

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: Original Signed by 

Jacques Dubé, Chief Administrative Officer

DATE: March 16, 2022

SUBJECT: Business Case for In-House Towing Operations

SUPPLEMENTARY REPORT

ORIGIN

February 22, 2018, Transportation Standing Committee motion (Item No. 13.1):

MOVED by Councillor Cleary, seconded by Councillor Nicoll

That the Transportation Standing Committee request a staff report with recommendations on changes to snow clearing standards and timelines of active transportation infrastructure, given that the Integrated Mobility Plan, that was adopted in December 2017, explicitly prioritizes walking, cycling, and transit over private vehicles.

MOTION PUT AND PASSED

September 29, 2020, Regional Council motion (Item No. 11.1.8):

MOVED by Councillor Cleary, seconded by Councillor Nicoll

THAT Halifax Regional Council:

1. Suspend the rules of procedure under Schedule 7, the Transportation Standing Committee Terms of Reference, of Administrative Order One, the Procedures of the Council Administrative Order;
2. Adopt the proposed Winter Operations service standards as detailed in attached Appendix C of the staff report dated September 2, 2020;
3. Direct the Chief Administrative Officer to bring forward funding options to improve the service standard for transit stops, from 48 to 24 hours as part of the 2021/22 budget deliberation process;

RECOMMENDATION ON PAGE 2

4. Direct the Chief Administrative Officer to provide a supplementary report that evaluates the business case for in-house towing operations to support the proposed winter operations service standards; and,
5. Direct the Chief Administrative Officer to undertake another review of Winter Operations Service Standards within five years to ensure continued alignment with Council priorities, best practices, stakeholder expectations and funding levels.

MOTION PUT AND PASSED

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter. 2008, c. 39:

Traffic authority

321 (2) The Council may, by policy, appoint a traffic authority for all or part of the Municipality.

(3) A traffic authority has, within the Municipality, the powers of a traffic authority of a city or town pursuant to the *Motor Vehicle Act*.

Street related powers

322 (3) The Council may expend funds for the purpose of clearing snow and ice from the streets, sidewalks and public places in all, or part, of the Municipality.

Motor Vehicle Act. R.S., c. 293:

Parking and parking meter regulations for city or town

152 (1) The traffic authority may make regulations prohibiting or restricting the parking or leaving standing of vehicles upon any highway or part thereof within the limits of the city or incorporated town for which the traffic authority is appointed.

Emergency or special conditions or flammable cargo

202 (1) The traffic authority is hereby empowered to make and enforce temporary regulations to cover emergencies or special conditions.

(2) Such regulations may prohibit or restrict the parking of vehicles between the fifteenth day of November and the fifteenth day of April.

RECOMMENDATION

It is recommended that Halifax Regional Council direct the Chief Administrative Officer to proceed with a request for information (RFI) to the towing industry to understand cost and impact of implementing a performance-based towing program for compliance operations and subject to results, continue with building a performance-based towing program as part of the 2023/24 PW Operating budget.

EXECUTIVE SUMMARY

A winter operations service standard review was presented to Regional Council on September 29, 2020. Regional Council directed the CAO, in part, to provide a report that evaluates the business case for in-house towing operations to support the winter operations service standards. Issues identified included lack of oversight, Management's inability to direct towing where it was required, and timeframe for vehicles to be cleared. This results in vehicles causing safety issues when not being towed, oversized or large vehicles not being addressed, and requests for tows being ignored. In the past, complaints have been received that

the towing facilities are not accessible to residents going to pick up their seized vehicles and there is no recourse for complaints made by citizens against the towing companies.

Improvements have been made to the winter enforcement model for the 2021/2022 winter season including: increasing contracted winter ban enforcement staff from 6 to 12 officers and adoption of a proactive tow approach with contractors. Priority has been placed on vehicles interfering with emergency vehicles, snow operations, and finally, vehicles left on-street during a winter ban. Currently, private tow companies inherit all the risks associated with the towing of vehicles.

Staff has presented four options for Council's consideration:

1. bring the overnight winter parking ban towing only in-house;
2. all towing conducted in-house;
3. a hybrid service model where towing is shared between in-house resources and contractors; and
4. develop a performance-based contract model.

All options of bringing a component of towing in-house, which were considered, add significant risks to the Municipality, are costly to implement, and will not be completely offset through increased revenue potential. Parking Services does not tow enough vehicles in a year to make any form of in-house towing a cost-effective option. The anticipated benefits are on the quality of service and impact to municipal operations. Staff believes this could be more efficiently realized by amending the existing standing offer to a performance-based contract.

BACKGROUND

On September 29, 2020, staff presented the findings of the KPMG Winter Operations Service Standard Review report and staff recommendations¹. The report indicated that bringing towing in-house may offer benefits and efficiencies to enhancing winter works service delivery, however, was not explored further due to scope and initial cost estimates.

HRM seeks to balance resident and stakeholder expectations that align with Council-approved standards in the delivery of municipal services. PW's goal is to develop realistic and attainable winter operation service standards to minimize the tax burden while providing a balanced approach to service that addresses Council Priorities along with both internal and external stakeholder expectations.

DISCUSSION

Current State

HRM Parking Services and Halifax Regional Police (HRP) presently share a standing offer with two (2) private tow companies who support the towing of all vehicles as required. Vehicles can be towed for a variety of reasons including: abandonment, motor vehicle accidents, police seizures, parked in no-stopping or tow-away zones, causing safety issues, Winter Parking Ban, obstructing snow operations, and other *Motor Vehicle Act* violations. The current service delivery model for towing is reactive in nature. When either Parking Services or HRP require a vehicle to be towed, staff call the tow company assigned to the area to respond and tow the vehicle. Due to the nature of the calls, there are times when Parking Services and HRP are competing for the same towing resources. The standing offer is worded to place a higher priority on HRP-related calls than Parking Services. This often results in calls from Parking Services being abandoned or not responded to in a timely fashion.

¹ <https://www.halifax.ca/sites/default/files/documents/city-hall/regional-council/200929rc1118.pdf>

Currently, the standing offer for towing does not cost HRM/HRP any money for having the vehicles towed. The cost for the towing of the vehicles is recouped by the towing companies when the vehicle owner retrieves the vehicle.

Winter Parking Enforcement

In order to facilitate snow removal, the Municipality, in conjunction with the Province, places an overnight parking ban from December 15 to March 31, which is only enforced during declared snow events. The Municipality employs a contractor for enforcement of overnight Winter Parking Ban towing. This work is done in conjunction with Snow Supervisors and Contractors who determine vehicles are interfering with snow clearing and direct compliance to tow.

During regular hours, Municipal compliance staff may also request a vehicle to be towed (under section 139 of the Nova Scotia *Motor Vehicle Act*) that is determined to interfere with snow clearing operations. This activity conducted by HRM Compliance Officers, usually happens after each snow event and can last up to 3 – 4 days. The Compliance Officers in 2020/21 issued 536 “Obstructing Snow Operation” tickets and towed 41 vehicles during the daytime hours.

	Parking Bans	Tow Requests	Winter Ban Vehicles Towed	MVA 139 Vehicles Towed
2018/19	13	6	3	
2019/20	13	0	4	
2020/21	8	0	1	41

In response to the recommendations in the KPMG report, staff has made changes to the winter parking enforcement and towing process for the 2021/2022 winter season with the intent to improve support for winter snow clearing operations. Contracted winter ban enforcement staff increased from six (6) to 12 officers and the department has adopted a proactive tow approach. Priority has been placed on vehicles interfering with emergency vehicles, snow operations and finally, vehicles left on-street during a winter ban. Currently, private tow companies inherit all the risks associated with the towing of vehicles.

Concerns with the existing model

When called, tow operators do not always respond, as the private operator dispatch makes a decision if the call is operationally viable or may not respond in a timely manner. This results in vehicles causing safety issues not being towed, oversized or large vehicles not being addressed, and requests for tows being ignored.

In the past, complaints have been received that the towing facilities are not accessible to residents going to pick up their seized vehicles and there is no recourse for complaints made by citizens against the towing companies.

In-House Towing Model Options

For the purposes of this report, staff considered the following three in-house towing model options:

1. Exclusive Overnight winter ban towing

This option considers bringing the overnight winter ban towing in-house. Municipal truck operators would be able to work directly with snow supervisors and trucks would be deployed strategically to help remove the vehicles in problem areas.

With this model, staff recommend deputizing the truck operators as special constables which would enable them to issue tickets, independent of the contracted staff, resulting in efficiency of process and reducing lead time to tow (30-60 minutes per tow). This would see the creation of six (6)

seasonal positions and the purchasing of six (6) 5-ton tow trucks. The tow trucks would be assigned as follows: two (2) in Dartmouth, two (2) in Halifax, and two (2) to regional calls as required. Vehicles would be addressed in priority with a focus on vehicles interfering with emergency and snow operations. Staff recommend retaining contracted enforcement staff to work alongside the towing staff to issue ban tickets as required. With this model, staff estimate the ability to tow roughly 75 vehicles per ban.

Along with the drivers and tow trucks, administrative support would be required. Staff estimate 2.5 seasonal admin staff would be required to work the tow yard providing administrative support to the tow truck drivers, releasing the vehicles to the vehicle owners, and processing of paperwork associated with the towing of vehicles. This type of operation would also require a tow yard for 9 months of the year to house 250 vehicles. The rest of the year the tow yard would sit idle, but HRM would still have to pay for the maintenance of it. If leased, the lease costs including rent, taxes, operating, utilities, etc would still have to be paid.

Staff do not recommend this option as there are significant costs, risks, and human resource challenges associated with operating a seasonal service that only benefits declared winter ban events.

2. All towing in-house

This option allows for full-service coverage, both during regular business hours and during winter parking bans with minimal increase to resources above and beyond option 1. Service for towing would be provided by municipal staff, both during regular operating and after hours for declared winter bans. Staff estimate six tow trucks would need to be purchased by the municipality. For this option, staff would propose the addition of 10 staff: 7 deputized truck operators, 1 supervisor, and 2 administrative support positions. The resources and trucks would be operational 12 months of the year supporting parking services with MVA related tows, stalled vehicles, and winter parking enforcement. This would result in efficiencies in tow response time, the Municipality having the ability to prioritize calls responded to and provide existing compliance staff with the opportunity to remain focused on citizen complaints, regular parking enforcement in the core and regional calls. HRP would maintain its standing offer contract with private entities and their calls could continue to be responded to in priority. Staff estimate that bringing all towing in-house will negatively impact private business in bringing roughly 50% of work in-house.

This option is the most costly due to the staff resourcing requirements, insurance, and land acquisition. However, it provides the most control over how towing is conducted and would enable staff to generate service standards associated with towing across the region. There are only two jurisdictions in Canada that operate under this model and both are managed by Parking Authorities-for profit entities that manage parking on behalf of their cities. The potential revenue for this option is estimated at \$675,200.

Due to the estimated costs, insurance risks, and impact to private business, staff do not recommend this option.

3. Hybrid In-house/contracted year-round service

This option explores a hybrid service whereby municipal towing resources service the inner core and contractors would service all other areas of the Municipality. Under this model, staff propose HRM would have control for daytime and winter ban towing in the core areas that typically generate greater towing requests and would have contractors focus on regional-based calls. With a focus on the core, staff propose four (4) 5-ton tow trucks and 6 operators would be required to service the in-house areas and that the standing offer be maintained for contracted services in all other areas.

A hybrid service model would still require that the Municipality source and operate a tow yard, therefore, the same cost considerations contemplated in the full in-house operating model would apply. Having municipal tow operators deputized as special constables would free up existing compliance resources to focus on customer service calls, regional monitoring and enforcement of paid and accessible parking spaces.

Bringing core towing services in-house would allow for the Municipality to tow and drop vehicles to another location other than a tow yard during targeted snow clearing operations as explored above.

Given the costs associated with moving to this model, staff do not recommend this option at this time.

4. Performance Based Contracting

Adopting a performance-based contract for towing would see defined outcomes and standards as they relate to towing both for winter and regular operations. Staff propose initiating a request for information with industry to garner feedback on how best to establish a performance-based model which achieves the objectives of Council while ensuring industry can meet expectations.

Effective contract language could be implemented to clearly specify quality expectations, results, and timelines. Specify hours of service for releasing vehicles, customer service standards, tow yards meeting accessibility standards, minimum response times for tow requests, payment methods, releasing vehicle standards, etc could be specified. Effective management of this type of contract could lead to greater adherence to winter operations service standards.

HRM would be taking the towing contracts from a towing company/vehicle owner relationship to one where HRM has a more active role in the towing & releasing of citizens vehicles. This option would allow HRM to bring the towing contract in line with the rest of the winter operation contracts. The contractor would maintain the ability to generate revenue from the storage and releasing of vehicles to customers.

In consultation with Halifax Regional Police, based on their operational needs, their preference would be to maintain a standing offer list to call on towing operators on an as-needed basis. They do not anticipate needing to engage in a performance-based contract.

This is the option that staff recommends - with the ability to better support winter operations service standards, being the most cost-effective of all the options, and having the least amount of risk for HRM.

Towing Policy in Different Jurisdictions in Canada

Location	Towing In-House	Operating Model
Calgary	No	City operates the lot
Edmonton	No	City operates the lot Performance-based model
Ottawa	No	Towing and Yard is contracted out
Toronto	No	Towing and Yard is contracted out
Vancouver	No	Towing and staffing of the Yard is contracted out but the city owns the tow yard
Winnipeg	No	Towing and Yard is contracted out
Saskatoon	No	City operates the lot Performance-based model

Location	Towing In-House	Operating Model
Montreal	No	Towing and Yard is contracted out Performance-based model During the winter they relocate the vehicle

Yearly Cost Estimates for In-House and Performance based options

	Current Contract Cost	Winter Ban Only	All In-House	Hybrid	Performance Based
Operating					
Revenue ^{1,2,3,6}	\$ -	\$ (261,000)	\$ (675,200)	\$ (594,200)	
Staff	0	105,000	680,700	485,700	
Equipment ⁵	0	21,000	21,000	14,000	
Vehicle MVI and Maintenance (6 Tow Trucks - 4 for hybrid options) ⁴	0	6,000	6,000	4,000	
Property	0	275,000	275,000	275,000	
Insurance	0	1,020,000	1,020,000	1,020,000	
Total Expenditures	0	1,427,000	2,002,700	1,798,700	TBD
Net Expenditure	0	1,166,000	1,327,500	1,204,500	TBD
Capital					
Total Capital Y1 ⁴		\$2,400,000	\$2,400,000	\$1,600,000	

1. If vehicle is moved as opposed to towing and storing a vehicle the revenue that HRM gets back will be less.
2. <https://events.viewbid.ca/Event/Details/67152501/3rd-Party-Seized-Vehicle-Auction-Academy-Towing-Updated-Closing-Style>
3. According to <https://retireyourride.ca/whats-my-vehicle-worth/> website the average cost in Nova Scotia for a scrapped vehicle is \$435.00
4. This includes \$1,000 per year MVI, plus \$5,000 yearly preventive maintenance. After 5 years the yearly maintenance will go up 20-50% each and every year. The estimate to buy 6 tow trucks outright is \$2,400,000.
5. There is \$15k start up cost for 6 handheld/printers for issuing parking tickets. With an annual \$6k licensing fee.
6. Total Revenue includes Ticket Revenue, each vehicle towed would be ticketed.

FINANCIAL IMPLICATIONS

As summarized in the report, establishing a municipal towing operations model would be extremely cost prohibitive. If Council were to direct staff to proceed with bringing towing in-house, staff would prepare more fulsome estimates as part of the capital budget process.

Regardless of the in-house option selected, vehicles, land acquisition and insurance alone at a high level are estimated to be around \$1.3M annually.

Ongoing operating costs would average \$1.6M, with revenue estimated to be around \$510K annually. In addition, there would be \$2.4M capital outlay in Year 1 for Winter Ban and All In-House options (\$1.6M for the Hybrid option).

If Council were to proceed with a performance-based contract as recommended, there would be ongoing operating costs associated with the contract and its administration. Staff propose initiating a request for information with the industry to better understand market potential and cost impacts and, depending on outcome of these meetings, returning to Council with a performance-based contract proposal as part of the 2023/24 budget and business planning process.

RISK CONSIDERATION

Currently, HRM has little to no risk when it comes to towing vehicles as the current contract has the operators assuming risk for towing and storage of vehicles. If HRM starts to tow vehicles, HRM would become responsible for claims of damage to vehicles in addition to the increased risk of injury to staff. Implementing a performance-based contract model would see the contractor maintain the majority of risk associated with running a towing operation.

Considerations for bringing towing in-house:

Injury to Tow Truck Operators

Operating a tow truck is considered one of the more dangerous jobs in North America, as reported by the Canadian Automobile Association (CAA). In 2018, CAA reported that there were over 100 deaths for tow truck operators while on the job, due to the inherent dangers of the job, in North America annually². Tow truck operators are at risk for injury while tending to vehicles. Distracted drivers and poor driving conditions, such as slippery winter roads and reduced lane sizes, are both common safety risks which impact tow truck operators. These are the same conditions that currently the enforcement officers are working in and can be mitigated by proper training and approved safe work practices.

Damage to Towed Vehicles

Tow truck operators are legally liable for vehicles while are within their care, custody, and control. This includes the actual process for towing the vehicle, but also damage while stored at the compound if it is owned or operated by the HRM. HRM would have a legal responsibility to the towed vehicle during:

- The tow hookup
- While the vehicle is in transit
- During the unhooking process
- While in storage at an HRM compound

HRM would be liable for any actual or alleged damage to the towed/stored vehicles unless sufficient documentation and proof exists proving otherwise.

² <https://www.theglobeandmail.com/globe-drive/culture/commuting/tow-truck-drivers-toil-at-the-intersection-of-human-nature-mother-nature-and-danger/article38215313/>

COMMUNITY ENGAGEMENT

No community engagement was done as part of this report. However, staff has reviewed the complaints and service requests associated with our current model to help inform this report. Staff recommend engaging with industry to inform any performance-based contract development.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications associated with the recommendations in this report. If Council were to direct staff to bring a portion or all of towing in-house, there could potentially be environmental risks with site contamination and run off from stored vehicles.

ALTERNATIVES

1. Regional Council could choose to not accept any of the options and continue with the status quo.
2. Regional Council could adopt the recommendation with amendments. Depending on the nature of any proposed amendments, a supplementary staff report may be required.
3. Regional Council could direct staff to adopt one of the alternative options explored in the report to bring either a portion or all towing in-house.

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Steve Berkman, Supervisor Parking Administration, 902.490.6440
Victoria Horne, Director, Parking Services, 902.292.8434
