

2020 and 2021 Impound Lot Fees

Recommendation

That the proposed fees for entrance and storage at the municipal Impound Lot, for 2020-2021, effective January 1, 2020, as included in the proposed 2020/2021 Preliminary Operating Budget, be approved.

Issue

This report outlines proposed fee increases for entrance and daily storage fees at the Municipal Impound Lot to facilitate cost recovery of Impound Lot operations.

Background

The municipal Impound Lot has been in operation at its current location on Jonathon Avenue since 2008 and provides a centralized location for vehicles seized due to abandonment, unpaid parking tickets, parking infractions or police-related matters. The lot is intended to operate on a cost-recovery basis.

The Impound Lot has experienced losses ranging from \$25,000 to \$83,000, between 2015 and 2019, resulting in a total burden of \$193,000 on taxpayers.

A review was initiated in 2018 to explore options to develop a more sustainable business model for impound lot operations, including maximizing revenues within the program or outsourcing the function altogether. A proposal to increase revenues by directing vehicles that have been impounded under the SGI Vehicle Impoundment program to the municipal lot was not approved; Administration was requested to undertake a review to assess implications of discontinuing operation of a municipal impound lot and outsourcing the impound function to a third-party provider. A report on this matter is anticipated to be brought forward for consideration in early 2020.

While the long-term function of the municipal Impound Lot remains under consideration, any changes, such as outsourcing this function, will take a number of months if not years to operationalize. In the interim, fee increases are recommended to address the trend of revenue shortfalls that have occurred in the past four years, in order to ensure the program is financially self-sufficient for as long as it is delivered as a municipal service.

Discussion/Analysis

Cost recovery for operation of the Impound Lot has not been achieved due to a number of factors. Fees at the Impound Lot have not increased since 2011, and the number of impoundments have been steadily declining since 2016, with 2,778 vehicles impounded in 2016, 2,670 vehicles in 2017 and 2,411 vehicles in 2018.

At the same time, increased costs associated with negotiated salary increases for civic staff, as well as increased contractor costs, have resulted in a situation whereby revenues no longer cover expenses.

In order to ensure cost recovery of the municipal impound operations, it is recommended that entry fees increase from \$50 to \$65, and daily storage rates increase from \$15 to \$17 per day.

A one-time entrance fee of \$50 is charged when the vehicle first enters the Impound Lot. The fee is intended to cover administrative costs to process the vehicle at time of entry, including several checks and searches necessary to meet legal reporting requirements (e.g. vehicle inspection, photos, documentation, vehicle information search, registered owner search, stolen vehicle search, data entry, police reporting, owner escorts and payment processing). This fee also covers costs associated with provision of a secure site with cameras and alarm, 24-hour staffing for security purposes and building and site maintenance.

The storage fee, currently charged at a rate of \$15 per day, has historically been aligned with the SGI daily storage rate; however, the SGI rate is currently \$17 per day.

The administration fee, which covers costs of a lien search and preparation of an unclaimed vehicle for sale, is charged only if the vehicle has not been claimed after two weeks. This fee is set at \$25 and no increases to the administration fee are proposed.

Table 1, below, outlines current approved rates as well as proposed rates which would take effect January 1, 2020. License fees from two other cities that operate impound lots are also provided for comparison. The proposed fees are consistent with, or lower than fees charged by other municipalities that operate impound lots.

Table 1 – Fee Comparisons

Impoundment Lot Fees	Saskatoon Current Fees	Saskatoon Proposed Fees	Calgary Current Fees	Prince Albert Current Fees
Fee at time of check-in	\$50 entrance fee	\$65 entrance fee	\$32 administration fee	\$50 check-in fee + \$30 admin fee = \$80
Storage Fee	\$15 per day	\$17 per day	\$40 per day	\$17 per day
Administration Fee (payable only if vehicle stored over 2 weeks)	\$25	\$25	n/a	n/a
Example - Total cost for 1-day impoundment	\$65 plus towing and GST	\$82 plus towing and GST	\$72 plus towing and GST	\$97 plus towing and GST
Example - Total cost for 5-day impoundment	\$125 plus towing and GST	\$150 plus towing and GST	\$232 plus towing and GST	\$165 plus towing and GST

It should be noted that, as a result of a new towing contract effective July 1, 2019, towing rates charged in conjunction with the impoundment of vehicles have decreased substantially and this provides a direct benefit to the vehicle owner. It is specified in Bylaw No. 8640 - Impounding Bylaw, 2007, that towing rates are to be charged to the vehicle owner at cost. Under the new contract, the charge for a standard tow, including

use of a winch and dolly, decreased from approximately \$88 to \$25, resulting in a savings for the vehicle owner of approximately \$63. The savings that vehicle owners realize as a result of the new towing contract will likely more than offset the proposed Impound Lot fee increases.

Implications

The impact of the fee increase is based on an average vehicle storage period of five days. If approved, the fee increase will result in an additional cost of \$25 on average for vehicle owners.

Based on the proposed fees and projected volumes of impounds for the upcoming year, it is expected that the fee increases will result in additional yearly revenues of approximately \$63,800.

The proposed fee increase will serve to facilitate cost recovery of the Impound Lot over the interim, while a long-term decision as to the future of impound operations is determined.