
Towing Industry Advisory Committee

Date

2016/02/29

Time

1:00 PM

Location

Civic Centre, Council Chamber,
300 City Centre Drive, Mississauga, Ontario, L5B 3C1 Ontario

Members

Councillor Ron Starr	Chair
Councillor Matt Mahoney	Vice-Chair
Mark Bell	Citizen Member
Robert Fluney	Citizen Member
Daniel Ghanime	Citizen Member
John C. Lyons	Citizen Member
Tullio (Tony) Pento	Citizen Member
Armando Tallarico	Citizen Member

Contact

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Find it Online

<http://www.mississauga.ca/portal/cityhall/towingindustryadvisory>

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1. CALL TO ORDER
 2. APPROVAL OF AGENDA
 3. DECLARATION OF CONFLICT OF INTEREST
 4. MINUTES OF PREVIOUS MEETING
 5. DEPUTATIONS
 6. Paul Falcao, Classic Towing and Ed Hall, Classic Towing with respect to licencing provisions.
 7. MATTERS TO BE CONSIDERED
 - 7.1. Centralized Vehicle Pound Facility Feasibility Study - Recommendation Report
 8. INFORMATION ITEMS
 - 8.a. Fighting Fraud and Reducing Automobile Insurance Rates Act, 2014
 9. OTHER BUSINESS
 10. DATE OF NEXT MEETING - March 22, 2016
 11. ADJOURNMENT

City of Mississauga

Minutes (Draft)

Towing Industry Advisory Committee

Date

December 14, 2015

Time

1:00 PM

Location

Council Chamber
2nd Floor
300 City Centre Drive

Members Present

Councillor Ron Starr, Ward 6 (Chair)
Councillor Matt Mahoney, Ward 8 (Vice-Chair)
Mark Bell, Citizen Member
Robert Fluney, Citizen Member
Daniel Ghanime, Citizen Member
John C. Lyons, Citizen Member
Armando Tallarico, Citizen Member
Tullio (Tony) Pento, Citizen Member

Members Absent**In Attendance**

Councillor C. Parrish

Staff Present

Mickey Frost, Director, Enforcement
Daryl Bell, Manager, Mobile Licensing, Enforcement
Chris Rouse, Project Manager, Mobile Licensing, Enforcement
Mumtaz Alikhan, Legislative Coordinator

Contact

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1. **CALL TO ORDER** – 1:01 p.m.

2. **APPROVAL OF AGENDA**

Approved (A. Tallarico)

3. **DECLARATIONS OF CONFLICT OF INTEREST** – Nil

4. **MINUTES OF PREVIOUS MEETING**

Towing Industry Advisory Committee meeting minutes from September 15, 2015 were approved as presented.

Approved (Councillor M. Mahoney)

5. **DEPUTATIONS**

5.1 Item 6.1 City of Mississauga Centralized Vehicle pound Facility Feasibility Study Update – Information Report

Councillor Starr noted that there will be no decisions made today and the purpose of the meeting today is to gather ideas and feedback on this matter prior to final recommendations from staff in 2016.

Chris Rouse, Project Manager, Mobile Licensing, reviewed the Information Report with respect to the City of Mississauga Vehicle Pound Facility Feasibility Study (CVPF). He spoke to public complaints; existing regulations and contracts outlining the rules and responsibilities of the towing industry and pound owners; other municipalities with a central CVPF; recommended best practices including one facility centrally located including pound management software, contingency lots and online payments. He also outlined alternative options such as maintaining the status quo, additional regulations and operating procedures and a CVPF operated by the private sector. Mr. Rouse noted the next steps in the process will be preparation of a recommendation report in early 2016 with a financial assessment and cost benefit evaluation of a municipal owned and operated CVPF.

In response to Councillor Parrish's question regarding the total cost for a CVPF, Mr. Rouse confirmed that staffing costs and operating expenditures have not been included in the financial assessment yet.

5.2 Item 6.1 Brad Butt, representing Atlantic Collision Group, provided comments regarding the CVPF Feasibility Study. Mr. Butt stated it is incumbent on a municipality to provide a regulatory framework that provides consumer protection, safety and security of vehicles and property and peace of mind to accident victims. He noted that the option of one single facility owned

and operated by the City is not viable and that there is no need to create such a site when other facilities already exist and that the City should be a regulator rather than an operator. He suggested that the three different companies currently contracted by the City be used as CVPFs. Additionally, he stated, that moving to the CVPF model will be in line with accomplishing the goals set out in the Province's Bill 15 due to be legislated in 2016.

In response to Mr. Ghanime and Mr. Fluney regarding the body shops attached to the three towing companies mentioned by Mr. Butt, he confirmed that they were currently attached to the three companies, but in Mr. Butt's opinion should be operated separately and without any affiliation if the City chooses to contract with them. Mr. Fluney commented that trying to get a vehicle released from a pound with a body shop attached is next to impossible.

Councillor Starr thanked Mr. Butt for his deputation.

Councillor Starr then invited the audience to come forward if they wished to address the Committee on this matter.

Members of the industry made the following comments:

- unnecessary time and money is being spent because of a handful of public complaints;
- need to create a model which everyone will understand;
- majority of the companies in the industry are small and are not being well represented;
- maintain status quo but create regulations to protect the public;
- a central pound will kill the industry;
- companies who over charge should be audited;
- if centralized with 3 pounds as suggested, a fair opportunity to bid should be provided to all;
- Peel Regional Police should follow OPP's lead in keeping a database of all pounds in the City;
- create a database which enables uploads from pounds directly to the City of Mississauga of vehicles impounded within a prescribed time, and fine companies who do not do so.

Councillor Starr noted that his office alone has received hundreds of complaints from the public and the system needs a change.

Members of Committee and Councillor Parrish spoke to the matter and made the following comments:

- The City has the best regulations in the Province and a model for other jurisdictions, however more needs to be done to improve the system;
- Importance of consumer protection;
- Importance for the owners and the Police to know where the vehicles have been impounded;
- That the rates are appropriate;

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- That the vehicles are not damaged

At this point, the Committee considered Item 6.1.

MATTERS CONSIDERED

6.1 City of Mississauga Centralized Vehicle pound Facility Feasibility Study Update – Information Report

This matter was considered during Deputations 5.1 and 5.2.

Corporate Report dated December 1, 2015 from the Commissioner of Transportation and Works entitled "*City of Mississauga Centralized Pound Facility Feasibility Study Update – Information Report*."

RECOMMENDATION

1. That the report from the Commissioner of Transportation and Works dated December 1, 2015 entitled "City of Mississauga Centralized Vehicle Pound Facility Feasibility Study Update – Information Report" be received for information.
2. That the Towing Industry Advisory Committee (TIAC) provide comments on a centralized vehicle pound facility compared with the alternative options discussed in this report.
3. That the deputations under Items 5.1 and 5.2 from Chris Rouse, Project Manager, Mobile Licensing, and Brad Butt representing Atlantic Collision Group, respectively, to the Towing Industry Advisory Committee on December 14, 2015, be received.

Received (Councillor M. Mahoney)
Recommendation TIAC-0022-2015

7. INFORMATION ITEMS

- ### **7.1 Towing Industry Advisory Committee Action List**
- Members of the Towing Industry Advisory Committee (TIAC) reviewed the Action List for 2015.

RECOMMENDATION

That the action list of the Towing Industry Advisory Committee meeting held on December 14, 2015 provided to the Committee to update on the status of initiatives raised at prior meetings be received.

Received (J. Lyons)
Recommendation TIAC-0023-2015

7.2 2016 Towing Industry Advisory Committee Meeting Dates

Memorandum dated October 23, 2015 from Karen Morden, Legislative Coordinator, with respect to the 2016 meeting dates of the Towing Industry Advisory Committee.

RECOMMENDATION

That the Memorandum dated October 23, 2015 from Karen Morden, Legislative Coordinator, with respect to the 2016 meeting dates of the Towing Industry Advisory Committee be received.

Received (R. Pento)

Recommendation TIAC-0024-2015

7.3 City of Mississauga – Advisory Committees

Councillor Starr noted that this document was a timely reminder of the role of Advisory Committees of Council.

RECOMMENDATION

That the document entitled “*City of Mississauga Advisory Committees*” from the Office of the City Clerk with respect to the role of an Advisory Committee and the ground rules for Committees and their Members be received for information.

Received (Councillor M. Mahoney)

Recommendation TIAC-0025-2015

8. OTHER BUSINESS - Nil

9. DATE OF NEXT MEETING

Tuesday, January 19, 2015, 9:30 am, Council Chambers, Civic Centre; 300 City Centre Drive, Mississauga L5B 3C1

10. ADJOURNMENT – 2:23pm

City of Mississauga
Corporate Report



Date: 2016/02/12

To: Chair and Members of Towing Industry Advisory Committee

From: Martin Powell, P. Eng., Commissioner of Transportation and Works

Originator's files:
 CS.19.TOW

Meeting date:
 2016/02/29

Subject

Centralized Vehicle Pound Facility Feasibility Study - Recommendation Report

Recommendation

1. That the Towing Industry Advisory Committee provide comments for inclusion in a future report to General Committee on the report from the Commissioner of Transportation and Works, dated February 12, 2016 entitled "City of Mississauga Centralized Vehicle Pound Facility Feasibility Study – Recommendation Report", particularly the following recommendations:
 - a. That Council amend the Tow Truck Licensing By-law 0521-2004, as amended, and Schedule 27 of Business Licensing By-law 0001-2006, as amended, to implement the Additional Regulations and Operating Procedures Alternative Option to a City owned and operated Centralized Vehicle Pound Facility to improve consumer protection, ensure that City By-laws conform with Provincial *Bill 15 - Fighting Fraud and Reducing Automobile Insurance Rates Act* regulations, and to improve the City's monitoring and auditing capabilities of the vehicle towing and storage industry;
 - b. That City staff be directed to implement a mandatory on-line towing and storage software application to be used by the Enforcement Division of the Transportation and Works Department and the motor vehicle towing and storage industries in Mississauga, and that the development of the mandatory on-line towing and storage software application be included in the 2017 Transportation and Works Technology Workplan.
 - c. That Peel Regional Police and the local detachment of the Ontario Provincial Police be fully informed of the mandatory on-line towing and storage software application and that they be invited to assist in its planning, development and utilization; and,
 - d. That Enforcement Division staff work with the Communications Division to implement a public communication plan to inform Mississauga residents about consumer rights when interacting with the towing and storage industry.

Report Highlights

- A Centralized Vehicle Pound Facility (CVPF) feasibility study will help Council determine if a City owned and operated pound facility in Mississauga is the best means of ensuring consumer protection and address complaints about existing privately owned and operated vehicle pounds.
- This feasibility study involved researching and assessing: existing and proposed legislation; the existing private vehicle pounds in Mississauga; current vehicle tow and storage practices; and, identifying the best practices of other municipally owned CVPF's.
- This report includes a complete financial analysis of a City owned and operated CVPF under two operating scenarios: (1) acceptance of all inoperable vehicles involved in collisions and seized or abandoned vehicles; and (2) the acceptance of seized or abandoned vehicles and 10% of all inoperable vehicles involved in collisions only. This report also includes a cost benefit analysis of these two scenarios compared to three alternative options to a City owned and operated CVPF. The alternative options considered are: Maintaining the Status Quo; Establish Privately Owned and Operated CVPF's; and, implementing Additional Regulations and Operating Procedures.
- The Province has announced that some of the *Bill 15, Fighting Fraud and Reducing Automobile Insurance Rates Act*, regulations will come into effect on July 1, 2016 or on January 1, 2017.
- A CVPF owned and operated by the City under the Scenario 1 operating assumptions would likely generate a profit while improving consumer protection but there are some complicating issues and concerns with developing such a facility.
- Additional Regulations and Operating Procedures Option including the creation and implementation of a mandatory vehicle towing and storage on-line software application would function as a "virtual" CVPF and provide significant consumer protection.

Background

Council provided direction to the Enforcement Division of the Transportation and Works Department to conduct a feasibility study concerning the establishment of a CVPF. Consideration of a CVPF ensures that the City has undertaken its due diligence to provide consumer protection, to ensure public safety and to achieve compliance with municipal by-laws with respect to vehicle impoundment.

The report from the Commissioner of Transportation and Works, dated December 1, 2015 and entitled "City of Mississauga Centralized Vehicle Pound Feasibility Study – Information Report" was received for information by the Towing Industry Advisory Committee (TIAC) on December 14, 2015. A copy of the Information Report is attached as Appendix 1. Council subsequently

approved TIAC recommendation TIAC-0022-2015 on January 20, 2016 (attached as Appendix 2). Comments and submissions on this feasibility study were solicited at the TIAC meeting to ensure input from stakeholders was received.

Members of Council, members of TIAC and representatives from the towing and storage industry provided comments at the December 14, 2015 TIAC meeting. In addition, staff also received three email submissions subsequent to the initial meeting. From the comments received, it was determined that there is no general consensus on industry issues, solutions or the options considered in this feasibility study. There are those that favour a City owned and operated CVPF, some that favour a private CVPF, and some that favour the status quo, with or without some additional form of regulation and/or enforcement.

This report includes a complete financial analysis of a City owned and operated CVPF under two operating scenarios: (1) acceptance of all inoperable vehicles involved in collisions and seized or abandoned vehicles; and, (2) the acceptance of seized or abandoned vehicles and 10% of all inoperable vehicles involved in collisions only. This report also includes a cost/benefit analysis of these two scenarios compared to three alternative options to a City owned and operated CVPF. The alternative options considered are: maintaining the status quo; establish privately owned and operated CVPF's; and, implementing additional regulations and operating procedures. Further, this report also includes a staff recommendation along with some initial suggestions and considerations for implementation.

The vehicle impoundment industry is connected with the towing and motor vehicle repair industries as well as the automotive insurance industry. Developing a response to the issues of vehicle impoundment in Mississauga in order to ensure consumer protection requires an equitable solution that will not favour any one industry or any particular participants within one or more industries.

Comments

Bill 15 - Fighting Fraud and Reducing Automobile Insurance Rates Act

In July 2014, the Province introduced *Bill 15, Fighting Fraud and Reducing Automobile Insurance Rates Act*, to improve road safety, strengthen consumer protection and reduce automobile insurance fraud. On December 17, 2015 the Province introduced regulations to the *Consumer's Protection Act* and the *Highway Traffic Act* that are to become effective as of January 1, 2017 and the regulations to the *Repair and Storage Liens Act* that will become effective as of July 1, 2016 or January 1, 2017. These regulations are designed to ensure better protection of consumers when they interact with the tow and storage industries in Ontario. Appendix 3 summarizes these new Provincial regulations. Some amendments to Tow Truck By-law Licensing By-law 0521-2004, as amended, and Schedule 27 of the Business Licensing By-law 0001-2006, as amended, will be required to be consistent with the new Provincial regulations.

Financial Assessment of a City Owned and Operated CVPF - Two Operating Scenarios

Appendix 3 details the complete financial assessment of a City owned and operated CVPF under two operating scenarios including estimates of the projected capital and operating costs and potential revenues. The two CVPF operating scenarios are: (1) acceptance of all inoperable vehicles involved in collisions and seized or abandoned vehicles; and (2) the acceptance of seized or abandoned vehicles and 10% of all inoperable vehicles involved in collisions only. The anticipated number of vehicles processed annually under Scenario 1 is 12,450 vehicles and 4,690 vehicles under Scenario 2. Under operating Scenario 1, all vehicles involved in a collision would be required to be brought to the City CVPF in order to provide consumer protection by allowing for the disengagement of the consumer and their vehicle from the tow operator.

As noted in the Information Report, no other Canadian municipality with a CVPF requires consumers to first bring their vehicle involved in an accident to the municipal pound facility. Consumers in these municipalities are permitted to direct their vehicles to private facilities.

Operating Scenario 2 was developed to address the possibility that Council will decide not to force all inoperable accident vehicles to be delivered first to a City owned and operated CVPF. Instead, consumers could retain their current ability to select the destination of their damaged vehicle. Scenario 2 assumes that 10% of all inoperable vehicles involved in accidents would be delivered to a CVPF to recognize that some vehicle owners would not provide a location for their vehicle to be towed and the municipal pound facility would become the default location.

Staff could not ascertain the actual percentage of inoperable accident vehicles that would be delivered to a CVPF under Scenario 2 because a vehicle owner would not provide a tow destination. However, based upon our analysis of other municipalities with a CVPF and upon general assumptions of current tow operations in Mississauga, staff used 10% as a conservative working estimate. The City CVPF would function as the default location for these vehicles. Since there was a significant reduction in the anticipated number of vehicles that would be processed under Scenario 2, the size of the property and building was reduced from 1.42 hectares (3.5 acres) to 0.6 hectares (1.5 acres) and the size of the office building was reduced from 186 m² (2,000 square feet) to 92.9 m² (1,000 square feet). These and other reductions lessen the capital and operating expenditures along with the projected revenues. Appendices 4 and 5 detail the differing physical and operating assumptions of City owned and operated CVPF's under the two different CVPF operating scenarios.

Operating Scenario 1 appears to be financially viable should Council wish to proceed with the establishment of a City CVPF. It would produce over \$3.1 million dollars in annual revenues, a payback period of 6.2 years and a net present value of investment of almost \$3.5 million dollars after 10 years.

Annual revenues would be used to recover capital and annual operating expenditures. While municipalities have the ability to impose fees/charges for (a) services or activities provided or (b) for the use of its property including property under its control, there are limitations as to the

amount of the fee charged. The fee must be related to the costs of administration, enforcement as well as costs related to the establishment, acquisition and replacement of capital assets. The intent of a fee cannot be to make a profit as this would constitute an indirect tax, which municipalities are not authorized to implement according to the courts. The fee structure of a facility or service must be a system of recovering costs and the fee revenues should match the costs of the regulatory scheme. Therefore, under the Scenario 1 proposal, the proposed daily storage fees may need to be reduced, thereby reducing the annual revenues, which would increase the payback period and/or reduce the net present value of the City's initial investment.

Operating Scenario 2 produces a net profit for the first three years of operation but then has net losses due to increases in operational expenditures, which are mostly increasing labour costs. It may be possible to reduce the labour costs by contracting some or all positions to outside companies (such as the required security staff) to improve the financial viability of Scenario 2. Other, less desirable, considerations that may improve the financial viability of this scenario may be to utilize an existing City property/facility or increase the proposed daily storage rate.

Any changes to any or all of the assumptions under either operating scenario will impact their respective financial assessments. The Facilities and Property Management Division of the Corporate Services Department provided the capital cost estimates but noted that more detailed and accurate construction estimates would need to be obtained by hiring a consultant should this project proceed.

Cost Benefit Analysis

This analysis identifies and assesses the potential costs and benefits of the two City owned and operated CVPF operating scenarios, and compares them with the following three alternative options:

- maintain the status quo;
- establish privately owned and operated CVPF's; and,
- additional regulations and operating procedures.

In addition to assessing the likely municipal costs and/or potential revenues, this analysis has been conducted on the basis of each option addressing the following:

- reducing and improving the process for resolving common consumer complaints,
- improving the ability of the City to monitor and audit licensed tow and storage businesses;
- ensuring vehicle pounds maintain sufficient hours of operation;
- ensuring vehicle owners have access to impounded vehicles to obtain personal effects at all times;
- prohibiting the unethical manipulation to obtain signed vehicle work orders;
- providing consumers with several fee payment options (cash, debit and credit);

- providing protection from new or enhanced damage to impounded vehicles after an initial accident;
- ensuring towing and storage fees comply with the regulated rates;
- ensuring vehicles have been towed to the facility agreed to by the vehicle owner; and,
- ensuring pound operators follow the required vehicle owner notification process.

City Owned and Operated CVPF - Scenario 1

A City owned and operated CVPF requiring all seized, abandoned and inoperable vehicles involved in an accident to be delivered to the City facility first, would be financially viable and sustainable over the long-term. While the financial analysis outlined in Appendix 3 estimates a significant potential annual City profit, due to provincial legislation, the City would likely have to reduce the daily storage fee rate to be commensurate with recovering the actual capital and operating expenditures. The ability to recover all City expenditures, provide reasonable daily storage fees and have a positive net present value of a new City asset are strong benefits of this option. Not charging a storage fee for inoperable accident vehicles for the first 24 hours to allow consumers time to contact their insurance company and to obtain advice on where to have their vehicle repaired without the worry of increased daily storage expenses is also desirable. Having all vehicles processed through a City CVPF allows consumers to disengage themselves from towing (and/or vehicle repair) companies. Vehicle owners would likely feel less obligated to have their vehicle repaired at the repair facility associated with the towing company that conducted the initial tow. Conversely, there may be a significant number of complaints to the City from vehicle owners and vehicle repair facilities because the City would be forcing some vehicles to the CVPF and thus delaying the repair of their vehicles leading to increased costs.

A City CVPF would also ensure vehicles are fully secured upon arrival, include photographic documentation, on-site security personnel and would have full property video surveillance. Consumers would be able to obtain quick and reasonable vehicle releases because the City would receive no benefit other than daily fees as opposed to facilities directly or indirectly connected with a vehicle repair facility. Consumers would be ensured of only being charged the correct amount for both a tow and the daily storage fees as City staff would only charge fees in accordance with the by-law and /or tow and storage contractor rates, as applicable. Vehicle owners would be quickly notified of their vehicles' location if they were not previously provided with that information (example seized vehicles). These are all important benefits and would likely produce significant reductions in the number of pound related complaints to the City.

As mentioned in the Information Report (Appendix 1), finding a suitable property with the correct size, central location, permissive zoning, on or close to a public transit route may be difficult due to simple lack of availability. The City may have to wait for a suitable property to become available, select a less optimal site or find a means of utilizing an existing City property or Works yard. The search for an appropriate property would also need to consider existing

contamination, site servicing costs and the suitability of any existing buildings that may need to be demolished and/or modified.

There are a number of risks of establishing a City owned and operated CVPF, including the possibility of having a very negative impact on the continued financial viability of some of the existing vehicle pound/vehicle repair facilities. This risk may be exacerbated if the repair facility does not have a City and/or police contract or are not a “preferred” insurance company shop. Several of the vehicle pound owners interviewed as part of this study indicated that they would lose a significant amount of business if the City proceeded with a CVPF because of the requirement to bring all inoperable accident vehicles to a City pound. Retaining customers that require vehicle repairs appears to be critical to the financial viability of several vehicle storage/repair businesses. One of the owners interviewed went so far as to advise staff that they would look at the possibility of a lawsuit against the City should the financial impact on his business become extreme. Other facility owners felt that the City would be losing some of its industrial tax base, local jobs and licence fees if their businesses were significantly impacted.

The City’s Risk Management Section advised that no additional insurance coverage would be required if a City owned and operated CVPF contained specific security measures (ie. fencing, video surveillance and security staff) and included specific, security related, operating business procedures. However, there is always the possibility of lawsuits against the City occurring due to damage caused, or perceived to be caused, to private vehicles while at a City facility. In addition, a City vehicle pound and its staff would bear the brunt of angry or agitated consumers because their vehicle has been towed and impounded. A government run facility may receive more consumer complaints than a similar private facility as people generally feel that the municipal government is there to provide services to them. Unlike the private sector, the government is obligated to investigate and respond to all complaints. The City will likely spend a considerable amount of time addressing towing and storage complaints regardless of whether the tow and impoundment are justifiable

Although not included in the financial assessment, additional mobile licensing officers may be needed to ensure that all required tows are being brought to the City CVPF in order to maximize the number of vehicles delivered appropriately.

The City needs to determine if the improved level of consumer protection resulting from establishing a CVPF as a new business is one of its strategic priorities given constrained financial resources. A significant amount of capital investment would be required to establish a CVPF that may be better spent elsewhere if a comparable alternative is available. While this option would likely provide the greatest level of consumer protection, there will likely be an increase in the number of complaints and possible lawsuits against the City. A City owned and operated CVPF may also have a negative financial impact upon some of the existing private businesses in the tow and storage and vehicle repair industries as they may no longer be able to supplement their tow or vehicle repair operations with daily storage fees. Establishing a CVPF as a new business may not be financially viable if Provincial regulations change and/or significant changes occur within the automobile insurance or automobile repair industries.

City Owned and Operated CVPF - Scenario 2

A City owned and operated CVPF that would process all seized and abandoned vehicles and 10% of all inoperable vehicles involved in accident/collisions would not be financially viable or sustainable over the long-term. A review of the complete capital and operating expenditures compared to the projected revenues indicates that the City would begin to lose money annually after the third year of operation predominantly due to increasing staffing costs.

In addition to the significantly different financial outcome between the two operating scenarios, the second scenario would not provide the same amount of consumer protection because not all inoperable accident vehicles would be delivered to the City pound facility. Consumers would not be afforded the same ability to disengage themselves and their vehicle from the towing company as would be the case under Scenario 1. That being said, there may be fewer complaints to the City involving delayed vehicle repairs under Scenario 2. The balance of costs and benefits identified under Scenario 1 would be applicable to this scenario.

In summary, this option would also provide a significant level of consumer protection; however, due to the high annual operational expenditures, the long-term financial situation would not be desirable. Since there are alternatives that would also provide a significant level of consumer protection, less risk to the City, and less costs to the City and/or consumer, this option is not recommended. As mentioned previously, the City needs to determine if the improved level of consumer protection from establishing a new CVPF business is one of its strategic priorities given constrained financial resources.

Alternative Option 1 - Maintain the Status Quo

Once in effect, the *Bill 15* regulations will have an impact upon the towing and/or vehicle storage industries here in Mississauga and throughout the Province. The Province has indicated that municipalities with licensing regulations may keep their by-laws in place if they are as strict as, or stricter, than the Province's regulations. Staff will be conducting a detailed review of the Provincial regulations to determine what changes will be required to the City's existing by-laws to conform with the new Provincial regulations. For example, the City by-laws will need to be amended to require pound operators to permit consumers access to items within their impounded vehicles without charge and to provide consumers with various payment options for tow and storage fees.

Schedule 27 (Vehicle Pounds) of the Business Licensing By-law 0001-2006, as amended, already requires vehicle pounds to issue vehicle releases year-round, 24-hours-per-day. The by-law also requires pound operators to: ensure proper vehicle owner notification; present itemized invoices prior to demanding payment; comply with other municipal by-laws; ensure that the correct daily storage fee is charged; and, refuse to accept any vehicle repair work order that is not signed by the vehicle owner or is signed by the owner but does not contain an itemized written estimate of the total repair cost.

In addition, the Licensing Administrative Penalty By-law 135-14, as amended, stipulates all of the offences and applicable fines associated with contraventions to the Tow Truck Licensing By-law. The Administrative Penalty System actively encourages compliance in the towing industry.

Schedule 27 (Vehicle Pounds) of the Business Licensing By-law should also be included under the Administrative Penalty system to ensure improved compliance within the vehicle storage industry.

The City has also made recent amendments to the Tow Truck By-law 0521-2004, as amended, that requires towers to photograph vehicles involved in accidents at accident scenes. In addition, staff will be introducing new permission to tow sheets requiring more detailed information to be submitted to the City on all tows. These changes will allow the City to conduct manual audits of towing transactions to ensure that tow and storage fees are being charged in accordance with permitted by-law and City tow and storage contract maximums. The City would be able to use this additional information to determine if towed vehicles are being delivered to the correct destinations.

The tow and storage providers currently contracted to the City (and/or Peel Regional Police) could also be subject to heightened inspections and audits in accordance with the provisions of the existing tow and storage contracts. In order to improve this auditing function, the City could amend the vehicle storage by-law to require the remittance of a small administrative fee by private vehicle pound operators to the City for all vehicles being charged a daily storage fee in order to offset any increased City staffing costs due to heightened auditing.

In summary, if this alternative option is selected by Council, the City would move towards: reducing the number of consumer complaints; improving consumer protection; and, ensuring by-law compliance without incurring significant municipal expenditures or raising consumer costs.

Alternative Option 2 - Private Sector Owned and Operated CVPF

Another alternative option to a City owned and operated CVPF would involve outsourcing the pound facility to private contractors and dividing the City into service areas. Private sector run pound facilities could function similar to the City's current tow and storage contracts with service areas ranging in size and covering halves, thirds or even quarters of the City. Smaller service areas would likely reduce tow times and distances thereby improving customer service. The City could issue request(s) for proposals from private companies to bid to become one of the City authorized vehicle pounds subject to minimum physical and operational requirements. Under this option, all seized and abandoned vehicles and either all (or a portion of) inoperable vehicles involved in a collision that originated within specified geographical areas would be brought to the privately run CVPF located within that service area. In order to maximize the efficiency of this system, PRP and the OPP would need to be willing to utilize the same centralized facilities for their directed tows. This option would probably be more cost and time effective if the CVPF private sector operators were the same companies providing the contract towing services to the PRP and/or City.

Consideration could also be given to physically separating the CVPF offices from existing businesses (such as motor vehicle body repair establishments) as a means of reducing the pressure on consumers to have their vehicles repaired at the business that provided the initial tow and/or vehicle pound. This separation could involve a separate entrance, building or property to distinguish between the businesses. If this option is selected, it is staff's

recommendation that the related businesses operate on separate properties in order to maximize the distinction between businesses for consumers.

From a financial perspective, this alternative would be financially beneficial to both the private CVPF operators and the City because the private businesses would be supplementing their primary vehicle repair and/or storage business. It is likely that the businesses that would bid on the private CVPF's are already established with sufficient resources and property to meet the CVPF contract requirements. Therefore, a lesser amount of time and private capital investment would be required to set up these facilities. Further, privately run CVPF's would not be financially limited to only recover expenditures as would be the case for the City. The City could also financially benefit by not having to incur capital or operating expenditures and could also impose an administration fee (to be collected and remitted by the private contractors) on all stored vehicles. This administration fee could be used to recover the costs of additional enforcement staff to conduct financial and on-site audits of the private CVPF contractors in order to ensure that they are complying with the provisions of the contract and municipal by-laws.

If City by-laws are amended to require all seized and abandoned vehicles and either all (or a portion of) inoperable vehicles involved in a collision to be brought to private-sector-operated City CVPF, there may be a perception that the City is providing a significant financial advantage to the contracted businesses. Due to this perception, the City would need to demonstrate that this option would be in the public interest by improving public safety and consumer protection more so than the other options under consideration. This alternative option would likely provide a financial advantage to selected tow and pound businesses that obtain one of the City's CVPF contracts and may also result in the financial disadvantage to their competitors. Smaller tow and body repair companies may simply not have sufficient resources to meet minimum City and/or PRP tow and storage contract standards. The smaller companies that were consulted as part of this feasibility study indicated that if their tow trucks were required to bring accident vehicles to a competitor's pound, they have had and would continue to have (based upon their past experience), difficulty retrieving the vehicles from any private CVPF even at the vehicle owner's request. If this proves to be the case, the relative financial advantage to retaining customers moves to the auto body repair facility associated with the private CVPF contract. Should the private sector operated CVPF be contracted to a towing and storage operator that is also an insurance company preferred repair shop, it is anticipated that there would be even less chance that a consumer would consider utilizing the vehicle repair facility associated with the original tow truck service.

Having several privately run CVPF's would likely be more complex to administer, monitor and audit by the City. Further, by contracting storage services, the City may, by association, assume some responsibility for incidents that occur at the facilities and between operators and consumers. Should Council select this alternative option, a trial implementation period should be considered in order to address any substantive or new issues and to avoid the creation of a monopoly in the tow, storage and/or vehicle repair industries.

Alternative Option 3 - Additional Regulations and Operating Procedures

This alternative option would involve amendments to the Tow Truck Licensing By-law 0521-2004, as amended, and Schedule 27 of the Licensing By-law 0001-2006, as amended, to ensure conformity with new *Bill 15* regulations and enable better auditing of the vehicle tow and storage industries in Mississauga to improve consumer protection. By-law amendments could incorporate changes to improve the documentation required to be prepared and submitted to the City by licensed tow truck drivers and vehicle pound operators when towing and/or storing vehicles. If these by-laws were amended, all towing and/or storage companies and operators would be required to provide more comprehensive information with respect to: details of fees charged for the tow and storage; the towing vehicle owner/operator; the vehicle being towed; the towing operator and company; details regarding the origin and destination of the tow; photos of the towed vehicles (when involved in a collision); duration or vehicle stay; and, vehicle owner notification.

The intent of requiring the submission of this documentation would be to enable the City to conduct better monitoring and auditing of the towing and storage industry. On-going monitoring and audits would ensure that the towing and storage industries are complying with the applicable by-laws and regulations to ensure that:

- vehicles have been towed to the facility agreed to by the vehicle owner;
- that the correct fees for towing and storage have been charged;
- vehicle owners are able to retrieve their vehicle upon request and in a timely manner;
- vehicle owners have been notified of their vehicle location in a timely manner;
- vehicle pounds are being properly staffed and maintained; and,
- vehicle pound facility hours of operation are sufficient.

In order to most effectively conduct these audits, the City could develop and implement an on-line towing and storage software application. Information Technology staff advised that this software application can be created to function as a virtual CVPF and would work with Enforcement staff to review the scope of work, timing and budget to support this initiative with a target implementation of 2017. Upon completion of the software application, business operations would work with potential users to provide instructions on use and/or initial industry training on the application. As a long-term goal, application training would be included in the standard tow truck operator training required by the City and separate training for vehicle pound operators could also be offered, if required.

The tow truck and vehicle pound licensing by-law would need to be amended to require vehicle pound operators and licensed towing companies to utilize the software as a condition of their business license. The initial data would be provided by tow truck operators with supplemental information provided by the storage provider and any law enforcement officers involved. The City and the police would then be able to monitor and audit the entire vehicle tow and storage process, including: tow origin and destination; current vehicle location; tow and storage fees

charged; vehicle owners; tow truck owner and drivers involved; and vehicle owner notification. In essence, the use of this software by the towing and storage industries would function as a “virtual” CVPF without the significant financial cost of establishing and operating a new City owned and operated CVPF. Since all tow and storage operators would be required to enter all inoperable vehicles involved in collisions and all seized and abandoned vehicle tows into the system, the level of consumer protection would be comparable to the City owned and operated CVPF operating under Scenario 1. Once the software is operational and tow truck drivers and vehicle pound operators are required to use the software, the “virtual” CVPF would provide a comparable amount of consumer protection to a City owned and operated CVPF, since all vehicles would be tracked and all tow and storage business transactions could be audited for by-law compliance.

This system would likely require an initial setup fee by the City, but recovering this capital cost and any operational costs of the software could be off-set by requiring the collection and remittance of an administrative fee to the City by either the tow truck operator and/or the vehicle pound facility. In order to fully realize this system both the PRP and/or the OPP would need to be willing to utilize the same operating software. Since this option does not require vehicles involved in accidents to be brought to a City or privately run CVPF, there would be fewer consumer complaints regarding delays to vehicle repairs. Further, by allowing consumers the ability to select their vehicle destination, there would be less financial impact upon the existing tow and storage industry as towers associated with a repair facility may be able to retain customers at the same level as currently occurs. This option also does not require the City to establish and operate a new business that may or may not operate or continue to operate on a positive or revenue neutral basis. Further changes to the Provincial regulatory environment and or changes within the towing or automotive insurance industries may also impact upon the continued viability of a City owned and operated CVPF.

The benefits of this alternative option include minimal capital and operating expenditures, all of which would be able to be recovered through a City administration fee. The City and police would be able to monitor and audit all seized and abandoned vehicles and all inoperable vehicles involved in a collision from the time of the original tow until the vehicle is released. Monitoring and auditing would ensure that vehicle owners are notified of their vehicles’ locations in a timely manner and that the correct tow and storage fees are being charged. This alternative option was determined to provide significant consumer protection, generate fewer consumer complaints, have lesser legal risks for the City, have a minimal negative financial impact upon the private sector towing and storage industries and will be financially neutral for the City.

Additional Recommendation

During the course of this feasibility study, it became apparent that most residents are not aware of their rights as a consumer when it comes to vehicles being towed and stored. As a first step, staff are in the midst of amending the permission to tow forms to include an educational component that will raise some consumer awareness. However, it is also recommended that Enforcement Division staff work with the Communications Division to implement a public communication program to Mississauga residents with information on our towing regulations

and by-laws, the tow and storage process in Mississauga, how residents can report concerns or provide feedback to the City and what the City is doing to provide consumer protection.

Strategic Plan

A City owned and operated CVPF or any of the alternative options discussed in this report would further the Connect Strategic Pillar, in particular, the goal to maintain Mississauga as the safest large city in Canada by providing better protection of consumers when they interact with the tow and storage industries would be met.

Financial Impact

Should Council approve the staff recommendation to implement additional regulations and improve operating procedures by amending City By-laws and direct staff to develop and implement a web-based software application, there would be minimal financial impact to the City as the capital and operating costs could be recovered through the collection of a new administration fee on vehicle tows and/or storage.

Conclusion

Staff conducted a comprehensive background study of existing City owned and operated CVPF's and best practices associated with these facilities. We also studied the existing private pound facilities, provincial and municipal legislation and proposed provincial regulations. Staff determined that a city owned and operated CVPF that would process all seized, abandoned and inoperable accident vehicles would be financially viable and would provide significant consumer protection. However, it was also determined that the Additional Regulations and Operating Procedures alternative option would provide significant consumer protection, generate fewer consumer complaints and risks against the City, have a minimal negative financial impact upon the private sector towing and storage industry and would be financially neutral for the City. This option would also include the creation and implementation of a mandatory vehicle towing and storage on-line software application to be used by the towing and storage industry to enable more efficient financial auditing and vehicle tracking by the City and/or Police. The use of this software by the towing and storage industries would function as a "virtual" CVPF without the significant financial cost of establishing and operating a new City owned and operated CVPF.

Therefore, it is staff's recommendation that the Additional Regulations and Operating Procedures alternative option be implemented along with a public communication program to inform residents of their rights and City initiatives concerning the vehicle towing and storage industry.

Attachments

Appendix 1: Report from the Commissioner of Transportation and Works, dated December 12, 2015, entitled "City of Mississauga Centralized Vehicle Pound Facility Feasibility Study – Information Report"

Appendix 2: TIAC Recommendation TIAC-0022-2015

Towing Industry Advisory Committee	2016/02/12	14
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Originators files: CS.19.TOW

Appendix 3: *Bill 15 – Fighting Fraud and Reducing Automobile Insurance Rates Act*-
Summary of New Regulations

Appendix 4: Estimated Expenditures and Revenues of a City Owned and Operated CVPF

Appendix 5: Physical and Operating Assumptions – City Owned and Operated CVPF under
Scenarios 1 and 2



Martin Powell, P. Eng., Commissioner of Transportation and Works

Prepared by: Chris Rouse, Project Manager Mobile Licensing, Enforcement Division

Towing Industry Advisory Committee

DEC 14 2015



MISSISSAUGA

City of Mississauga

Corporate Report

Date: December 1, 2015

To: Chair and Members of Towing Industry Advisory Committee

From: Martin Powell, P. Eng.
Commissioner of Transportation and Works

Originator's files:

CS.19.TOW

Meeting date:

2015/12/14

Subject

City of Mississauga Centralized Vehicle Pound Facility Feasibility Study Update - Information Report

Recommendation

1. That the report from the Commissioner of Transportation and Works dated December 1, 2015 entitled "City of Mississauga Centralized Vehicle Pound Facility Feasibility Study Update - Information Report" be received for information.
2. That the Towing Industry Advisory Committee (TIAC) provide comments on a centralized vehicle pound facility compared with the alternative options discussed in this report.

Report Highlights

- A feasibility study will help Council determine if a centralized vehicle pound facility in Mississauga is the best means of ensuring consumer protection and address complaints about existing privately owned and operated vehicle pounds.
- There are very few city-owned and operated central vehicle pounds in Canada.
- Staff conducted research and interviews with members of Council and TIAC, representatives from the vehicle towing and storage industry, representatives from the automotive insurance industry, police associations and other stakeholders to determine issues and concerns, and to identify best practices and opportunities
- This report contains financial estimates of the revenues and capital expenditures of establishing a city-owned and operated Centralized Vehicle Pound Facility (CVPF) and identifies several other alternative solutions for addressing vehicle storage issues and ensuring consumer protection, including: maintaining the status quo, introducing additional

regulations for licensed tow truck drivers and vehicle pound operators and establishing a City CVPF operated by the private sector.

Background

City Council provided direction to the Enforcement Division of the Transportation and Works Department to conduct a feasibility study concerning the establishment of a CVPF. Consideration of a CVPF ensures that the City has provided its due diligence to provide consumer protection and public safety while enforcing compliance with municipal by-laws and the licensing regime with respect to vehicle impoundment.

This study began in July 2015 by researching and assessing the existing facilities and processes in the City of Mississauga, the Region of Peel and other Canadian municipalities. Members of Council and TIAC, representatives from Peel Regional Police (PRP), Ontario Provincial Police (OPP) and other police associations, owners of private vehicle pounds, representatives from the automotive insurance industry, the Canadian Automobile Association (CAA), Accident Support Services International (ASSI) Limited, Extend Communications and vehicle impoundment software manufacturers were all consulted in person, by telephone and/or through email.

The study conducted surveys of dozens of Canadian municipalities to determine which had CVPFs and how they operated. Staff then began to research the potential costs and revenues of developing a CVPF by estimating the number of vehicles that would be delivered to a City facility, calculating average duration of stay for impounded vehicles, locational characteristics of successful public vehicle pounds, the availability of suitable locations in Mississauga and identifying other operational considerations for a CVPF in Mississauga.

This report outlines Provincial initiatives to regulate the towing and storage industry, details the existing towing and storage process in Mississauga, presents initial research findings and outlines considerations for establishing a City-run CVPF along with several alternatives. The next report will include a cost benefit assessment comparing the establishment of a CVPF to other potential alternative options, and will include a staff recommended proposal with initial recommendations for implementation.

The vehicle impoundment industry is directly connected (with varying degrees) to the towing and motor vehicle repair industries, therefore, this report and study has included discussions of those industries where they overlap with vehicle impoundment.

Comments

Bill 15

In July 2014, the Province introduced *Bill 15, Fighting Fraud and Reducing Automobile Insurance Rates Act*, to improve road safety, strengthen consumer protection and reduce automobile

insurance fraud. *Bill 15* intends to address several issues including, inconsistent fees, improving the process and providing clarity to consumers. The Province released a summary report and draft regulations to amend the *Consumer Protection Act (CPA)* and the *Repair and Storage Liens Act (RSLA)* in September of 2015. The Province undertook public consultation on the proposed regulations between September and October of 2015 but has not yet reported their findings. The date that the *Bill 15* regulations will become active has not yet been announced by the Province. Appendix 1 provides a more fulsome summary of the *Bill 15* draft regulations.

Why Do We Tow and Impound Vehicles?

Motor vehicles are towed every day for a variety of reasons. The vast majority of tows are due to mechanical failure necessitating a tow to a mechanical vehicle repair facility. Tows are also required when a vehicle is involved in an accident/collision and cannot be safely driven, abandoned, or is seized by a police or enforcement officer. From a vehicle impoundment perspective, we are only concerned with vehicles involved in an accident/collision and cannot be driven, and vehicles that are seized by an enforcement agency or have been abandoned.

Vehicles seized by the police or enforcement officers are done for the following reasons:

- impaired driving or 12 hour licence suspension;
- Highway Traffic Act offence;
- occupant was arrested and cannot care for the vehicle;
- impeding traffic;
- parking violations; and/or,
- the vehicle may be evidence to a crime.

When a vehicle is seized, the police or enforcement officer is responsible to ensure the vehicle is safe and secure. Most vehicles will be towed to the police contracted impound yard in the geographical area in which it is seized. PRP have advised that approximately 30 percent of accident tows are done by a tow operator under contract to them with the remaining 70 percent of accident tows being done by non-contract tow operators that are licensed to operate in Mississauga. The police or enforcement officer will then make an effort to contact the registered owner of the vehicle if it was subject to a tow and if they had not already been provided with the information on where their vehicle was towed.

It should be noted that only the owner of the vehicle is authorized to pick up the vehicle. When the registered owner is notified of the vehicle seizure, they are required to attend the police division where the vehicle is being held. Upon providing sufficient identification, a release form will be issued unless the vehicle has been seized for a specific time frame (for example, three, seven or 30 day seizures). This form must be taken to the tow yard in order to claim the vehicle. When the vehicle is claimed at the tow yard, the registered owner will be provided with a bill for towing and

storage expenses incurred. The cost of the tow and subsequent storage are the responsibility of the registered owner of the vehicle. In Mississauga, the tow and storage rates are specified in City licensing by-laws and are not permitted to exceed the specified rates. PRP and City tow contractors cannot charge more than the tow and impound rates specified in their respective contracts and the contract rates cannot exceed the by-law rates.

The OPP also seize and impound vehicles but are not contracted to specific tow companies. Vehicle seizures result from Criminal Code of Canada convictions (45 days) and *Highway Traffic Act* offences (seven day suspensions). The OPP currently uses a first available system for towing but does ensure that the tower is licensed in the municipality in which the seizure occurs. Similarly, the OPP also directs vehicles involved in an accident where the driver is unable or unwilling to request a tow to a specific location. Vehicles that are no longer operable following a collision are required to first attend an OPP collision reporting centre in Milton before being taken to the driver's selected repair facility or the tower's impound facility. Costs for towing and impoundment within Mississauga are regulated by the City by-laws. Therefore, the cost of a 45 day impoundment in Mississauga could be as high as \$2,700 plus the \$280 cost of the tow.

Vehicle Pound Complaints

Over the last three years the City has received an average of 66 complaints per year concerning the operations of some of the existing private vehicle pound facilities. The City received 78 pound related complaints by the third quarter of 2015. The complaints include the following:

- insufficient hours of operation;
- not providing vehicle owners access to impounded vehicles to obtain personal effects;
- unethical manipulation to obtain signed vehicle work orders;
- restricted payment options;
- vehicles being moved to different pounds without notification to owners;
- new or enhanced damage to impounded vehicles after the initial accident; and,
- towing and storage fees exceeding regulated rates.

Representatives from the insurance industry advise that there are many more complaints regarding pound facilities that are not made to the City. All complaints reported to the City are investigated by the City's Mobile Licensing Enforcement and/or Parking Enforcement sections and are either resolved, dropped at the request of the complainant or charges are laid for by-law infractions.

Existing Vehicle Pounds in Mississauga

Mississauga currently has 19 privately owned and licensed vehicle pounds that are generally located in industrial areas. Appendix 2 shows the location of all 19 licensed pound facilities in the

City. The majority of the pounds are located in the northeast quadrant of the City where there is the largest amount of industrial lands. Only two vehicle pound facilities (100 Emby Drive and 1109 Seneca Avenue) are located outside of an industrial or business employment district. The size of the properties with vehicle pounds range from 0.05 hectares (0.12 acres) to 1.60 hectares (3.9 acres). The size of the vehicle pound component on each property ranges from approximately 0.045 hectares (0.12 acres) to 1.0 hectare (2.47 acres) in area with an average size of 0.3 hectares (0.76 acres). These approximate figures were calculated using occupancy permit information and air photograph interpretation. Appendix 3 of this report provides all licensed vehicle pound property sizes and their approximate pound area sizes.

Most of the vehicle pounds are directly or indirectly connected (either physically and/or financially) with a motor vehicle body repair facility either on the same lot or a nearby property. The motor vehicle body repair facility appears to be the largest component of the various businesses with the impounding component being ancillary and the towing component being the primary source of damaged vehicles to be repaired. In 2014, the City collected \$11,466 in vehicle pound licensing fees.

Existing Regulations and Contracts

Repair and Storage Liens Act

The *Repair and Storage Liens Act* regulates vehicle pounds. The *Act* sets out the rights of owners in the business of repair and storage as well as the rights of individuals whose goods have been repaired and stored. The requirements for registering liens against goods (vehicles) are set out along with the rights of those whom repair and/or store goods to take possession of said goods for failure to pay fees once 60 days have elapsed since notice is provided to the owner.

Zoning By-law 0225-2007, as amended

Vehicle pounds in Mississauga are regulated through the Zoning By-law 0225-2007, as amended. In addition to specifying the zones permitting vehicle pounds, the by-law defines the use, specifies minimum office size and building setbacks, fencing requirements and minimum parking standards. Appendix 4 of this report provides some additional details of the zoning provisions applicable to vehicle pound facilities in Mississauga.

Tow Truck Licensing By-law 0521-2004, as amended

The Tow Truck Licensing By-law 521-2004, as amended, regulates tow truck drivers, tow truck owners and operational practices within the City to ensure consumer protection, public safety, competence and accountability of industry participants, consistency in rates charged and good business practices. It should be noted that Mississauga is one of only 17 municipalities in Ontario that have a by-law regulating the towing industry. Further, Mississauga's by-law, arguably, contains the strictest regulations in the Province and was utilized by the Province when they were formulating the proposed *Bill 15* regulations.

This by-law outlines the roles and responsibilities of both the industry and the City in conducting the business of towing and storage. It clearly identifies the permitted rates that can be charged to tow and store vehicles and the various licensing costs. It should be noted that the number of licensed tow truck drivers in the City of Mississauga has decreased from 486 in 2012 to 293 in 2015 due to consistent enforcement and enhanced licensing requirements to ensure consumer protection and public safety.

Schedule 27 to Business License By-law 0001-2006, As Amended, - Owners of Vehicle Pound Facilities

Schedule 27 of the Business Licensing By-law 0001-2006 regulates vehicle pound facilities in Mississauga by setting out the roles and responsibilities of pound owners and the City. Appendix 5 of this report outlines vehicle pound owner requirements. These regulations are enforced by the City of Mississauga's Mobile Licensing Enforcement section of the Enforcement Division.

Mississauga Tow and Storage Contracts

The City of Mississauga issues request for proposals to secure two or more contractors to fulfill four separate contracts to provide 24-hour-a-day, year-round, light and heavy towing and vehicle storage for the Enforcement Division. In accordance with the Mississauga Tow Truck Licensing By-law 521-2004, as amended, *"Every owner and driver of a tow truck who offers to tow or tows a passenger vehicle, light duty van or truck not exceeding 2 721 Kilograms (6,000 lbs.) in towing weight from a collision scene, shall only charge or cause to be charged an all-inclusive flat rate towing fee of two hundred and eighty dollars (\$280), no more and no less, with no other additional charges other than the applicable taxes."* Therefore, this weight measurement is used to distinguish between light and heavy tows and the applicable rate is permitted to be charged. This by-law also stipulates that *"every owner and driver of a tow truck who has towed a passenger vehicle, light duty van or truck not exceeding 2 721 Kilograms (6,000 lbs.) from a collision scene to a vehicle pound facility at the direction of the hirer, shall only charge or cause to be charged a maximum of one hundred and three dollars (\$103) for a re-tow from the vehicle pound facility to any salvage yard, body shop, storage yard or any other public garage, building or place when directed by the hirer, and may only charge the general mileage rate as set out in Schedule 3 of the by-law when towing outside of the municipal boundary."* Tow contractors assist Parking Enforcement staff to enforce the Traffic By-law 555-00, Accessible Parking By-law 1-09, Fire Route By-law 1036-81 and the City's three-hour parking limit by towing and storing vehicles as directed.

The tow and storage bid process is designed to ensure that the successful contractors have sufficient qualifications and resources to provide the right services and in the specified amount of time.

The City currently has three different companies contracted (Lyons Auto Body Ltd., Tolfa Auto Work Ltd (Atlantic Towing) and Atlantic Showcase Auto Collision Inc. that provide light towing services on a geographic basis and heavy tows on a city-wide basis (vehicles exceeding the

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specified weight). The areas for light towing contract areas are identified on Appendix 6. The heavy tow contract is for all lands within the City and is currently held by Lyons Auto Body Limited. Appendix 7 to this report summarizes the minimum requirements that successful contractors are required to meet. Contracts with the City are five years in duration with options to renew for two additional periods of up to two years.

Tow operators currently contracted to the City are obligated to pay the City a \$34 per light tow administration fee and a \$50 per heavy tow administration fee. These rates are scheduled to increase to \$35 and \$51.45, respectively, in 2016. In 2014, the City collected \$18,242 in administration fees from our tow contractors. The City contract specifies the maximum impound fees that can be charged to vehicle owners is \$25 per 24-hour period (one day) for light tows and \$100 per 24-hour period (one day) for heavy tows. The City's Parking Enforcement and Mobile Licensing Enforcement sections enforce the contract by conducting inspections of contractor vehicles and facilities, auditing payments to the City, as well as investigating complaints.

Peel Regional Police Tow and Storage Contracts

PRP currently has three towing contractors fulfilling four separate contracts to provide 24-hour-a-day, year-round service for light and heavy towing and vehicle storage. PRP is contracted to Lyons Auto Body Ltd. for 11 Division for light tows and 11, 12 and Airport Divisions for heavy tows, Atlantic Auto Body for light tows in 12 Division and Hansen Auto Parts for light and heavy tows in that portion of 21 Division located within Mississauga. The PRP Divisions are identified on Appendix 8.

The PRP tow contractor bidding and operational requirements are similar to the City's contract but also require a few additional items to suit their particular requirements as outlined in Appendix 9. PRP staff indicated that they conduct audits of their contractor vehicle pounds on an annual basis. The current daily impound fees for PRP contractors are \$10 or \$25 a day for light tows, depending on the contractor and either \$20 or \$25 per day for heavy tows depending on the contractor.

Consultation Summary

Members of Council and TIAC; representatives from PRP, OPP and other Police Associations; owners and operators of private vehicle pounds; representatives of the insurance industry; CAA; ASSI Limited; and vehicle impoundment software manufacturers were all consulted in person or through telephone and email discussions. In general, the majority of the towing and storage industry are opposed to the creation of a CVPF because it is seen as not necessary and that it will have a negative impact on the continued financial viability of existing towing, impound and vehicle body repair businesses. Members of Council advised that the primary focus of this study should be about consumer protection as opposed to generating revenue for the City. They also requested a clear financial picture of a CVPF including revenues and expenditures and for staff to consider alternatives to creating a City-run CVPF. Appendix 10 provides a summary of comments, issues and concerns identified to date.

Canadian Municipalities with a CVPF

Staff conducted a survey of the largest Canadian cities to identify CVPF's, determine their physical and locational characteristics and investigate how they operate. No Ontario municipalities were found that operate CVPFs. In most municipalities tow and pound operations are run by the private sector. Several municipalities have contracts with private operators to provide towing and storage services in conjunction with their parking and/or by-law enforcement sections. Appendix 11 identifies Canadian municipalities with CVPFs including the population and size of the city, the size and capacity of the lots and the average number of vehicles processed yearly. These municipal pounds operate differently from one another and are described in greater detail below.

Calgary

The Calgary Parking Authority (CPA) operates one primary and one overflow vehicle pound on behalf of the City of Calgary. The primary lot is located within an industrial area that is centrally located within the City and is approximately two hectares (five acres) in size and can accommodate 750 vehicles. The 0.48 hectare (1.2 acres) overflow lot can accommodate an additional 120 vehicles and is primarily used for abandoned vehicles and for monthly auctions. The primary lot is open and staffed 24-hours-a-day, year-round by security staff that accept vehicles at all times. The facility only releases vehicles (with proper release forms) between 7 am and 11 pm weekdays and between 9 am and 4 pm on weekends/holidays. Pound staff use 325 m² (3,500 square feet) of a 650 m² (7,000 square feet) building located on site with the remainder of the building being used by parking enforcement. The CPA also operates several municipal parking garages and provides parking enforcement services to the City. Vehicles are delivered to the impound lots from CPA Parking Enforcement and the Calgary Police Services. A smaller number of vehicles are also received at the direction of Calgary Municipal By-law Enforcement.

In 2014, the revenues from the CPA impound operation exceeded the operating expenditures by approximately \$1.7 Million. Net revenues generated by the Calgary Parking Authority are forwarded back to the City of Calgary. The impound lot received almost 34,000 vehicles last year and employs 39 staff to process the vehicles comprising four management staff, 21 clerical staff and 14 yard operations (security) staff.

Each vehicle is subject to a \$30 lot administrative fee that includes a \$10 capital levy and a \$28 daily storage fee with the first 12 hours being free. The average duration of vehicle stay is 10 days. Vehicles can be claimed by the authority after 21 days and sold as scrap or are auctioned after 30 days. In 2014, 589 vehicles (1.8% of total) were auctioned generating approximately \$844,000 and 2,624 vehicles (7.9% of total) were scrapped generating approximately \$530,000 in revenues.

Saskatoon

The City of Saskatoon owns and operates a 1.7 hectare (4.3 acres) vehicle pound with 350 parking spaces in an industrial district that is located in the southwest quadrant of the City. The facility is operated from a 55 m² (600 square feet) mobile office trailer located on site by six staff from a

private security firm and one city employee oversees operations. Between 2012 and 2014, the pound processed approximately 3,000 vehicles per year. Only vehicles seized by the Saskatoon Police, Parking Enforcement and Municipal By-law Enforcement are brought to this pound as vehicles involved in accidents are taken to private pound facilities, usually the pound affiliated with their insurance company. It should be noted that the Province, through Saskatchewan General Insurance (SGI), sets the tow and storage rates in the Province. Saskatoon charges a \$50 entrance (administration) and \$15 daily storage fee per vehicle. The pound accepts vehicles around the clock but only processes releases between 6 am and 7 pm weekdays and between 11 am and 4 pm on Saturdays.

In 2014, the facility saw a decrease in the number of vehicles brought to the pound facility due to a change made to the street debris sweeping program that now has vehicles towed to nearby streets instead. Vehicle owner retrieval rates over the last five years for this facility average 81% of the total but increased to 86% in 2014. Just over 350 vehicles (11.7%) were scrapped and 125 vehicles (4.1% of total) were auctioned that generated approximately \$178,000 in revenue. It was noted that owners of vehicles that are auctioned may apply for the amount generated from the vehicle sale minus processing and storage costs incurred by the City. The pound coordinator advised that this facility operates on a yearly budget around \$800,000 but continues to generate very modest yearly net revenues (\$39,000 in 2014).

Regina

The City of Regina owns and operates a 1.05 hectare (2.6 acres) vehicle pound with 230 parking spaces in an industrial district that is located in the northeast quadrant of the City. The facility is primarily operated from a small mobile office trailer located on site by six staff from a private security firm. The City of Regina has one city employee that oversees all operations but responsibility for processing liens against vehicles is spread out amongst the Regina Police Service, Parking and By-law Enforcement, which are the sources of vehicle impoundment. Like Saskatoon, Regina only charges a \$15 daily storage fee but they are considering adding an administration fee in order to purchase a pound management software system. The pound processed approximately 3,000 vehicles per year between 2012 and 2014. Vehicles are accepted around the clock but they only process releases between 7 am and 8:30 pm weekdays and between 8 am and 8:30 pm on weekends.

If a vehicle/property is in the compound for more than 25 days and notice has been provided to the owner, the unit is recorded and their sales and salvage clerk becomes responsible for releasing or auctioning. The applicable City of Regina By-law states that the vehicle/property may be claimed by the City after 30 days of impoundment and that they may sell or auction the vehicle to recover administration and storage costs. In 2014, 50 vehicles (1.7% of total) were scrapped and 309 vehicles (10.3% of total) were auctioned that generated approximately \$13,225 in revenue before commissions. It was noted that 2014 was an exceptional year for the number of scrapped and sold vehicles as the City was actively clearing out vehicles that had been impounded for

several years. The pound coordinator advised that this facility operates on a yearly budget around \$437,000 but continues to generate very modest yearly net revenue (\$17,000 in 2014).

Edmonton

The Edmonton Police Service (EPS) operates an 3.2 hectare (eight acre) pound facility with a capacity of approximately 850 vehicles with a second vacant lot owned by the City that can be utilized for overflow during special events with an upward capacity for 600 vehicles. This facility operates from a 230 m² (2,500 square feet) office building located on site and employs 16 municipal staff and 13 contract private security guards to process approximately 20,000 vehicles per year. The facility receives vehicles from EPS, City Enforcement seizures and from accidents where the vehicle owner does or cannot select an alternate location. Vehicles are subject to a \$4 administration fee, \$15 lien check and \$33 daily storage fee. Vehicles are accepted 24-hours-a-day but releases are only processed between 10 am and 8 pm weekdays and between 10 am and 4 pm on weekends.

The EPS pound manager estimated that the facility revenues exceeded the approximate \$2.6 million budget expenditures by approximately \$3.7 million in 2014. Net revenues are divided between the City of Edmonton and EPS. Revenues are mostly generated by the daily storage fees but are supplemented by approximately 250 scrap vehicle sales (1.2% of all vehicles) generating \$56,250. EPS also collects the first \$1,250 from the sale of approximately 400 vehicles (2% of all vehicles) that are auctioned annually generating approximately \$500,000 in order to recover their administration and storage costs. It was noted, however, that owners of vehicles that are auctioned may apply for the amount generated from the sale minus the EPS costs incurred (\$1,250) and that any remaining profits are forwarded to the Province of Alberta.

Vancouver

The City of Vancouver contracts tow and storage operations to a private towing company (Busters Towing) that operates two City pound facilities. The 0.64 hectare (1.6 acres) primary lot contains 158 parking spaces while the abandoned vehicle lot is approximately 0.9 hectare (2.2 acres) with a capacity for approximately 200 vehicles. The primary pound is centrally located in the City's downtown eastside. The primary lot processes over 40,340 vehicles per year by Busters Towing who employs five full time clerks, five part time clerks and three management staff that divide their time between this facility and Busters' own facility next door. It was noted that there are no security personnel at either City pound. The facility is operated from a 148.6 m² (1,600 square feet) on-site office building that includes a large customer reception area. The facility is open around the clock and is most heavily staffed between 3 pm and 5 pm (rush hour) to issue releases and accept more incoming vehicles. Vancouver has no highways through their downtown so maintaining their major arterial roadways leads to a significant number of towed vehicles around peak travel times. This primary lot generally contains vehicles which were directed by Vancouver Police and municipal parking enforcement due to parking infractions. Most vehicles are typically claimed quickly by their owners.

Busters' also owns and operates their own two acre pound next to the city lot that is utilized when the city primary lot is over capacity. Busters' lot has 200 parking spaces but it usually has over 300 vehicles. Their staff advised that it can hold 450 vehicles at peak times. This lot is primarily used for vehicles that have been towed from private property or were involved in accidents.

The contract between Busters and the City of Vancouver requires the contractor to collect and forward \$8 per vehicle per day to the City. The City sets the maximum towing and storage fees and stipulates the annual facility lease rate (\$344,000 per annum). The City does pay for and/or performs some facility and building maintenance (\$20,000 to \$25,000 annually).

The abandoned vehicle lot is 0.84 hectares (2.1 acres) in size, located in South Vancouver and can hold over 200 vehicles. It is staffed with one contractor employee weekdays between 8 am and 4 pm. Busters towing currently operates this lot on behalf of the City in exchange for an administration fee. This lot is primarily used for vehicles that have been abandoned or were parked on a street with expired or no insurance.

The abandoned vehicle lot (AVL) was begun by the City in 2002 as part of the City's abandoned vehicle program. The AVL was created for a start-up cost of \$2.3 million for land and building improvements. In 2012, the program had operating costs of approximately \$468,000, of which, only half were able to be recovered by the City from storage fees, fines, selling scrapped vehicles and auctioning vehicles. In 2014, between 25 and 30 vehicles per month are towed to the AVL where they can stay for up to three months. The City scrapped 195 vehicles (0.06% of total) and auctioned 30 vehicles (0.08% of total) in 2014 which generated an estimated \$100,000. Staff were not able to ascertain from Vancouver staff what the percentage of the vehicles towed to the AVL are not claimed (it was over 60% in 2012) or if the abandoned vehicle program operating and administrations costs have increased or decreased since then.

Best Practices

Through consultations with staff from cities with CVPFs and some general research, we were able to identify a number of recommended best practices should the City proceed with a CVPF.

1. One Facility

Most cities have only one CVPF lot and those that have more than one lot, use the second lot for either long-term storage or only on occasions when the primary lot exceeds capacity. The reasons for having only one lot include: less capital investment required, reduced opportunity costs (utilizing industrial land for private use subject to taxation), less administration and security staff due to duplication of effort; and, better administration due to standardized procedures and control at one location.

2. Central Location

Centralizing the location of the only or primary pound within the geographical area that it services was seen as a best practice by pound operators. Decreased tow distance and close proximity for

vehicle retrieval were the primary reasons. In most cases, shortening the tow distance reduced the amount of the tow because many municipalities include a time or distance fee as part of the overall towing charge. Towing companies also preferred the central location because they were able to bring vehicles in quickly and return for other tows in some instances. As well, central locations typically had better access to public transit for vehicle owners without alternative means to retrieve their vehicles.

3. Pound Software

Some municipalities developed their own pound management software (Calgary) whereas other municipalities were utilizing commercial developed software. In either case, staff recommended the use of pound management software to track vehicles through the seizure, source of tow, fees paid, release, vehicle claim, scrapping and auction processes. This enabled pound staff to work collaboratively and systematically with the various towing companies, law enforcement agencies and vehicle owners. Some software was also used to track vehicle owner and registered lien holder notifications to ensure proper notifications were provided. Staff advised that the prices for software ranged significantly but was generally available for lease or purchase.

4. Contingency Lots

Contingency lots were also utilized by several of the municipalities (Vancouver and Edmonton) for the storing of vehicles that were not likely to be released or claimed in the short-term. These lots could also be used for storing trailers or other larger vehicles that would otherwise be utilizing larger amounts of space in primary lots. Depending on the amount of security, vehicles seized by police that are anticipated to be held for longer periods could also be stored at a contingency lot. Leasing part of an existing private pound facility or an industrial property that is not centrally located for this purpose could be investigated further.

5. Online Payments

Allowing online payments of storage fees and fines through a pound management software system or separate online payment portal may be a way to lessen the amount of administration that occurs at the facility and provide a higher level of service for customers.

6. Vehicle Charging Stations

Including vehicle charging stations for electric vehicles with the ability to charge extra fees for this service was another recommendation received.

7. Sufficient Access and Space for Large Vehicle and Trailers

Designing the entrance and lot layout for larger vehicles including the heavy tow trucks that deliver them was a recommendation of the pounds that had spaces or areas assigned for larger vehicles and trailers.

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8. Lowest Daily Storage Rates

In municipalities that have both public and private vehicle pounds, it was recommended that the public pound should have the lowest storage rates to ensure highest utilization and fewest consumer complaints regarding storage costs.

9. Contract Staffing

Vancouver is the only Canadian municipality that leases their pounds to a contractor which uses only their employees to manage the entire towing and pound process. The contractor does not employ security staff at either the primary or abandoned vehicle lot. The cities of Calgary, Edmonton, Regina and Saskatoon all contract their security services in order to reduce operational costs.

10. Hours of Operation

While all five Canadian municipalities accept vehicles on a 24-hour-a-day, 365-days-a-year basis, only Vancouver issues vehicle releases around the clock with the exception of vehicles held in their abandoned vehicle lot, which issues releases only during normal weekday business hours. The other four municipalities operating CVPF's have varying extended business hours and reduced weekend/holiday hours when they issue vehicle releases.

How Many Vehicles Would Use Centralized Vehicle Pound Facility in Mississauga?

In order to determine the size and number of centralized vehicle pounds, it was critical to determine the approximate number of vehicles that would utilize the facility. In order to maximize the number of vehicles delivered to a CVPF, the City would need to amend the towing by-law and/or Schedule 27 of the Licensing By-law to require all inoperable vehicles involved in an accident/collision and all seized and abandoned vehicles to be taken to the City's CVPF. PRP estimated that 40% of vehicle accidents that they attend require a vehicle to be towed and the OPP estimate approximately 35% of vehicle accidents that they attend require a vehicle to be towed.

City Parking Enforcement, Peel Regional Police and Ontario Provincial Police staff provided their estimated number of tows for the years 2012 to 2014 in order to provide an estimated yearly average. Appendix 12 details the total estimates from these three sources between 2012 and 2014 and estimates the average number of vehicles delivered to a CVPF would be 12,450 per annum. These estimates do not include various other vehicles (motorcycles, trailers etc.) that may be brought into a centralized vehicle pound as was evidenced by staff inspections at the existing private pound facilities including the City and PRP contracted facilities conducted this year.

It should be noted that none of the other City CVPFs have a by-law requirement that would require a vehicle involved in an accident that is no longer in an operable condition, to be brought to their CVPF. Vehicle owners are permitted to direct a tow operator to take their disabled vehicle to a destination of their choice unless the vehicle has been seized by a police or enforcement

officer. Should Council choose not impose a by-law requiring all inoperable vehicles involved in accidents/collisions be brought to a CVPF, the total number of vehicles brought to a CVPF will likely decrease significantly (ie. only seized vehicles may be brought to the CVPF). If this becomes the case, the CVPF could be reduced in size along with reductions in the anticipated capital and operating expenditures, and potential revenues.

Should the City proceed with the by-law amendments to include inoperable vehicles that were involved in an accident, in addition to seized and abandoned vehicles, there may be a significant number of complaints to the City from vehicle owners and vehicle repair facilities because we are forcing some vehicles to the CVPF and thus delaying the repair of their vehicles leading to increased costs. Conversely, it can also be argued that the City is acting to ensure consumer protection by providing vehicle drivers that have been involved in an accident with the means to disengage themselves from the towing companies and allow them a period of 24 hours to seek advice and consider their best course of action without being charged a daily storage fee. Should the consumer be unable to decide what to do with their vehicle within that 24-hour period, the vehicle could be continued to be safely stored at a City CVPF with a relatively low daily storage fee of \$25 following the first 24-hour period that would not be charged. Once checked into the City CVPF for record keeping purposes, consumers can be given the option of taking their vehicle immediately to a repair facility or another destination of their choosing. Further, a reduced re-tow rate could also be included in the by-law to ensure that consumers are not being charged two, full tow fees. It should also be noted that the Provincial *Bill 15* discussions considered the possibility of not allowing storage fees to be charged for the first 24 to 72 hours of storage for vehicles involved in accidents.

Number, Location and Size of a CVPF

As previously stated, most cities have only one CVPF lot and those that have more than one lot, use the second lot for either long-term storage or only on occasions when the primary lot exceeds capacity. The reasons for having only one lot include: less capital investment required, reduced opportunity costs (utilizing industrial land for private use subject to taxation), less administration and security staff due to duplication of effort; and, better administration due to standardized procedures and control at one location. Creating more than one city-owned and operated CVPF is not anticipated to be administratively or financially prudent.

If the City decides to create a CVPF, it should ideally be located in the Mavis Erindale Employment Area as it would allow towed vehicles to be brought to a central location, reducing travel times thereby minimizing towing distances and costs. This area contains and is adjacent to truck routes that can accommodate large traffic volumes of both towed vehicles and passenger vehicles. It is served well by public transit. This District also contains at least two of the larger City towing contractors, several vehicle and body repair shops and numerous businesses with significant amounts of outdoor storage. This area is also close to several highways that transect the City that permits reduced tow pick-up and travel times.

Appendix 13 provides peak morning and afternoon travel time estimates from the Mavis Erindale Employment Area to various locations across the City. With the exception of sites located on the far side of the airport, the maximum peak period travel times in Mississauga to a CVPF in the Mavis Erindale Area would generally be less than 30 minutes and/or 20 kilometres (12.4 miles). Most of the estimated travel times would be significantly less during periods of non-peak traffic. In addition, these maximum travel times are likely to compare favourably when compared with the cities of Calgary and Edmonton, both of which, are more than twice the geographic size of Mississauga, process more towed vehicles and have only one primary pound facility.

The required size of a Mississauga CVPF is the combination of a number of factors including:

- the total number of vehicles anticipated to be processed;
- the average duration of impounded vehicle stay;
- minimum lot and indoor storage requirements specified in the Peel Regional Police tow and storage contract;
- size of office building for processing vehicles (which relates to anticipated number of staff and customers);
- building and lot compliance with Zoning By-law (setbacks and landscape requirements);
- the relative efficiency of the parking lot layout (which is also a function of the parcel selected);
- larger parking lot aisle widths (to aid in vehicle maneuvering);
- by-law requirements to include inoperable vehicles involved in an accident/collision to be brought to a CVPF, in addition to seized and abandoned vehicles or just seized vehicles; and,
- the use of some tandem parking spaces.

Determining the number of parking spaces that can be accommodated on a particular parcel of land depends primarily upon the configuration of the parcel, the topography of the site, site servicing requirements and any necessary zoning by-law requirements (ex. building setbacks and minimum landscape requirements). Figure 1 of Appendix 14 displays the average number of vehicles that could be accommodated on a 0.4 hectare (one acre) parcel of land using standard parking stall sizes measuring 2.6 metres by 5.2 metres (8.5 feet by 17 feet), larger 9.0 m (29.5 feet) aisle and gates and no tandem parking. Figure 2 of Appendix 14 demonstrates the number of vehicles that can be stored on a 0.4 hectare (one acre) parcel of land if some tandem parking is incorporated and utilized. In general terms, we assume that a CVPF would be able to provide approximately 370 parking spaces per hectare (150 parking spaces per acre), although we will include a 20% buffer to account for irregularly shaped properties, topography, servicing requirements and the provision of minimum landscape areas.

Determining the required lot capacity will necessitate using the estimated 12,450 vehicles per annum and that the estimated average vehicle duration of stay (10 days). Ten days was the average vehicle duration of stay at the City of Calgary's CVPF. We can calculate the CVPF lot capacity required by multiplying 12,450 vehicles x 10 days divided by 365 days per year. This figure equals 341 parking spaces plus a 20% buffer equals 410 parking spaces.

Using the 410 parking spaces as the required vehicle capacity, the 370 parking spaces per hectare (150 parking spaces per acre) figure noted previously, a CVPF will require approximately 1.1 hectares (2.73 acres) of land, plus an area for a 186 m² (2,000 square feet) office building, a 130 m² (1400 square feet) indoor storage shed, staff and visitor parking and landscape buffer along a municipal street which we estimate to be approximately 0.2 hectares (0.5 acres). Therefore, for the basis of this feasibility assessment, staff assumed a 1.42 hectare (3.5 acres) parcel would be the appropriate size for a CVPF in Mississauga. A CVPF of this size will also allow for some flexibility in terms of additional parking spaces should the number of vehicles brought to the facility increase or should there be the necessity of storing some trailers or larger vehicles. This slightly larger site could also be used for other City storage needs on a temporary basis so as to maximize the utility of the lands.

What Lands Are Available for a CVPF?

Realty Services staff were requested to investigate the availability of land parcels with or without a small office building for lease or purchase in the Mavis Erindale Employment Area that permitted outdoor storage in the Zoning By-law. As discussed previously, this Area was determined to be the most efficient from a vehicle transport and public accessibility perspective. While there were a couple of smaller vacant parcels of land less than 0.6 hectares (1.5 acres) in size that permitted outdoor storage available for lease, nothing in the 1.2 hectare (three acres) plus size was recently listed. One large 1.8 hectare (4.5 acres) parcel is (or was) available in the area but was improved with an 8 547 m² (92,000 square feet) office/manufacturing facility. The property is not zoned to permit outdoor storage and would cost over \$3.45 million per hectare (\$1.4 million an acre).

In Mississauga, the cost of vacant industrial land ranges between \$800,000 and \$1.2 million per acre depending primarily on location, shape and size. Realty Services also advised that anything that does become available in the Mavis Erindale Employment Area will most likely be improved for specific industrial uses and will not be vacant, thus increasing the capital costs for acquisition.

The Mavis Erindale Employment Area currently contains two City Works Yards with the appropriate zoning requirements, however, both works yards are currently being fully utilized and City-wide works yard space is generally at capacity.

The Community Services Department works yard is located at the northwest quadrant of Mavis Road and the CP Railway Line, is approximately 1.6 hectares (4 acres) in size and is currently being utilized for storing and processing dead trees. A portion of this site may also be utilized in the future for an alternative use. The Mavis Works Yard, located on the east side of Mavis Road, south of the CP Railway Line, contains several Transportation and Works operations including the

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Parking and Mobile Licensing Enforcement sections of the Enforcement Division. This site is approximately 6.85 hectares (16.8 acres) in size. Although this facility is currently at capacity, there exists a possibility to use a portion of the yard for a CVPF if some of the existing operations that are not required to be located centrally, could be relocated. The City is in the midst of rezoning a large parcel of land on Loreland Avenue to allow for another municipal works yard. If the rezoning application for the property is approved and the yard opens for operation, some of the Mavis Road Yard operations could be relocated to the new facility allowing a portion of the Mavis Works Yard to be utilized for a centrally located CVPF. The timing of any approvals, construction and relocation of operations would not likely occur for two to three years.

The City could also utilize a non-central industrial property recognizing that the travel distances and times for tow operators and vehicle owners would increase. Realty Services advise that a large enough property may be possible to acquire, however, cautions that: amendments to the zoning may be required, any existing buildings on the property may or may not be suitable for conversion to an CVPF operation, environmental assessment and clean-up costs would have to be considered if the property has or held an industrial use and the property may or may not have satisfactory public transit accessibility.

CVPF List of Assumptions

In order to calculate the approximate capital and operating costs and potential operating revenues of a CVPF, it was necessary to establish a list of basic assumptions about the physical and locational characteristics. It was also necessary to make a determination regarding operational assumptions including staffing, hours of operation, operational expenses and that a suitable vacant parcel of land would come available for purchase by the City. These assumptions are primarily based upon a combination of estimates, data extrapolation and best practices from other CVPFs. All of these assumptions could be modified and the calculations changed to reflect the modification. Several alternative physical characteristic and operational considerations will also be identified.

Physical Pound Assumptions

The actual pound would be located on a 1.42 hectare (3.5 acres) vacant parcel of land within the Mavis-Erindale Employment Area comprising a 1.2 hectare (three acres) enclosure for impounded vehicles and would also include the following physical characteristics:

- 185.8 m² (2,000 square feet) office building with reception area, washrooms, kitchen, meeting room, offices includes furniture, computers, printer/copiers and phones;
- separate 0.41 hectare (one acre) facility within the enclosure for police seized vehicles that contains a 130 m² (1,400 square feet) basic structure/canopy building with lighting and hot water source;
- 1.8 metre (six feet) fence with two feet barb wire on top;

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- secured gate with card access;
- security lighting;
- video surveillance of entire yard;
- heavy duty asphalt on the 1.2 hectare (3.0 acres) vehicle pound enclosure;
- 135 m2 (1,453 square feet) landscape area; and,
- reducing the number of impounded vehicles will reduce the property and building requirements (capital costs).

Hours of Operation Assumptions

Similar to the majority of other municipal CVPF operations and the best practices identified, Mississauga would likely use the extended business hours of operation model that would operate as follows:

- 24-hours-a-day, 365-days-a-year - vehicle acceptance and security;
- Monday to Friday - 8 am to 11 pm for vehicle acceptance, processing and releases;
- Saturday and Sunday - 8 am to 4 pm for vehicle acceptance, processing and releases;
- Monday to Friday - 8:30 am to 4:30 pm - vehicle liens - scrapped and auctioned vehicle processing; and,
- Monday to Friday - 8:30 am to 4:30 pm - support staff operations.

Staffing Assumptions

A total of 19 municipal staff would be required to operate a CVPF in Mississauga with extended business hours while processing approximately 12,450 vehicles annually. The staff complement would be as follows:

- One Manager;
- Two Supervisors;
- Eight Clerks;
- Six Security Personnel; and,
- Two Administrative Support Staff.

This staffing complement was primarily estimated based upon the number of staff employed at the other municipal CVPFs. Staff would be processing approximately 70 vehicles per day and would include accepting, processing and releasing vehicles. With the extended business hours there would be two shifts of three clerical staff weekdays (based on 19 hour business day) and one

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clerical staff per day on weekends (based on eight hour business day). One clerical staff would work regular weekdays and would be responsible for arranging for vehicles that are not claimed to be auctioned or sold as scrap. Depending on the daily volume and, if there are peak periods for vehicle delivery and vehicle pick-up, adjustments to the daily staffing could be adjusted to accommodate the peaks. The CVPF manager and two supervisory staff would oversee operations, manage staff and resolve conflicts during the extended daily shifts. Six security staff was estimated to be sufficient to provide 24 hour-a-day, 365-days-a-year coverage for the facility. Security staff would also provide access to impounded vehicles for vehicle owners, accompany vehicles being brought into the facility and process the initial receipt of vehicles after hours on a 24-hour-a-day basis. Two administrative support staff to conduct general administrative and data record management have been included in the staff complement. It should be noted that the staff complement could be reduced or increased with any changes to the number of vehicles being processed. If the CVPF proceeds, it will need to be determined which City Department and Division would be responsible for CVPF operations.

Operational Assumptions and Considerations

The assumptions related to the anticipated CVPF operating costs are summarized below:

- the City would charge \$25 per vehicle per day storage fees which is consistent with the current PRP and City Tow and Storage Contracts and best practices of other municipal CVPFs;
- in order to provide further consumer protection and to offset the perception that the City is forcing all non-operational accident vehicles to a CVPF, the City would not charge consumers involved in accidents storage fees for the first 24 hour period thereby creating a "cooling off" period to allow the vehicle owner time to contact their insurance company and to determine what to do with their damaged vehicle;
- maintenance of building, parking, fencing, security features and landscaping;
- snow removal;
- environmental cleanups (from damaged vehicles);
- pound software purchase or leasing;
- the City has the capability of developing its own vehicle pound and towed vehicle monitoring software that may be more financially viable than purchasing or leasing software from the private sector;
- additional insurance may be necessary due to the nature of the operation to cover private property (impounded vehicles);
- staff training;
- front ending towing payouts, some of which may not be recovered (abandoned vehicles);

- utilities including electricity, gas, water, wastewater and City Storm Water charges;
- approximately 5% of vehicles brought to CVPF would be claimed by City, scrapped and sold;
- approximately 2% of vehicles brought to CVPF would be claimed by City and auctioned;
- hours of operation for vehicle releases could be reduced;
- all or portions of staff could be contracted through private firms (example: Security);
- lost opportunity taxes from a private industrial use that may otherwise locate on the CVPF property; would range between \$60,000 and \$110,000 annually;
- utilize existing and/or enhanced municipal corporate security / video surveillance only; and,
- a reduction in the number of impounded vehicles will reduce the operating costs.

CVPF Physical and Location Characteristic Considerations

- There is possibility to use a portion of the Mavis Works Yard for a CVPF in the event that other municipal operations that are less location sensitive could be relocated to the Loreland Works Yard if the rezoning application for the property is approved and the yard opens for operation.
- Staff, building and land costs would all be reduced if the number of vehicles processed is reduced by not requiring all accident vehicles to be brought to the CVPF.
- Reduce the size of the primary lot by owning or leasing a non-central contingency lot for long-term vehicles and larger vehicles and trailers.
- The City could investigate the possibility of opening a shared collision reporting centre with the OPP and/or PRP at the CVPF which may save some operational and/or capital costs.
- Reduce land costs by locating CVPF to a non-central location that has greater travel times and distances.
- Lease land for entire CVPF which would likely reduce capital expenditures while raising operating expenditures.

Preliminary CVPF Financial Assessment

This preliminary CVPF financial assessment includes an estimate of the projected capital costs and potential operating revenues which are contingent upon the above-noted list of assumptions. Changes to any or all of the assumptions will impact this financial assessment to a greater or lesser degree. The Facilities and Property Management Division of the Corporate Services Department

provided the capital cost estimates but noted that more detailed construction estimates would need to be obtained by hiring a consultant. An estimate of projected operating costs has not yet been completed at this time; work is on-going. An estimate of operating costs will be included in the CVPF financial assessment to be included in the recommendation report. The financial assessment will be prepared on the basis of two CVPF operating scenarios: (1) acceptance of all inoperable vehicles involved in accident/collisions and seized or abandoned vehicles; and (2) the acceptance of seized or abandoned vehicles only. As mentioned previously, the number of vehicles anticipated to be processed by the CVPF will have a direct impact on the capital and operating costs, and projected revenues.

Potential Expenditures

Land Acquisition Costs

1.42 hectares (3.5 acres) x \$1 million per acre	\$3,500,000
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Other land acquisition costs (including appraisals, surveys, environmental reports, real estate commissions and/or legal fees)	\$55,000
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Total Land Costs	\$3,555,000
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Capital Costs of Land Improvement

- | | |
|---|-------------|
| • Construction (Building & Site Works) | \$3,000,000 |
| • Consultant fees and soft costs | \$486,000 |
| • Project contingency | \$275,000 |
| • Other costs (charge back & HST) | \$235,000 |
| • Site Services and utility connections, computers and phones | \$200,000 |

Total Capital Improvement Costs	\$4,196,000
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Total Land Acquisition and Capital Improvement Costs	\$7,751,000
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Potential Revenue Stream Assumptions

Number of Vehicles

In order to calculate the number of vehicles that would be subject to daily storage fees and to calculate the amount of money able to be recovered from unclaimed vehicles, staff had to estimate the number of vehicles that the City would be able to auction or sell as scrap. Staff estimated the percentages based on the rates from the other municipal CVPFs. The percentage of vehicles available able to be auctioned ranged from 0.08% to 10.3% while the percentage of

vehicles available to be sold as scrap ranged from 0.06% to 11.7% at the other municipal CVPFs. The average percentage of vehicles able to be auctioned was 6.8% and the average number of vehicles able to be sold as scrap was 4.5%. Since some of the CVPF's do not currently operate as the Mississauga CVPF is anticipated to operate and because Calgary was seen as the most similar operation, staff utilized conservative estimates of 2% of all vehicles could be auctioned and 5% of all vehicles could be sold as scrap. Therefore, 7% of the total estimated volume of vehicles was subtracted from the estimated daily storage fee revenue calculation, since it is unlikely that fees would be paid on those unclaimed vehicles.

12,450 total vehicles – 2% (250) vehicles will be claimed by the City and auctioned per year

12,450 total vehicles – 5% (620) vehicles will be claimed by the City and sold as scrap per year

Of the remaining 11,580 vehicles, 8,619 would be accident vehicles and 3,831 non-accident vehicles that would be available for estimating the potential daily storage fees. In 2014, the CVPF in Calgary generated approximately \$1,400 per vehicle at auction and \$200 from each scrapped vehicle. Since the price of metal scrap has been reduced recently, staff used \$1,400 per auctioned vehicle and \$150 per scrapped vehicle in the estimates for the potential revenue generation at a Mississauga CVPF.

The revenue estimates also assume that the daily storage fee for the 8,619 vehicles involved in accidents would be stored free of charge for the first 24 hours (one day). The remaining 3,831 non-accident vehicles would be charged all daily storage fees. Vehicles brought into pounds are either classified as light or heavy tows and the corresponding fees for the tow and daily storage rates differ. Heavy tows typically cost more in terms of both the actual tow and the daily storage rate charged. The City CVPF will likely charge \$100 per day for heavy vehicles which is consistent with the current City and PRP contract rates. Since the estimated number of vehicles supplied by the City, OPP and PRP did not distinguish between light and heavy tows, the revenue estimates have all been classed as light tows for the purpose of these calculations. Since a portion of the tows will be heavy tows with correspondingly higher fees, the estimates will be on the conservative side. As stated previously, the City will charge \$25 per day storage fees for light tow vehicles which is consistent with the current PRP and City Tow and Storage Contracts and best practices of other municipal CVPFs.

Revenue Calculations

8619 Accident Vehicles * 9 days * \$25 per day =	\$1,939,275
3831 Non Accident Vehicles * 10 days * \$25 per day =	\$957,750
250 vehicles auctioned (2% of Total) x \$1400 (average per vehicle) =	\$350,000
620 vehicles sold as scrap (5% of Total) x \$150 (per scrapped vehicle) =	\$93,000

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Total Annual CVPF Potential Revenue = \$3,334,025

Conclusion from Preliminary Financial Analysis

This preliminary financial assessment provides the magnitude of the projected capital costs and the projected operating revenues related to a city-run CVPF. The final financial assessment in the recommendation report will include the projected capital costs and operating costs, and the projected net costs/benefits for two city-run CVPF operating scenarios: (1) acceptance of all inoperable vehicles involved in accident/collisions and seized or abandoned vehicles; and (2) the acceptance of seized or abandoned vehicles only.

Alternatives to a CVPF

The following are alternatives options in lieu of a City-run CVPF and are being considered and assessed by staff.

Maintain the Status Quo Option

From a consumer protection perspective, the Province is anticipating that the draft *Bill 15* regulations, which are expected to be phased in during early 2016, will have a positive impact on the towing and storage industries in Ontario. Many of the *Bill 15* regulations are already by-law requirements in Mississauga, so the impact is not anticipated to be as significant as elsewhere in the Province. The Province has indicated that municipalities with licensing regimes may keep their by-laws in place if they are as strict, or stricter, than the Province's regulations. Mississauga's towing and licensing by-law requirements are already having an impact on the industry by reducing the number of tow vehicles on the roads and by placing minimum development standards on vehicle pounds. Prior to implementing a CVPF, or any other alternative, the City could consider waiting until the *Bill 15* regulations are adopted, in force and utilized for a specified period in order to determine what the effect is, if any, and which actions would be warranted by the City to further improve consumer protection.

The City could try to improve and enhance its current ability to inspect and/or audit the existing vehicle pounds for compliance with the existing regulations and license requirements to ensure better consumer protection. The tow and storage providers currently contracted to the City could also be subject to heightened inspections and audits in accordance with the provisions of the existing contracts to ensure compliance and improve consumer protection.

Additional Regulations and Operating Procedures Option

This option would involve amending the Tow Truck Licensing By-law 0521-2004, as amended, and Schedule 27 of the Licensing By-law 0001-2006, as amended, to improve the documentation required to be prepared by licensed tow truck drivers and vehicle pound operators when towing and storing vehicles. If these by-laws were amended, all towing and/or storage companies and operators would be required to provide more comprehensive information with respect to: details of fees charged for the tow and storage; the vehicle owner/operator; the vehicle being towed; the

towing operator and company; details regarding the origin and destination of the tow; photos of the towed vehicles (when involved in an accident); duration or vehicle stay; and, vehicle owner notification. The intent of providing this new documentation would be to ensure that evidence is required to be kept and produced at the City's request to enable better auditing. These audits would ensure that the towing and storage industry is complying with the applicable by-laws and regulations to ensure that:

- vehicles have been towed to the facility agreed to by the vehicle owner;
- that the correct fees for towing and storage have been charged;
- that the vehicle owners have been able to retrieve their vehicles in a timely manner; and,
- the vehicle pound facility operators have followed the required process and sent the proper documentation to registered vehicle owners.

At the present time, audits of the vehicle pound facilities of this nature are not conducted by the City for two reasons:

- 1) the existing by-laws do not require vehicle pound facilities to maintain this type of detailed information; and,
- 2) Mobile Licensing Enforcement is not resourced to perform this type of audit function.

The City could consider raising the administration fees that the City currently charges on contract tows or charge a standardized vehicle storage administration fee to offset the increased costs that would result from increased and improved auditing.

In the future, the City could also investigate the possibility of utilizing a web-based software application to collect all information related to tows in the City instead of a manual process. Standardized software would likely improve the efficiency of any new auditing process. If all tows are entered into a standardized system, auditing contractor performance, vehicle location, tow and storage fees charged, registered vehicle owner notification becomes a simpler process for both the police and/or City. It should be noted that this software is commercially available.

Centralized Vehicle Pound Facilities Operated By Private Sector Option

The City could also consider contracting CVPF operations out to private contractors and dividing the City into service areas similar to the current tow and storage contracts. Service areas could range in size and cover half, thirds or even quarters of the City. Smaller and more numerous service areas would likely reduce tow times and distances, but would likely be more complex to administer, monitor and audit.

The City could issue request(s) for proposals that private companies could bid upon to become one of the City vehicle pounds subject to minimum physical and operational requirements. Under this option, tows originating within specified geographical areas would be brought to the privately

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run CVPF located within that area. In order to maximize the efficiency of this system PRP and the OPP would need to be willing to utilize the same centralized facilities.

It would be possible that the CVPF private sector operators may not be the same companies that are the companies that can provide the contract towing services to the PRP or City. This would necessitate changes to the existing PRP and/or City tow and storage contracts and may necessitate increasing the tow and/or storage rates charged to consumers if both services are not provided by the same operator.

One new requirement that could be considered would be to physically separate privately operated CVPF offices from existing businesses (such as motor vehicle body repair establishments). The thought behind this concept is to provide some comfort to consumers to feel less pressure to have their vehicles repaired at the business that provided the initial tow and/or vehicle pound that now holds their vehicle.

If by-laws are amended to require all inoperable vehicles involved in accident/collisions and seized or abandoned vehicles to be brought to private-sector-operated City CVPF, the general perception may be that the City is unfairly treating smaller tow and pound operators and providing a great advantage to those larger businesses that successfully obtain one of the City's CVPF contracts. Smaller tow and body repair companies may not have sufficient resources to meet minimum City or PRP tow and storage contract standards.

The smaller companies that were consulted as part of this feasibility study indicated that if their tow trucks were required to bring vehicles to a large competitor's pound, they would likely have difficulty retrieving the vehicles and the relative advantage to retaining the consumer/customer moves to the auto body repair facility associated with the CVPF. Should the private-sector-operated CVPF be contracted to a towing and storage operator that also runs an insurance company preferred repair shop, there would be even less chance that a consumer would even consider utilizing the repair facility associated with the original tow truck.

Next Steps

In accordance with the direction given by Council, staff have conducted industry consultation and will further consider any input provided as a result of this report. The recommendation report will include a cost benefit assessment of two CVPF options in comparison to the alternative options presented in this report. The recommendation report is targeted for consideration by TIAC and General Committee in early 2016.

Strategic Plan

A CVPF would further the Connect Strategic Pillar, specifically, the goal to maintain Mississauga as the safest large city in Canada.

Financial Impact

Funding was included in the 2015 Regulatory Services operating budget to perform the CVPF feasibility study. Should the implementation of a CVPF be feasible and should Council approve a format, additional funding may be required in future operating and capital budgets. The financial impact to the City will be clearer upon conclusion of this feasibility study and the completion of the financial assessment.

Conclusion

This report contains a summary of background research of existing and proposed legislation, existing private vehicle pounds in Mississauga, current practices, other municipal pound facilities, CVPF best practices, preliminary estimates of expenditures and revenues of a Mississauga CVPF and alternatives to a CVPF.

Attachments

- Appendix 1: *Bill 15 - Fighting Fraud and Reducing Automobile Insurance Rates Act* – Summary of Proposed Regulations
- Appendix 2: Mississauga Private Vehicle Pound Facilities - Locations
- Appendix 3: Mississauga Existing Private Vehicle Pound Facilities – Sizes
- Appendix 4: Summary of Zoning By-law 0225-2007 Provisions Regulating Vehicle Storage Facilities
- Appendix 5: Vehicle Pound Facility Owner Requirements – Summary of Schedule 27 of Mississauga's Business License By-law 0001-2006, as Amended
- Appendix 6: City of Mississauga Light Tow Contract Areas
- Appendix 7: City of Mississauga Tow and Storage Contractor Requirements
- Appendix 8: Peel Regional Police Divisions in Mississauga
- Appendix 9: Peel Regional Police Tow and Storage Contractor Requirements
- Appendix 10: CVPF Feasibility Study Consultation Summary
- Appendix 11: Canadian City Vehicle Pound Facility Characteristics Summary
- Appendix 12: Estimated Number of Seized, Accident and Abandoned Vehicle Tows in Mississauga 2012 – 2014

7.1
6.12

Towing Industry Advisory Committee

2015/12/01

27

Originators files: CS.19.TOW

Appendix 13: Estimated Peak Period Travel Times and Distances to CVPF

Appendix 14: Typical Vehicle Pound Parking Configuration - Approximate Number of Parking
Spaces per Hectare / Acre



Martin Powell, P. Eng.
Commissioner of Transportation and Works

Prepared by: Chris Rouse, Project Manager Mobile Licensing Enforcement Division

BILL 15 - Fighting Fraud and Reducing Automobile Insurance Rates Act - Summary of Proposed Regulations

Bill 15 intends to address several issues including:

- high and/or inconsistent fees for towing and storage;
- requiring cash payments without invoicing;
- not disclosing existing financial arrangements between towers and vehicle impounds and/or repair establishments to vehicle owners;
- vehicle owners not being allowed access to or being charged to access their impounded vehicle to retrieve articles; and
- requiring vehicle pound operators to notify vehicle owners where their vehicle is located within 15 days whereas they currently have 60 days.

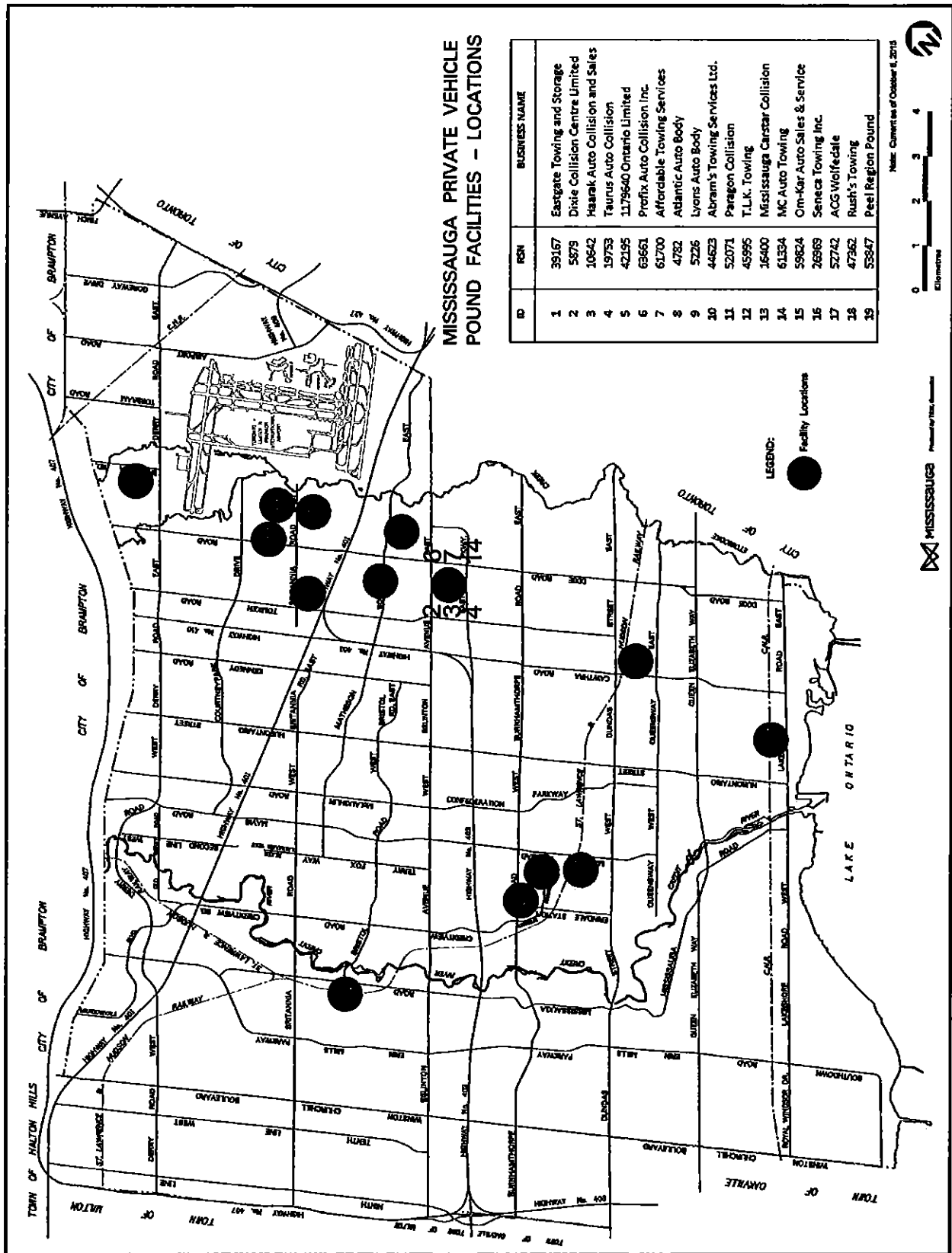
Under The *Consumer Protection Act (CPA)* and the *Repair and Storage Liens Act (RSLA)* the proposed regulations all tow and/or storage providers:

- are now defined and are considered as a supplier and are subject to existing and new CPA regulations;
- are required to provide detailed company information, direct or indirect financial connections between providers, applicable rates and final vehicle destination to consumers prior to the transaction (except for seized or impounded vehicles);
- are required to get a written authorization from the consumer (or designate) and provide a copy of the authorization to the consumer (or designate) except where the consumer is not able to provide authorization (except for seized or impounded vehicles);
- are not be allowed to recommend salvage yards, auto body repair shops, storage yards or garages unless asked by the consumer;
- If a recommendation is provided, the tow/storage providers is required to give a written statement of the benefits due to the provider, or another person, as a result of making the recommendation;
- cannot charge an amount for services greater than what the provider usually charges;
- are required to post minimum business contact identification and posted rates on every tow truck and business establishment;
- are required to deliver a written invoice that contains minimum business identification information, details of tow and vehicle towed and itemized charges (except for seized or impounded vehicles);
- must meet minimum liability insurance requirements; and,
- provide consumers access to towed or stored vehicles without charge to remove all contents during normal business hours or after hours for a reasonable fee;

The *RSLA* regulation revisions will:

- limit the dollar amount of liens that can be claimed if notice is not provided to consumers;
- outline how fair value is determined for repair and storage where no amount was previously agreed to between the consumer and provider; and
- shorten the required owner notification requirement from 60 days to 15 days where the provider knows (or has reason to believe) that a registered vehicle was received by a pound without the owner's authority.

APPENDIX 2



MISSISSAUGA EXISTING PRIVATE VEHICLE POUND FACILITIES - SIZES

#	RSN	POUND NAME	BUSINESS NAME	ADDRESS	SIZE OF PROPERTY HECTARE/ACRE	APPROXIMATE SIZE OF POUND FACILITY HECTARE/ACRE
1	39167	1532099 Ontario Ltd.	Eastgate Towing and Storage	5916 Shawson Drive	0.60 (1.48)	0.36 (0.89)
2	5879	Dixie Collision Centre	Dixie Collision Centre Limited	1220 Crestlawn Drive	0.36 (0.89)	0.08 (0.20)
3	10642	668796 Ontario Ltd.	Haarak Auto Collision and Sales	1190 Crestlawn Drive	0.36 (0.89)	0.19 (0.47)
4	19753	Taurus Auto Collision Inc.	Taurus Auto Collision	1232 Crestlawn Drive, Unit 1	0.36 (0.89)	0.08 (0.20)
5	42195	1 st Choice Auto Centre	1179640 Ontario Limited	1765 Shawson Drive, Units 1 and 2	0.81 (2.00)	0.36 (0.89)
6	63661	Profix Auto Collision Inc.	Profix Auto Collision Inc.	1180 Crestlawn Drive	0.36 (0.89)	0.09 (0.22)
7	61700	7626975 Canada Inc.	Affordable Towing Services	1202 Crestlawn Drive, Unit 1	0.36 (0.89)	0.08 (0.20)
8	4782	Tolfa Auto Work Ltd.	Atlantic Auto Body	6121 Atlantic Drive	1.22 (3.01)	0.82 (2.03)
9	5226	Lyons Auto Body Ltd.	Lyons Auto Body	1020 Burnhamthorpe Road West	1.60 (3.95)	0.98 (2.42)
10	44623	1512081 Ontario Ltd.	Abram's Towing Services Ltd.	2458 Haines Road, Bldg A	0.68 (1.68)	0.37 (0.91)
11	52071	1729298 Ontario Ltd.	Paragon Collision	1889 Gage Court	0.87 (2.15)	0.37 (0.91)
12	45995	T.L.K. Towing Ltd.	T.L.K. Towing	100 Emby Drive, Unit A	0.05 (0.12)	0.05 (0.12)
13	16400	1044160 Ontario Ltd.	Mississauga Carstar Collision	3575 Hawkstone Road	0.26 (0.64)	0.04 (0.10)
14	61334	1843538 Ontario Ltd.	MC Auto Towing	1095 Fewster Drive	0.37 (0.91)	0.18 (0.44)
15	59824	1161672 Ontario Ltd.	Om-Kar Auto Sales & Service	1270 Matheson Boulevard East, Unit B	0.42 (1.04)	0.22 (0.54)
16	26969	Seneca Towing Inc.	Seneca Towing Inc.	1109 Seneca Avenue	0.39 (0.96)	0.26 (0.64)
17	52742	Atlantic Showcase Auto Collision Inc.	ACG Wolfedale	3229 Wolfedale Road	0.59 (1.46)	0.15 (0.37)
18	47362	858911 Ontario Ltd.	Rush's Towing	1611 Trinity Drive	1.16 (2.87)	1.00 (2.47)
19	53847	1076878 Ontario Ltd.	Peel Region Pound	1690 Sismet Road	0.34 (0.84)	0.16 (0.39)

Summary of Zoning By-law 0225-2007, as amended, Provisions Regulating Vehicle Storage

Vehicle pounds in Mississauga are regulated through provisions of Zoning By-law 0225-2007, Schedule 27 of Licensing By-law 0001-2006 and Tow Truck Licensing By-law 521-2004. The Mississauga Zoning By-law defines a Vehicle Pound Facility as:

"means an area, building or structure or part thereof, used for the temporary storage of impounded vehicles within a secure area which is fenced and gated or inside a building or structure and shall include an office within a permanent building with a minimum gross floor area - non-residential of 30 m², and may include property held under police or other government authority.

For the purposes of a "Vehicle Pound Facility", vehicle means a motor vehicle, commercial motor vehicle, motor assisted bicycle, trailer, farm tractor or any vehicle drawn, propelled or driven by any kind of power including muscular power. (0358-2007)"

The Zoning By-law permits vehicle pounds only in E3 (Industrial) Base Zones and some E2 (Business Employment) Exception Zones that also allow outdoor storage. Some existing vehicle pounds are permitted through legal non-conforming rights and/or through a minor variance granted by the Committee of Adjustment.

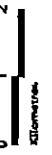
The by-law also stipulates that the vehicle compound may not be any closer to a street line than the main building on the lot and requires a fence not less than 1.8 m (5.9 ft.) to surround the compound. Parking for the office component of vehicle pounds is to be provided at a rate of 3.2 parking spaces per 100 m² (1,076 sq. ft.).

Vehicle Pound Facility Owner Requirements - Summary of Schedule 27 of Mississauga's Business License By-law 0001-2006, as Amended

Schedule 27 of the Business Licensing By-law 0001-2006, as amended, regulates vehicle pound facilities in Mississauga by setting out the roles and responsibilities of pound owners and the City. Pound owners are required to:

- maintain copies of invoices for one year;
- provide customers with a detailed invoice before requiring payment;
- comply with Provincial legislation when disposing of unclaimed vehicles;
- ensure vehicle owners are able to obtain release of their vehicle at any time by ensuring proper staffing and procedures;
- maintain signage including a phone number to call for after-hour vehicle releases;
- keep the premises in good repair and well maintained;
- ensure compliance with the City's Zoning By-law;
- comply with all applicable legislation pertaining to the storage and disposal of hazardous wastes;
- prohibit the repair of vehicles outside of buildings;
- not charge more than \$60 per 24 hour period that a vehicle is impounded;
- not charge a storage fee for a vehicle that has been towed to a destination facility other than the one identified by the owner indicated on the Consent to Tow form; and,
- refuse to accept a work order for repairs for any vehicle to their pound facility that is not signed by the vehicle owner or is signed by the owner but does not contain an itemized written estimate from the establishment to which the vehicle is being towed.

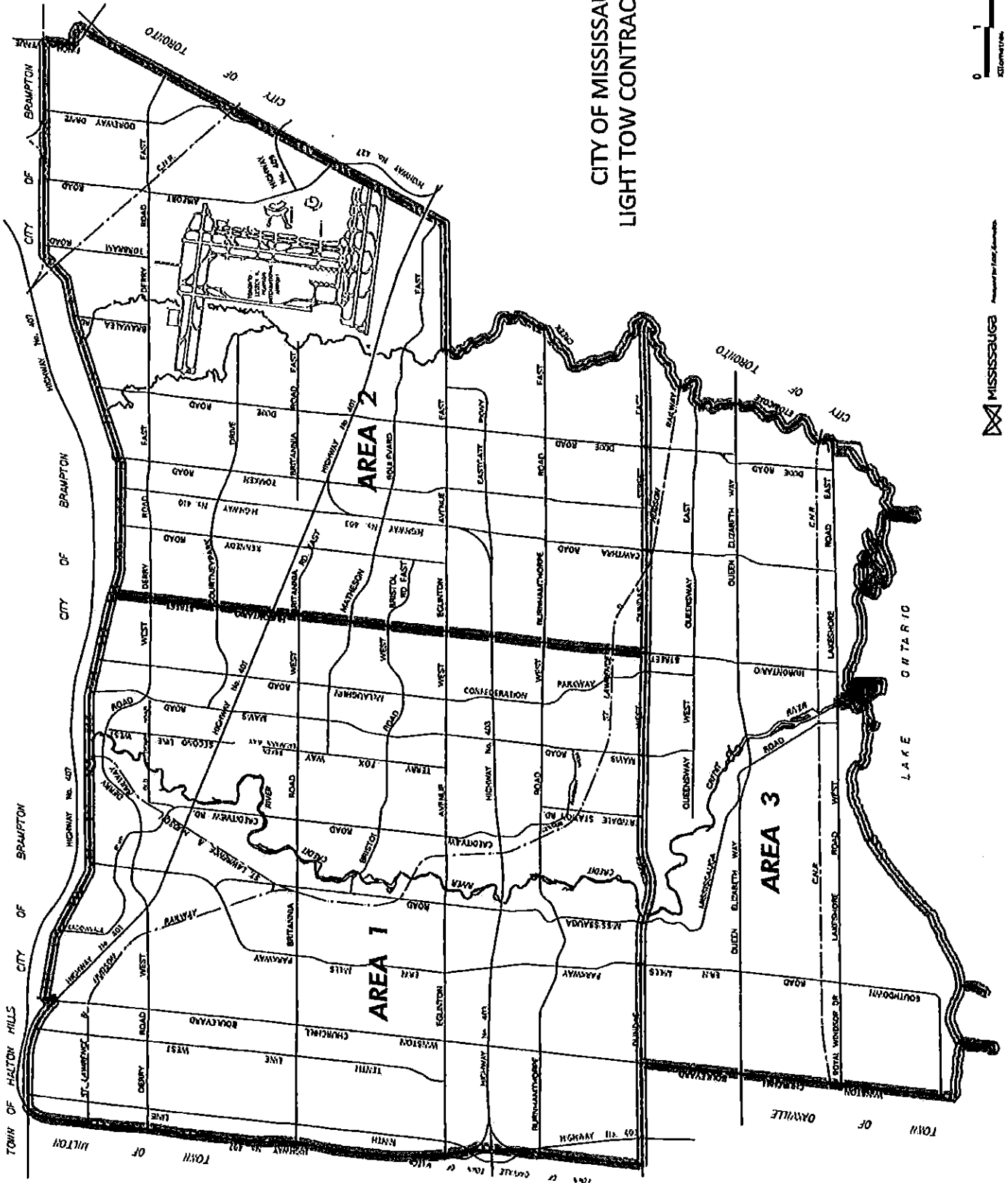
APPENDIX 6



MISSISSAUGA
Approved by: [Signature]

Updated: [Date] Prepared: [Date] Town: [Name] City: [Name]

CITY OF MISSISSAUGA LIGHT TOW CONTRACT AREAS



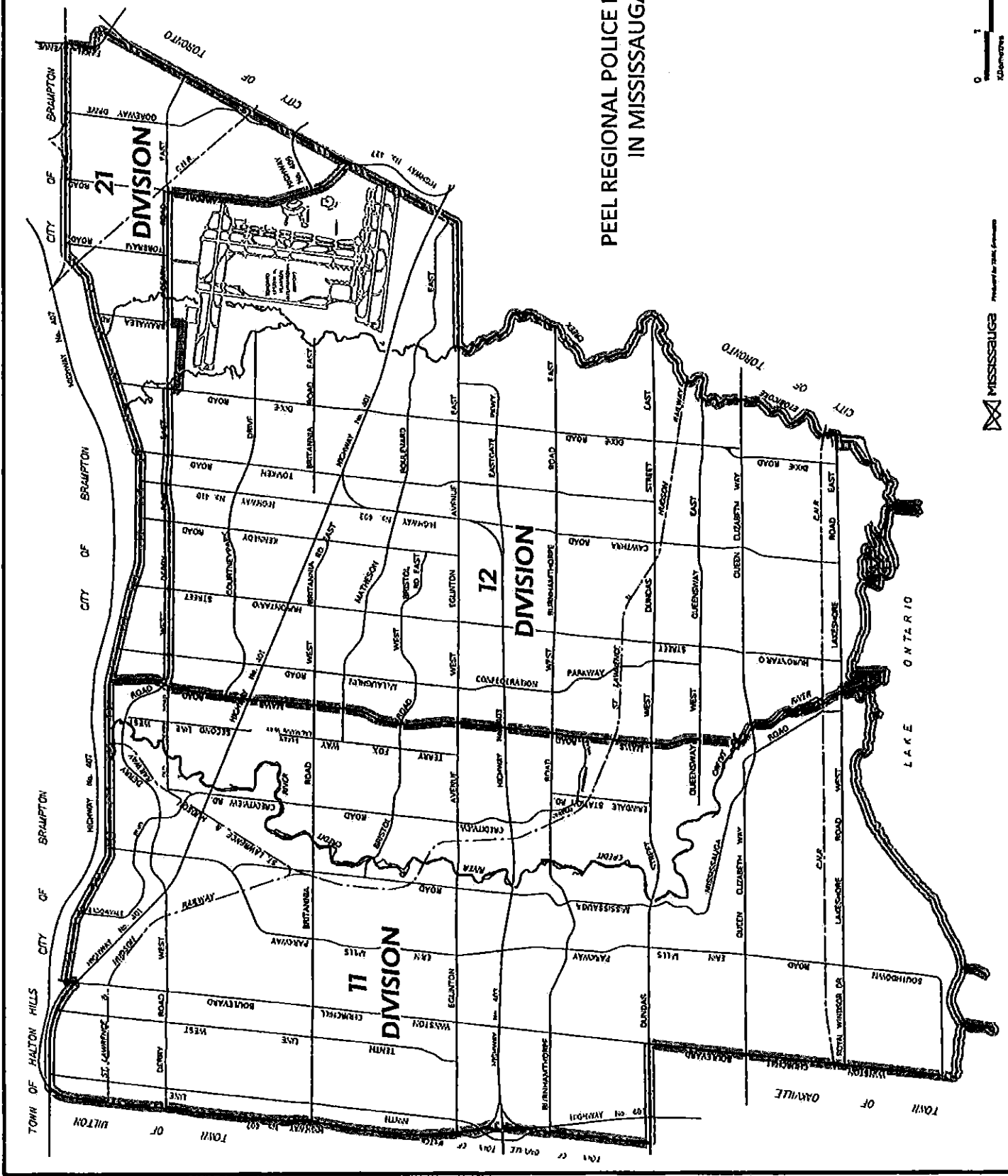
Minimum City of Mississauga Tow and Storage Contractor Requirements

City of Mississauga tow and storage contractors are required to meet the following minimum requirements:

- meet minimum fleet sizes;
- own or lease specific tow vehicles for specific types of light and heavy tows;
- have a sufficient number of qualified staff to conduct the tows and release vehicles 24 hours a day, seven days a week, year round;
- own or lease a pound at least 1,850 m² (0.45 ac.) in size for Contract Areas 1 and 2 or 900 m² (0.22 ac.) in Contract Area 3. The size requirement for the heavy tow contract is 1,250 m² (0.31 ac.) which is to be in addition to the main pound if the bidder also has one the light tow contracts.
- only charge towing and impoundment fees for parking enforcement seizures in accordance with the fee schedule specified in the tow contract (which is typically less than the amount permitted by the towing and business license by-laws);
- accept any vehicle to be stored in their facility as directed by the City;
- tow directly to their pound facility;
- respond to a call within 30 minutes;
- keep vehicles and contents safe until release;
- allow owners access to their vehicles to obtain personal property without charge;
- provide fencing and security cameras;
- ensure controlled access to the pound;
- collect and remit to the City, on a quarterly basis, the City's per vehicle administration fees;
- maintain and provide to the City (when requested) accurate records of each impounded vehicle;
- remove, at no cost to the City, derelict vehicles from City property;
- remove derelict vehicles from private property at the direction of a Municipal Law Enforcement Officer and charge the owner of the property for the service; and,
- meet minimum insurance requirements.



PEEL REGIONAL POLICE DIVISIONS
IN MISSISSAUGA



Peel Regional Police Tow and Storage Contractor Requirements

Peel Regional Police tow and storage contractors must meet most of the same minimum requirements that the City of Mississauga contract requires, but must also meet the following requirements:

- more stringent insurance requirements;
- require a light tow response time of 20 minutes instead of 30 minutes;
- have a secure indoor facility capable of storing a vehicle plus a minimum working area totalling approximately 40 m² (430 sq. ft.) at each facility;
- contractors must have Workplace Safety and Insurance Board (WSIB) coverage;
- contractors must comply with the *Occupation Health and Safety Act* (OSHA);
- all employees are required to submit PRP security clearance forms;
- yearly MTO Inspection certificates on all tow vehicles;
- only PRP tow contractors shall tow seized vehicles, abandoned vehicles or vehicles where drivers are unable to direct a tow; and,
- all contractors shall have sufficient staff on site to permit the storage and release of vehicles at an all times basis.

CVPF Feasibility Study Consultation Summary

Mayor and Councillors

Mayor and Council members expressed their desire that the primary focus of this study should be about consumer protection as opposed to generating revenue for the City. Concerns were expressed by some that the City should not be entering into a business that is already operated by the private sector unless there was a clear benefit to the residents of Mississauga by doing so. Council requested a clear financial picture of a CVPF including capital and operational considerations compared to alternatives to creating a CVPF.

Insurance Industry

Representatives from the Insurance Industry were generally supportive of a CVPF because it would, in their view, reduce vehicle storage costs and reduce the impediments to locating customer vehicles and having them delivered to the motor vehicle repair facilities requested by their owners. This would assist the industry to reduce the consumer cost of insurance and may also reduce the amount of fraud in the vehicle storage and repair industries. Representatives suggested that a city owned and operated CVPF should be financially viable, with the cost of the facility paying for itself.

Members of TIAC and the Vehicle Pound Industry

In general, members of TIAC and the majority of vehicle pound operators that were interviewed as part of this feasibility study do not support the creation of a city owned and operated CVPF. Many of those interviewed felt that vehicle collision "chasing" was the biggest issue facing the industry and that any issues with respect to vehicle pounds were relatively minor. Other issues and concerns that were identified include:

- a CVPF will unfairly burden the small shops that are not insurance industry preferred shops;
- the general public is not aware they have the right to choose where their vehicle is taken for repairs leading to unfair advantage towards the insurance industry;
- the existing storage and repair facilities pay taxes, fees and licenses and employ many staff;
- they are concerned that if customers have to take their car to a CVPF, the insurance companies will coerce their customers to take their vehicles to insurance industry preferred shops;
- some expressed that 24 hour a day, seven days a week pound operations are not efficient from an economic perspective as very few customers seek vehicle releases beyond extended business hours;
- some expressed that pounds should be manned 24 hours a day, seven days a week;
- some operators suggested that vehicle pounds should be separated from repair facilities;
- that the City could charge a per vehicle administration fee for facilities that were licensed to store vehicles;

- if there were a limited number of privately contracted City Vehicle Pounds, they should consider a police presence at each private pound;
- several operators expressed concerns with some private pound facilities refusing or delaying the release of vehicles requested by vehicle owners or insurance company representatives;
- there should be a limit on the number of towers operating per repair facility / vehicle pound;
- that the storage revenue is a secondary component to either the towing and/or vehicle repair component of viable businesses;
- concerns were expressed about the dominance of the insurance industry to enforce "their will" upon their customers rather than let customers decide where their vehicles will be repaired;
- that the City should be concerned about liability and claims against the corporation should it establish a CVPF;
- depending on how they operate, a CVPF may be financially punitive to consumers if it delays consumers from having their vehicle repaired quickly; and,
- noted that the costs of claiming cars that are not retrieved by the vehicle owners or insurance company may exceed the profit from their sale by auction or for scrap.

CANADIAN CITY VEHICLE POUND FACILITY CHARACTERISTICS

CITY	POPULATION	AREA OF CITY (km ²)	NUMBER OF LOTS	APPROXIMATE NUMBER OF PARKING SPACES	OPERATED BY	AREA OF LOT	NUMBER OF VEHICLES PROCESSED IN 2014 ***	NUMBER OF STAFF	ADMINISTRATION AND/OR DAILY STORAGE FEES
SASKATOON	222,189	144	1	350	City/Security Firm	4.3 acres	3,000*	6 contract staff 1 city staff	\$50 admin fee + \$15 per day
CALGARY	1,096,833	727	1 primary lot 1 overflow lot	750 150	City Parking Authority/ Security Firm	5 acres 1.2 acres	33,128	25 CPA staff 14 security staff	\$30 admin fee + \$28 per day
VANCOUVER	603,502	114.9	1 primary lot 1 abandoned vehicle lot 1 contractor lot	158 200 200*	Private Tow Company	1.6 acres 2.2 acres 2.1 acres	40,340 360 -	5 Clerks 5 PT Clerks 3 Mangers 1 Clerk (AVL)	\$8 per day
REGINA	193,000	145.4	1	300	Security Firm / City Staff	2.6 acres	2,500	6 security staff 1 city staff	\$15 per day
EDMONTON	812,201	684	1	850	Edmonton Police	8 acres + 5 acres available as needed	20,000	16 EPS staff 13 security staff	\$4 admin fee + \$33 per day
MISSISSAUGA	741,000	292	19	Ranges	Private	Ranges	12,450	-	\$60 per 24 hour period Only \$10 or \$25 per day under police contract
HAMILTON	504,560	1,138	-	Ranges	Private	Ranges	-	-	Maximum of \$50 per day when seized under police contract**
TORONTO - CRC	2,791,140	630	2	Ranges	Ontario	2.7 acres 1.1 acres	8,000	-	Free first day, then \$40 per day
TORONTO POLICE SEIZURES			5	Ranges	Private	Ranges	30,000	-	\$50 - \$80 per day

* 200 stalls but will hold 450 vehicles

** First 3 hours are no charge. Maximum fee of \$60 permitted in 2016.

*** Yearly average between 2012 and 2014 if provided.

APPENDIX 12

ESTIMATED NUMBER OF SEIZED, ACCIDENT AND ABANDONED
VEHICLE TOWS IN MISSISSAUGA

Approximate Number of Peel Regional Police Directed Tows (2012 to 2014)

CATEGORY	2012	2013	2014	3 Year Average
Impaired/Excess	895	965	859	906
VIP/Drive prohibited	258	175	180	204
CC Arrest /Other CC	127	100	101	109
Race/Stunt Driving (7 Day Suspension)	23	20	25	23
Safekeeping	196	206	180	194
Abandoned	68	51	77	65
ACCIDENTS				
Fatality	26	24	28	26
Personal Injury	3031* (1212)	2909* (1163)	2072* (829)	2670* (1068)
Property Damage	14844* (5,937)	14799* (5920)	15573* (6229)	15,072* (6029)
Total	8742	8624	8508	8624

*Of the total number of PRP accident responses, it was estimated that approximately 40% of Motor Vehicle Collisions resulted in a vehicle being towed.

Approximate Number of OPP Directed Tows in Mississauga (2012 to 2014)

CATEGORY	2012	2013	2014	Yearly Average
3 day ADLS Suspension	385	320	172	292
7 day roadside suspension	32	37	22	30
License Suspension	59	110	50	73
Stunt Driving (7 Day Suspension)	128	185	106	140
Drive While Suspended	633	591	553	592
Impaired Charges	226	224	164	205
Motor Vehicle Collision - Person Injury	722* (253)	879* (308)	886* (310)	829* (290)
Motor Vehicle - Property Damage	3180* (1113)	3558* (1245)	3819* (1337)	3519* (1232)
Total	2829	3020	2714	2854

Notes: 90-95% all this OPP detachment responses occur in Mississauga

*Of the total number of OPP responses, it was estimated that approximately 30-40% of Motor Vehicle Collisions resulted in a vehicle being towed, therefore 35% was used to estimate number of tows.

City of Mississauga Parking Enforcement Directed Tows (2012 to 2014)

Year	2012	2013	2014	Yearly Average
Parking Enforcement	764	1173	970	969
Total	764	1173	970	969

Estimated Total Number of Secured Tows in Mississauga (2012 to 2014)

Year	2012	2013	2014	Yearly Average
PRP Directed Tows	8742	8624	8508	8624
OPP Directed Tows	2829	3020	2714	2854
City Directed Tows	764	1173	970	969
Total	12335	12817	12192	12448

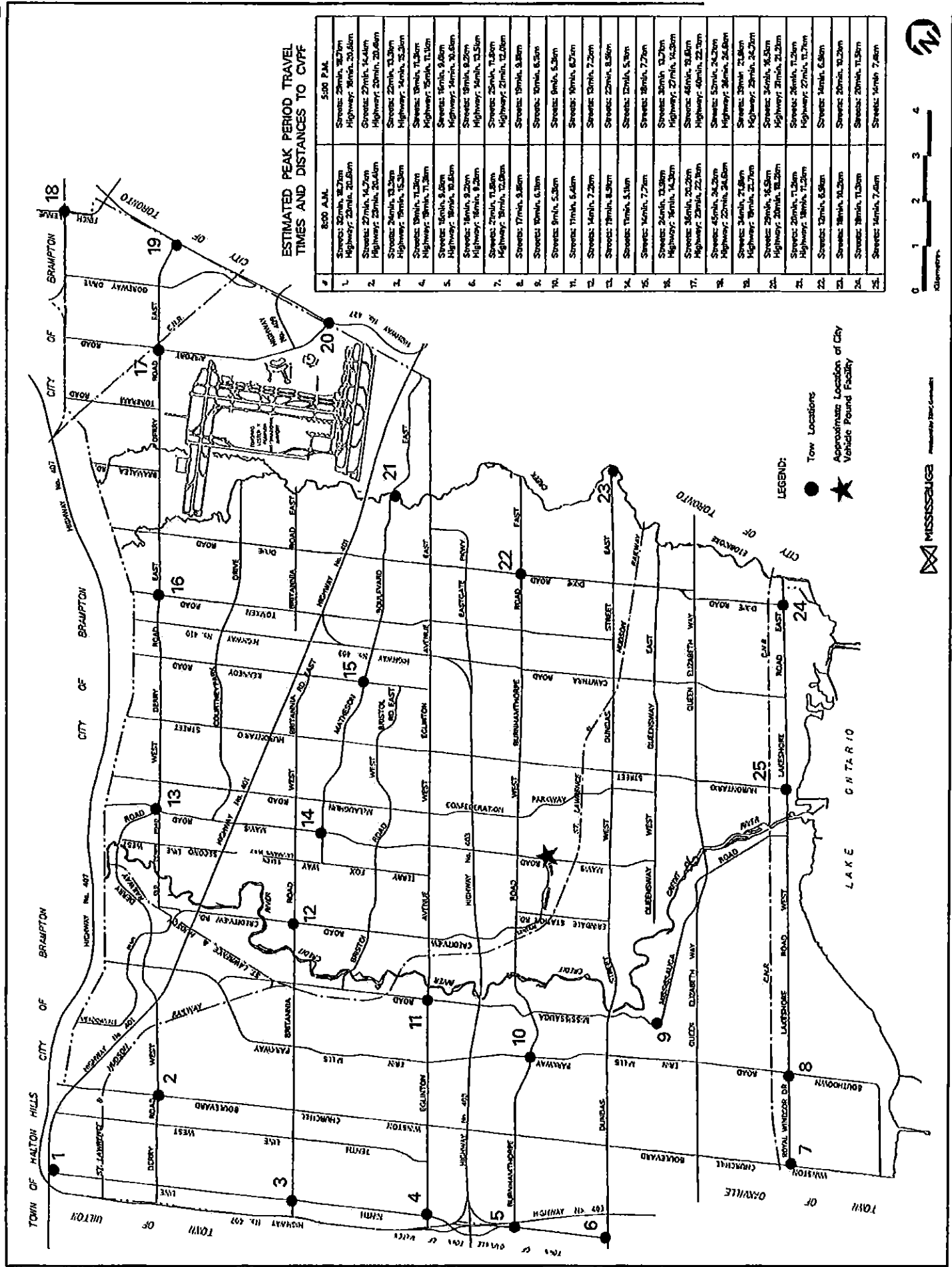


Diagram 1 - 350 parking spaces per hectare (142 parking spaces per acre)

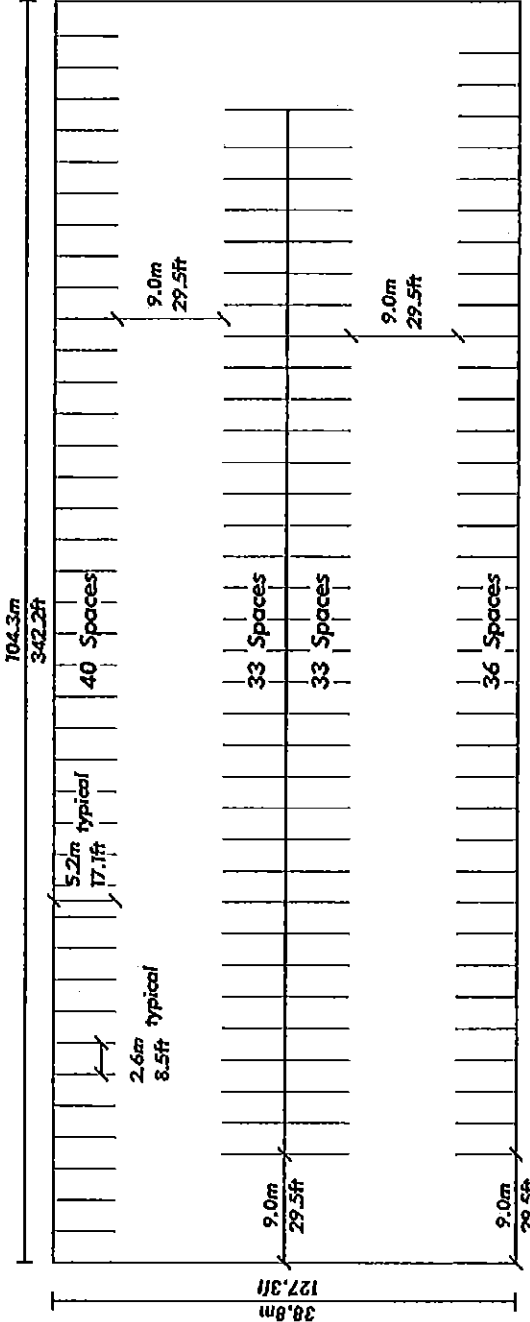
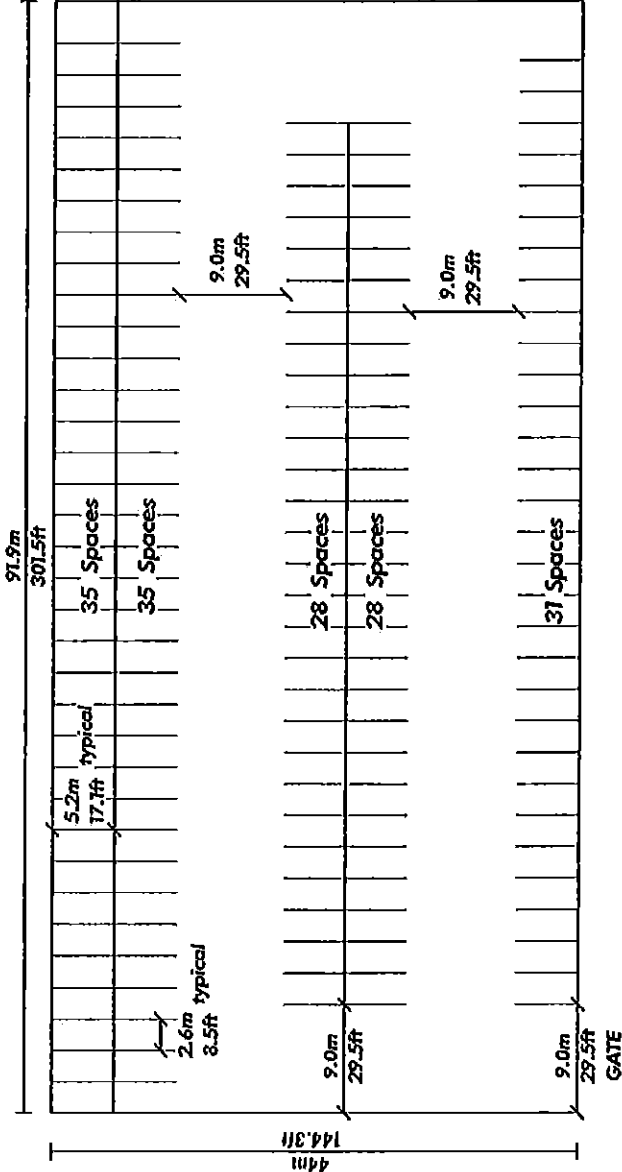


Diagram 2 - 388 parking spaces per hectare (157 parking spaces per acre) - includes some tandem parking spaces



TYPICAL VEHICLE POUND
PARKING CONFIGURATION

APPROXIMATE NUMBER OF PARKING
SPACES PER HECTARE/ACRE



“TIAC-0022-2015

1. *That the report from the Commissioner of Transportation and Works dated December 1, 2015 entitled "City of Mississauga Centralized Vehicle Pound Facility Feasibility Study Update – Information Report" be received for information.*
2. *That the Towing Industry Advisory Committee (TIAC) provide comments on a centralized vehicle pound facility compared with the alternative options discussed in this report.*
3. *That the deputations under Items 5.1 and 5.2 from Chris Rouse, Project Manager, Mobile Licensing, and Brad Butt representing Atlantic Collision Group, respectively, to the Towing Industry Advisory Committee on December 14, 2015, be received.”*

BILL 15 - Fighting Fraud and Reducing Automobile Insurance Rates Act - Summary of Regulations

Consumer Protection Act

After January 17, 2017, the new regulations to *Consumer Protection Act (CPA)* will require tow and storage providers to:

- Get permission from a consumer or someone acting on their behalf before providing tow and storage services;
- Record the name and contact information of the consumer, along with the date and time of authorization;
- Disclose certain information to the consumer or the person acting on their behalf, in writing, such as the provider's business name, contact information and address where the vehicle will be towed;
- Accept credit card payments, in addition to cash, from consumers;
- Provide an itemized invoice, listing services provided, the cost for each service, and the total cost before demanding or receiving payment;
- Make available a current statement of rates at their place of business and on any existing website;
- Post other information, for example, the provider's name and telephone number on the side of a tow truck, at all business premises and on any website;
- Provide a consumer (or someone acting on their behalf) with access to the towed vehicle, at no charge, so that they may remove personal property from the vehicle between 8 a.m. and 5 p.m. on business days;
- Prohibit tow and storage providers from recommending repair and storage facilities, legal service providers or health care service providers unless a consumer or a person acting on their behalf specifically asks, or the provider offers to make a recommendation and the consumer (or authorized person) agrees;
- Disclose to a consumer whether the provider is getting a financial reward or incentive for providing a recommendation for towing a vehicle to a particular storage or repair shop;
- Establish minimum insurance coverage including general liability insurance of \$2 million, customer vehicle insurance of \$100,000 and \$50,000 cargo insurance; and
- Maintain authorization and disclosure records, invoices, copies of insurance policy, and current statement of rates for three years.

The Province has indicated that there will be some exemptions for certain tow and storage providers. Where the consumer is not being charged for the specific service being provided, the tow and storage service provider is exempt from certain disclosures including authorization, invoices, and related record-keeping requirements because the services are provided under a prepaid agreement or membership (example: CAA membership or through an agreement connected to a vehicle lease or purchase).

Vehicles seized by a law enforcement agency will only be subject to a limited number of the new regulations. The new regulations will protect the owner of a seized vehicle by requiring the

BILL 15 - Fighting Fraud and Reducing Automobile Insurance Rates Act - Summary of Regulations

provider to make available a current statement of rates, post identifiers and other information, and provide the consumer with the option to pay by credit card.

Repair and Storage Liens Act

The *Repair and Storage Liens Act* deals with the rights of individuals to claim vehicles through the lien process that they repaired and/or stored. Most of the changes to the *Repair and Storage Liens Act* will take effect on July 1, 2016. The new rules are expected to improve storage practices and remove associated costs from the auto insurance system.

Changes to the *Repair and Storage Liens Act* and its regulations will:

- Reduce the notice period from 60 days to 15 days where the provider knows (or has reason to believe) that a registered vehicle was received by a pound without the owner's authority. Currently a storer is required to give written notice of a lien to the owner and other interested parties within 60 days after the day it receives the vehicle (subject to the lien), if the vehicle was brought in for storage by someone other than the owner or without the owner's authority;
- If the notice is not provided, a lien is limited to the unpaid amount owing for the period of 15 days from the day of receiving the vehicle; and,
- Provide guidance to courts in determining the "fair value" of repair or storage where no amount has been agreed upon. A list of discretionary factors (e.g., fixed costs, variable costs, direct costs, indirect costs, profit and any other relevant factors) is set out for consideration.

Highway Traffic Act

The Province is also adding regulations to the *Highway Traffic Act* that to include tow trucks in the definition of commercial motor vehicles under the Commercial Vehicle Operator's Registration (CVOR) system. This new regulation will come into effect on January 1, 2017. A single CVOR certificate will cover an operator's entire fleet. Under CVOR, tow operators will be responsible for all the drivers and vehicles in their operation. These responsibilities include:

- Monitoring the conduct and safety performance of drivers;
- Resolving driver safety issues when they are identified;
- Keeping vehicles in good, safe condition at all times; and,
- Ensuring load security

Tow trucks will continue to be exempt from some requirements, such as hours of service limits, daily inspection, detailed recordkeeping requirements and entering truck inspection stations, until the Province concludes consultations with the towing industry and other stakeholders on an effective regulatory regime.

Estimated Expenditures and Revenues of City Owned and Operated Centralized Vehicle Pound Facility

Estimated Expenditures and Revenues	CVPF – Scenario 1 (12,450 vehicles)*	CVPF – Scenario 2 (4,690 vehicles)*
Land Acquisition Costs		
Land purchase (\$1 million per acre)	\$3.5 Million	\$1.5 Million
Other land acquisition costs (including appraisals, surveys, environmental reports, real estate commissions and/or legal fees)	\$55,000	\$55,000
Total Land Acquisition Costs	\$3,555,000	\$1,555,000
Capital Costs of Land Improvement		
Construction (building and site works)	**\$3 Million	**\$1.5 Million
Consultant fees and soft costs	\$486,000	\$315,000
Project contingency	\$275,000	\$160,000
Other costs (charge back and HST)	\$235,000	\$140,000
Site Services and utility connections, computers and phones	\$200,000	\$130,000
Total Capital Costs of Land Improvement	\$4,196,000	\$2,245,000
Software purchase	\$70,000	\$70,000
Total Land Acquisition and Capital Improvement Costs	\$7,821,000	\$3,870,000
Annual Operating Expenditures		
Labour	***\$1,532,000	****\$1,054,000
Other (utilities, maintenance, etc.)	\$35,000	\$22,000
Additional Insurance	n/a	n/a
Lost opportunity costs (property taxes and fees)	\$103,000	\$61,000
TOTAL ANNUAL OPERATING COSTS	\$1,670,000	\$1,137,000
Revenue Calculations Estimates		
Seized and Abandoned Vehicles daily storage fees	\$891,000	\$890,000
Accident Vehicle daily storage fees	\$1,804,000	\$180,000
Auctioned Vehicles	\$349,000	\$132,000
Scrapped Vehicles	\$93,000	\$35,000
Total Annual CVPF Revenues	\$3,137,000	\$1,237,000
NET ANNUAL OPERATING BENEFITS (Year 1)	\$1,467,000	\$100,000
Payback Period	6.2 years	Never
Net Present Value of Investment over 10 years	\$3,495,000	-\$4,570,000

Financial Assumptions and Notes

Analysis only includes incremental cash flows

Discount Factor	2.9% Interest Rate
Annual Revenue Growth	2.0%
Annual Labour Cost Increases	5.5%
Annual Other Costs Increases	2.0%
Annual Lost Opportunity Cost Increases	2.0%

The daily storage fees would have to be reduced under CVPF-Scenario 1 to only recover City operating and capital costs

*Figures rounded to nearest thousand dollar

**Capital expenditures do not include site service and utility connections or potential soil remediation

***Scenario 1, increasing annually to \$2,002,000 in year 6 and \$2,480,000 in year 10

**** Scenario 2, increasing annually to \$1,378,000 in year 6 and \$1,707,000 in year 10

Physical and Operating Assumptions – City Owned and Operated CVPF under Scenarios 1 and 2

PHYSICAL ASSUMPTIONS	SCENARIO 1	SCENARIO 2
PROPERTY SIZE AND BUILDING IMPROVEMENTS		
Property Size	1.42 Hectare (3.5 acre)	0.6 Hectare (1.5 acre)
Vehicle Pound Area	1.2 Hectare (3.0 acre)	0.4 Hectare (1.1 acre)
Office Building	186 m ² (2,000 sq. ft.)	92.9 m ² (1,000 sq. ft.)
Storage Building	130 m ² (1,400 sq. ft.)	130 m ² (1,400 sq. ft.)
ANNUAL NUMBER OF VEHICLES PROCESSED		
City seized and abandoned vehicles	969	969
RPP seized and abandoned vehicles	1,527	1,527
OPP seized and abandoned vehicles	1,332	1,332
100% of inoperable accident vehicles	8,619	n/a
*10% of inoperable accident vehicles	n/a	862
Total	12,450	4,690
STAFFING		
Management	3	1
Clerical	10	6
Security	6	6
Total	19	13

Towing Industry Advisory Committee Action List

7.2

Issue	Last Discussed on	Who	Status
Gross Vehicle Weight Rating (GVWR)	June 18, 2012	Enforcement Office	COMPLETED
Dual-Wheel Trucks	June 18, 2012	Enforcement Office	COMPLETED
Accident tow rate <input type="checkbox"/> amending flat rate	October 22, 2012	Enforcement Office	COMPLETED
Compliance and enforcement of Licensed Vehicle Impound Facilities (VPF)	May 5, 2015	Enforcement Office	In progress
Bi-yearly Ontario Drivers Abstract and a Peel Regional Police criminal record search for all drivers	October 22, 2012	Enforcement Office	COMPLETED
Any company applying for a Tow Truck Owner's License must also show proof of an approved Vehicle Impound Facility which is located within the boundaries of the City of Mississauga	June 18, 2012	Enforcement Office	COMPLETED
Proof of insurance credentials	October 22, 2012	Enforcement Office	COMPLETED
Drivers complete the following <input type="checkbox"/> criminal record search every 6 months, drivers abstract every 6 months, and WSIB	October 22, 2012	Enforcement Office	COMPLETED
Towing Practices and Policies for the Peel Regional Police	June 18, 2012	Enforcement Office	COMPLETED
Capping the Number of Tow Truck Licenses	February 28, 2012	Enforcement Office	COMPLETED
Training/qualifications for drivers	May 6, 2014 September 14, 2015	Enforcement Office	COMPLETED
Central City pound facility	February 19, 2013	Enforcement Office	In progress
By-law review <input type="checkbox"/> Towing out of City boundaries	February 19, 2013	Enforcement Office	COMPLETED
By-law review <input type="checkbox"/> WSIB/Insurance requirements	February 19, 2013	Enforcement Office	To be brought back to a future meeting
Auto clubs operating without owning a pound facility	December 1, 2014	Enforcement Office	COMPLETED

Towing Industry Advisory Committee Action List

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Bill 15 Update	May 4, 2015	Enforcement Office	On-going
Off-Road Recovery	February 17, 2015	Enforcement Office	COMPLETED
Tow Truck Forms	May 4, 2015	Enforcement Office	COMPLETED
Two-Tier Tow Truck By-law	June 22, 2015		COMPLETED
Centralized Vehicle Pound Facility Feasibility Study	Dec 14, 2015	Chris Rouse	On-going
Vehicle Tow Digital Photographs	June 22, 2015	Enforcement Officer	To be reviewed in September 2016

Ministry of
Transportation Transports

Ministère des



Road User Safety Division

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Building A, Room 191
Downsview, ON M3M 1J8
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Division de Sécurité Routière

1201, avenue Wilson
Édifice A, bureau 191
Downsview (Ontario) M3M 1J8

December 17, 2015

RE: *Fighting Fraud and Reducing Automobile Insurance Rates Act, 2014*

Good afternoon:

Thank you for your involvement in the towing and vehicle storage regional consultations that were held in Mississauga, London, Pickering, Ottawa and Sudbury in June 2015.

This email is to notify you of regulatory changes made under the *Highway Traffic Act* (HTA) that support the *Fighting Fraud and Reducing Automobile Insurance Rates Act, 2014*. Tow trucks have been added to the definition of "commercial motor vehicle" and are now included in the group of vehicles that require a Commercial Vehicle Operator's Registration (CVOR) certificate. The new regulation under the HTA, Ontario Regulation 419/15 (Definitions of Commercial Motor Vehicle and Tow Truck), when posted, can be found on e-laws at: www.e-laws.gov.on.ca.

The definition of tow truck includes:

- A motor vehicle commonly known as a tow truck;
- A commercial motor vehicle with a flatbed that can tilt to load and that is used exclusively to tow or transport other motor vehicles; and
- A motor vehicle that is designed, modified, configured or equipped so that it is capable of towing other motor vehicles.

Requirements for tow trucks under the HTA will be introduced in two phases. The requirement to obtain and hold a valid CVOR certificate in Phase 1 will take effect before any new rules for tow trucks are implemented in Phase 2.

Phase 1:

Effective January 1, 2017, a tow truck operator must be in possession of a valid CVOR certificate.

The operator is the person or legal entity responsible for all drivers and vehicles in their operation. The operator is not necessarily a driver. One CVOR certificate is required for all tow trucks and other commercial motor vehicles operated within an operator's fleet. A copy of the CVOR certificate (or the original) must be carried in each commercial motor vehicle operated under the CVOR. Drivers must surrender the certificate for inspection purposes when requested by a Ministry of Transportation (MTO) enforcement officer or police officer.

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We are communicating this information at this time to provide tow truck operators with sufficient time to prepare for and obtain a CVOR certificate before the requirement comes into force on January 1, 2017.

To apply for a CVOR certificate, an operator must:

- Complete a CVOR certificate application form (Download it online or contact MTO's Carrier Sanctions and Investigation Office for a copy by calling 1-800-387-7736 ext.6300 (within Ontario) or 1-416-246-7166 ext. 6300).
 - application for individuals
 - application for corporations or partnerships
- Pay the \$250 registration fee.

Ontario-based operators are required to pass a CVOR written test in person at a DriveTest centre before a CVOR certificate is issued. This will test your knowledge of Ontario's safety laws. The CVOR test is multiple-choice and based on the content of the Commercial Vehicle Operators Safety Manual. You can also prepare by completing the CVOR practice test.

Once the ministry receives your CVOR application, you will be mailed a letter providing instructions on how to proceed. You should complete the CVOR written test after the ministry has accepted your application and you have received the 'CVOR Test Required Letter'.

After you have fulfilled all the application requirements, your CVOR certificate will be mailed to you.

When applying, please write the word "TOWING" at the top of the CVOR application or renewal form to ensure the ministry can communicate information relevant to the towing industry to you in the future.

Additional information about CVOR, applying for a CVOR certificate and the written test can be found on MTO's website at: <http://www.mto.gov.on.ca/english/trucks/commercial-vehicle-operators-registration.shtml>.

Note: During this phase, Hours of Service (HTA Section 190 and Regulation 555/06), daily inspections and recordkeeping (HTA Section 107 and Regulation 199/07) and entering truck inspection stations do not apply to tow trucks.

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Phase 2:

The ministry will consult with industry stakeholders during the development of additional regulations detailing the specific requirements for tow trucks (operators, vehicles and drivers). We acknowledge the industry's concerns with certain rules that apply to other commercial motor vehicles. Through these consultations, we will try to balance the operational concerns of the towing industry while continuing to fulfill our road safety mandate. While it's likely that some regulations can be implemented relatively quickly (e.g. daily, annual or semi-annual inspections, recordkeeping), HOS and truck inspection stations may be deferred for a longer period of time as long-term solutions for these requirements may take significant consultation over the next few years.


I hope this helps to clarify the new requirement under the HTA for tow truck operators. For those operators that do not already hold a valid CVOR certificate, I encourage that they apply as soon as possible and allow themselves sufficient time to complete the steps outlined above to ensure they are in compliance when the new requirement takes effect on January 1, 2017.

Lastly, the Ministry of Government and Consumer Services will be sending a separate message with information about changes to the *Consumer Protect Act, 2002* and the *Repair and Storage Liens Act*.

Thank you again for your participation in this initiative.

MTO will continue to keep you informed of new developments as we move forward.

Sincerely,



Heidi Francis
Assistant Deputy Minister
Road User Safety Division

c: The Honourable Steven Del Duca, Minister of Transportation