



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Rosalynn Hughey

SUBJECT: SEE BELOW

DATE: January 2, 2019

Approved

Date

1/2/19

SUBJECT: CITY-GENERATED ZONE TOWING RATES

RECOMMENDATION

Adopt a resolution setting a new fee schedule for City-Generated Zone Towing Services and authorizing the City Manager to execute amendments to the Agreements for City-Generated Zone Towing Services with rates not to exceed the allowable tow fees under the State of California Highway Patrol Tow Services Agreement for the Golden Gate Region-San José Office to take effect January 16, 2019, with the below contractors:

- Matos Auto Towing & Transport
- City Towing, Inc.
- Century Tow
- Motor Body Company, Inc.
- Courtesy Tow Services, Inc.
- Alongi Brothers, Inc.

OUTCOME

This action will supersede Council Resolution 78118¹ and update the current fee schedule for the executed City-Generated Zone Towing Services Agreements not to exceed the maximum rates allowed under the State of California Highway Patrol (CHP) Tow Services Agreement for the Golden Gate Region-San José Office.

1. ¹ Council Resolution 78118: <http://web-apps/clerk/chad/prod/FileNetViewer.asp?DocId=RES78118>

BACKGROUND

The City has agreements for City-Generated Zone Towing Services with six towing contractors selected through a competitive Request for Proposals process and approved by City Council on March 26, 2016². Each contractor services a specific geographic tow zone within the City and is granted the exclusive privilege to provide towing services for the City within its' designated zone. Services include towing for the Police Department for accidents, vehicle violations, investigations, and evidence in criminal cases; as well as services for the Department of Transportation for abandoned, inoperable, and illegally stored vehicles on the public right-of-way.

The tow zones are as follows:

- Zone 1: Matos Auto Towing & Transport
- Zone 2: City Towing, Inc.
- Zone 3: Century Tow
- Zone 4: Motor Body Company, Inc.
- Zone 5: Courtesy Tow Services, Inc.
- Zone 6: Alongi Brothers, Inc.

Each agreement includes a fee schedule that lists the tow rates to be paid by the owner of the towed vehicle to the tow company. The tow rates are set in accordance with the CHP Tow Services Agreement for the Golden Gate Region-San José Office (except for the Contract Compensation Fee and the Dispatch Fee, which are set by the City). Specifically, the local CHP Area Commander conducts a market rate survey of their area (Santa Clara County) based on the data of operational costs received by all tow companies who submit an application to provide CHP tow services. The Area Commander then uses the data to set the maximum local rate allowed for CHP tow services.

City Council Policy 9-8 Rate Review Process for Tow Car Services

City Council Policy 9-8 went into effect on October 11, 1983, and was amended on March 25, 2008³. The purpose of the policy is to set forth the method and standard for establishing tow rates and City contractual compensation for the City-Generated Zone Towing Services. Staff reviews the rates annually and, if necessary, makes a recommendation to the City Council to adjust the fee schedule to remain consistent with the CHP Tow Services Agreement for the Golden Gate Region-San José Office.

² March 29, 2016 Council Memo:

http://sanjose.granicus.com/MetaViewer.php?view_id=&event_id=2129&meta_id=563758

³ Council Policy 9-8: <https://www.sanjoseca.gov/DocumentCenter/View/3923>

Council passed resolutions in 2009⁴, 2012⁵, 2013⁶ and 2017⁷ to adjust the fee schedule to remain consistent with the tow rates allowed by the CHP Tow Services Agreement for the Golden Gate Region-San José Office.

ANALYSIS

On July 1, 2018, the adjusted tow rates for the CHP Tow Services Agreement took effect. Staff has completed its review of the adjusted rates and recommends Council adjust the fee schedule to remain consistent with the CHP Tow Services Agreement for the Golden Gate Region-San José Office. A comparison of the changes is as follows:

Category	Current Rate	Adjusted Rate	Change
Basic Tow Service	\$215.00 per tow	\$225.00 per tow	\$10.00
Service Call – Class “A”	\$53.75 per quarter hour	\$56.25 per quarter hour	\$2.50
Service Call – Class “B”	\$102.50 per quarter hour	\$107.50 per quarter hour	\$5.00
Service Call – Class “C”	\$137.50 per quarter hour	\$137.50 per quarter hour	N/A
Service Call – Class “D”	\$150.00 per quarter hour	\$150.00 per quarter hour	N/A
Extraordinary Services “A”	\$215.00 per hour	\$225.00 per hour	\$10.00
Extraordinary Services “B”	\$410.00 per hour	\$430.00 per hour	\$20.00
Extraordinary Services “C”	\$550.00 per hour	\$550.00 per hour	N/A
Extraordinary Services “D”	\$600.00 per hour	\$600.00 per hour	N/A
After Hours Gate Fee	\$85.00	\$85.00	N/A
Outside Vehicle Storage Fee	\$87.50 per day	\$90.00 per day	\$2.50
Inside Vehicle Storage Fee	\$95.00 per day	\$95.00 per day	N/A
Contract Compensation Fee	\$80.00 per tow	\$80.00 per tow	N/A
Dispatch Fee	\$8.00 per dispatch	\$8.00 per dispatch	\$0.00

While this may result in small increases for the individuals whose cars are towed, the Administration plans to bring forward reductions in the City’s vehicle release fee during the mid-year budget process; ultimately, the consumer will see a lower overall rate for San José tows.

⁴2009 Fee Schedule: <http://web-apps.sjcity.net/Clerk/Chad/Prod/FileNetViewer.asp?DocId=RES75086>

⁵2012 Fee Schedule: <http://web-apps.sjcity.net/Clerk/Chad/Prod/FileNetViewer.asp?DocId=RES76148>

⁶2013 Fee Schedule: <http://web-apps/clerk/chad/prod/FileNetViewer.asp?DocId=RES76772>

⁷See footnote #1.

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EVALUATION AND FOLLOW-UP

The Administration plans to bring forward reductions in the City's vehicle release fee during the mid-year budget process.

PUBLIC OUTREACH

This item will be posted on the City's website for the January 15, 2019, City Council Agenda.

COORDINATION

This memorandum has been coordinated with the San José Police Department and the City Attorney's Office.

COMMISSION RECOMMENDATION/INPUT

This item does not have input from a board or commission.

CEQA

Statutorily Exempt, File No. PP17-005, CEQA Guidelines Section 15273, Rates, Tolls, Fares, and Charges, Adjustment to Fees, Rates & Fares without changes to or expansion of services.

/s/

ROSALYNN HUGHEY
Director, Planning, Building,
and Code Enforcement

For questions please contact, Interim Deputy Director Rachel Roberts, at 408-535-7719.