



Date: 2026-04-13

Subject: **City-Managed Tow Service and Impound Facility Feasibility Update (RM 23/2025)**

From: Laura Johnston, Commissioner, Legislative Services

Report number: Legislative Services-2026-350

Strategic Focus Area: Government & Leadership

Recommendations

1. That the report prepared by Robert Higgs, Director, Enforcement & By-Law Services to the Committee of Council Meeting of April 29, 2026, re: **City-Managed Tow Service and Impound Facility Feasibility Update (RM 23/2025)**, be received.

Report Summary

Council directed staff to assess the viability of a City-managed towing service and impound facility following ongoing concerns about limited towing capacity during regular operations and a near-zero capacity during winter events. The review determined that the primary issue was not a shortage of private-sector towing resources. Rather, the root cause was found to be inefficient standard operating procedures (SOPs) and restrictive purchasing and procurement processes. These issues have since been addressed through operational improvements and a revised towing service model. Performance results demonstrate that these changes have been effective.

Additionally, staff researched the option of a City-managed towing service and impound facility as directed. Given the success of the current model, and the potential tangible and intangible costs of an impound facility, a City-managed service is not recommended. The recommendations in this report have no immediate financial implications beyond the approved operating and capital budgets, as no changes to the current service delivery model are being proposed at this time.

Background

Council requested a report on the viability of a City-managed towing service and impound facility after identifying limited towing capacity during routine operations and a near-zero towing availability during winter events.

This direction was received while Enforcement and By-law Services was undertaking broader transformation work following a recent operational review, including a revised staffing model, as well as a comprehensive review and modernization of existing SOPs.

Current Situation

In reviewing a City-managed towing service and impound facility, staff found that the principal advantage of this model is direct municipal control over service levels and capacity. However, this approach would also introduce significant financial, legal, operational and reputational risks. Generally, this type of model is best suited to situations where the private sector is unable to meet municipal service requirements.

The operational review confirmed that the main issue was not insufficient private-sector capacity. Instead, the root cause was the City's own restrictive SOPs and purchasing methodology of low-bid awards.

Staff have modernized the SOPs and improved the towing procurement approach. Under the previous model, towing services were consistently awarded based on a low-bid formula. This approach did not effectively protect taxpayers, because the towing cost itself is paid by the offending vehicle owner rather than the municipality. The direct municipal cost is the staff time required to carry out the enforcement action.

For that reason, the revised approach focuses on reducing the time needed to complete a tow. This better protects the taxpayer by minimizing enforcement staff time. The resulting roster-style towing/impound model continues to consider pricing, but services are only assigned once a provider commits to a maximum response time.

The results of these changes have been clear and measurable:

- In 2025, the first full year under the updated SOPs, 723 vehicles were towed. This represents a 103 per cent increase over 2024, when 355 vehicles were towed.
- The roster-style towing/impound model was implemented in December 2025.
- In the first quarter of 2026, 659 vehicles were towed. This represents a further 210 per cent increase over the same period in 2025, when 212 vehicles were towed.

Additional parking enforcement performance has also improved:

- In 2025, parking penalty notices increased by 19 per cent.
- In the first quarter of 2026, parking penalty notices increased by a further 78 per cent compared to the same period in 2025.

While staffing levels did increase during this period, most of those additional resources were directed toward property standards enforcement. Accordingly, staff attribute the majority of the towing and parking enforcement improvements to the SOP changes and the roster-style towing/impound model.

Staff has also identified that current towing capacity is now primarily limited by staffing levels and some remaining SOP constraints. Enforcement and By-law Services continues to work with Public Works to further refine winter operations procedures.

It should also be noted that the Council-approved 2026 budget added:

- 12 additional officers assigned directly to parking and towing-related duties, and
- 6 Mobile Licence Plate Reader systems.

These additions are expected to significantly increase enforcement capacity and further strengthen current service gains.

As a related point of interest, non-parking enforcement also improved:

- In 2025, non-parking penalty notices (property standards and municipal violations) increased by 46 per cent.
- In the first quarter of 2026, these penalty notices increased by a further 73 per cent compared to the same period in 2025.

Notwithstanding the success of the current approach, staff also researched the feasibility of a City-managed towing service and impound facility. That review identified several important considerations.

Key Considerations for a City-Managed Model

Immediate capital costs would include:

- land acquisition for an impound yard
- construction of storage yards, offices, security fencing, and vehicle release facilities
- purchase of tow trucks, recovery vehicles, and related equipment; and
- technology systems for vehicle tracking, impound management and payment processing.

Ongoing operating costs would include:

- tow operators
- impound yard staff
- supervisors and administrative staff
- mechanics and fleet maintenance; and
- insurance and employee benefits.

Liability and legal risks would include:

- vehicle damage
- property loss
- operational negligence; and
- employment-related disputes.

These risks would reasonably be expected to increase insurance costs and litigation exposure.

A further consideration is reputational. Under a City-managed model, all complaints related to towing service and impound costs would be directed to City staff and members of Council.

A potential hybrid approach would be to continue using a private-sector towing service while establishing a City-managed impound facility. Although this option could address some of the concerns identified, the City would still assume significant capital, operating and liability risks. In addition, it is reasonable to expect that, where there is an option to direct complaints to either a private provider or the municipality, complaints would likely be directed to the City-managed component. As a result, the City would continue to carry the associated reputational risk.

By contrast, the current delivery model efficiently transfers economic, liability and reputational risk to private-sector service providers. It also provides greater flexibility during periods of surge demand.

This surge capacity is particularly important during winter operations, but it is also relevant during isolated weather events, major public events such as Canada Day, and targeted enforcement initiatives. Under a municipal model, the City would need to maintain staffing levels, equipment and impound capacity to meet these peak demands 365 days per year, at ongoing cost to the taxpayer. Private-sector providers are better positioned to absorb and scale for these fluctuations.

Further analysis for a detailed assessment of potential costs would require a significant commitment of staff time and resources. It is anticipated that the tangible and intangible considerations would be significant whether a unified tow/impound facility, or an impound-only model, is pursued. Given that the underlying service challenges have been identified and addressed, and that tow/impound services have recently been secured through a multi-year arrangement, any further detailed review would be subject to additional direction from Council.

Based on the results achieved to date, staff recommends that the current model remains the most appropriate and financially responsible approach for service delivery.

Financial Implications

The recommendations in this report have no immediate financial implications beyond the approved operating and capital budgets, as no changes to the current service delivery model are being proposed.

The report identifies that a City-managed towing service and/or impound facility could result in significant financial implications, including capital investments, ongoing operating costs, and potential legal and liability-related expenditures. However, a detailed assessment of these costs has not been completed.

Should Council direct staff to further evaluate a City-managed model, additional analysis and resources would be required to fully assess the financial implications.

Conclusion

This review has been a valuable exercise in continuous improvement. It confirmed that the service delivery limitations were caused by inefficient SOPs and restrictive purchasing practices, rather than a lack of private-sector towing capacity.

Those underlying issues have now been successfully addressed, and the improvements are supported by clear and objective performance results, including substantial increases in towing volumes and enforcement activity. Given these improvements, staff are not recommending a City-operated towing service and impound facility model be implemented.

Staff will continue to pursue further efficiencies, and additional improvements in performance can reasonably be expected. A comprehensive set of performance indicators will be provided to Council through the 2026 Q2 and Summer Performance Update Report this fall.

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