

COMMITTEE OF THE WHOLE JUNE 5, 2012

TOW TRUCK INDUSTRY - GENERAL LICENSING BY-LAW REVIEW

Recommendation

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

- 1) That Licensing By-law 315-2005, as amended, (hereinafter the "Licensing By-law") as it pertains to the Tow Truck Industry, be further amended as follows:
 - a) By establishing a maximum \$125 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) By establishing 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) By establishing a maximum rate of \$67 per hour for Collision Reporting Centre waiting time (hourly rate) after the first hour, to be calculated in 15 minute increments.
 - d) By requiring every Tow Truck owner and operator provide and maintain in every Tow Truck the following additional equipment: safety vests, a pry bar of at least 1.5 meters in length and wheel straps.
 - e) By requiring every Tow Truck Operator to 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 for towing services. There will be a cost associated with the printing of the Towing Authorization Form recommended in the Report.

Communications Plan

Public notice for the proposed amendments to the Licensing By-law 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, as it pertains to the Tow Truck Industry.

Background - Analysis and Options

At the Committee of the Whole (Working Session) of November 29, 2011, Staff presented its proposal regarding amendments to the tow truck section of the Licensing By-Law. This proposal was the culmination of several meetings with the tow truck industry. The Committee deferred the matter directing staff to conduct further consultation with consumer groups such as the Canadian Automobile Association (CAA).

- **New Information from CAA and the Insurance Bureau of Canada**

In the early December 2011, staff met with the Government Relations Manager of CAA South Central Ontario, Elliott Silverstein, to discuss Staff's various proposed amendments. On January 30, 2012 Mr. Silverstein submitted CAA's feedback with respect to each of the recommendations. Staff met again with Mr. Silverstein on May 18, 2012 to further discuss Staff's proposals. Discussions generally centered on the rates for non-collision tows, storage rates, Towing Authorization Forms, and wait times at Collision Reporting Centres, but also dealt specifically with the Towing Rate Study 2011, which was submitted by the York Regional Towing Association to Committee of the Whole in September 2011.

This Towing Rate Study recommends the following rates:

- \$125 for a Non-Collision Tow, \$75 for dollies
- \$75 per day for outside storage, \$100 for indoor storage
- \$150 per hour for Collision Reporting Centre waiting time

These numbers are premised on statistics relating to Equipment costs, Fuel costs, and Insurance costs as found in the Study. According to this Study, these costs have increased dramatically since 2005 thereby justifying the suggested rates. The City of Toronto considered this Study in May 2012 as part of their own review of tow rates. Toronto Staff found that the information submitted by tow industry and other relevant stakeholders, was neither valid nor verifiable. Accordingly, Toronto Staff recommended an increase of their non-collision rate from \$88 to \$90 reflecting a 2% CPI increase, rather than adopt the amounts requested by the tow industry. This recommendation will be considered by the Licensing and Standards Committee in the next couple of months. It should be noted that this is a temporary rate until such time the City of Toronto develops a model to validate the operating costs of the tow truck industry.

Staff agree that it is very difficult to obtain valid and reliable data regarding costs in the towing industry. Most of the information provided thus far has come from the tow industry and other relevant stakeholders. CAA has provided Staff with statistics which in its view, more accurately reflects the true operating costs of the tow industry. According to CAA, the amount of fuel expenses claimed in the Towing Rate Study is more than double the fuel that CAA tow vehicles utilize. In their view, this may be caused by truck idling, the costs of which should not be borne by the consumer. The figure provided in the Towing Study could also reflect those tow trucks that are dedicated to collisions, rather than diversified tow truck operators. CAA also indicated that in a non-collision tow, dollies are utilized only 20% of the time.

In addition to the CAA statistics, Staff have communicated with Pete Karageorgos, the Manager of Consumer & Industry Relations with the Insurance Bureau of Canada (IBC) regarding the insurance rates for tow trucks as well as the value of tow trucks. According to IBC statistics, an average premium for a tow truck is approximately \$2800. The amount claimed in the Tow Study is \$11,500. The latter figure may reflect a driver with convictions or where a number of claims have been made, the costs of which should not be borne by the consumer. According to IBC, tow

operators are required to submit vehicle values to determine appropriate coverage. Values being claimed are \$65,000. The Tow Study indicates that a basic wheel lift tow truck is \$90,600

- **Non- Collision Tows**

At the present time the Licensing By-Law does not regulate the rate for non-collision tows. Staff are unaware of any other municipality comparable to Vaughan that regulates non-collision tow rates specifically. The City of Toronto has a private property tow rate of \$88.

Staff's original recommendation was to establish a maximum fee of \$175 for non-collision tows inclusive of dollies with a permitted charge of \$3.58/ km for travel outside of the City limits. Based on information provided by CAA and IBC Staff believe that a lower all-inclusive rate of \$125 for a non-collision tow. Although this figure is higher than Toronto, it reflects those situations where a dolly may in fact be needed for a non-collision tow is appropriate. It also avoids an "a la carte" situation where the potential for abuse in charging the fee is an issue. Lastly, it also recognizes the different dynamics between Vaughan and Toronto, in that Toronto has a larger population and therefore a greater demand for towing services. CAA agrees that a \$125 non-collision rate is acceptable.

- **Collision Reporting Centre**

Vehicles involved in a collision are required to attend at the Collision Reporting Centre in Richmond Hill so that the police may prepare a collision report. Staff have received complaints from vehicle owners that tow truck operator are dropping the vehicle at the reporting centre and charging vehicle owners for a second tow. In addition, tow truck operators are charging a "waiting time" at the centers while waiting for police to take information. In some instances Staff has seen waiting time charged at \$300.00/ per hour.

The Licensing By-law allows tow operators to charge for up to one hour of waiting time. The rate of waiting time has been discussed with CAA. In its report of November 22, 2011, Staff recommended a maximum rate of \$67.00 per hour for waiting time (hourly rate) after the first hour. CAA has proposed that the waiting time at these centers be calculated in quarter hour increments. Staff supports this proposal as it recognized that this is a fair costing of a timed service. Towing Authorization Forms will reflect this charge in wait time to ensure motorists are not paying more that they should. Staff further agrees that waiting time not be applicable to non-collision tows and accordingly, appropriate wording will be provided for the Licensing By-law.

- **Towing Authorization Form**

The Towing Authorization Form will be drafted to provide vehicle owners using the services of a tow truck with information relevant to the fees and charges permitted by the Licensing By-law. At a time when motorists are at their most vulnerable (after a breakdown and /or accident), having their rights clearly set out in writing provides an added layer of security for the motorist. The "Rights" section of the Authorization Form will inform the owner/driver of the vehicle of their rights to call their insurance company and family before engaging in the tow. The Towing Authorization Form will assist in making towing services in Vaughan more transparent. In addition, the Licensing By-law will require all tow truck operators to list on their fees schedule and on the Towing Authorization Form the distance to their pounds from the City limits so that motorists are aware of the charge that will be imposed in circumstances where vehicle pounds are located outside of City of Vaughan limits. This will also provide an added layer of protection for consumers.

- **Storage Rates**

CAA has proposed that the storage rate for towed vehicles be set at \$ 35.00 per day. As previously proposed, Staff's recommendations are in line with most other similar sized

municipalities such as Mississauga. Mississauga recently amended its storage rates to reflect a \$ 60.00 per day charge. Storage rates will be an all-inclusive fee and no additional charges will be permitted. Accordingly, Staff do not recommend any changes to its previous recommendation. In the event issues arise with respect to storage rates, Staff will bring forth a further report for Council's consideration.

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. Staff have obtained information that more accurately reflects the operating costs for the towing industry. Based on this information, Staff have revised the proposed tow rates. These rates will help to ensure protection of the consumer.

Attachments

None

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Respectfully submitted,

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