



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Joseph Horwedel

SUBJECT: CITY GENERATED ZONE
TOWING ANNUAL RATE REVIEW

DATE: July 27, 2009

Approved

Date 7/29/09

COUNCIL DISTRICT: Citywide
SNI AREA: SNI-wide

RECOMMENDATION

It is recommended that City Council adopt a resolution setting the new Fee Schedule for Tow Services Agreements to become effective August 20, 2009 as follows:

- a. Basic Tow Service – \$175.00 per tow
- b. Service Calls:
 - Class “A” regular duty tow trucks - \$78.00 per hour
 - Class “A” regular duty tow trucks - \$19.50 per quarter-hour
 - Class “B” medium duty tow trucks - \$71.25 per quarter-hour
 - Class “C” and “D” heavy duty tow trucks - \$87.50 per quarter-hour
- c. Extraordinary Service Tows:
 - Class “A” regular duty tow trucks - \$78.00 per hour
 - Class “B” medium duty tow trucks - \$285.00 per hour
 - Class “C” and “D” heavy duty tow trucks - \$350.00 per hour
- d. After Hours Gate Fee (9:00 p.m. to 6:00 a.m.) - \$70.00
- e. Vehicle Storage Fee – \$55.00 per day, per space
- f. Contractual Rates of Compensation to the City - \$75.25 per tow, \$7.00 per dispatch

OUTCOME

This action will supersede Council Resolution 74840, establishing a new fee schedule for Tow Services Agreements not to exceed the maximum rate allowed under the 2008-09 Department of Highway Patrol for Tow Services Agreement for the Golden Gate Region - San Jose Office.

This action will further implement and conform to City Council Policy 9-8 providing customers consistency and rate predictability.

July 27, 2009

Subject: Annual City Generated Zone Towing Rate Review

Page 2

BACKGROUND

On March 25, 2008 the City Council amended Council Policy 9-8 setting forth the method and standard for establishing tow rates and City contractual compensation for the City-Generated Tow Zone contractors as follows:

1. Ensure that the tow rates are reviewed and adjusted annually to an amount not to exceed the annually approved tow rates allowed by the State of California Highway Patrol Tow Services Agreement for the Golden Gate Region – San Jose Office.
2. Ensure that any rate increase includes a review of and recommendation for changes to contractual compensation payments as required under the City of San Jose's adopted Tow Services Agreement.

The Policy further provides that the City Manager will implement the policy by:

1. Ensuring that the City's maximum tow services rates are reviewed annually following staff's review of the approved tow rates allowed by the State of California Highway Patrol Tow Services Agreement for the Golden Gate Region – San Jose Office, and that a recommendation for rate changes is presented to the City Council for approval.
2. Every five years, or as required, reviewing this policy and recommending changes, if warranted, to Council.

Staff has completed its review and this action is to conform to Council Policy and seek Council authorization to implement tow rates consistent with the State of California Highway Patrol Tow Services Agreement for the Golden Gate Region – San Jose Office.

ANALYSIS

On June 21, 2009 the City Tow Contract Administrator was provided the 2009-10 tow rates as determined by the State of California Highway Patrol Tow Services Agreement for the Golden Gate Region – San Jose Office. Based on the information provided, staff is recommending the following rate structure be adopted by the City Council:

- a. Basic Tow Service – \$175.00 per tow
- b. Service Calls:
 - Class "A" regular duty tow trucks - \$78.00 per hour
 - Class "A" regular duty tow trucks - \$19.50 per quarter-hour
 - Class "B" medium duty tow trucks - \$71.25 per quarter-hour
 - Class "C" and "D" heavy duty tow trucks - \$87.50 per quarter-hour
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July 27, 2009

Subject: Annual City Generated Zone Towing Rate Review

Page 3

- d. After Hours Gate Fee (9 p.m. to 6 a.m.) - \$70.00¹
- e. Vehicle Storage Fee – \$55.00 per day, per space

The contract also has compensation rates to the City currently set at \$60.00 per tow and \$6.00 per dispatch. These rates are also set by the Tow Rate Resolution. The contract provides for increases to these rates by adoption of a new rate resolution. Staff is recommending that the City Council approve increases in these rates to \$75.25 per tow and \$7.00 per dispatch.

EVALUATION AND FOLLOW-UP

Not applicable.

POLICY ALTERNATIVES

Alternative: To continue the current rate structure with no adjustment.

Pros: The City of San Jose tow and storage rates would remain consistent with rates determined by the State of California Highway Patrol Tow Service Agreement for the Golden Gate Region. In addition, customers receiving tow services within the City of San Jose would still pay less than adjoining jurisdictions.

Cons: Continuing with the current rate structure would be in conflict with Council Policy 9-8 and reduce customer rate predictability.

Reason for not recommending: Rate predictability and consistency is important for tow customers and the City's Tow Zone contractors. This action, if taken, would be consistent with Council Policy 9-8.

PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

Not applicable.

¹ The rate for After Hours Gate Fee, release of a vehicle between 9pm and 6am, is recommended to remain at the current rate of \$70.00.

HONORABLE MAYOR AND CITY COUNCIL

July 27, 2009

Subject: Annual City Generated Zone Towing Rate Review

Page 4

COORDINATION

This memorandum has been coordinated with the City Attorneys Office and the Finance and Police Departments.

COST IMPLICATIONS

The City is currently paid a flat rate of \$60.00 per tow as consideration for providing over 24,000 City-generated tows and a flat rate of \$6.00 per dispatch to reimburse the City for the cost of providing tow dispatch services.

By increasing the City's flat rate per tow from \$60.00 to \$75.25 and per dispatch from \$6.00 to \$7.00, it is anticipated that additional General Fund revenues will be generated in FY 2009-10.

CEQA

Not a Project.



JOSEPH HORWEDEL, DIRECTOR
Planning, Building and Code Enforcement

For questions, please contact Michael Hannon, Code Enforcement Official, at 408-277-4703.