



**R-12**

**Date:** February 10, 2009

**To:** Honorable Mayor and Members of the City Council

**From:** Councilmember Patrick O'Donnell, Fourth District 

**Subject:** **Towing and Cost Recovery**

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**Background:**

The Department of Public Works operates Towing Services, Impounded Vehicle Sales, Yard Inventory Management, and Vehicle Release Programs. The programs are designed to provide vehicle towing at the request of law enforcement, as well as parking and code enforcement. When a vehicle is towed and stored, the owner of the vehicle is responsible for all associated costs. For unresolved cases, the City is forced to sell impounded vehicles, the funds from which are then used to repay outstanding fees. There are several cases in which the costs of towing, storage and parking citations are in excess of the funds realized from the sale of the vehicle. These insufficient cost recoveries result in a financial loss to the City.

According to a memo from the Department of Financial Management, last year the City assessed a total of \$12.9 million in towing-related fees. Revenue receipts totaled only \$3.7 million, leaving the City with a loss of \$9.1 million.

There have been attempts by the City to reduce the total amount of towing-related fees, however, a full cost-recovery collection program has not been instituted. In light of the City's current economic issues, it would be appropriate for the City Manager to work with the Department of Financial Management and the Department of Public Works, and all appropriate staff to develop a program to address insufficient cost recoveries such as this.

**Recommendation:**

**Request the City Manager to work with appropriate staff to develop a Towing Cost Recovery program to commence immediately, with the goal of addressing insufficient cost recovery for towing and storage fees.**