

Town Engagement Process

Before turning to the financial analysis of the proposed parking structure at 176 Wellington Street, it is important to begin with the Town's own community engagement process regarding the future of the former hospital site. The Town retained NPG Planning Solutions Inc. to undertake a substantial public engagement exercise, funded by approximately \$85,000 from parking revenues, resulting in an extensive body of consultation materials and findings regarding "what current and future community needs, priorities or aspirations could be served by this space and how the transformation should reflect community values." The engagement findings repeatedly emphasized community-oriented and civic uses, including flexible community space, programming for multiple demographics, recreation and family-oriented uses, preservation of green space, and development that remained moderate in scale and compatible with the surrounding heritage context. The report also noted that "continued community use of the space was highly emphasized" and included comments opposing a "mega multi-storey structure."

Importantly, parking was not identified as the primary purpose of the site. Rather, it appeared as a supporting or ancillary function within a broader community-focused

concept. This is also reflected in the Town’s own “Join the Conversation” materials, which described the project as potentially including “flexible community space, visitor services, public washrooms, potential leasable tenant space, and parking.”² In other words, the Town’s own engagement process framed parking as one component among several—not as the dominant organizing purpose of the redevelopment. Against that background, the threshold question is whether the current parking-led financial model aligns with the priorities identified through the very engagement process the Town commissioned to guide the future use of the site.

¹ Town of Niagara-on-the-Lake, “News Release November Council Update: Decisions and Updates,” November 26, 2024 (Council approved \$85,000 for external public engagement services regarding the former hospital site). See also: “Former Hospital Site (176 Wellington Street) Community Engagement Launches,” July 7, 2025. (notl.com)

² Town of Niagara-on-the-Lake, “Former Hospital Site (176 Wellington Street) – Join the Conversation” project page and engagement materials: <https://www.jointheconversationnotl.org/former-hospital-site> (jointheconversationnotl.org)

FINANCIAL ASSESSMENT – 176 WELLINGTON STREET (FORMER HOSPITAL SITE)

Proposed 150-Space Parking Structure

Niagara-on-the-Lake

1. Overview

The Town is considering the redevelopment of the property at 176 Wellington Street through the construction of a two-storey civic building incorporating structured parking, community space, and visitor-related uses.¹

Based on the staff report (CPS-26-002), the current concept contemplates approximately 150 parking spaces integrated with community and leasable space within a single structure.¹

This assessment integrates observed parking performance in Old Town, current utilization of the site, the Town's projected revenue assumptions, system-wide revenue trends (2023–2024), the Town's preliminary

capital and operating estimates, and proposed funding considerations.

The objective is to determine whether the parking component of the proposed development is likely to be financially self-sustaining.

2. Status of Council Approval

At this stage, Council has not approved construction of the facility. ¹

Council has approved advancing the project to the next phase of analysis, including up to \$200,000 for detailed design, Class C cost estimates, technical studies, financial modelling, and funding and partnership exploration. ¹

Accordingly, all financial projections remain preliminary.

3. Existing Parking Performance (Benchmarking Reality)

Old Town system-wide performance provides a baseline. There are approximately 773 metered spaces operating from 10 a.m. to 8 p.m., with hourly rates between \$5.25 and \$5.75. ²

The Town's 2024 Annual Report shows total parking revenue of approximately \$3.44 million, equating to approximately \$4,447 per space annually. ²

Under full utilization, theoretical maximum revenue would be approximately \$14.8 million, implying actual utilization of approximately 23%. ³

At the 176 Wellington site, approximately 75 spaces generate about \$107,000 annually, including lease revenue. ¹

Removing lease income yields approximately \$95,000 in parking revenue, or approximately \$1,267 per space annually, implying utilization of approximately 7%.³

4. System Revenue Growth (2023–2024) – Structural, Not Demand-Driven

Between 2023 and 2024, parking revenue increased materially (approximately \$800,000–\$1.1 million based on Town reporting). ²

This increase is consistent with system-wide modernization effects observed in comparable municipalities, including:

- Expansion and full-year implementation of paid parking
- Rate optimization
- Adoption of digital payment systems
- Increased enforcement and compliance
- Modest tourism recovery

Municipal evidence indicates that these factors increase effective revenue through improved compliance and collection rather than through a proportional increase in underlying parking demand.⁴

4A. Non-Recurring Nature of Revenue Increase

The approximately 30% increase in parking revenue represents a structural step-change rather than a continuing trend.²

These gains reflect improved monetization rather than sustained increases in:

- Vehicle volumes
- Parking demand
- Utilization capacity

Future growth is expected to be incremental.⁴

5. Implication for 176 Wellington Site

The observed revenue increase reflects improved collection of existing demand, not the creation of new demand.

At 176 Wellington, utilization remains approximately 7%, indicating limited underlying demand. ¹

As such, system-wide revenue gains cannot be assumed to translate to this location.

6. Town Revenue Assumptions (Proposed Structure)

The staff report models the following gross revenue scenarios:

- 55% utilization → approximately \$1.1 million
- 70% utilization → approximately \$1.5 million
- 85% utilization → approximately \$1.9 million¹

These estimates are gross figures and exclude operating and lifecycle costs. ¹

They assume utilization levels significantly above observed benchmarks.

7. Reality-Based Revenue Scenarios

Applying observed benchmarks:

- ~7% utilization → approximately \$200,000 annually
- ~14% utilization → approximately \$350,000–\$400,000
- ~23% utilization → approximately \$650,000–\$700,000

All scenarios fall materially below the Town's projections.

8. Capital Cost – Blended Civic vs. Parking Cost

The staff report provides a preliminary capital estimate of approximately \$14.7 million, including:

- Demolition: ~\$700,000
- Site works: ~\$500,000
- Two-storey garage: ~\$6,000,000
- Community / tenant space: ~\$7,500,000¹

This equates to approximately \$98,000 per space.

However, this represents a blended civic building cost, not the cost of parking alone.¹

9. Borrowing Structure

Municipal infrastructure is typically financed through long-term debentures.⁵

Assuming:

- Term: ~25 years
- Interest rate: ~4.25%

Estimated annual debt servicing is approximately \$980,000.

10. Operating and Lifecycle Costs

The staff report identifies operating costs of approximately \$800 to \$1,500 per space annually.¹

For a 150-space facility:

➔ \$120,000 to \$225,000 annually

These exclude major lifecycle costs.⁵

11. Total Annual Cost

Debt servicing: ~\$980,000

Operating costs: ~\$120,000–\$225,000

→ Total annual cost: approximately \$1.10 million to \$1.20+ million

12. Revenue Constraints (Policy Impact)

The resident parking permit (~\$40 annually for up to 3 hours free parking) reduces effective revenue by:

- Allowing non-paying occupancy
 - Reducing turnover
 - Suppressing revenue per space²
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13. Financial Gap Analysis

Under realistic conditions:

7% utilization → ~\$900K–\$1M shortfall

14% utilization → ~\$700K–\$850K shortfall

23% utilization → ~\$400K–\$550K shortfall

Only at ~55% utilization does the project approach break-even.

14. Municipal Accommodation Tax (MAT) – Constraints

The staff report suggests MAT funding could be explored.¹

However:

- MAT is governed by provincial policy
 - Must support tourism-related purposes⁶
 - Eligibility for general parking infrastructure is uncertain
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15. Community Health and Well-Being Reserve

The proposed reserve is funded only from net revenues after costs.¹

➔ No surplus = no reserve funding

16. Accessibility Requirements and Cost Implications

As a multi-level public facility, the structure must comply with:

- Accessibility for Ontarians with Disabilities Act
- Ontario Building Code

This typically requires vertical accessibility (elevator), increasing cost.⁷

17. Core Financial Risk

The project combines:

- Fixed long-term debt
- Variable, seasonal demand
- Policy-constrained revenue

Any shortfall must be funded through general taxation.

18. Critical Dependency: Destination Use

Higher utilization depends on the site functioning as a year-round destination.

Absent this, utilization is likely to remain within observed ranges.

19. Conclusion

The Town's projections rely on utilization levels materially above:

- Current site (~7%)
- System average (~23%)

The 2024 revenue increase reflects improved monetization, not increased demand.

20. Bottom-Line Assessment

The proposed parking structure is unlikely to be financially self-sustaining.

It relies on:

- Optimistic utilization assumptions
- Blended capital costing
- Uncertain funding sources

It is best understood as a structurally subsidized municipal asset.

Final Statement

The recent increase in parking revenue reflects improved monetization of existing demand—not the creation of new demand sufficient to justify expanding supply at a location where utilization remains persistently low.

FOOTNOTES

1. Town of Niagara-on-the-Lake, Staff Report CPS-26-002 (March 24, 2026)
2. Town of Niagara-on-the-Lake, 2024 Annual Report / Financial Statements

3. Derived calculations based on Town rates and revenue
4. City of Toronto Parking Authority, Annual Report (Green P); City of Ottawa Parking Strategy; municipal parking system modernization evidence
5. Infrastructure Ontario lending program; municipal lifecycle costing standards
6. Ontario Municipal Accommodation Tax framework (Municipal Act, 2001, s. 400.1; Ontario Ministry of Finance guidance)
7. Accessibility for Ontarians with Disabilities Act; Ontario Building Code (barrier-free design requirements)

Memorandum: Recommended Strategic Considerations for Class C Financial Analysis

Part 1: Recommended Enhancements for Consultant Scope of Work

To ensure the forthcoming Class C Cost Estimates and financial modeling provide the most robust basis for Council decision-making, it is suggested that the following three areas of inquiry be integrated into the analysis:

- **Net-New Occupancy & Cannibalization Study:** It is recommended that the analysis include a "Net-New Occupancy" assessment. Given the proximity of the

176 Wellington site to existing metered street parking, there is a risk that the new structure may primarily capture existing parkers rather than generating new demand. This study would help determine the true net revenue gain to the Town, ensuring that increases at this site do not come at the expense of existing system-wide revenue.

- **Lifecycle & Asset Management Reserve Modelling:**

Beyond the standard annual operating estimates, it is suggested that the consultant develop a 50-year lifecycle reserve model. Parking structures in Southern Ontario face significant environmental stress due to freeze-thaw cycles and salt exposure. Incorporating a dedicated "Sinking Fund" for major structural rehabilitations (e.g., membrane replacement and concrete work) will ensure the project's long-term sustainability and prevent future unfunded tax liabilities.

- **Commercial Anchor & Lease-to-Debt Analysis:** It is suggested that a commercial viability assessment be conducted for the leasable civic space. Because parking structures often require subsidization, a high-yield anchor tenant or a strategic lease rate for the community space could act as a critical offset to the parking component's debt-servicing costs.

Part 2: Regulatory Considerations Regarding the Municipal Accommodation Tax (MAT)

As the Town explores the Municipal Accommodation Tax (MAT) as a potential funding source, it is recommended that the financial model be stress-tested against the current provincial regulatory framework:

- **Regulatory Compliance (O. Reg. 435/17):** Under the Municipal Act, 2001 and Ontario Regulation 435/17, at least 50% of net MAT revenue must be directed to an "eligible tourism entity" for tourism promotion. The remaining 50% retained by the municipality is intended for tourism-related infrastructure.
- **Infrastructure Eligibility:** It is suggested that the analysis confirm the eligibility of the 176 Wellington project for MAT funding. Provincial guidelines generally require a clear nexus between the funded project and tourism benefit. If the facility's primary function evolves toward local community use or residential parking (via the permit system), the defensibility of using MAT funds may be reduced.