

Agenda Report

August 27, 2018

TO: Honorable Mayor and City Council
THROUGH: Public Safety Committee (August 15, 2018)
FROM: Pasadena Police Department
SUBJECT: ADOPT A RESOLUTION REVISING THE POLICE TOWING FRANCHISE FEE, IMPOUND AND STORAGE RATES

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is not a project subject to the California Environmental Quality Act (CEQA) pursuant to Section 21065 of CEQA and Sections 15060 (c)(2), 15060 (c)(3), and 15378 of the State CEQA Guidelines and, as such, no environmental document pursuant to CEQA is required for the project; and
2. Adopt a Resolution that establishes the non-exclusive police towing franchise fee of \$22,500 per participating tow operator.
3. Adjust the current rates utilized by franchise towing companies to \$151 per impound and \$42 for the daily storage rate.

BACKGROUND:

In January 1997, the City Council adopted the Police Vehicle Towing Franchise System, as set forth in Pasadena Municipal Code, Chapter 10.46. This ordinance provides standards and procedures for the granting of non-exclusive franchises for providing vehicle towing, vehicle impounds, street sweeps and vehicle storage services to the Police Department and the City.

The franchise is a non-exclusive franchise, allowing a permitted Tow Company to provide trained personnel, tow trucks and storage facilities to recover, if necessary, and remove vehicles involved in collisions. Franchisee(s) must be able to tow and store vehicles impounded by the police, and Department of Transportation, many times in excess of 30 days; and must be able to clean-up and dispose of debris at the scene of a collision at which any vehicle to be towed hereunder was involved.

The City Council established the towing franchise fee of \$150,000 by Resolution Number 7524 on August 18, 1997. In 1999, the City Council modified the annual franchise fee to \$90,000. This was primarily in response to a change in the law which reduced the number of vehicles impounded by the Police Department and stored by towing firms for thirty days.

Staff recommends that the City of Pasadena modify the aggregate fee of \$90,000 to a standard per franchisee fee. Presently, the franchise fee is shared equally by the four (4) current towing firms with each paying \$22,500 annually. It is recommended that the franchise fee be standardized to \$22,500 annually per participating franchisee. Franchisee fees shall be payable quarterly in accordance with section 10.46.160 of the Pasadena Municipal Code.

Staff believes the annual \$22,500 standardized fee to be appropriate based on the following:

- Fee will assist in ensuring the current number of tow firms remain during upcoming contract renewal process scheduled to move forward in September of this year.
- Fee will encourage additional local tow firms to join the franchise towing system. Interest has been expressed by at least one tow firm not currently part of the system. This represents potential increased revenue for the City.
- Thirty day impounds decreased due to changes in the law.
- The average number of vehicles impounded over the past 5 years is 1,800 per year. The Police Department is on pace to impound approximately 1,600 vehicles in 2018.
- Tow firms must provide secure storage for evidence vehicles, incurring the costs up front until adjudication of the case.
- The recommended standardized franchise fee appears to be equitable for tow firms based on the number of vehicles impounded.

The current impound and storage rates charged by the franchisees have been established by City Council at \$123 per impound and \$32 per day. These rates were determined while taking into consideration the current prevailing rates prescribed by the Southern Division of the California Highway Patrol, the Los Angeles Police Department, and the Los Angeles County Sheriff. These rates have increased and the current average rates of the identified jurisdictions are \$151 per impound and daily storage rate of \$42.

City Staff also recommends that City Council adjust the current towing and storage rates to a current average market level of \$151 per impound and daily storage rate of \$42.

COUNCIL POLICY CONSIDERATIONS:

The proposed action is consistent with the City Council's General Plan Goal to ensure public safety and maintain fiscal responsibility and stability.

ENVIRONMENTAL ANALYSIS:

The actions proposed herein are not subject to the California Environmental Quality Act (CEQA) in accordance with Section 21065 of CEQA and State CEQA Guidelines Sections 15060 (c)(2), 15060 (c)(3), and 15378. The establishment of a Police Towing Franchise fee and the modification of towing and storage fees allowed by towing franchises. These actions would not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. Therefore, the proposed actions are not a "project" subject to CEQA, as defined in Section 21065 of CEQA and Section 15378 of the State CEQA Guidelines. Since the action is not a project subject to CEQA, no environmental document is required.

FISCAL IMPACT:

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

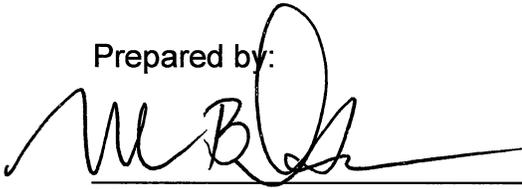
The City currently receives \$90,000 annually from the four awarded tow franchises. The same amount is budgeted in the FY 2019 Operating Budget. Transition to a standardized franchise fee for tow firms may represent an opportunity increased City revenue.

Respectfully Submitted,



JOHN E. PEREZ
Interim Chief of Police

Prepared by:



Mark B. Goodman
Lieutenant

Approved by:



STEVE MERMELL
City Manager