



## CITY OF VANCOUVER

### ADMINISTRATIVE REPORT

Report Date: May 15, 2007  
Author: Liza Jimenez  
Phone No.: 604.871.6683  
RTS No.: 06830  
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Meeting Date: July 10, 2007

TO: Vancouver City Council

FROM: Chief License Inspector

SUBJECT: Amendment to Vehicles for Hire By-Law: Private Impoundment Towing Rate and Release Fee

#### RECOMMENDATION

- A. THAT Council approve an increase in the private impoundment towing rate to \$74.90 and an increase in the release fee to \$37.75 for vehicles with a gross vehicle weight of up to 3,628 kg, and \$80.55 for impoundment and \$40.60 for release for vehicles with a gross vehicle weight of over 3,628 kg, subject to the towing companies agreeing, in writing, to storage charges of \$18.50 for the first 24 hours and \$14.00 for each additional 24-hour period.
- B. THAT subject to Council approval of the above, the Director of Legal Services prepare the necessary by-law amendments for the private impoundment towing rate and release fee.

#### GENERAL MANAGER'S COMMENTS

The General Manager of Community Services RECOMMENDS approval of A and B above.

#### COUNCIL POLICY

Vehicles for Hire By-Law No. 6066 licenses and regulates the owners and drivers of vehicles for hire in the City of Vancouver.

## PURPOSE & SUMMARY

This report reviews the private towing impoundment rate, release fee and storage rate recommending an increase intended to assist the towing companies with their rising operating costs such as fuel, wages, insurance, repair, and maintenance over the past two years. The proposed impoundment rate is similar to ICBC's current Tow and Recovery Plus rate to tow a vehicle up to 3,628 kg a distance up to 6km, including a fuel surcharge. The recommended rate is an increase of approximately 9.3% for towing impoundment and 12.2% for the release fee for vehicles up to 3,628 kg, and 17.6% for towing impoundment and 20.7% for release for vehicles over 3,628 kg. The storage fee (not regulated under the Vehicles for Hire By-Law No.6066) is recommended to increase, regardless of gross vehicle weight, 5.7% for the first 24-hour period and 7.7% for any additional 24-hour period thereafter.

## BACKGROUND

The City regulates the private towing impoundment rate and the release fee under Sections 26 (12) and (13) of Vehicles for Hire By-Law. The by-law prescribes certain maximum fees that may be charged to the owner or driver of a vehicle that has been towed from a commercial lot pursuant to a tow-away notice or when the vehicle is claimed prior to being actually towed away (drop/release). Rates have always been applied on a consistent basis, regardless of the vehicle size and weight that is being towed.

Currently, the City has no power under the Vancouver Charter to regulate storage fees. Therefore, by-law amendments to the impoundment and release fees are approved only once the towing companies have agreed in writing to specific storage charges.

The last three impoundment rate and release fee increases approved by Council were in March 2005, October 2002, and December 1998.

## DISCUSSION

On June 27, 2006, the General Manager of Drake Towing submitted a request that rates for private impoundment, release, and storage fees be increased in the City of Vancouver. The following operating cost increases were cited since the last rate increase in March 2005 - fuel (38%), insurance (11%), repair and maintenance (14%), wages (8%), and new truck costs (6%).

The table below presents the City of Vancouver's past impoundment, release fee and storage rates.

Table 1

	2005		2002		1998		1993		1991
Impoundment	\$68.50	9.6%	\$62.50	11.6%	\$56.00	7.7%	\$52.00	4.0%	\$50.00
Release Fee	\$33.65	8.5%	\$31.00	10.7%	\$28.00	7.7%	\$26.00	4.0%	\$25.00
First 24hr storage	\$17.50	9.4%	\$16.00	6.7%	\$15.00	11.9%	\$13.40	11.7%	\$12.00
Add. 24hr storage fee	\$13.00	8.3%	\$12.00	9.1%	\$11.00	10.0%	\$10.00	11.1%	\$9.00

Note: GST not included in above fees.

Table 2 below illustrates the new recommended rate structure for 2007, which would result in a total cost of approximately \$99.00 (including 6% GST) for vehicles up to 3,628 kg and \$104.99 (including 6% GST) for vehicles over 3,628 kg for a period of 24 hours or less.

Table 2

Vehicle Size	Vancouver Recommended							
	Impoundment Rate		Release Fee		Storage (First 24 hrs)		Storage (Next 24 hrs)	
<= 3,628 kg	\$74.90	9.3%	\$37.75	12.2%	\$18.50	5.7%	\$14.00	7.7%
> 3,628 kg	\$80.55	17.6%	\$40.60	20.7%	\$18.50	5.7%	\$14.00	7.7%

Note: GST not included in above fees.

The differential rate according to gross vehicle weight is proposed for the new 2007 rates because in today's current market there is a prevalence of overweight vehicles. These overweight vehicles require a corresponding sized tow truck. In the past, the prevalence of such vehicles was minimal and today it merits a distinct rate in the City's private impoundment rate, just like those rates set by ICBC, the Province via the Motor Vehicle Act (MVA) Regulations, and the City of Vancouver's recently approved public impoundment rates.

### City Comparison

Neighbouring municipalities, including Burnaby, Richmond and Surrey have by-laws which regulate private impoundment towing rates. Table 3, on the following page, provides a breakdown of the recommended rates for Vancouver and summarizes the current rates in these neighbouring municipalities.

Notably, these local municipalities apply different rate structures. Burnaby applies a flat rate regardless of gross vehicle weight or distance towed. By contrast, Richmond and Surrey regulate impoundment rates by explicitly applying prescribed payment schedules, namely Motor Vehicle Act Regulations and ICBC respectively. Both established payment schedules consider weight and distance. See Appendix A for more details on the ICBC and MVA Regulations payment schedules.

Table 3

Municipality	Impoundment Rate	Release Fee	Storage (First 24 hrs)	Storage (Next 24 hrs)
Burnaby	\$60.00	\$30.00	\$10.00	\$10.00
Richmond uses the <i>Motor Vehicle Act Regulations</i> :				
Up to 6km (<3,628 kg)	\$68.60	N/A	\$17.00	\$17.00
Surrey uses the <i>ICBC Towing Rate Payment Schedule (May 1, 2007)</i> :				
Priority Base <sup>2</sup> : Up to 6km (<3,628 kg)	\$69.11 <sup>1</sup>			
T&R+ Rate <sup>3</sup> : Up to 6km (<3,628 kg)	\$74.65 <sup>1</sup>			
Non-Priority Rate <sup>4</sup> : Up to 6km (<3,628 kg)	\$49.15 <sup>1</sup>			
Up to 6km (3,628 to 7,257 kg)	\$80.65 <sup>1</sup>			
Vancouver (current)	\$68.50	\$33.65	\$17.50	\$13.00
Vancouver (Recommended)				
<= 3,628 kg vehicles	\$74.90	\$37.75	\$18.50	\$14.00
> 3,628 kg vehicles	\$80.55	\$40.60	\$18.50	\$14.00

Note: <sup>1</sup> Cost includes fuel surcharge. ICBC rates provide for an additional charge per mileage of the tow.

<sup>2</sup> Priority Base is the first tow of the vehicle regardless of its origin.

<sup>3</sup> T&R+ Rate is for Towing & Recovery Plus, a rate applied for towing companies that meet particular criteria.

<sup>4</sup> Non-Priority Rate is the second tow of the vehicle, such as from the impoundment lot to a garage.

## Rate Justification

### Impoundment Rate

In the past, the Vancouver Consumer Price Index (CPI) has historically been used as the comparison measure for towing rate structure increases. This index is a summary of all economic markets and industries over a certain period of time and therefore increases in the major factors of fuel, insurance and vehicle price which directly impact the towing business are so proportionately small that they are essentially hidden within the CPI. As a result, staff evaluated the last rate increase based on the towing industry's three major factors (i.e. fuel, insurance, and vehicle price) along with a comparison to other municipalities and ICBC rates.

This time, staff recommend that the regulated impoundment rate be on par with that of ICBC's Tow & Recovery Plus (T&R+) rate, a new rate that was recently adopted and implemented in its Tow Truck Payment Schedule (Form CL332). ICBC adjusts its Tow Truck Payment Schedule fairly regularly; the most recent payment schedule is dated May 2007, which now includes the provision for T&R+. The T&R+ rate is applicable for certain tow companies that successfully pass the application process by meeting an established set of criteria (see Appendix B). The T&R+ rate is greater than the Priority Base rate and is overall comparable to the rate requested by Drake, Busters, and Unitow. Furthermore, the public impoundment rate, or tows from City lands, is the same as ICBC's "Non-Priority" prescribed tow rate (see Table 3 or Appendix A).

Among the four tow companies licensed in Vancouver, Busters is approved to apply the T&R+ rate for ICBC-related impoundments, Drake is currently in the application process, Jim's (the smallest company) is considering an investment in a large sized tow truck in order to qualify, and finally Unitow, meets the criteria but has not applied for the rate.

#### Release Rate

The release rate is recommended to increase to account for the increase in impoundment. The release fee is less, customarily nearly half the impoundment rate, as the action of dropping and releasing a vehicle from the tow truck is a relatively simple procedure with fewer associated expenses incurred.

#### Storage Rates

Storage charges are not prescribed by ICBC. Storage rates in Vancouver are greater than in other municipalities due to greater property related costs within the City, such as property value and taxes. Also, this difference is warranted due to extra congestion on Vancouver streets necessitating more time for tow trucks to reach their destination. An increase in storage rates is necessary to reflect the increase in property costs and operating costs.

#### **Notification Results**

Staff sent a letter to the three other towing companies in the City, namely Busters Towing, Unitow Services, and Jim's Towing (formerly Tim's Towing) advising them of Drake Towing's request and asking them to provide comments on the rate increase proposed by Drake Towing Ltd., as well as what rate increase they would regard as appropriate to offset increased costs since the last rate increase in March 2005. Unitow Services and Busters Towing responded in writing indicating agreement with the increased rates proposed by Drake Towing. A representative of Jim's Towing called to advise that the existing rates are adequate, no increase required, although it should be noted that this is the smallest of the four companies.

The table below presents the City of Vancouver's current impoundment rate, release fee and storage rate and the proposed corresponding rates as requested by Drake Towing, Unitow Services, and Busters Towing.

Table 4

Type	Current Rate	Proposed Rate Increase						
		Vancouver	Drake Towing	Unitow Services	Busters Towing			Jim's Towing (formerly Tim's)
					<3,628	3,628kg-7,257kg	>7,258	
Impoundment	\$68.50	\$74.90	\$74.90	\$75.10	\$96.00	\$160.00	No increase	
Release Fee	\$33.65	\$37.74	\$37.74	\$37.74	\$48.00	\$80.00	No increase	
24 hr Storage	\$17.50	\$18.50	\$18.50	\$19.00	\$24.00	\$30.00	No increase	
Add'l Storage	\$13.00	\$14.00	\$14.00	\$14.00	\$18.00	\$24.00	No increase	

Note: GST not included in above fees.

### FINANCIAL IMPLICATIONS

There are no financial implications.

### CONCLUSION

The last private towing impoundment, release fee and storage fee increase was approved in March 2005. This report recommends a new rate structure that considers vehicle weight, such that there is an increase of 9.3% (when rounded) for towing impoundment and 12.2% (when rounded) for release for vehicles up to 3,628 kg and 17.6% (when rounded) for towing impoundment and 20.7% (when rounded) for release for vehicles over 3,628 kg to assist the towing companies with their direct rising operating costs (primarily fuel and insurance) and the increased purchasing price of tow trucks and other related equipment.

\* \* \* \* \*

ICBC Towing Ray Payment Schedule (May 2007)

Tow, Distance and Hourly Rates	Category I (Light Duty)		Category II (Medium Duty)	Category III (Heavy Duty)	
	Towed vehicle up to 3,628 Kgs/LGVW		Towed vehicle 3,628 to 7,257 Kgs/LGVW	Towed vehicle 7,257 Kgs/LGVW and over	
	Base	T&R+		Hydraulic	Mechanical
Priority Base / Tow & Recover Plus Rate Up to 6.0 km's	\$63.70	\$68.80	\$74.33	\$163.00	\$123.94
Non-Priority Tow Rate Up to 6.0 km's	\$45.30		-	\$148.00	\$123.94
a) 6.1 to 16.0 km (Add per km)	\$2.39		\$2.77	\$7.40	\$3.51
b) 16.1 to 32.0 km (Add per km)	\$2.03		\$2.54	\$6.34	\$2.97
c) 32.1 km and over (Add per km)	\$1.75		\$2.08	\$4.55	\$2.39
Category Hourly Rate	\$63.70		\$74.33	\$163.00	\$123.94

Note: These costs do not include fuel surcharge, approximately 8.5%.

Motor Vehicle Act Regulations (Section 43.05)

Item	Distance and Amounts	Size and Weight Categories		
		Column 2	Column 3	Column 4
	Column 1	Column 2 Up to 3,628 kg/GVW Automobiles, vans, pickups, motorcycles, etc.*	Column 3 3629 kg to 7257 kg/GVW Medium duty trucks and trailers, etc.*	Column 4 7258 kg/GVW and over Heavy trucks and trailers, etc.*
1	Up to 6.0 km's	\$68.60	\$80.15	\$133.60
2	6.1 to 16.0 km (Add per km)	\$2.60	\$3.00	\$3.75
3	16.1 to 32.0 km (Add per km)	\$2.15	\$2.75	\$3.20
4	32.1 km and over (Add per km)	\$1.90	\$2.25	\$2.60

\* Appropriate size towing vehicle to be used

[en. B.C. Reg. 61/99; am. B.C. Regs. 91/2001; 183/2002; 365/2005; 10/207.]

**TOWING & RECOVERY PLUS RATE REQUIREMENTS:**

- Tow Company's staffed office located at main storage facility/compound during regular business hours.
- Tow Company must have a customer procedure for any secondary storage facility/compound.
- Storage facility /compound have exterior lighting.
- Digital camera (minimum requirements 1.3 million pixels and capable of 640 x 480 resolution (image size) with macro feature for providing ICBC with photos upon request.
- Capable of towing and recovering all vehicles up to and including Category II.
- All invoices must be submitted electronically.
- Required to provide ICBC claim centre with an electronic submission of current tow vehicles annually.
- Professional uniforms displaying company name (uniforms to be established by each individual company).
- Has a vehicle storage capacity of 4 to 1 (four spaces for each tow vehicle)

Source: CL174J Form from ICBC