

# Impound Lot Business Model

## ISSUE

The current Impound Lot Business Model is set for the program to be fully cost recovered, whereby revenues are budgeted to cover the cost of the operation without reliance on property taxes. As part of a companion report, Administration is reviewing potential business model options for the purpose of ensuring that cost recovery objectives are achieved.

## BACKGROUND

The Standing Policy Committee on Transportation, at its meeting held on December 6, 2021, resolved:

“That the matter be deferred to the February 7<sup>th</sup> meeting of the Standing Policy Committee on Transportation for further consideration and that the Administration provide an information report addressing the questions related to *the Cities Act* and how it would affect a City run operation vs a third party run operation, and include information related to the City of Edmonton experience.”

## CURRENT STATUS

The impound lot, located at 150 Jonathon Avenue, currently accommodates vehicle impoundments mainly through parking-related enforcement and Saskatoon Police Service (SPS) enforcement operations.

The impound lot operated at a deficit from 2015 to 2020. However, through program changes including increased fees, adjustments to hours of operation and a shift to appointment-based pick-ups, a surplus of approximately \$60,000 is anticipated for 2021. Additionally, City Council recently approved the establishment of an impound lot stabilization reserve to provide a mechanism to help offset future operating deficits.

## DISCUSSION/ANALYSIS

### Relevant Legislation

*The Cities Act* (the Act) regulates the fees that a Municipality can collect through the operation of an impound lot related to parking bylaws. The Act restricts revenues to fines for parking offences, late charges/penalties on fines for parking offenses and restricts recoverable costs to reasonably incurred costs associated with collecting fines for parking offences. Changes to the amount charged for late fees would require provincial approval on changes to *the Summary Offences Procedure Act* and *the Summary Offences Procedure Regulations*. Reasonable costs incurred include a variety of items associated with seizing, impounding, towing, and storing vehicles, as well as readying them for sale. In Administration's view, this may also include the cost associated with leasing or purchasing land. However, in Administration's interpretation of the Act, a profit should not be achieved through fees related to parking offenses.

The Act does not prohibit the City from operating an impound lot for purposes unrelated to parking offenses. If the City operates an impound through which vehicles are seized/impounded pursuant to authority other than a City parking bylaw or parking fine enforcement/collection bylaw, the City may be permitted to profit from this operation. The authority by which the City seizes/impounds these vehicles must either permit or not prohibit profiting from impound related works.

The Act does not prohibit third-party operation of a City impound lot. A third-party operator would be subject to the same restrictions and considerations as the City in recouping costs. This item is a consideration for the third-party model presented in the companion report as it may impact the viability of such a business model.

### **Municipal Scan – Impound Programs**

Administration undertook further review of specific examples of municipal and privately-run impound lot operations.

The City of Edmonton Police Service (EPS) assumed impound lot operations in 1997, which were previously operated by a private company. The primary reason given for the operational shift was due to customer dissatisfaction under the privately-run model. With the EPS model, operational efficiencies were also enabled with the EPS being able to facilitate greater control of operations of the impound lot. The EPS model provided flexibility to use the facility for investigative procedures without risk of compromising those investigations.

More recently in Edmonton, their Administration confirmed there had been considerations to move towards a privately operated impound model. However, these considerations were ultimately dismissed due to financial reasons. Under the in-house model EPS realizes a greater ability to generate revenues to help cover costs and ultimately contribute to the bottom line, largely resulting from storage costs paid by vehicle owners. Under a private model, potential contracts were not anticipated to generate the same levels of revenues. There were also concerns over an inability to maintain an appropriate standard of service under a privately operated impound lot.

Additional information on impound lot operational models utilized by other cities is included in Appendix 1. Of note, the City of Halifax is currently undertaking a study looking at transitioning to a municipal impound operational model.

### **FINANCIAL IMPLICATIONS**

Financial implications associated with the current operations of the impound lot are outlined in the December 6, 2021 [Impound Lot Business Model](#) report which was deferred to this Committee agenda for consideration.

### **OTHER IMPLICATIONS**

There are no other implications.

## **NEXT STEPS**

Further administrative actions related to the impound lot will be undertaken in accordance with Committee and Council direction received on the Impound Lot Business Model report.

## **APPENDICES**

1. Municipal Scan – Impound Programs
2. Confidential Solicitors/Client Privilege

## **REPORT APPROVAL**

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SP/2022/CS/Transportation/Impound Lot Business Model/cm