



Ordinance Fact Sheet

TO: CITY COUNCIL DATE: February 9, 1998
FROM: CITY MANAGER

TITLE OF PROPOSED ORDINANCE: AN UNCODIFIED ORDINANCE OF THE CITY OF PASADENA GRANTING NON-EXCLUSIVE FRANCHISES FOR POLICE TOWING TO THREE APPLICANTS

PURPOSE OF ORDINANCE: This ordinance, if approved by five council members, will award non-exclusive police towing franchises to the three applicants approved by the City Council on January 26, 1998 following the public hearing held for that purpose. Under section 1104 of the Pasadena City Charter, franchises may be awarded only by ordinance following the notice and hearing procedure already completed. This ordinance is the final step in the franchising process.

REASONS WHY LEGISLATION IS NEEDED: At the present time, the police department utilizes three towing and vehicle storage companies which are called in a rotation system to tow and store vehicles subject to impound. The towing companies pay no fee for operation of the rotational system which the Pasadena Police Department utilizes to obtain police towing services. In addition, the rotational system currently utilized does not permit the City to regulate effectively the quality of police towing services. Recent changes in the Vehicle Code which mandate a thirty day impound period for vehicles driven by certain unlicensed drivers have resulted in a threefold increase in the number of vehicles subject to impound and greatly increased the total fees collected by the current three police towing operators.

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As a result of the increases in the number and length of police impounds of vehicles, the police department has chosen to establish a method to more closely regulate the companies which the police department utilizes to tow and store vehicles. By franchising the opportunity to be utilized by the police department to tow impounded vehicles, the police department can regulate the qualifications of franchisees on an ongoing basis. That will assure that sufficient insurance is available to protect the city from liability, assure proper training in completing the required forms, assure that only the charges set by the city may be charged to the public, and assure that the services provided meet the standards set by the city for the protection of the public.

Initially, franchises will be granted for one year periods. Subsequently, the police department may request that the term of the franchises be lengthened.

POLICY CHANGES: The City currently maintains franchising systems for such services as commercial solid waste disposal and cable television systems. This non-exclusive towing franchise is administered in the same manner as solid waste hauling

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franchises. Heretofore, the City of Pasadena has not franchised police towing services.

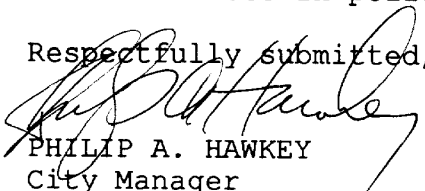
PROGRAMS, DEPARTMENTS OR GROUPS AFFECTED: The public will benefit from the franchise system because of the greater regulation and oversight of police towing firms which franchising permits. The towing companies will have incentives to comply strictly with the requirements of the franchise and the fee system, which is discussed in the next section, will encourage the opening of the police towing services market in Pasadena to new entrants. The rotational system currently used to assign towing calls to particular companies will be retained for those qualifying for franchises.

FISCAL IMPLICATIONS: A number of other cities in southern California have franchised police towing services. The cities of Southgate and Whittier have both implemented the system of non-exclusive franchises being proposed for Pasadena. Southgate charges a total fees of \$330,000 annually and Whittier charges fees of \$130,000 to police towing firms. The City of Montebello, which has awarded an exclusive franchise to one tow company only, imposed a fee of \$200,000.

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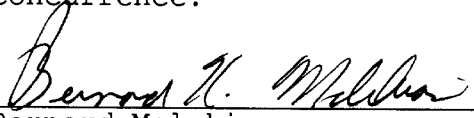
The franchise fee proposed for Pasadena is \$150,000, which will be split proportionately among those to whom non-exclusive franchises are awarded. Each of the three franchisees which is awarded a franchise under this ordinance will pay a fee of \$50,000. This arrangement was selected to provide incentives to maximize the number of bidders for franchises. That will encourage the participation of smaller businesses in police towing opportunities.

Respectfully submitted,



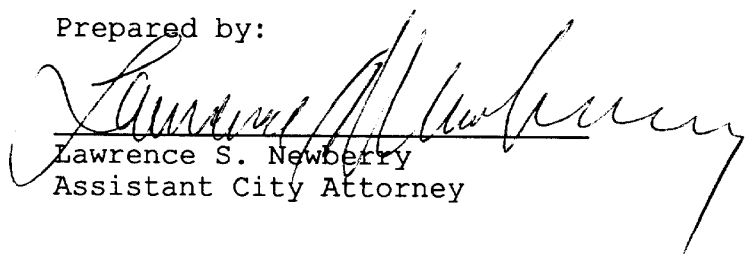
PHILIP A. HAWKEY
City Manager

Concurrence:



Bernard Melekian
Police Chief

Prepared by:



Lawrence S. Newberry
Assistant City Attorney