

MEETING DATE: 2/22/2017

TITLE:

Extension of Tow Contracts - Fee Adjustment

FROM:

George Crum, Police Chief

RECOMMENDATION:

City staff recommends Council endorse the extension of the current tow contracts with an amended schedule of allowable fees to include fees payable to the City for 30 day vehicle impound storages.

BACKGROUND:

The current three year extension to the tow contracts initiated in January of 2014 with Mohica Towing and Southwest Towing expired January of 2017. The Contract allows for two additional three year periods at the City's sole discretion. As both companies have fulfilled their obligations under the contract, staff has offered both tow companies the three year extension authorized in the contract and both have indicated they will accept the additional three year option from 2017 thru 2019.

Staff met with the owners of both tow companies, Miles Bois (Southwest) and Jesse Mojica (Mohica Towing) to discuss the current fee schedule allowable in Exhibit B under the existing agreement. These fee limits have been in place for 3 years and have not kept up with rising overhead for the tow companies or current rates charged in the open market. The franchise fees paid to the City by the two tow companies will not have a built in 3% increase, as our rising overhead expenses have had a significant increase in the franchise fee paid by the tow companies. The increases are listed under the Fiscal Impact section. Both towing companies have requested an increase in the fee schedule for towing services they may charge.

DISCUSSION:

Staff has listed the current allowable rates per the tow contract below and the corresponding average rate currently allowed by Riverside County Sheriff, California Highway Patrol, Desert Hot Springs Police and Palm Springs Police. The third column represents the rate adjustment staff is proposing. This rate is the current average fee allowed by the other identified agencies. Palm Springs Police Department's contract is expired and currently being negotiated. It is anticipated the new contract

with Palm Springs Police Department will include increased rates comparable to the proposed rates. This will place them at or above an “average” fee schedule over the course of the entire three year extension.

CHART OF TOW FEE SCHEDULES

Service Description	Current Fee	Current Average Fee	Proposed Fees 2017/2018/2019
Tow-Pass Veh	\$170.00	\$188.75	\$195 /\$205 /\$215
Tow-Truck 2 axle	\$250.00	\$251.25	\$300.00
Tow-Truck 3 axle	\$350.00	\$352.50	\$400.00
Storage Per Day	\$ 50.00	\$ 61.25	\$62 / \$67 / \$72
Truck less than 20'	\$ 50.00	\$ 46.66	\$62 / \$67 / \$72
Truck more than 20'	\$ 80.00	\$73.32	\$80.00
Other/Lockout fee	\$ 85.00	No data	\$90.00
Hourly Rate	\$170.00	\$188.75	\$195 /\$205 /\$215
30 day impound fee collected for City	\$325.00	No Data	\$345.00*

* Contractor shall pay to City on a monthly basis the following amounts:

- Vehicles released to the owner at or after 30 days: \$345.00
- Vehicles released to the owner before 30 days: \$11.50 per day
- Vehicles sold by the Contractor:
 - o Sale price is \$985.00 or more: \$345.00
 - o Sale price is between \$600.00 and \$984.99: 25% of sale price goes to City
 - o Sale price is less than \$600.00: \$0

The sale price of the vehicle shall be the amount for which the contractor sold the vehicle less the contractor's towing and lien fees.

FISCAL IMPACT:

The towing contracts require the two towing companies to pay the City a franchise fee each year. Last year's franchise fee per tow company was \$34,153.73. The contract extension will increase the franchise fee to \$46,153.73 for 2017 and increase to \$50,153.73 for 2018. The franchise fee will be \$54,153.73 for year 2019. The proposed chart of tow fee schedules includes a corresponding increase in storage fees paid to the City for 30 day impounds for vehicles stored pursuant to California Vehicle Code Section 14602.6 (driving a vehicle on a suspended license). The noted franchise fees and 30-Day Impound fees will provide for the City's cost recovery only.

The proposed increases in allowable charges for towing services will not have a fiscal impact to the City. The current contract includes towing services for the City within 200 miles of Cathedral City at no charge.

ATTACHMENTS:

Mohica - Contract

Southwest - Contract