



CITY COUNCIL STAFF REPORT



December 6, 2022

ITEM TITLE

Fee Update: Amend City-Initiated Tow License Fee and City-Initiated Tow and Storage Rate Schedule

Report Number: 22-0318

Location: No specific geographic location

Department: Police

Environmental Notice: The activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

Recommended Action

Adopt resolutions amending the City-Initiated Tow License Fee and City-Initiated Tow and Storage Rate Schedule.

SUMMARY

On December 7, 2021, City Council approved agreements with seven companies to provide vehicle tow and impound services for City-initiated tows. Per agreement provisions, the tow license fee and tow/storage rates are subject to review and revision each year. The Police Department is requesting Council approval to update these fees for calendar year 2023.

ENVIRONMENTAL REVIEW

The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines because it will not result in a physical change in the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable.

DISCUSSION

RESOLUTION A: CITY-INITIATED TOW LICENSE FEE UPDATE

California Vehicle Code Section 12110 authorizes the City to assess a Tow License Fee (TLF) in connection with an award of a franchise to tow companies for City-initiated tows “to reimburse the public entity for its actual and reasonable costs incurred in connection with the towing program.” The TLF relates to staff recovery costs for requesting a tow call for service, from the start time a police employee calls for a tow request to the end time that the tow company leaves the scene. The computation of the City’s TLF is detailed below:

(Annual estimate of police-initiated tows) x (Estimated time spent per tow) x (Fully burdened hourly rate)
= Tow License Fee

Position	Annual Estimate of Police-Initiated Tows ¹	Hours Spent per Police-Initiated Tow ²	Fully Burdened Hourly Rate ³	Tow License Fee
Peace Officer	1,440	0.53	\$132.74	\$101,307
Community Service Officer	1,151	0.53	\$68.59	\$41,842
Sr Parking Enforcement Officer	607	0.53	\$73.11	\$23,520
Police Dispatcher	3,198	0.08	\$88.07	\$22,532
TOTAL				\$189,201

¹ 2-year average of calendar years 2020 and 2021 is 3,198 tows

Does not include private tows or tows during grant-funded operations

Tow request breakdown by classification (Officer 45% of tow requests; CSO 36%; PEO 19%)

² Estimated 32 minutes of Officer/CSO/PEO time during a tow call for service

Estimated 5 minutes of Police Dispatcher time

³ Fully Burdened Hourly Rate provided by Finance Department

The proposed Tow License Fee for 2023 is \$189,201. This amount is \$37,024 higher than the 2022 TLF of \$152,177. The amount is higher because of increases in police-initiated tows, along with increased fully burdened hourly rates. The TLF is apportioned equally among the City’s seven (7) contracted providers for tow services and is billed in quarterly installments. The City re-calculates and revises the TLF every year using the same methodology.

RESOLUTION B: CITY-INITIATED TOW AND STORAGE RATE UPDATE

The chart below provides a complete schedule of all charges and fees that the City’s tow contractors are authorized to collect from consumers for City-initiated tow and impound services.

Service	2022 Current Rates	2023 Proposed Rates	Difference
Basic Tow	\$235.00	\$264.00	\$29.00
Medium Tow	\$272.00	\$299.00	\$27.00
Heavy Tow	\$323.00	\$346.00	\$23.00
Mileage	None	None	None
Dolly Charge	None	None	None

Service	2022 Current Rates	2023 Proposed Rates	Difference
Labor per hour (if exceeding one hour of service)	\$65.00	\$65.00	\$0.00
Basic Storage Rate (per 24-hour period)	\$62.00	\$67.00	\$5.00
Medium Storage Rate (per 24-hour period)	\$71.00	\$74.00	\$3.00
Heavy Storage Rate (per 24-hour period)	\$76.00	\$82.00	\$6.00
Evening Release (after 5:00pm & Holidays)	\$65.00	\$65.00	\$0.00

This rate schedule is identical to the California Highway Patrol Southern San Diego Region tow rates. The CHP manages one of the largest government entity-initiated tow program in the state, and its rates are viewed as representative and reliable benchmarks. As shown above, there are cost increases proposed to the City's 2023 tow and storage rates. After consulting with the CHP representative who provided their most recent tow and storage rates, he commented that the increases were a result of higher fuel costs.

If approved, the proposed TLF and tow and impound fees will be effective January 1, 2023. Each contracted tow company must post in plain view to the public the City-Initiated Tow and Storage Rates at their place of business.

DECISION-MAKER CONFLICT

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the 500-foot rule found in California Code of Regulations Title 2, section 18702.2(a)(11), is not applicable to this decision for purposes of determining a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Staff is not independently aware and has not been informed by any City Council member of any other fact that may constitute a basis for a decision maker conflict of interest in this matter.

CURRENT-YEAR FISCAL IMPACT

Approval of Resolution A would result in an updated Tow License Fee of \$189,201, which is equally apportioned to the City's tow contractors, effective January 1, 2023. The estimated Tow License Fee is already included in the Police Department's FY 2023 adopted budget, so no further appropriations are required at this time.

Approval of Resolution B would result in updated fees paid by consumers to the tow contractors for City-initiated tow and impound services. There is no fiscal impact to the City for these fees.

ONGOING FISCAL IMPACT

The Tow License Fee will be re-calculated every year during the term of the tow contract. The Police Department will coordinate with the Finance Department to budget the appropriate Tow License Fee in each respective fiscal year.

ATTACHMENTS

None.

Staff Contact: Jonathan Alegre, Police Department