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DEPARTMENT OF
FINANCE

REVENUE DIVISION

CITY OF SACRAMENTO
CALIFORNIA

October 28, 1993
RA93108:MLF:ldm

CITY HALL
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915 I STREET
SACRAMENTO, CA
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REVENUE
ADMINISTRATION
916-264-5724

Neighborhood & Public Safety Committee
Sacramento, California

Honorable Members in Session:

SUBJECT: TOWING AND STORAGE OF VEHICLES

LOCATION AND COUNCIL DISTRICT: City-wide/All districts

RECOMMENDATION

It is recommended that the Neighborhood & Public Safety Committee:

1. Receive this informational status report concerning issues related to City initiated towing and storage of vehicles.
2. Provide comments as to the options provided within this report.
3. Direct staff to return in February 1994 with specific recommendations and an implementation plan.

CONTACT PERSON

Margaret L. Freeman, Revenue Manager, 264-5724

FOR COMMITTEE MEETING OF

November 10, 1993

SUMMARY

Due to complaints from citizens to City Councilmembers and City staff, several issues related to public initiated towing and storage of vehicles have been identified. These issues are being reviewed for the purposes of addressing the increasing costs to citizens for towing and storage and improving the quality of service to the public.

BACKGROUND INFORMATION

As a result of numerous complaints from citizens related to charges for towing and storage of vehicles, a committee has been formed to address those issues. The committee members are: David Martinez, Deputy City Manager; Lieutenant James Maccoun, Police Department; Margaret Freeman, Revenue Manager; and Gary Little, Citizens Assistance Officer.

Public Initiated Tows - Current Status:

Annually there are approximately 14,500 public tows initiated by the City--primarily by the Police Department. The total tows can be categorized as follows:

6,460	abandoned/"hazard"
3,000	recovered stolen vehicles
5,000	traffic related/accidents
14,460	public tows annually

Ten percent (10%) or 1,500 vehicles are "abandoned on purpose" and are never reclaimed by the owners.

The average cost of a tow and 24 hours or less of storage is approximately \$125 to \$175. According to the towing industry, 27% of all City initiated tows are never paid.

Currently the Police Department utilizes a rotation tow list to provide Police initiated tows. There are currently 19 City permitted tow companies on the rotation tow list. The rotation list is divided into three districts as follows:

<u>District</u>	<u>Companies</u>	<u>% of Annual Tows</u>
North	4	35%
Downtown	5	17%
South/East	<u>10</u>	<u>48%</u>
	19	100%

The Police Department does not routinely open the rotation list for new tow companies. A tow company is placed on the list when there is a need for additional tow companies, based on service calls, or when replacing a company removed from the list.

The City currently permits 110 towing vehicles for 35 companies.

Approximately 400 complaints related to City initiated tows are received and reviewed by the Police Department annually. Those complaints require 2 hours per day of Police staff time.

Issues and Options:

1. Towing Charges/Rates

The current City Police Tow Rotation Agreement restricts all charges to "the maximum rates set forth in the fee schedule established by the California Highway Patrol (CHP) - Sacramento Area." Rates charged by any company on the rotation list may not be more than the company charges for any other similar tows/services and not more than the approved CHP rate. The average hourly rate for tows is currently about \$100 exclusive of storage fees. Of particular concern are the fees charged to citizens for recovery of stolen vehicles.

Changes to the City's rotation list agreement procedures could provide better control over the rates charged to the public. Proposed alternatives to the current Police tow rotation list are:

- A. Fixed rate/restricted tow list: The City would establish maximum rates for tow services, set certain parameters for storage rates and set standards for equipment, performance and customer service. Only tow companies willing to participate within the limits set by the City would be allowed on the rotation list.

Currently the cities of Fresno, San Diego, and San Jose set tow rates.

A further extension of this option would be to restrict the rotation list to only the number of tow companies required in each district and only include companies willing to meet the required service levels.

- B. Competitive bid process/single company award: The City would issue a Request for Proposals (RFP) and award public tow service exclusively to the lowest single bidder. In theory, the competitive process should ensure the highest level of service at the lowest price.

The cities of Oakland and San Francisco utilize a single tow company for their "official police garage." The official City company employs local tow subcontractors.

The option of establishing a City operated tow service and storage yard is not recommended due to costs. Implementation costs are estimated to be over \$2.5 million for land costs and purchase of equipment.

The CHP is currently reviewing its tow service agreement that applies to local tow operators. It is anticipated that any changes to current procedures and the agreement will not be finalized until January 1994. Implementation of a new agreement would not occur until July 1994.

Due to the CHP timetable, it is proposed that staff wait until the CHP agreement changes are completed before a specific recommendation is made for the Police tow services.

Staff has contacted representatives of the City's towing industry and discussions with towing industry representatives will be initiated to solicit their input to improve service to the public.

2. Quality Service to Public

Many complaints from citizens concern the quality of service, or lack thereof, experienced by the public. Any changes to the City's tow agreement would include specific performance standards.

3. Towing Complaints from Citizens

Currently, complaints related to public initiated towing and storage of vehicles are received by Police Department staff. Approximately 2 hours per day (.25 FTE) of staff time is required to respond and attempt to resolve complaints regarding rates or charges and discourtesy.

An administrative adjudication procedure is to be established and staffed (1.5 FTE's) in the Revenue Division for persons or entities wishing to contest citations for parking and standing violations. With State mandated decriminalization of parking citations effective July 1, 1993, the Revenue Division is implementing an automated system for customer service, payment collection, and an adjudication process. It is hoped that the system will be implemented or "go live" before December 31, 1993.

The Police Department has expressed a desire to shift the towing complaint hearing process to the parking adjudication procedure. At this time, it cannot be determined exactly how many parking citations will be contested so the Revenue Division cannot consider including towing complaints until after January 1994. If a new tow rotation agreement or procedure is established by the Police Department, it is hoped that more stringent standards can be required of tow company participants and complaints can be reduced.

4. Police Release Fees

The Police Department initiates approximately 2,500 vehicle tows each year in situations resulting from noncompliance with the law. These incidents each require an average 40 minutes of police officer time for an annual loss of approximately 1,700 officer hours. This results in increased police service costs and decreased availability for other calls for service.

A survey of California cities revealed that many cities charge an administrative fee or "police release fee" for all public initiated tows. Fees range from \$20 to \$50.

It is proposed that the Police Department implement a "police release fee" only for vehicles towed and stored in those cases where vehicle owners could have prevented the need for storage by complying with existing laws. The fee would be collected by the Police Department and only after payment of the fee would authorization for release of the vehicle be given to the storage yard operator. Assessment of this fee would be consistent with current cost recovery programs.

FINANCIAL CONSIDERATIONS

Rotation Tow List:

Increased costs for agreement compliance and monitoring may occur depending on what specific changes are made to the Police rotation tow list procedure. Definitive costs cannot be estimated at this time.

Police Release Fee:

It is estimated that a "police release fee" of \$50 would generate approximately \$125,000 annually for 2,500 tows. The fee would not be collected on vehicles that are abandoned or never recovered. Best case revenues are estimated to be \$100,000. Costs associated with the collection of the fee would need to be estimated. If the "police release fee" is approved for further study, the February 1994 staff report would include revised revenue and costs estimates.

POLICY CONSIDERATIONS

State Vehicle Code authorizes local authorities to adopt rules and regulations by ordinance or resolution for regulating tow truck operations. There is no recommendation for rate regulation of all City permitted tow vehicles because of the costs anticipated for full enforcement compliance. Changing the current Police rotation tow list would provide the opportunity for ensuring cost effective and equitable services to City of Sacramento citizens.

The imposition of a "police release fee" is consistent with current City policy for allowable cost recovery programs. Any fees or revenue collected would be utilized to offset operating costs.

All the options included in this report are currently utilized in one or more comparable California cities. All the options included in this report are consistent with the City's policy of providing high quality service at reasonable rates.

MBE/WBE

There is no requirement for purchase of goods or services associated with this item.

Respectfully submitted,

Margaret L. Freeman

Margaret L. Freeman
Revenue Manager

RECOMMENDATION APPROVED:

David R. Martinez
David Martinez
Deputy City Manager