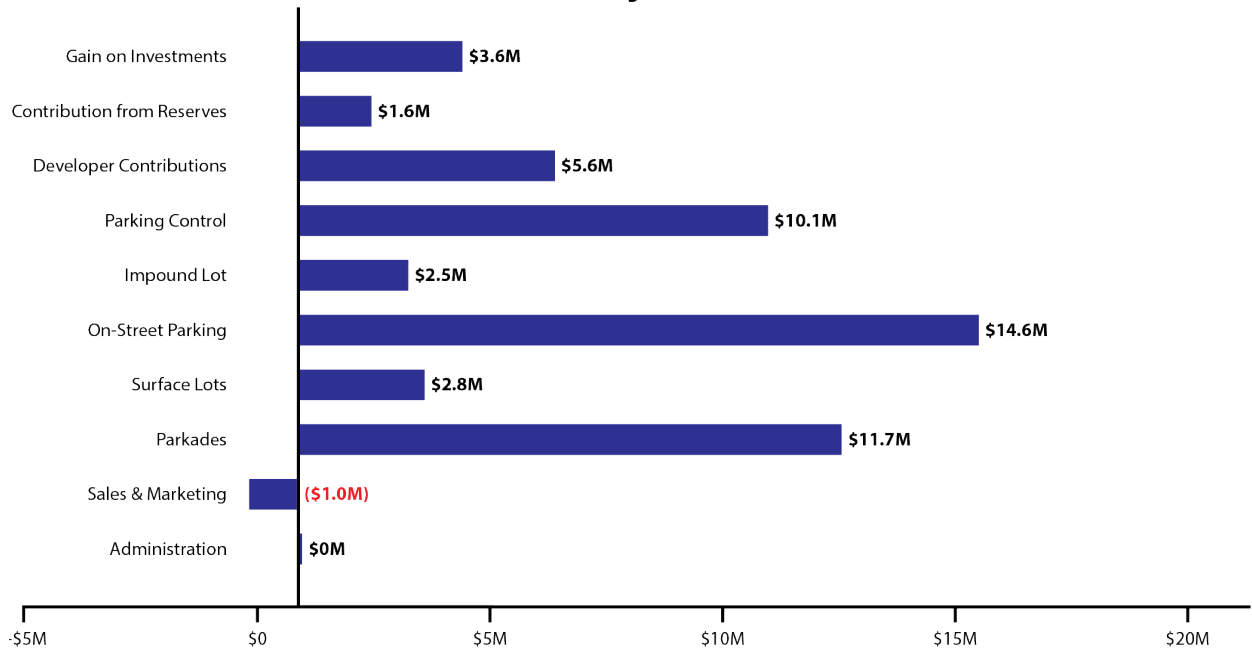
Council Policy sets financial return responsibilities for Calgary Parking Authority. These set rates of financial returns to The City and caps the operating expense ratio. The following charts show an overview of Calgary Parking Authority’s financial position prior to the 2020 pandemic.



Revenue and Expenses by Service Area



Net Revenue by Service Area



CPA Mandate

The Calgary Parking Authority (CPA) was established to manage City of Calgary parking operations, to support citizens and businesses, and derive benefit to be shared by all citizens and residents of Calgary. Calgary Parking Authority's mandate is directed by Council through the Calgary Parking Authority Bylaw. The mandate directs the roles and responsibilities of the Calgary Parking Committee and Calgary Parking Authority in how they implement Council's parking policies, manage parking facilities owned by The City, manage parking permit programs, provide parking enforcement services, and meet Council's financial return expectations.

These directions differ significantly from profit-driven enterprises including Municipally Controlled Corporations. Key differences from other parking operators are:

- Being community-driven and cost-conscious, as opposed to profit-driven,
- Keeping off-street parking rates purposely lower than market to provide benefit to citizens,
- Managing the cash-in-lieu system to build parkades that support the objectives of long-range plans (i.e.: Municipal Development Plan, Calgary Transportation Plan, RouteAhead, etc.),
- Providing a proportion of short-stay parking stalls for community and business benefit instead of more profitable monthly stalls, and
- Managing street space to ensure business needs are balanced with parking costs, while supporting municipal planning and transportation policies, and returning any financial gain back to the City of Calgary.

Services Offered

Within the parking service there are several service offerings.

- On-street parking and pay management,
- Off-street parking management services (surface lots and parkades),
- Parking Compliance (enforcement),
- Impound Lot operations,
- Customer service,
- Parking solutions (ParkPlus System™ development and management agreements for software and non-City owned lots), and
- Parking permit administration and programs.

Calgary's Parking System and Policies

Comprehensive parking planning began in Calgary in 1966 with the adoption of the Downtown Master Plan. Though this plan envisioned a different type of downtown, it also set a strategy for downtown parking and a more efficient approach to parkades. In 1972 a new Development Control (Land Use) Bylaw was approved, incorporating the downtown restricted parking zone. This began the cash-in-lieu parking program which would begin to implement the downtown parking strategy. The new Calgary Parking Authority was charged with overseeing the program and building downtown parkades in strategic locations. This program continued with periodic

updates as successive land use and transportation plans began adding more emphasis on public transit and began to recognize a scope further than only the downtown.

In 2011 Council adopted A Parking Policy Framework for Calgary as a Council Policy. This document brought together several parking policies and strategies into a single document and expanded the focus of parking policies city-wide. Today, the policy is known as Calgary Parking Policies and it outlines the data-based decision framework and strategy that underlies Calgary's parking system.

Parking as a policy lever

Parking influences how a city is built and functions. Its city-shaping potential is expansive and often overlooked. However, parking policy can be an important planning tool when used to support behavior changes or make investments that support community growth and change.

Examples of the parking as a policy level include:

- Park and Ride facilities at transit stations:
 - Supports the implementation of transit while demand builds,
 - Adds regional connections to and from nearby communities, and
 - Banks land for redevelopment as community matures and transit service expands.

Parking in Transit Oriented Development and Main Street areas:

- Supports growth and change as neighbourhoods intensify,
- Manages parking turnover as demand grows, and
- Provides financial return in long-run.
- Dynamic pricing for parking:
 - Influences longer-term travel and traffic patterns.
- Land Use Regulation (e.g.: parking rules):
 - Influences the ease of choosing different travel modes, and thereby long-term travel patterns.

This illustrates how the parking industry is evolving and how parking policy decisions are becoming an increasingly important part of the industry and planning policy.

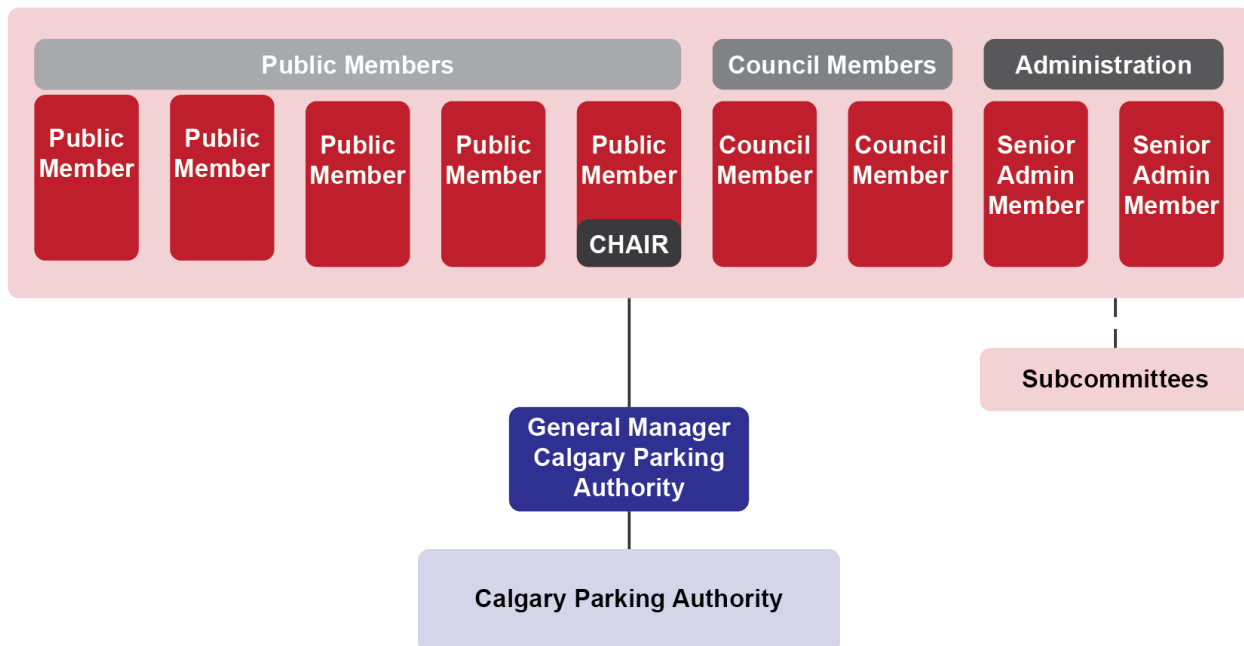
Governance

Calgary Parking Authority Current Operating Structure

Calgary Parking Authority is part of The City of Calgary and legally the same organization. The operating structure and governance are created by bylaw. A Committee of Council oversees the Authority and certain aspects of the parking service. The Committee is made up of five public (elector) members, two Council members, and two senior members of City Administration (General Manager of Transportation and Chief Financial Officer). The Committee as a whole is accountable to Council, as opposed to a member of Administration. The Committee is responsible for hiring a General Manager who leads Calgary Parking Authority's Administration. The General Manager reports to the Committee, but also to Council for budget and parking policy matters.

This unique structure has significant ambiguity. Calgary Parking Authority is seen in different circumstances as either part of The City or separate from it. Though this is clear as a legal question, it is not always clear to members of Council, Administration or Calgarians what the relationship is.

Calgary Parking Committee



Calgary Parking Authority operations are led by the General Manager. Divisions within the organization function independently from their City counterparts.



Issues Gaps and Opportunities

The unique governance structure of Calgary Parking Authority has led to duplications in effort and unclear roles and responsibilities. Consultant reports conducted in 2010 and 2013 reviewed the governance of Calgary Parking Authority and concluded that the structure was confusing. Both reports note that the responsibilities and accountabilities were not well understood between Council, the CPA Committee and City Administration. Initiatives have helped to provide this clarity, but significant ambiguity remains, stemming simply from the unique governance structure. This suggests that the status quo is not functioning well and will continue to be hindered by these issues. Above all, neither Council Members nor City Administration have a clear line of sight into Calgary Parking Authority operations.

In addition to these issues, there are some areas of inefficiency due to the unique governance structure:

- Additional resources are required to manage the Committee (stipends to public members, time commitments from Council and Administration members and staff time dedicated to Committee operations).
- Resources are required to liaise between The City and Calgary Parking Authority in excess of what is seen business unit to business unit. Eliminating these silos will decrease resources needed (staff time, duplication of processes).

- There is significant duplication in enabling (shared) services. This represents a significant loss of opportunity by not realizing the economies of scale of leveraging existing City services.

Beyond the financial benefits and resource efficiencies that an internal model can provide there are other systemic opportunities that can be better leveraged through a reimagined operating structure. The City has well established and industry leading systems in place for many business practices. These include human resources policies and programs, workplace system safety programs, environmental compliance and reporting systems, mature asset management programs, risk and insurance services, and full-spectrum financial services. As these are established and used by a much larger organization, incremental costs are nil or minimal.

City of Calgary Organizational Realignment and Concept Structure

As part of the Rethink to Thrive strategy, The City of Calgary is undergoing an organizational realignment. This initiative is reviewing all work functions and seeking to better integrate teams while bringing together similar functions. This in turn will refocus how services are delivered to Calgarians adding agility while better serving the community's needs.

The concept proposed in this report uses this approach and proposes where within the reimagined organizational structure services offered by Calgary Parking Authority would fit appropriately. This involves taking each service offering and checking for duplications of process or similar business functions with other City services. These represent opportunities to capitalize on the reorganization strategy and outcomes. Distinct processes unique to Calgary Parking Authority were then added to the Operational Services Department.

This approach seeks to:

- Move away from a stand-alone to a shared service model,
- Reduce redundancies,
- Promote closer relationships between areas currently under City and CPA operating umbrellas, and
- Provide Council with a clearer line of sight into parking services.

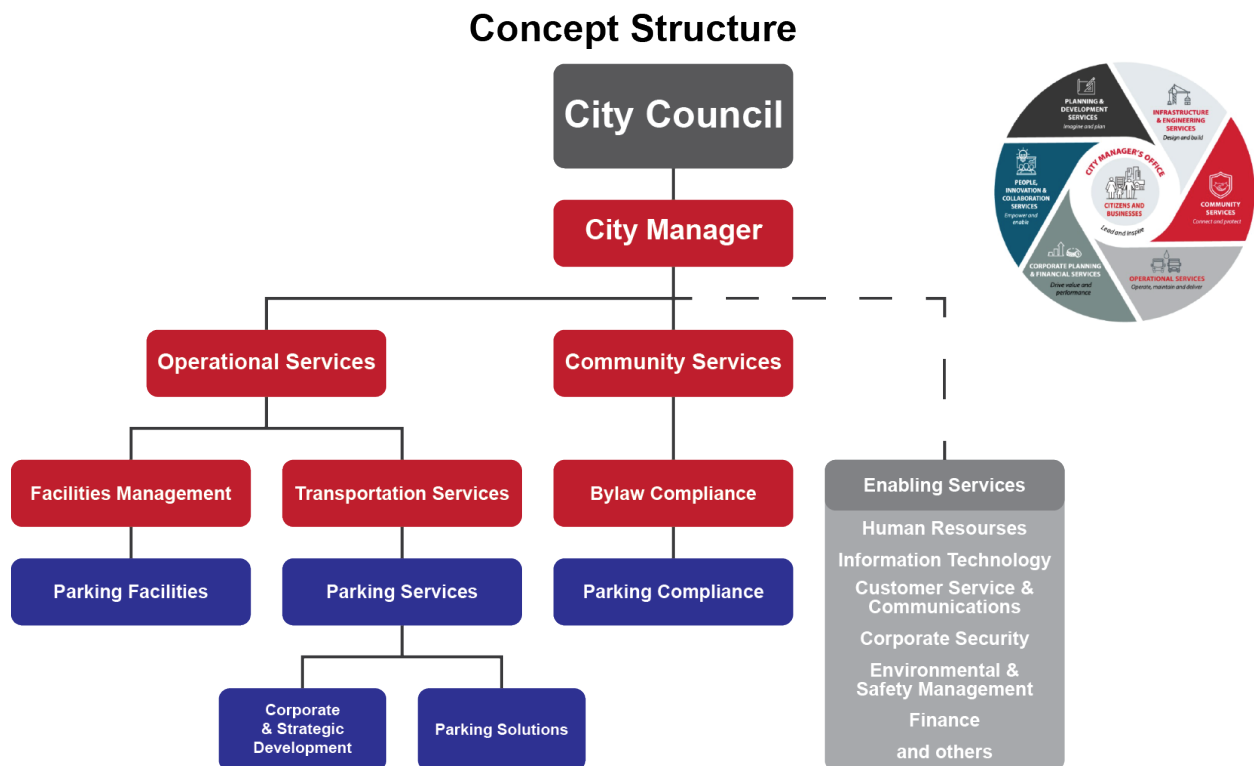
Calgary Parking Authority's core leadership team would move to the new Operational Services Department, with a Director instead of a General Manager at the head of the organization. Using the embedded services model that City Business Units use would mean no requirement for Executive Office and other support positions. Project Managers and Executive Advisor would remain to support the Director. The Parking Solutions Manager, Commercial and Strategic Development Manager, and the Records Management lead would continue to report directly to the Director as in the previous structure.

The embedded services model would follow the standard structure seen in other business units within the City of Calgary. An Information Technology services lead, a Human Resources business partner, and a Communications lead would be assigned by the People, Innovation and Collaborative Services Department from a pool of staff that already exist. A Finance lead would be assigned by the Corporate Planning and Financial Services Department, the Parking Safety and Compliance operations would be moved to the Calgary Community Standards business unit

in the Community Services Department. Capital infrastructure projects work would be moved to the Infrastructure and Engineering Services Department, and the day to day operation of the parking structures and facilities would be moved to the Facility Management business unit in the Operational Services Department.

The director would have dotted line connection to the leads from the other departments as is the current situation in other business units at The City. All these embedded operations from other departments would be able to take advantage of existing resources that are already in place for City operations, which would require minimal or no hiring of specific staff for support positions, taking advantage of City operational infrastructure.

An additional benefit is that the current Calgary Parking Committee becomes redundant with this new alignment. The financial savings are relatively minor, but the budget and operational direction becomes clearer for the organization by directly reporting to the General Manager of Operational Services, and ultimately to Council. Parking operations are a significant part of the transportation network, and by transitioning to a City Services operating concept parking operations will be directly aligned with Council policies such as the Municipal Development Plan and Calgary Transportation Plan, and enable direct collaboration with other business units who support the transportation network.



In general, the potential city concept envisions using embedded staff from enabling services as business units do today. Communications, Finance, Human Resources and Information Technology leads work with the business unit as embedded staff but are part of their respective enabling service business units. This approach allows for a more efficient model that is also more responsive to changing needs of different service lines over time. The following subsections describe how different functions are integrated with The City under the concept but do not reflect specific staff or positions.

Enabling Services

The proposed business unit will use a Communications lead embedded from Customer Service & Communications, Finance lead embedded from the Finance, Human Resources business partner embedded from Human Resources and Information Technology Account Manager embedded from IT. This model is used by all business units within The City and seeks to improve agility and resiliency by both having dedicated staff connected to each service and a pool of additional staff and resources that can be adapted to different projects and changing needs over time.

Integrating communications allows for customer service call center functions to be integrated with 311 realizing efficiencies. Other 24-hour response functions can also be integrated with the Traffic Management Centre. 311 and the Roads Traffic Management Center already have infrastructure in place for training, quality assurance, dispatching and experience taking calls regarding parking inquiries from the public. In addition, Calgaryans are already familiar with 311.

Integrating finance will ensure that parking has a closer relationship with a larger portfolio of financial services that The City provides. As with finance, integrating Human Resource functions make available a broader suite of HR and support services for staff. An additional benefit is a simplified process for City staff to apply for parking job postings and vice versa, allowing Calgary Parking Authority to access a much larger potential pool of internal talent than was previously available.

Integrating Information Technology resources from the IT business unit simplifies user accounts, software maintenance, and other application support requirements. However, due to the requirement of maintaining the ParkPlus System™, the software development function in the Parking Solutions division would be moved to The City's IT business unit. The IT business unit is in a strong position to provide additional support from its pool of existing developers, and the procurement process of bringing in new developers from external sources if required, again improving agility and responsiveness.

Network maintenance and cyber security requirements would be reduced since Calgary Parking Authority systems would be fully within the City network and firewall. IT network services and Corporate Security would provide these services from existing resources, and the current systems and network could be housed within The City's firewall and backup systems. In addition, there are expanded opportunities to use vehicle data collected and stored from parking operations by The City (assuming privacy requirements are met.) This may support

a more efficient use of the road network and assist in land use and transportation network planning.

In addition to these, parking facility functions would move to the Facilities Management business unit which manages the broader portfolio of City buildings and properties. The primary benefit will be the alignment of existing facility operational staff in the Facility Management business unit with parking staff, which will provide the opportunity to streamline processes and find efficiencies between the two groups.

Additional benefits are realized by the closer integration of parking and traffic management teams. Over the past five years more than 4,200 work orders have been transferred between Calgary Parking Authority and The City with respect to parking changes. This is a tremendous amount of work requiring both teams that can be streamlined and cut in half with an integrated team. A further benefit is that engineering activities would be guided by The City's Professional Practice Management Plan and compliance with the Association of Professional Engineers and Geoscientists of Alberta (APEGA) regulations would be improved.

Parking Safety and Compliance

The Parking Safety and Compliance division will be moved to the Calgary Community Standards business unit, in the Community Services Department. The primary benefit of this change is to align parking enforcement with the compliance services that already exist within Community Standards and ensure parking compliance operations are transparent, and at arm's length from the financial parking transactions to mitigate any potential conflict of interest.

Combining the bylaw compliance entities at The City into the same department provides several advantages:

- The risk that the Province could introduce fees to access registered owner information is significantly reduced, since the organization would retain its current status of a 'Local Governing Body' with Service Alberta.
- The risk that Calgary Parking Authority would no longer be able to leverage denial of registry services to ensure registered owners pay fines would be significantly mitigated, since the organization would not be giving up its current status of a 'Local Governing Body' with Service Alberta.
- The risk that Calgary Parking Authority would not be able to employ Bylaw Enforcement Officers would be eliminated since parking compliance services will remain inside The City governance structure.
- The risk that Calgary Parking Authority would not be able to employ Peace Officers would be eliminated since parking compliance services will remain inside The City governance structure, which is already deemed an 'Authorized Employer' with the Solicitor General of Alberta.
- The proposed model offers senior leaders a clear, transparent view of parking compliance costs and expenses within the Calgary Community Standards business unit, allowing managers to implement operational changes to promote the efficient use of budget resources.

- The Parking Safety and Compliance division would continue to provide evidence to The City's Law Department regarding the prosecution of parking tags. No change in practice or legal structure would be required, and potential synergies could be developed with other compliance groups at The City to find efficiencies regarding legal resources.
- By combining the compliance services into the same department, there is an opportunity to find efficiencies with the various services that are provided by each group. Potential benefits could be found related to a reduction in supervisory positions required once parking compliance is combined with the other compliance groups. The coordination of shifts and geographic coverage, as well as operational benefits, such as coordinating multi-agency enforcement activities, will be less complicated to organize.
- The potential structure would allow for closer integration between the Roads' Traffic Division, which designs and implements on-street parking restrictions, and the CPA, which enforces them. The potential of an integration between Traffic's design database and the CPA's enforcement database could be developed to automate the implementation of parking restriction changes and eliminate the 'double-handling' of information. In addition, the financial transactions between the Traffic Division and the CPA could be simplified as a cost recovery between business units, providing greater financial transparency between the two groups.
- The proposed model facilitates the Parking Safety and Compliance group to directly support the policies of the Calgary Transportation Plan and other Council policies. Being embedded in the Calgary Community Standards business unit will enable parking compliance to be flexible in supporting alternative modes of transportation and other new technologies and policies that are implemented related to parking on the road network.
- The risk of the Courts interpretation of a Municipally Controlled Corporation's 'for profit' mandate, is eliminated with the proposed concept. Currently the Courts are familiar with Calgary Parking Authority's prosecutions model of parking enforcement, but if a negative decision is handed down by the Courts on a contested parking tag because the Municipally Controlled Corporation is 'profit oriented', which is contrary to the principles of justice, that could set precedence for all future parking enforcement tags issued.
- A similar risk exists regarding the ability to mail out tags to violators instead of placing them on vehicles manually. If the ability to mail out tags is taken away by the Courts due to a 'for profit' mandate, that would significantly reduce the efficiency of the ParkPlus System™ and reduce potential parking revenues.
- The Impound Lot operations would also be moved to Calgary Community Standards, which would align the expertise from parking compliance within Calgary Parking Authority and combine with the additional resources that exist with the other bylaw compliance operations. The Calgary Community Standards business unit would have the opportunity to streamline operations between all its compliance operations, providing efficient compliance services to Calgarians with no additional budgetary impact.
- Impound Lot operations will continue with its partnership with Calgary Police Service, regarding the storage of vehicles for evidentiary purposes, and other services to support the police as required.
- Canadian Police Information Centre (CPIC) is the central national police data base. Information in this database is currently used by Calgary Parking Authority for

enforcement. The risk of losing access to CPIC is eliminated with the hybrid City Services model, since all current agreements would remain in place.

- The City of Calgary already has a robust Safety Management System that could readily account for the inclusion of Calgary Parking Authority operations, providing a seamless transfer to The City's COR certification standards.
- Enforcement through prosecution requires access to the Provincial "Justice Online Information Network System (JOINS)". This system provides access to court records, scheduling and ticketing systems. The proposed City Services model would eliminate the risk that a controlled corporation would not receive access from Alberta Justice.
- Enforcement activities will benefit from the advent of the Smart City concept, as City roadway infrastructure is converted to accommodate autonomous vehicles, electric vehicles, and other new technologies. The implementation of the 5G network will enable cameras and wireless communications to be incorporated into roadway infrastructure and other City vehicles, which could be used to support enforcement operations. With parking operations embedded in The City services model, Calgary Parking Authority will be well positioned to contribute and take advantage of these technological advances.

The proposed business unit will be able to take advantage of the existing City infrastructure regarding resiliency and backup systems if parking operations are interrupted by emergency events such as natural disasters or a health pandemic. The Calgary Parking Authority would be able to receive support from The City quickly and efficiently as a City service and would also be able to reciprocate in kind by providing Peace Officers to support City operations, as required, during an emergency.

Analysis of New Potential Structure

The concept described above is based on a set of key objectives. In addition to the strategic direction of Rethink to Strive and the organizational realignment, benchmarking within The City was used to develop these key objectives that business units at The City seek to achieve. Each objective is formulated to enhance governance, improve services delivered to the public or realize efficiencies. The following table shows these objectives and the benefits that are expected from incorporating this into the operating structure.

Key Objectives	Benefits Expected
Directors provide leadership to parking services	✓ Eliminates need for direct GM involvement
Directors report directly to the GM and ultimately Council	✓ No requirement for a dedicated Committee or subcommittees (removes redundancies)
Separates parking compliance operations from the financial collection of parking fees	✓ Reduces conflict of interest issues ✓ Provides transparency to the public
CPA can access all City employees on internal postings	✓ Increased pool of talent to draw from
Promotes collaboration between existing business units and departments for implementation of City policies	✓ Eliminates silos and arms-length relationships
Provides cost savings to The City	✓ Savings passed on to citizens
Leverage existing administrative policies and support networks	✓ More HR and communications support ✓ Improved safety culture and resources ✓ Improved resiliency ✓ Improved engineering compliance
Minimize issues for staff transferring from one structure to another	✓ CPA staff transitioning to The City in the new structure could do so seamlessly (e.g.: already use The City's payroll system, retain employee ID#, and pension status).

Along with benefits there is also the potential for risks to develop. The following table shows some preliminary risks.

Risk	Potential Drawback
CPA staff dispersed to different City Departments	✓ City teams that absorb parking functions would have to 'learn' the parking industry
City has direct involvement in enforcement activities	✓ City would be responsible for addressing public complaints around tickets and enforcement activities
Issues in transferring staff from one structure to another	✓ Unionized staff will have to negotiate transferring seniority ✓ Exempt staff may not be able to transfer their years of service to The City

Calgary Parking Authority has provided an initial assessment of the concept model including potential risks. These will be evaluated at a later time if more work is desired on the proposed City hybrid model.

Implementation Considerations and Timeline

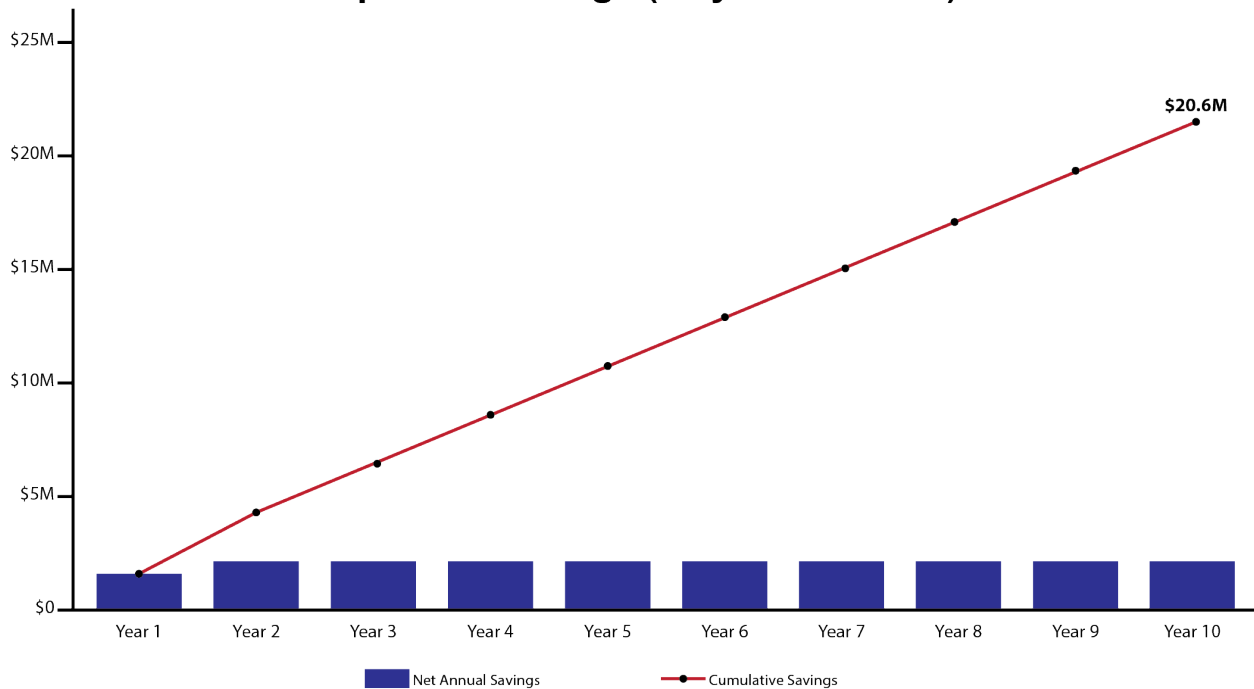
Additional work is needed to fully plan a transition to this potential operating model. If Council wishes to explore this model to a higher degree of detail, a project charter and plan would be established, and the option would be developed collaboratively with City and CPA teams. An implementation process, including impacts to staff and customers and detailed financial forecasts, would be provided. This would also provide a more wholesome opportunity for the CPA Committee and Administration to participate in developing this option. It is anticipated that this work could be completed before the end of the year and that if Council decides to proceed with this option, the new model could be implemented by mid-2022. This will also allow the ongoing organizational realignment to progress unimpeded and use the learnings from that process to inform implementing the potential operating model.

Financial Analysis of Concept

Using a similar approach as the key objectives, an initial financial analysis was completed based on benchmarking with existing City business unit's resource needs. This analysis shows potential for significant position and financial savings.

Savings and Costs	Benefits Expected
Position FTE savings	<ul style="list-style-type: none"> ✓ Positions were valued based on estimates used by KPMG for the MCC analysis ✓ City can retain talent within the organization through redeployment of affected staff
9 Committee positions eliminated	<ul style="list-style-type: none"> ✓ Compensation for public members (\$2,500/year) and committee indemnification costs are eliminated ✓ Reduces Council, Committees and ELT member time commitment
One-time transition costs: \$520k	<ul style="list-style-type: none"> ✓ The one-time implementation costs to facilitate the transition to the new structure is expected to be \$520K. ✓ Accounts for lost productivity and training time during the transition, based estimates used by KPMG for the MCC analysis
Annual FTE Savings: \$2.6M	Anticipated \$2.6M in annual FTE savings
Total net benefit in the first year: \$2.11M	See charts in confidential appendix

Expected Savings (10 year forecast)



ParkPlus System™ Marketing

The ParkPlus System™ has significant value as City of Calgary intellectual property. However, to date, marketing the solution has not provided high financial returns. Prior to 2021, Sales & Marketing routinely posts a negative net revenue. Refocusing marketing efforts can reduce costs and concentrate on areas that will see the most benefit from using the ParkPlus System™.

Internal to The City of Calgary there is opportunity to increase ParkPlus System™ usage by expanding operations to all City administered off-street parking stalls, including any lots needing management or payment services and Calgary Transit Park and Ride lots. This represents more than 16,000 stalls.

External to The City there are two marketing alternatives:

- **Opportunity 1:** Contract ParkPlus System™ marketing to an external company as an authorized licensee under The City of Calgary, or
- **Opportunity 2:** Establish ParkPlus as a municipal service offering in Alberta (offered to all government agencies on a cost recovery basis only.) A single system has savings and efficiencies and would ensure public funds provide a public benefit. There is a sizable market of other Alberta municipalities, Hospitals, Care Centers, Universities, Colleges, Courts and Airports that could benefit from a low-cost, easily implemented system with a proven track record and no jurisdictional challenges.

Contract ParkPlus Marketing	Municipal Service Offering
<p>Benefits:</p> <ul style="list-style-type: none"> • Can pursue business opportunities without government constraints. • City receives a royalty on all revenues, external company takes on costs and risk. 	<p>Benefits:</p> <ul style="list-style-type: none"> • Fulfills CPA's mandate as a public parking service provider. • Establishes a 'universal parking wallet' for all government parking facilities in Alberta. Keeps parking revenues in Alberta. • City has no requirement to establish a separate company and takes on no business risk. • Software is simplified since all customers would be subject to the same Alberta bylaws.
<p>Disbenefits:</p> <ul style="list-style-type: none"> • May be difficult to find a suitable company to partner with. • Sharing revenues results in lower returns. 	<p>Disbenefits:</p> <ul style="list-style-type: none"> • The City would not realize potential revenues from marketing ParkPlus to jurisdictions outside Alberta.

Summary

Through the work investigating the feasibility of the MCC model, it is clear that the status quo approach has many challenges that ambiguities that have not been overcome to date. Transitioning the Calgary Parking Authority to a business unit and marketing ParkPlus System™ software as a separate agency is possible. Using a benchmarking approach, there are meaningful savings that would be realized through staff efficiencies and using shared services. The concept developed aligns to The City's new organizational structure while aligning to the principles of building closer relationships between different areas of The City areas, realizing efficiencies through new teams that perform similar functions and by reducing redundancies in the organization.

In contrast with the for-profit foundation of a Municipally Controlled Corporation, the proposed concept emphasizes parking operations management within The City of Calgary in alignment with Council policies, and in the best interests of all stakeholders. Calgary Parking Authority can operate with lower costs while being better positioned to support City plans and policies. Calgary Parking Authority would benefit from highly developed Human Resource, Finance and Safety systems along with a wealth of other support networks. Both analyses show the current model is inefficient and a new model is needed to create efficiencies. Moving to a Municipally Controlled Corporation has significantly more risk and not a significant financial variance when compared with the concept Business Unit Hybrid model.

Furthermore, the unique, complex governing structure of Calgary Parking Authority would no longer be necessary. A business unit is simpler and more cost effective. Several risks identified as part of the MCC feasibility study would not apply under this approach. Removing the need for the Calgary Parking Committee will reduce staff time for Council and Executive Leadership Team members, reduce costs and provide clear line of sight between Council and parking operations.

Refocusing ParkPlus System™ marketing can improve the negative net income of sales and marketing. Repositioning the system as an Alberta solution first keeps costs low while benefiting the province and Albertans as a whole.

As an influential planning area with significant city-shaping consequences, it is increasingly important to have effective parking policies that are integrated with land use and transportation plans. Using a business unit approach helps to ensure this is possible. Leveraging the organizational realignment to accomplish this and remove silos ensures that it would be successful.