Proposed Towing Tender Cost Recovery
File GF-2 (Vol. 54)

3. The Executive Policy Committee has been advised that the Standing Committee on Fiscal Issues has jurisdiction to advise the Executive Policy Committee on corporate fees and charges policies.

On a triennial basis the City tenders for towing services. The Police Services Towing portion represents the majority of the work under this contract. The vehicles that are towable under this section are those that have been issued either a parking ticket or other traffic offense notice. In these situations the owner of the vehicle is responsible for payment of the towing fee.

Considerable time and effort of various City staff is required to put this contract in place. The Winnipeg Police Service, Traffic Division must inspect all vehicles, compounds and perform criminal record searches. The inspection of each of the Bidders equipment requires three (3) Police Constables and one (1) Sergeant to be available for a period of three (3) days. There is the potential for three (3) Bidders to submit bids. Once the contract has been put in place the Police Towing Administrator estimates one person spends approximately 45 minutes per day administrating this contract. The Traffic Division has costs that are easily identifiable and directly attributable to this tender. The total costs associated with the inspection of the equipment and the daily administration of this contract are approximately $31,400.00 over a three (3) year period, as outlined on Appendix “A”. However, this does not include all the City staff time involved in the process which entails the development of the technical specifications, the issuance of the tender document, evaluation of bid submissions and award of the contract. Both the Materials Management and Legal Services Divisions are also involved in and expend considerable time in this tendering process.

On an annual basis approximately 12,000 vehicles are towed by the towing contractor. On a triennial basis this represents 36,000 vehicles being towed where a fee could be levied. By implementing a fee of a dollar per tow the Police Service costs could be recovered. It is anticipated that at a fee of two dollars per tow that the costs incurred by Materials Management, Legal Services and others associated with research and development of the technical specification, the tendering process and award process could also be recovered, as outlined on Appendix “B”. Legal Services has advised that the implementation of a cost recovery fee would not require a by-law or other enacting legislation.

In summary, on a triennial basis:

Number of Vehicles Towed	Cost Recovery Fee	Total Recovery
36,000	$1.00	$36,000
36,000	$2.00	$72,000

The Executive Policy Committee recommends:

I. That City Council approve a fee of $2 per tow to recover the costs of preparing and administering the police section of the towing tender contract, for an increase in revenue of $72,000 over the three year contract period.

II. That the Proper Officers of the City be authorized to do all things necessary to effect the intent of the foregoing.

Appendix “A” referred to in Clause 3 of the Report of the Executive Policy Committee dated November 14, 2001

Facility Inspection Costs:	
Three Constables total daily salary and fringe benefit costs	$818.62
Parking Sergeant daily salary and benefit costs	$292.84
Total Cost Per Day	$1,111.46
Total Cost for a three day inspection per bid received	$3,334.38
Potential of three Bids	$10,003.14
Daily Administrative Costs:	
Towing Administrator (P/Sergeant @ 45 min per day)	$27.46
Approximately 260 working days per year	$7,139.60
Three year contract term	$21,418.80
Total Cost	$31,421.94

Report of the Executive Policy Committee dated November 14, 2001

Appendix "B" referred to in Clause 3 of the Report of the Executive Policy Committee dated November 14, 2001

Financial Impact Statement:

Project Name:

Date: First Year of Program

	0	1	2	3	4
Capital					
Capital Expenditures Required					
Less: Existing Budgeted Costs					
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal					
Debt - External					
Grants (Enter Description Here)					
Reserves, Equity, Surplus					
Other - Enter Description Here					
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 17,143	$ 7,140	$ 7,140		
Less: Incremental Revenue/Recovery	24,000	24,000	24,000		
Net Cost/(Benefit)	$ (6,857)	$ (16,860)	$ (16,860)	$ -	$ -
Less: Existing Budget Amounts	17,143	7,140	7,140		
Net Budget Adjustment Required	$ (24,000)	$ (24,000)	$ (24,000)	$ -	$ -

Additional Comments: It is anticipated that if a fee of a $1 per tow is implemented that the Police Services costs will be recovered. This will have a positive impact on their budget. It is anticipated that if a $2 per tow fee is implemented then additional costs incurred by Materials Management, Legal Services and others can also be recovered. This will have a further positive impact on the City's budget.

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