

## Impound Lot Business Model Options

### Options for Future Impound Lot Business Model

The current impound lot business model has been under review by the Administration and a number of options are provided for the Transportation Committee's (Committee), consideration to establish a business model that is sustainable and balances the costs covered through property tax. Options include:

#### 1. Option 1: Maintain the Status Quo

The current approach to the impound lot operations could be continued as is, with impoundments of vehicles for traffic and parking offences, and those seized as Proceeds of Crime (Federal and Provincial Forfeiture) delivered to the City Impound Lot at the current rates. Impoundments under the SGI Impoundment program, motor vehicle accidents and vehicles involved in criminal offenses would continue to be delivered to private impound lots at the discretion of the successful towing contract proponent.

The City's Impound Lot would likely continue to deliver a program that is not self-sufficient as revenues and volumes have not been adequate to cover operating costs, or future capital needs including the required purchase of land from Saskatoon Land, or a reserve to fund future replacement of assets.

This approach would require the property tax to fund approximately \$200,000 of the Impound Lot operations (\$50,000 operating deficit and \$150,000 for the land purchase) per year over the next 20 years, and would provide no reserve for asset replacement.

#### 2. Option 2: Increase Impound Lot Rates

This option would continue the current allocation of impounded vehicles between the City and private impound lots as outlined in the status quo option, however would include rate changes to the fees payable to retrieve vehicles from the Saskatoon Impound Lot.

The rates at the Saskatoon Impound Lot have not changed since 2011, while the number of impoundments have been steadily declining since 2015. Further, current fees are lower in comparison to other jurisdictions.

It is estimated that an increase in rates from \$15 to \$17 per day for the daily storage fee and from \$55 to \$65 for the entrance fee would increase annual revenues by approximately \$35,000. This would be sufficient to address the current operating deficit but not sufficient to cover the cost of land or implementation of a capital reserve, both of which would require property tax funding.

An overview of current comparable fees in other jurisdictions, as well as future proposed fees is provided in Table 3.

**Table 3 – Impound Lot Fee Comparison**

<b>Impound Lot Operator</b>	<b>Daily Storage Fee</b>	<b>One Time Entrance /Administration Fee</b>	<b>Example - Total Fees Based on Three Day Impoundment</b>
City of Saskatoon (current)	\$15/day	\$50	\$95
City of Prince Albert	\$17/day	\$80	\$131
City of Calgary	\$40/day	\$32	\$152
SGI Impoundment Program: Prescribed Rates	\$17/day	\$55	\$106
City of Saskatoon (proposed)	\$17/day	\$65	\$116

3. Option 3: Expand the Impound Lot Operations to Include the SGI Impoundment Program

Committee has the option to expand the Impound Lot Operations by registering to become a Garage Keeper, and having Saskatoon Police Service (Police Service), direct vehicles impounded under the SGI Program to the City’s Impound Lot. The SGI Impoundment Program has changed significantly over the past several years resulting in higher fees due to longer impoundment periods for vehicles and higher rates. Based on figures provided by the Police Service for 2018 impoundments, and SGI’s impoundment fee schedule, it is estimated that impoundments under this program could generate up to \$800,000 in annual revenue.

If this option were to be chosen, it would adequately fund the current Impound Lot deficit, land purchase, capital reserve and any additional contract staff costs required to administer enhanced impound operations. The impound lot currently has sufficient capacity to store the additional volume of vehicles.

In addition, it is estimated there would be approximately \$300,000 to \$400,000 in annual surplus after the Impound Lot is funded that could be utilized to fund other traffic safety related initiatives, including the traffic safety program/projects, Vision Zero or lessen the property tax contribution to Police Service enforcement costs. This opportunity would create a fundamental shift whereby costs associated with enforcement related to high risk traffic offences would be funded through impound fees charged to violators, rather than subsidized by property tax payers.

As the SGI Program meets its objectives in reducing high risk driver behaviour, we anticipate impoundment volumes could decline over time, however even a 50% drop in impoundments under this program would provide sufficient revenues to ensure the Impound Lot is fully self-sustaining.

There is also a risk that if this option is selected that prices in the City's future Request for Quotations for towing services could come back higher than in previous versions as proponents have potentially used the revenue opportunity with the SGI Impoundment Program in order to offer lower towing services prices. The financial risk regarding this is significantly mitigated as the majority of towing services utilized by the City are charged directly back to the violator and owner of the vehicle. This includes towing services for the Street Sweeping Program as well as vehicles impounded under the current parking offenses.

It is important to note this option would not include the impoundment of vehicles involved in Motor Vehicle Collisions or Criminal Offenses as those would still be delivered to a private impoundment facility that can provide the necessary garage to accommodate inspections and investigations.

#### 4. Option 4: Discontinue City Impound Lot Operations

Committee has the option to not continue to operate a City owned Impound Lot and outsource all impoundment operations to a private company, including vehicles impounded for outstanding parking offences, traffic offences and proceeds of crime.

This option would eliminate the current operating deficit within the program as well as remove the requirement to fund a land purchase or capital reserve, however, it would require a staffing component to act as a liaison between the City and private contractor to ensure system, policy, process alignment, issues, changes to the program and general monthly reconciliation work between the City's Parking Program and Impound Lot records. Without the Impound Lot program this position would be funded via the property tax at an estimated cost of \$90,000 per year. Consideration for inclusion of a royalty fee, to help offset this administrative costs as well as the City's enforcement, education and patrol programs, could be incorporated within the procurement documentation for Towing and Impoundment services.

While this option could provide the towing and impoundment services to serve the City's enforcement programs, there is a measure of uncertainty with respect to customer service, integration with the city's processes, and program continuity (eg. the location of the impound facility may change with each contract). The City would also incur costs in decommissioning the current impound lot. Further this option would not be aligned with the strategic action of considering new non-property tax revenues to help pay for programs, as it would require traffic safety programs continue to be funded by property taxes as opposed to violators:

A Request for Information is recommended to gain an understanding of what the private sector would be able to provide and to identify any concerns prior to proceeding with such an option.