



REPORT

Report Date: June 1, 2022
Contact: Lon LaClaire
Contact No.: 604.873.7336
RTS No.: 15223
VanRIMS No.: 08-2000-20
Meeting Date: July 5, 2022
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TO: Vancouver City Council

FROM: General Manager of Engineering Services and Chief Licence Inspector

SUBJECT: Amendments to Impounding and Vehicles for Hire By-laws – Towing Fuel Surcharges

RECOMMENDATION

- A. THAT Council approve, in principle, an increase to the fuel surcharge that tow truck operators are authorized to charge on tow rates for vehicles and other chattels impounded from public and private property under the Impounding By-law No. 3519 and the Vehicles for Hire By-law No. 6066, as discussed in this report and as shown in Appendices A and B.
- B. THAT Council authorize the Director of Legal Services to prepare and bring forward for enactment amendments to the Impounding By-law No. 3519 and Vehicles for Hire by-law No. 6066 as generally outlined in Appendices A and B.

REPORT SUMMARY

The City of Vancouver regulates the tow truck industry, with the rates and fees for vehicles and other chattels impounded from public and private property set in the Impounding and Vehicles for Hire by-laws. The rates generally align with the Insurance Corporation of British Columbia's (ICBC) Towing Rate and Payment Schedules for accident tows as well as with neighbouring jurisdictions.

The cost of fuel has increased significantly over the past few years and is a substantial expense for tow truck companies. ICBC increased its towing fuel surcharge to 26 per cent on July 1, 2022 and staff recommend updating the fuel surcharges in the Impounding and Vehicles for Hire by-laws to match, as they are currently set at 12 and 13.5 per cent respectively for the towing of vehicles from public and private property and at 8.5 per cent for the towing of other chattels if

required. This will help support local business and the economic viability of the tow truck industry.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

The Vancouver Charter authorizes the City to regulate the rates and fees for impoundment of vehicles from private property as a result of Council's authority over businesses.

In September 2020, Council approved a revised fee structure including a fuel surcharge through amendments to the Vehicles for Hire By-law No. 6066 to bring the City's private impoundment rates in line with the vehicle weight class structure and associated rates set by ICBC for accident tows.

The Impounding By-law No. 3519 authorizes the impounding of vehicles and other chattels unlawfully occupying City streets. Updates to the fees and charges for vehicles and other chattels impounded from public property were last approved in November 2016.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The City Manager recommends approval of the foregoing.

REPORT

Background/Context

The City of Vancouver regulates the tow truck industry, in support of consumer protection for motorists and the economic viability of the City's private tow truck industry. The rates and fees for vehicles and other chattels impounded from public property are set in the Impounding By-law and rates and fees for vehicles impounded from private property are set in the Vehicles for Hire By-law. The rates generally align with the Insurance Corporation of British Columbia's (ICBC) Towing Rate and Payment Schedules for accident tows as well as with neighbouring jurisdictions.

Strategic Analysis

The current rates and fees for vehicles and other chattels impounded from public property were approved in November 2016 and include a fuel surcharge of 12 and 8.5 per cent respectively. Similarly, the current rates and fees for vehicles impounded from private property were approved in September 2020 and include a fuel surcharge of 13.5 per cent. The fuel surcharges were set based on the ICBC Fuel Surcharge and Quick Reference Towing Distance Guides from January 2016 and July 2020 respectively.

Since then, the cost of diesel fuel, which is a significant expense for tow truck companies, has increased substantially. The monthly average retail price of diesel fuel in Vancouver was \$1.00/litre in January 2016 and \$1.11/litre in July 2020 compared to \$2.32/litre in May 2022¹.

¹ <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1810000101>: In Vancouver the monthly average retail price of diesel fuel was \$1.00/litre in January 2016, \$1.11/litre in July 2020 and \$2.32/litre in May 2022.

ICBC, who reviews its rates quarterly, increased its fuel surcharge to 26 per cent as of July 1, 2022 to account for the increased cost of fuel.

On March 28, 2022, the City received notification from its tow supplier of ICBC's April 1, 2022 fuel surcharge rate changes. At the time, ICBC's fuel surcharge rate was 21 per cent. Contractually, the City is obligated to put forward amendments to the Impounding By-law for Council's consideration within 120 days of receipt of such notification.

Staff recommend increasing the fuel surcharge for vehicles and other chattels impounded from both public and private property to the amount set by ICBC as of July 1, 2022 to account for the high cost of fuel. If approved, the change will allow tow truck operators to add a 26 per cent fuel surcharge on top of the towing fee to account for higher fuel costs, supporting the economic viability of the tow truck industry and aligning with the Council priority to enable and support local business, particularly during COVID-19 recovery.

Financial

The fuel surcharge is added to the towing fees and is paid by the owner/leasee of the vehicle or other chattel. Increasing the fuel surcharge to 26 per cent for public tows is estimated to add \$50,000 in costs in 2022 for towing City-owned vehicles and equipment. This is anticipated to be covered by existing Engineering budgets for towing.

Legal

To implement the changes outlined in this report, by-law amendments are required to the Impounding By-law No. 3519 and the Vehicles for Hire By-law No. 6066.

CONCLUSION

The cost of fuel has increased significantly over the past few years and is a substantial expense for tow truck companies. ICBC increased its towing fuel surcharge to 26 per cent on July 1, 2022 and staff recommend updating the fuel surcharges in the Impounding and Vehicles for Hire by-laws to match. This will help support local business and the economic viability of the tow truck industry.

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