

**CITY OF EL PASO, TEXAS
AGENDA ITEM
DEPARTMENT HEAD'S SUMMARY FORM**

DEPARTMENT: Police
AGENDA DATE: April 3, 2018
CONTACT PERSON/PHONE: Assistant Chief Z. Silva 212-4306
DISTRICT(S) AFFECTED: All

STRATEGIC GOAL: NO. 2: Set the Standard for a Safe and Secure City

SUBJECT:

An ordinance to amend Title 12 (Vehicles & Traffic), Chapter 12.54 (Towing Regulations and Fees), Section 12.54.020, to amend the maximum fees that may be charged within the City for non-consent tows.

BACKGROUND / DISCUSSION:

On February 3, 2017, a tow fee study request, pursuant to City Code Chapter 12.54 Section 12.54.050 was received by the Chief of Police. As a result of the tow fee study in the City of El Paso, the police department presented the recommendation to City Council on April 4, 2017 to increase the maximum fee for light duty tows pursuant to Chapter 1254 Section 12.54.020 from \$81.00 to 85.46 as based on the Consumer Price Index.

SELECTION SUMMARY:

N/A

COMPENSATION ANALYSIS:

PROTEST

- Protest Received
 No Protest Received

COUNCIL REPRESENTATIVE BRIEFING:

Was a briefing provided? Yes X or No
If yes, select the applicable districts.

- District 1
 District 2
 District 3
 District 4
 District 5
 District 6
 District 7
 District 8
 All Districts

PRIOR COUNCIL ACTION:

Approved by Council on April 4th, 2017

AMOUNT AND SOURCE OF FUNDING:

CITY CLERK DEPT.
2018 MAR 28 PM1:52

BOARD / COMMISSION ACTION: N/A

*****REQUIRED AUTHORIZATION*****

DEPARTMENT HEAD:

A/c 3 Sih 1798

ORDINANCE NO. _____

AN ORDINANCE TO AMEND TITLE 12 (VEHICLES & TRAFFIC), CHAPTER 12.54 (TOWING REGULATIONS AND FEES), SECTION 12.54.020, TO AMEND THE MAXIMUM FEES THAT MAY BE CHARGED WITHIN THE CITY FOR NONCONSENT VEHICLE TOWS; AND TO AMEND SECTION 12.54.050 TO LIMIT REQUESTS FOR TOWING FEE STUDIES TO ONCE EVERY THREE YEARS, UNLESS THE TOWING FEE COMPANY ASSUMES THE COSTS ASSOCIATED WITH THE STUDY.

WHEREAS, pursuant to Section 2308.202 of the Texas Occupations Code, the City has the authority to regulate the fees that may be charged in connection with a nonconsent tow originating in the City of El Paso; and

WHEREAS, the City conducted a tow fee study in the City of El Paso and desires to amend the nonconsent tow fee for the towage of vehicles with a manufacturer's gross vehicle weight of not more than 10,000 pounds; and

WHEREAS, the City Council finds that the fee to be established by this ordinance is authorized by the Texas Occupations Code; and

WHEREAS, the towing fee studies take an average of six months to a year to develop surveys, request back-up documentation, conduct market research, develop costs analysis, and provide final recommendations;

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

Section 2. That Section 12.54.020 (A) (1) of the El Paso City Code is amended as follows:

Section 12.54.020 Maximum fee Schedule

- A. The maximum fee that a tow company may charge for nonconsent tow service including the cost of the clean-up of debris left by the vehicle, regardless of the type of truck used is:
 - 1. Light Duty Tows- \$100.00 for towage of a vehicle with a manufacturer's gross vehicle weight rating of not more than 10,000 pounds and the clean-up of debris and cargos; or

Section 12.54.050 – Towing fee studies

E. Towing fee studies may not be requested more than once every three years, unless the towing fee company assumes all costs associated with the study.

Section 5. This ordinance shall take effect on _____.

Section 6. Except as herein amended, Title 12 of the El Paso City Code shall remain in full force and effect.

ADOPTED THIS ____ day of _____, 2018.

CITY OF EL PASO

Dee Margo, Mayor

ATTEST:

Laura D. Prine
City Clerk

APPROVED AS TO FORM:



Oscar G. Gabaldón, Jr.
Assistant City Attorney

APPROVED AS TO CONTENT:



Gregory K. Allen
Chief of Police



2018

Tow Fee Study



El Paso Police Department
Planning and Research

City Council Strategic Goals

Goal 2 : Set the Standard for a Safe and Secure City

"Delivering Outstanding Services"



Tow Fee Study

February, 2017

Tow companies requested a study to increase maximum fee for tows from \$81.00

April, 2017

Findings presented to City Council

- Results in increase by Consumer Price Index (CPI): 5.5% to **\$85.46**
- Complete in depth study was requested by City Council





NON CONSENT TOW

- **Incident Management tow - Any tow in which the tow truck is summoned because of a traffic accident, or to an incident (arrest, traffic hazard), or any tow initiated by law enforcement.**



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Weight Class of Tow

Light Duty

Gross weight 10000 lbs or less

State cap: \$255
Municipal: \$ 85.46
(eff Sept 4th, 2017)

Cars, SUVs, Trucks and Vans



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Towing Companies' Concerns

Towing companies expressed the below issues:

1. Loss of revenue if second tow truck was used
2. Employee benefits
3. Costs incurred to bid for City contract
 - Insurance
 - Education
 - Workers' Compensation Insurance

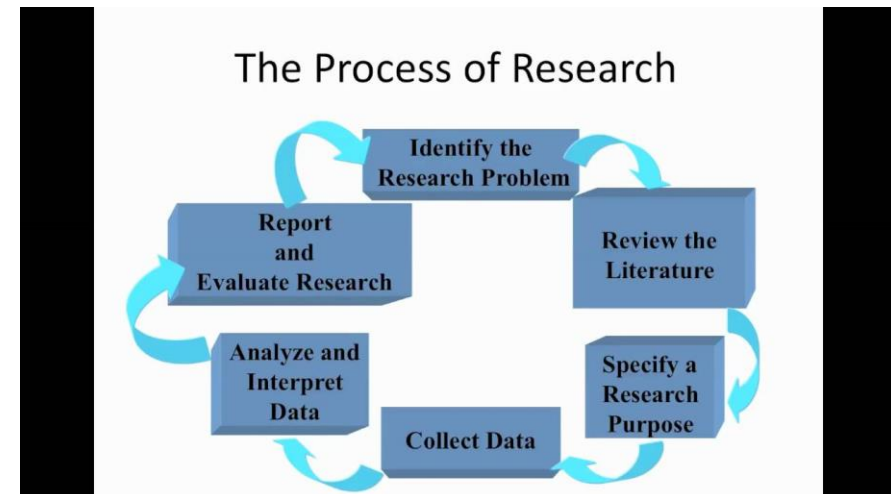




Tow Study Process

77 Registered Towing Companies in El Paso were sent surveys requesting documentation and data in reference to costs associated with incident management towing.

9 Registered Towing companies have a contract with the City of El Paso





Category	Towing Companies Cost per tow									Avg
	El Paso Towing	Dependable Towing	BEST	AD Wrecker	3H	SOHL	Extreme Towing	Extreme Recovery	Kamel	
DRIVER	\$20.00	\$25.50	\$32.00	\$25.00	\$20.00					\$24.50
FUEL	\$15.00	\$20.00	\$19.60	\$15.00	\$15.00					\$16.92
MAINTENANCE	\$15.00									\$15.00
WORKERS COMP						\$5.05				\$5.05
VEHICLE INSURANCE						\$7.50				\$7.50
CLEANING EXPENSES	\$10	\$9	9.99		\$10					\$ 7.80
EDUCATION										.20
TOTAL	\$60	\$53.50	\$61.59	\$40	\$45	\$12.55				\$76.97

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VARIABLES/DIRECT COSTS

Variables include: (but are not limited to)

- Gas price fluctuation
- Weather
- Truck Washing
- Wages/Benefits
- Office Personnel (Dispatchers)
- Workman's comp
- TDLR Licensing /Permits
- Property/Payroll taxes
- Dumpster for debris
- Distance
- Holiday/Time of Day (overtime and shift dif)
- Drug Testing
- Equipment Purchase & Maintenance
- Uniforms & Vests
- City required insurance
- Registration/Inspection
- Radios/Cell phones

Variables valued at 25%



FINAL COST ANALYSIS

$$\$76.97 + 25\% (\$19.24) = \$96.21$$

Average costs + variable = price (\$80+\$20)

Rounded to nearest whole amount = \$100.00



Texas Cities' Fees

CITY	Towing Fee
Austin, Tx	\$150.00
Dallas, Tx	\$121.00
El Paso Tx	\$ 85.46
Houston, Tx	\$167.00
San Antonio, Tx	\$177.00
AVERAGE	\$138.49



RECOMMENDATION

El Paso Police Department recommends changing the Municipal Ordinance to raise the rate of an incident management tow to \$100.00

Tow Study can not be requested more often than once every 3 years unless the requestor assumes all costs for an independent study



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Licensing costs

Type of Registration	New Application	Late Fees (1-90 days)
Tow Truck Permit (each truck)	\$75	\$112.50
Tow Truck Operator (driver)	\$100	\$150
Vehicle Storage Facility (VSF)	\$250	\$375
VSF Employee	\$75	\$112.50

Educational Fees

Must be certified (AAA etc.) 8 hour course	approximately \$175-\$205
4 hours annual recertification	\$90-\$110.
Commercial Drivers License	\$61.00 (every 5 years)
Renewal	\$21.00



Light Duty Contractual Fees

Towing Company	Amount bid/accepted
3H Towing	\$78.50
AD	\$85.00
Best Wrecker	\$85.00
Extreme Recovery	\$85.00
Extreme Towing	\$85.00
Dependable Towing	\$85.00
El Paso Towing	\$85.46
Kamel Towing	\$85.46
Sohle Towing	\$85.46

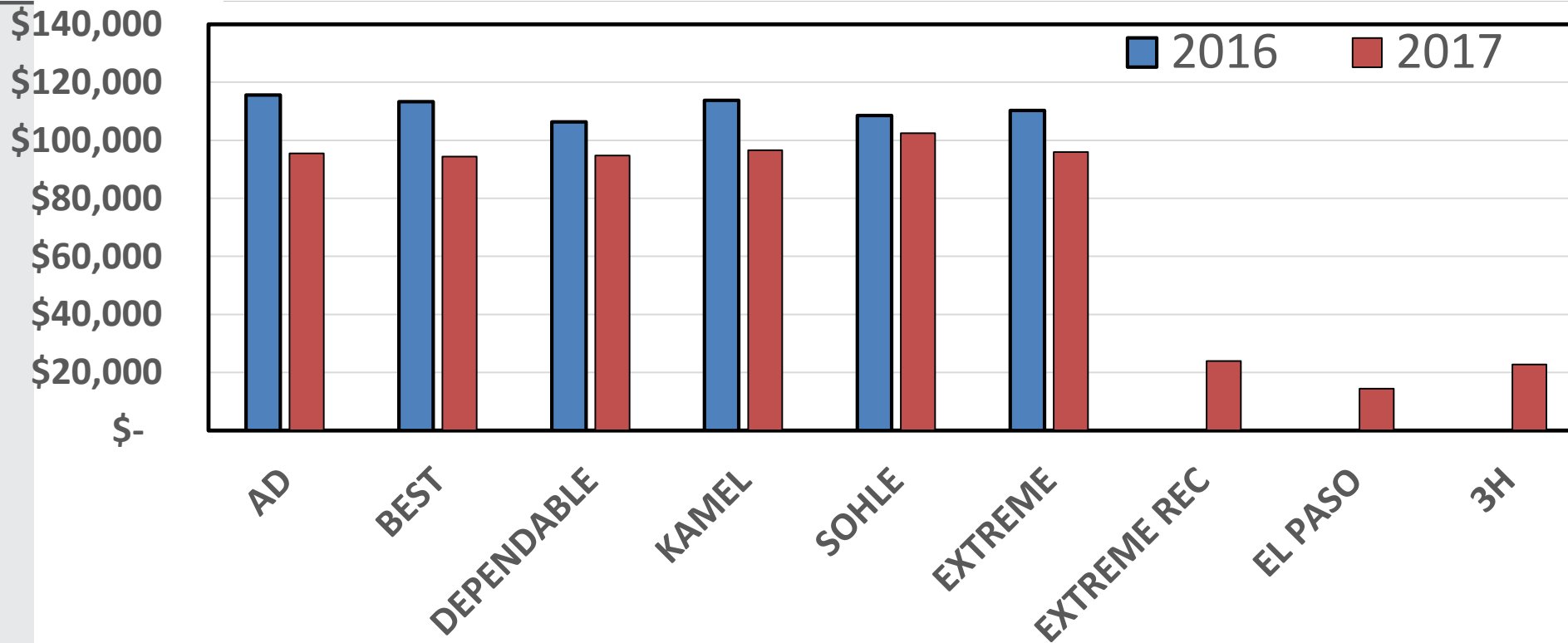
Texas Department of Licensing and Registration TDLR

What are the statewide maximum amounts for private property tows?

For a **Light Duty Private Property Tow**, the Maximum Tow Fee is **\$255** and the Maximum Drop Fee is **\$127**.



AMOUNTS PAID BY CITY LIGHT DUTY TOWS



	AD	BEST	DEP	KAMEL	SOHLE	EXT	EXT REC	EL PASO	3H	TOTAL
2016	1290	1374	1292	1396	1324	1404				8080
2017	1178	1215	1154	1174	1230	1222	278	103	290	7844



Administrative Operative Fees

CITY	Truck	Driver	Application	Other
Austin	0	0	0	No admin fee 20% revenue
Dallas (1 yr)	\$226.00/yr	\$29/yr	\$250	Annual operating \$562.00
El Paso	0	0	0	0
Houston	\$666.81/yr	\$75.77/yr	0	0
San Antonio (4)	0	\$15/yr	0	Hired a third party vendor



Comparison Average Costs

COST	Contracted Tows	City Tow Trucks
DRIVER	\$24.50	\$16.42
FUEL	\$16.92	\$12.96
MAINTENANCE	\$15.00	\$23.54
WORKERS COMP	\$5.05	\$5.42
VEHICLE INSURANCE	\$7.50	\$5.94
EDUCATION	\$0.20	\$0
CLEANING EXPENSES* <i>(degreaser, trash, oil absorbent)</i>	\$7.80	\$0
TOTAL	\$76.97	\$64.28

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ADMINISTRATIVE FEES FROM TOWING YARD

Tow Fee -	\$85.46
Administrative Fee	20.00
Impound Fee	20.00
Storage Fee	20.00 plus tax per day (21.65)
Notification fee	50.00- if vehicle remains at MVSF for 24 hrs.

Minimum costs to retrieve vehicle for one day of storage - \$147.11
With ordinance change \$161.65



Costs of living comparisons

Overall cost of living in El Paso Texas is 10% lower than National Average

(payscale.com)

Austin	29%	higher than El Paso
Dallas	14%	higher than El Paso
Houston	22%	higher than El Paso
San Antonio	11%	higher than El Paso

(www.bestplaces.net)



Some costs

Tow truck new	\$99,900-221,000
Insurance	\$1,000,000



2018

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February, 2017

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April, 2017

- Results in increase by Consumer Price Index (CPI): 5.5% to **\$85.46**
Complete in depth study was requested by City Council

Historical Information

- \$85.46 increase in 2017
- \$81 increase was done in 2014
- Prior to that the fee had been set in 2002 at \$70.00
- From 2002 – 2017 the fee has only increased by \$15.46
- An average of \$1.00 per year





NON CONSENT TOW

- **Incident Management tow - Any tow in which the tow truck is summoned because of a traffic accident, or to an incident (arrest, traffic hazard), or any tow initiated by law enforcement.**



"Delivering Outstanding Services"



Weight Class of Tow

Light Duty Tow consists of vehicles weighing 10,000 lbs. or less which generally include Cars, Vans, Trucks and SUV's





Towing Companies' Concerns

Towing companies expressed the below issues:

1. Loss of revenue if second tow truck was used
2. Employee benefits
3. Costs incurred to bid for City contract
 - Insurance
 - Education
 - Workers' Compensation Insurance

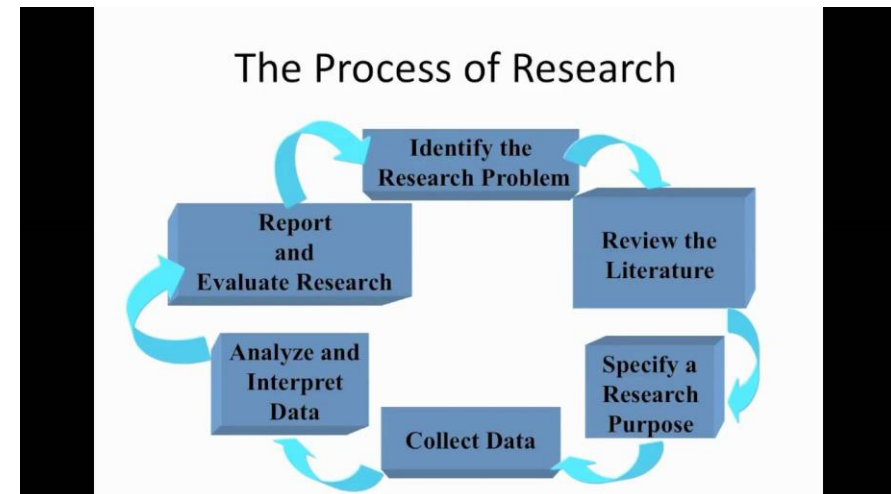




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EDUCATION										.20
TOTAL	\$60	\$53.50	\$61.59	\$40	\$45	\$12.55				\$76.97

average number of tows yearly approximately 1200

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FINAL COST ANALYSIS

$$\$76.97 + 25\% (\$19.24) = \$96.21$$

Average costs + variable = price (\$80+\$20)

Rounded to nearest whole amount = \$100.00



"Delivering Outstanding Services"



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Houston, Tx	\$167.00
San Antonio, Tx	\$177.00
AVERAGE	\$138.49
MEDIAN	\$150.00



Study Conclusion

City Council could recommend changing the Municipal Ordinance to raise the rate of an incident management tow to \$100.00 an increase of \$14.54

Tow Study can not be requested more often than once every 3 years unless the requestor assumes all costs for an independent study



"Delivering Outstanding Services"





Potential increase based on contracted rate

$$\begin{array}{rcl} \$85.46 & & \times 25\% (21.37) = \$106.83 \\ \text{contracted rate} & & \times \text{variable} \end{array}$$

$$\text{rounded } \$85.00 + 21.00 = \$106.00$$



Potential Profit

Contract city price	\$85.46
Cost of doing business	\$76.97
Profit Per Tow	\$ 8.49

PROFIT YEARLY

1200 x \$85.46 = \$102,552.00
1200 x \$76.97 = \$ 92,364.00
Current Profit \$ 10,188.00

If increase to \$100.00
1200 x \$100.00 = \$120,000.00
1200 x \$ 76.97 = \$ 92,364.00
Potential Profit \$ 27,636.00

If increase to \$106.00
1200 x \$106.00 = \$127,200.00
Potential Profit \$ 34,836.00





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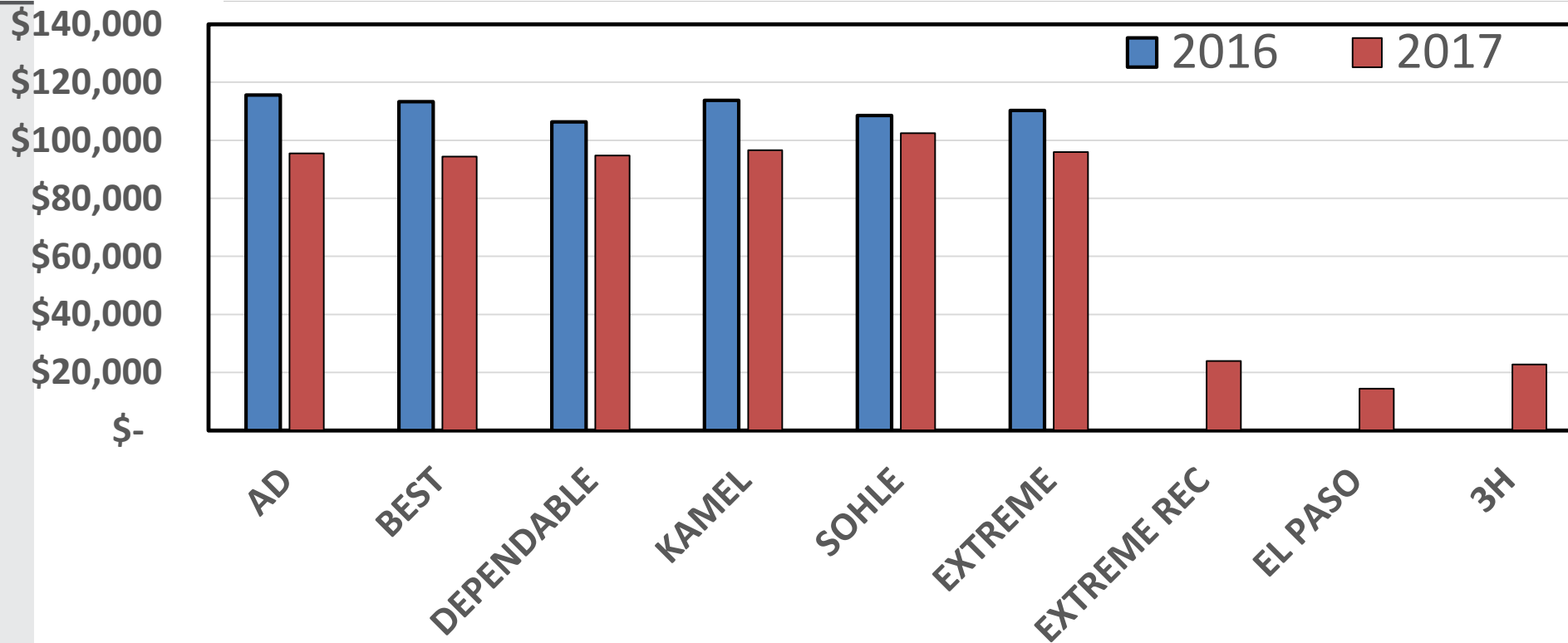
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Fees & Charges





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