

COMMITTEE OF THE WHOLE (WORKING SESSION) – NOVEMBER 22, 2011

TOW TRUCK INDUSTRY - GENERAL LICENSING BY-LAW REVIEW

Recommendation

The Commissioner of Legal and Administrative Services & City Solicitor, in consultation with the Director of Budgeting & Financial Planning and Manager of Special Projects, Licensing & Permits recommend:

- 1) That Licensing By-law 315-2005, as it pertains to the Tow Truck Industry, be amended as follows:
 - a) By establishing a maximum \$175 non-collision rate, inclusive of dollies (towing apparatus that may be attached to the wheels of towed vehicle to assist with towing), and \$3.58 per kilometer of travel time outside City limits.
 - b) The establishment of a maximum Storage Fee of \$55 per day for outside storage of a vehicle and a storage fee of \$60 per day for indoor storage over a 24 hour period.
 - c) The establishment of a maximum rate of \$67 per hour for waiting time (hourly rate) after the first hour.
 - d) That every owner and operator shall provide and maintain on or in every Tow Truck the following equipment: safety vests, a pry bar of at least 1.5 meters in length and wheel straps.
 - e) That every Towing Operator shall complete a Towing Authorization form from a City of Vaughan issued Towing Authorization Book for any towing service provided.
 - f) That the maximum kilometre rate charge for travel outside City limits be increased from the present rate of \$2.00 per kilometre to \$3.58 per kilometre.

Contribution to Sustainability

N/A

Economic Impact

The proposed amendments will have impact on the charges imposed on vehicle owners. There is no economic impact on the general operations of the City of Vaughan as a result of the adoption of this report.

Communications Plan

Public notice for the proposed amendments to the Licensing By-law 315-2005, as amended, has been provided in accordance with Notice By-law 394-2002, as amended.

Purpose

The purpose of this Report is to recommend amendments to the Licensing By-law 315-2005, as it pertains to the Tow Truck Industry.

Background - Analysis and Options

Council, at its meeting of September 27, 2011, adopted the following (Item 1, Report No. 40):

- 1) That the General Licensing By-Law be approved with the exception of those matters pertaining to the tow truck industry, and that matters respecting the tow truck industry be referred to a Committee of the Whole (Working Session) to which representatives of the industry, including the insurance industry, shall be invited.

The following are the amendments as it pertains to the Tow Truck Industry. These amendments were in part, included in the Communication C4 at the committee of the Whole report of September 13, 2011.

All Communications received can be found on the City's website.

- ***Tow Truck Provisions***

Tow truck services are provided to consumers in vulnerable and stressful circumstances, usually as a result of a road accident or being stranded after a vehicle breakdown. These circumstances put consumers at the mercy of the tow truck operator with respect to fees that are charged. Accordingly, consumer protection is especially important in this context. In the past, the Licensing By-law addressed this issue by capping certain rates that a tow truck operator could charge. For example, a tow truck operator can only charge a maximum of \$250 for towing services from a collision, a maximum of \$100 for an off-road recovery, and a maximum of \$2.00 per kilometer of travel time outside City limits. However, Staff have begun to receive complaints from the public and the insurance industry regarding the fees charged for non-regulated areas, such as non-collision tows, overnight storage fees, wait times at collision centres, and the use of tow truck related equipment. In some cases, Staff have seen towing inflated invoices totaling over \$3000, notwithstanding the \$250 collision rate.

Staff met with approximately 30 members of the tow truck industry on May 3, 2011 to discuss the regulation of these areas. While the tow truck industry was not against capping the fees for these non-regulated areas, they voiced concerns regarding the high cost of living and the high costs associated with running a business. In an effort to balance these concerns with the City's duty to protect the consumer, Staff are recommending the regulation of fees in the following areas:

a) Non-Collision Tow Fees

A non-collision tow would be defined as a tow that is provided in any circumstances other than where the towed vehicle is involved in a collision. This would include situations where a vehicle breaks down on the side of the road or where a vehicle is towed from a storage facility. **Staff are recommending a maximum \$175 non-collision rate, inclusive of dollies (towing apparatus that may be attached to the wheels of towed vehicle to assist with towing), and \$3.58 per kilometer of travel time outside City limits.** This rate is lower than the collision rate because it is assumed that a tow truck will use dollies with a vehicle involved in a collision whereas this may not be the case with towing a non-collision vehicle. Also, preparing a non-collision vehicle for towing usually takes less time.

b) Storage Fees

Towing services are often provided late at night or on weekends when the hirer's auto body or motor vehicle repair shop is closed. In this case, it will be necessary to store the vehicle elsewhere. Some tow truck companies store the vehicle on their premises, or they bring the vehicle to storage facilities. **Staff is recommending that tow truck operators be prohibited from charging, or permitting to be charged by any other person, a storage fee of more than \$55 per day for outside storage of a vehicle and a storage fee of more than \$60 per day for indoor storage of a vehicle. These charges apply for storage over a 24 hour period.** The

higher amount for indoor storage reflects the higher costs, such as heating. The City Toronto allows for a maximum storage fee of \$20, while under police contract, the City of Mississauga allows for a maximum storage fee of \$60, and the City of Brampton allows for a maximum storage fee of \$35 for facilities open during regular business hours and \$60 for facilities opened 24 hours a day. The storage fees charged by the tow truck industry have generated the greatest number of complaints from the public.

c) Collision Reporting Centre Waiting Time (Hourly Rate) Fees

Police may require that vehicles involved in a collision be brought to a Collision Reporting Centre so that the police may prepare a collision report. Once a tow truck brings this vehicle to the Collision Reporting Centre, they are not permitted to release the vehicle from the tow truck, and the operator must wait for the police to finish their report. The Licensing By-law allows a tow truck operator to charge for up to one hour of wait time, however, the Licensing By-law allows the tow truck operator to set the rate for this hour. **Staff is recommending that this rate be capped at \$67 per hour after the first hour.** This rate is the result of a cost analysis of an hourly operational cost of a 5 ton commercial vehicle and the average hourly wage of a transportation industry employee. On most occasions, this accident process will take less than an hour.

d) Safety Items

The Licensing By-law mandates that all tow trucks have certain safety-related equipment. These include fire extinguishers, flares, and first aid kits. **Staff is recommending that the Licensing By-law be amended to require safety vests, a pry bar of at least 1.5 meters in length, and wheel straps.** Tow truck operators continually provide services on or beside a highway. A safety vest will ensure the safety of the tow truck operator as well as passing motorists. Pry bars and wheel straps will further assist tow truck operators in providing towing services safely.

e) Towing Authorization Form

Staff is recommending the implementation of a Towing Authorization Form to be used by tow operators each time towing services are provided to a vehicle not having a gross weight of more than 2271 kg. This form would outline the rights and responsibilities of the hirer, the rates for towing services, and a section where the hirer would sign to confirm the rate. This form will assist in making towing services in Vaughan more transparent. Such a form has been successfully implemented in the Town of Caledon.

f) Kilometre Rate

Staff recommends that the kilometre rate charge for travel outside City limits be increased from the present rate of \$2.00 per kilometre to \$3.58 per kilometre. This rate is a more accurate reflection of operational costs incurred by the Tow Truck industry for the towing of a vehicle.

Relationship to Vaughan Vision 2020/Strategic Plan

This report is consistent with the priorities previously set by Council and the necessary resources have been allocated and approved.

Regional Implications

N/A

Conclusion

The Licensing By-law regulates many businesses in the City with a view to protect the consumer, protect the health and safety of its citizens, and abate nuisances. Given these important objectives, Staff regularly review the Licensing to address emerging issues and to streamline current provisions. The proposed amendments will bring further clarity to the Licensing By-law which will assist in its administration and enforcement. The proposed amendments will also afford greater protection to the public.

Attachments

None

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Respectfully Submitted,

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