

# Agenda Report

January 10, 2011

**TO:** Honorable Mayor and City Council  
**FROM:** Police Department  
**SUBJECT:** INTENTION TO GRANT A NON-EXCLUSIVE POLICE TOWING FRANCHISE TO "A-CAR AUTO OF PASADENA."

## **RECOMMENDATION:**

It is recommended that, after a public hearing, the City Council grant a non-exclusive police towing franchise to A-Car Auto of Pasadena for a one year term, with up to four (4), additional one year renewal options, to be exercised in the discretion of the City Manager, and direct the City Attorney's Office to prepare the necessary ordinance and franchise agreement within 30 days.

## **BACKGROUND:**

In January 1997, the City Council adopted the Police Vehicle Towing Franchise System, Pasadena Municipal Code, Chapter 10.46. The purpose of that Ordinance is to provide standards and procedures for the granting of non-exclusive franchises for providing towing, impounds, street sweeps and storage services to the Police Department and the City as directed by the Police Department.

There are presently three (3) firms with non exclusive franchises: Freddie Mac's Towing Incorporated of El Monte, Master Automotive Tow Service of Pasadena and J & M Towing of Alhambra. The non-exclusive franchise for each of these three firms was for an initial one (1) year period, commencing on June 2, 2008. Each franchise was also awarded up to four (4) additional renewal terms of one (1) year, each to be exercised by the City Manager pursuant to Pasadena Municipal Code Section 10.46.125. The renewal option is to be granted if and only if each franchise is found to be in compliance with the Code.

The addition of A-Car Auto would mean that there were 4 franchises operating in the City of Pasadena under the franchise system.

## GRANT OF FRANCHISE TO A-CAR AUTO

Consistent with the requirements of the Towing Franchise System, each year the City is required to advertise the opportunity to participate in the Franchises System by way of a public notice, which was issued on July 28<sup>th</sup> 2010. The requirements for the Franchise are set forth in a request for proposals which is made available to all interested parties. Firms with existing franchises need not reapply and are eligible for annual renewal of their franchise for up to five (5) years. The only applicant was A-Car Auto.

As required by the Pasadena Municipal Code, a Resolution setting this public hearing was adopted by the City Council on December 13, 2010 and published in the Pasadena Star News on December 23, 2010. Staff has reviewed the application submitted by A-Car Auto of Pasadena and is recommending that it be granted a new non-exclusive franchise for an initial one year term with up to four, one year renewal options to be exercised in the discretion of the City Manager.

Because franchises are awarded by ordinance, an ordinance granting the franchise would be prepared and brought back to Council, and then A-Car Auto would be required to enter into a franchise agreement consistent with the provisions of the Pasadena Municipal Code establishing the system.

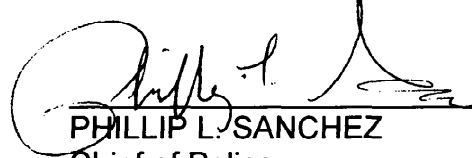
**FISCAL IMPACT:**

The franchise fee of \$150,000, per year is to be shared equally among existing franchises, and was established by the City Council in Resolution Number 7524, adopted on August 18<sup>th</sup>, 1997. In 1999, the City Council granted a partial waiver of the franchise fee, in the amount of \$60,000, as the Tow Operators argued that the fee was excessive and did not allow for a profit. Staff recommends that the \$60,000 waiver continue for one additional year.

Franchise fees shall be payable quarterly in accordance with section 10.46.160 of the Pasadena Municipal Code.

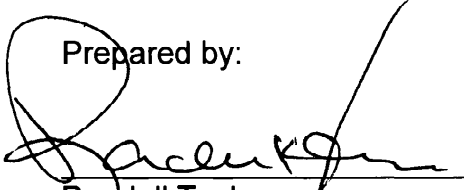
The City will receive an aggregate total of \$90,000 from the awarded franchises.

Respectfully submitted,



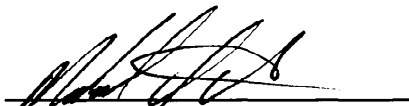
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