

## Parking Services – Impoundment Program Stabilization Reserve

### ISSUE

This report provides information and recommends amendments to Policy No. C03-003 Reserves for Future Expenditures to include an Impoundment Program Stabilization Reserve (Reserve). This will allow excess net revenues within the Impoundment Program operations to accumulate and then be available to offset revenue shortfalls in future years.

### RECOMMENDATION

That the Standing Policy Committee on Finance recommend to City Council:

1. That Council Policy C03-003, Reserves for Future Expenditures, be amended to provide for an Impoundment Program Stabilization Reserve; and
2. That the City Clerk be instructed to make the necessary amendments to Council Policy C03-003, Reserves for Future Expenditures.

### BACKGROUND

*The Cities Act* (Act) authorizes the City to pass bylaws to provide for the seizing, impounding, immobilizing, selling or otherwise dealing with or disposing of vehicles to enforce and collect:

- a) Fines for parking offences, including any charge the City may impose for late payment of fines: and
- b) Costs incurred by the City in enforcing and collection fines for parking offences.

The Municipal Impound Lot has operated at Jonathon Avenue since February 2008, providing a central storage location for vehicles seized for a variety of reasons including unpaid parking tickets, police matters and parking infractions.

Provisions for the operation of the Impound Lot are set out in Bylaw No. 8640, Impounding Bylaw, 2007. Fees established under this Bylaw are intended to pay for the costs of administering the program including operation of the Impound Lot.

### DISCUSSION/ANALYSIS

#### Impoundment Fees Intended to Provide Cost Recovery

While the Impound Lot operations are intended to be mill rate neutral, in recent years revenues have not been sufficient to offset all costs of operations. The ability to administer the Impoundment Program as a revenue-neutral operation is contingent on having sufficient volumes of vehicles. A variety of factors, in the recent past, have resulted in a decline in the volume of vehicles impounded, and the Impoundment Program has not achieved cost recovery objectives since 2015.

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Currently, any losses or gains in the Impoundment Program are part of the City's overall year end operating results.

In 2021, the Impoundment Program is projected to realize a net gain of approximately \$84,600 due to a number of factors:

- A ten-year productivity improvement loan paid off in 2017 resulted in a reduction of annual expenses by \$52,000 per year.
- City Council approved an increase to impound fees which took effect in January 2020.
- The volume of vehicles impounded are beginning to return to more typical numbers, following a significant decline in 2020 due to the pandemic; and
- Reduced expenses due to a reduction in hours open to the public, in Quarter 1 and Quarter 2, in consideration of lower vehicle volumes (pandemic related).

Also related to the overall impoundment services, Administration is preparing a follow up report, in response to an inquiry from City Council, outlining potential options for outsourcing impoundment services to a third-party provider. Should City Council direct this model of delivery be further pursued, there will be continued, although substantially reduced, municipal operating costs for the Impoundment Program. In addition, costs will be incurred in decommissioning the current impound facility. Therefore, a reserve would also be warranted under a third-party delivery model. For Impound Program Operating Actuals and 2021 Forecast (see Appendix 1).

### Stabilization Reserve

A reserve will benefit impound operations in a number of ways:

1. The reserve will alleviate the need to draw on general revenues to provide a balanced budget during periods of reduced volumes of impounded vehicles.
2. Access to a reserve will allow impound fees to remain stable for a longer period of time, reducing financial impacts to customers and limiting the internal costs associated with rate increases, such as communications and advertising costs, as well as the draw on resources required to re-program the internal accounting system and to provide additional customer support.
3. A reserve will provide a funding source to finance unexpected or one-time initiatives associated with program improvements, such as upgrades to data software, programming needs, new or updated hardware and equipment.
4. The reserve will ensure revenues received through impound fees are directed to funding the delivery of the Impound Program, as stipulated in the Bylaw.
5. The reserve is appropriate whether impoundment services are provided by the City or a third-party service provider in the future.

Details regarding amendments to the Reserves for Future Expenditures Policy No. C03-003 to establish a reserve for the Impound Program are included (see Appendix 2).

**FINANCIAL IMPLICATIONS**

A review of operating actuals for the Impound Program over the past five years has resulted in a deficit each year. For 2021, a net surplus is projected, due in part to a fee increase implemented in 2020. If allowed to establish a reserve, such year end surpluses would go a long way to addressing operating deficits should vehicle volumes be lower than anticipated in any one given year. The reserve also has the potential to allow for fees to remain at the rate set, should short-term revenue shortfalls be seen. Funds within the reserve would also be available to fund one-time costs for non-cyclical program needs. Administration will continue to closely monitor operations and look for operational efficiencies to manage operating expenditures going forward.

**OTHER IMPLICATIONS**

There are no privacy, social or environmental implications identified.

**NEXT STEPS**

If approved, the Reserves for Future Expenditures Policy will be updated to include details regarding an impound operations reserve.

**APPENDICES**

1. Impound Program Operating Actuals and 2021 Forecast
2. Proposed Amendments to the Reserves for Future Expenditures Policy No. C03-003

**REPORT APPROVAL**

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