



CITY COUNCIL AGENDA REPORT

MEETING DATE: December 6, 2011

ITEM NUMBER: Item Number

SUBJECT: REQUEST TO INCREASE TOW RATES BY CONTRACT TOW COMPANIES

DATE: 10/13/11

FROM: POLICE DEPARTMENT/TRAFFIC SAFETY BUREAU

PRESENTATION BY: LIEUTENANT MARTY CARVER

FOR FURTHER INFORMATION CONTACT: MARTY CARVER (714) 754-5384

RECOMMENDATION:

The City Council is requested to increase the Official Tow Rate Schedule in accordance with Section 9-284.9 of the City of Costa Mesa Municipal Code.

BACKGROUND:

On March 3, 2009, the City Council approved the bid award to G & W Towing and Metro Pro Road Services for police towing services, for a five (5)-year term with the option of renewing for three (3) additional one (1)-year terms. In the original Request for Proposal for Police Towing Services (#1118) dated October 14, 2008, the City of Costa Mesa estimated that approximately 2,384 vehicles would be impounded and 1,351 vehicles stored annually.

In 2009, the Police Department Impounded 2,310 vehicles and stored 714 for a total of 3,024. In 2010, 1510 vehicles were impounded and 561 stored for a total of 2,071. Using statistical information gathered from the first eight-months of 2011, the Police Department projects 1,018 vehicles will be impounded and 379 stored. The reason for the decrease in vehicle impounds and storages are due to judicial legislation making it more difficult to impound vehicles for motorists driving without a license.

ANALYSIS:

In September 2011, Metro Pro Road Services and G & W Towing both sent a letter to the City of Costa Mesa requesting an increase to the Official Tow Rate Schedule due to the decreasing number of impounds and storages, higher operating costs associated with labor, equipment, employee benefits, workers compensation and soaring fuel costs (Attachment 1–Metro Pro, Attachment 2-G & W Towing). Metro Pro estimates some of those costs have increased as much as 94%. Both companies state the rate increase is necessary to maintain the current required level of service as dictated in the contract. The following table lists the current fee schedule and the adjusted rate increase.

CITY OF COSTA MESA
ADJUSTED TOW RATE SCHEDULE

	CURRENT	PROPOSED
Basic Tow	\$134.00	\$160.00
Flatbed or Medium Duty	\$147.00	\$180.00
Heavy Duty	\$260.00	\$290.00
Motorcycle	\$147.00	\$180.00
Outside Storage Car/MC	\$35.00	\$40.00
Inside Storage Car	\$45.00	\$50.00
Outside Storage Truck	\$45.00	\$50.00
Inside Storage Truck	\$51.00	\$55.00
Outside Storage Motorcycle	\$22.00	\$25.00
Tow Dolly	\$45.00	\$50.00
R&R Linkage/Driveshaft	\$22.00	\$25.00
Rollover Winching	\$51.00	\$55.00
Hourly Labor	\$134.00	\$160.00
After Hours Release	\$45.00	\$50.00
Service Call	\$60.00	\$70.00

The original Request for Proposal #1118, Section III: Special Terms and Conditions, subsection 5, allows the contract tow provider the opportunity to request a rate increase over and above the CPI once per year. Any request must be made no later than December 1st of each year and shall specifically detail the basis of the fee request. Metro Pro Roadside Services Chief Executive Officer, Jody Campbell and G & W Towing owner Wayne Miller have both provided letters specifying the reasons for the requested rate increase.

Costa Mesa Municipal Section 9-284.9 (a) states the City Council may from time to time adopt by resolution a maximum rate schedule applicable to the towing services covered by this article. The rate schedule will be at a level to ensure competition, provide a fair return on investment, and provide a high quality tow service to the public.

Metro Pro Roadside Services and G & W Towing submitted a tow service list that includes the current and adjusted rates. As part of this study, I have attached a spreadsheet listing a sampling of tow rates from various Orange County Cities, county, and state agencies for comparison (Attachment 3-Sampling of Orange County Tow Rates).

ALTERNATIVES CONSIDERED:

No alternatives were considered.

FISCAL REVIEW:

There is no fiscal impact to the City of Costa Mesa.

LEGAL REVIEW:

The City Attorney has reviewed this report and the attached resolution and no further legal review is required.

CONCLUSION:

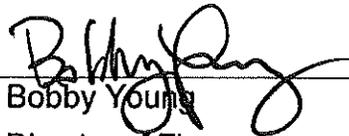
Based on a 54% reduction in vehicle storages and impounds by the City of Costa Mesa from 2009 to 2011, and unforeseen fuel and operating costs to both contract tow agencies, staff recommends the City of Costa Mesa increase the tow rate fees to the adjusted level listed in this report. This will insure the City of Costa Mesa's tow fees are consistent with neighboring cities and will allow both contract tow agencies the ability to continue providing excellent service to the city.



MARTY CARVER
Lieutenant



TOM GAZSI
Chief of Police



Bobby Young
Director of Finance



Richard L. Adams
Deputy City Attorney

DISTRIBUTION:

- ATTACHMENTS:**
- 1 Metro Pro Roadside Service Rate Increase Letter.
 - 2 G & W Towing Rate Increase Letter.
 - 3 Sampling of Orange County Tow Rates
 - 4 Resolution

File Name

Date

Time



MetroPro Road Services, Inc.
2550 S. Garnsey Street
Santa Ana, California 92707

(714) 556-2244
Fax (714) 556-0464

Jody D. Campbell
Chief Executive Officer

September 2, 2011

Lieutenant Marty Carver
Costa Mesa Police Department
Traffic Safety Bureau
99 Fair Drive
Costa Mesa, Ca 92626

Re: Official Police Tow Rate Increase

Dear Lt. Carver:

The purpose of this correspondence is to respectfully request a tow rate increase in accordance with Section 9-284.9 of the City of Costa Mesa License and Business Regulations.

This section provides a framework to establish the maximum rates for towing services. Typically, these rates are increased annually in accordance to the change in the Consumer Price Index. However, due to a stagnate index, we have maintained the same rates for over two years. Unfortunately, operating costs associated with labor, equipment, employee benefits, workers compensation and fuel have all increased significantly during this time-some as much as 94%. This concern is amplified when coupled with the dramatic loss of income experienced by the police tow services due to a 50% decrease in impounded/stored vehicles by Costa Mesa Police Department ("CMPD").

Since 2003, CMPD has impounded an average of 410 vehicles per month. The past several years have seen a significant decrease in impounds with the last 12 months resulting in a monthly average of 194 impounds. While experiencing a 50% loss of revenue, the police tow operators have maintained the required standards of facilities, equipment and personnel to provide the highest level of service for the CMPD and community.

Section 9-284.9 (a) states, "*The rate schedule will be at a level to ensure competition, provide a fair return on investment, and provide a high quality tow service to the public.*" With a 50% reduction in revenues, these standards are threatened. Consequently, our request of a rate adjustment to compensate for increased operating expenses and loss of revenue is reasonable, just and necessary to maintain the current required level of services.



1-949-642-1252 • Toll Free 1-877-642-1252 • FAX 1-949-646-3492
965 W. 18th Street, Costa Mesa, California 92627

September 08, 2011

Lt. Carver

Costa Mesa Police Department

99 Fair Drive

Costa Mesa, CA 92628

Dear Lt. Carver:

Reference towing rate increase:

Our request for a rate increase is a result of a decline in tow volume of approximately 50 percent since 2008. I have attached a month by month break down for your assistance.

We have also seen our fuel cost nearly double and I have also attached some invoices for reference.

It should also be noted, that the rate change will allow us to continue providing the city with professional tow service at no cost to the city.

Your consideration of this request is greatly appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "G. Wayne Miller".

G. Wayne Miller

Attachments

**Costa Mesa Police Department
Vehicles Towed**

	2008	2011
January	208	90
February	157	115
March	192	125
April	189	92
May	210	95
June	196	74
July	205	88
August	<u>186</u>	<u>116</u>
Total	1543	795

ATTACHMENT II



General Petroleum Corporation

REMIT TO: P.O. Box 31001-1235
 Pasadena, CA 91110-1235
 Customer Service: (800) 659-5823 Fax: (310) 356-2624
 Credit Inquiries: (310) 356-2400

INVOICE DATE	CUSTOMER E.O. #	ACCOUNT #	INVOICE # or DEL TICKET #	SHIP FROM	CUA	SALESMAN
02/26/09		50-0503705	4206463	500 ROSE	TV	173

BILLING ADDRESS: PACIFIC WRECKER SALES
 355 WEST 18TH STREET
 COSTA MESA CA 92627

SHIPPED TO: G & W WRECKER
 365 WEST 18TH STREET
 COSTA MESA CA 92627

TERMS: NET 30 DAYS COUNTRY CODE: REMIT TO: GENERAL PETROLEUM CORPORATION

PRODUCT CODE/WHEE/DESC	QUANTITY DELIVERED	PACKAGE DESCRIPTION	EXT QTY	PRICE UNIT	AMOUNT
4068001 WHEE:500	1200.40	BULK GALS	1200.40	1.38270	1,659.79
TARE ULTRA L.S. CLEAR DIESEL DIESEL FUEL, 3, NA1993, PGIII 2004 EMERGENCY RESPONSE GUIDE 12B					
FEDERAL EXCISE TAX		SEL		.24300	291.70
LUST TAX				.00100	1.20
FED OIL SPILL FEE				.00190	2.28
STATE EXCISE TAX				.18000	216.07
CALIF. OIL SPILL SURCHARGE				.00110	1.43
				1.80979	2,172.47
/TNDL3	1200.00		1200.00	.00000	.00
GP TANK WAGON DELIVERY					
/FUELCH					6.92
FUEL SURCHARGE					
/RCF					6.95
REGULATORY COMPLIANCE FEE					

5,194

SALES TAX: 151.83
 23901

PAY THIS AMOUNT
 ↓
 2,337.97



REMIT TO: General Petroleum, a Maxum Petroleum Company
 P.O. Box 31001-1235
 Pasadena, CA 91110-1235
 Customer Service: (800) 659-5823 Fax: (209) 556-5005
 Credit Inquiries: (310) 356-2400

INVOICE DATE	CUSTOMER P.O. #	ACCOUNT #	INVOICE # OR DEL TICKET #	SHIP FROM	VIA	SALESMAN
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~~03/17/11~~ ~~50 0503705 4587574 500 ROSE TW173~~

BILLING ADDRESS:
 G & W TOWING
 PACIFIC WRECKER SALES
 965 WEST 18TH STREET

SHIPPED TO:
 G & W TOWING
 965 WEST 18TH STREET

COSTA MESA CA 92627 COSTA MESA CA 92627
 TERMS: NET DUE 30 DAYS COUNTRY CODE:

REMIT TO: GENERAL PETROLEUM CORPORATION,

PRODUCT CODE/WHSE/DESC	QUANTITY DELIVERED	PACKAGE DESCRIPTION	EXT QTY	PRICE UNIT	AMOUNT
406B001	1531.60	WHSE:500 BULK GALS	1531.60	3.41120	5,224.59
CARB ULTRA L.S. CLEAR DIESEL DIESEL FUEL, 3, NA1993, PGI III 2004 EMERGENCY RESPONSE GUIDE 128					
FEDERAL EXCISE TAX		SEL		.24300	372.18
LUST TAX				.00100	1.53
FED OIL SPILL FEE				.00190	2.91
STATE EXCISE TAX				.18000	275.69
CALIF. OIL SPILL SURCHARGE				.00119	1.82
				3.83829	5,878.72

/TWDELA	1600.00		1600.00	.00000	.00
GP TANK WAGON DELIVERY					
/FUELCH					6.92
FUEL SURCHARGE					
/RCF					6.95
REGULATORY COMPLIANCE FEE					

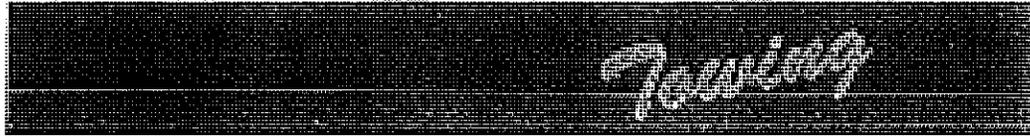
4,17

SALES TAX: 491.47

27244

ch 73165
 3-31-11
 PAY THIS AMOUNT
 6,384.06

CUSTOMER COPY



1-949-642-1252 • Toll Free 1-877-642-1252 • FAX 1-949-646-3492
 965 W. 18th Street, Costa Mesa, California 92627

City of Costa Mesa

Adjusted Rate Schedule

	Current	Adjusted
Basic Tow	134.00	160.00
Flatbed or Medium Duty	147.00	180.00
Heavy Duty	260.00	290.00
Motorcycle	147.00	180.00
Outside Storage Car	35.00	40.00
Inside Storage Car	45.00	50.00
Outside Storage Truck	45.00	50.00
Inside Storage Truck	51.00	55.00
Outside Storage Motorcycle	22.00	25.00
Tow Dolly	45.00	50.00
R & R Linkage/Driveshaft	22.00	25.00
Rollover Winching	51.00	55.00
Hourly Labor	134.00	160.00
After Hours Release	45.00	50.00
Service Call	60.00	70.00

ATTACHMENT III

22-Dec-11

Orange County Police Tow Rate Survey*															
	CHP/ISA	CHP/WST	OCSD	FVPD	HBPD	WPD	OPD	BPPD	GGPD	TPD	APD	SAPD	IPD	NBPD	CMPD
Towing															
Lt. Duty	\$165	\$160	\$120	\$150	\$139	\$100	\$150	\$126	\$110	\$125	\$105	\$135	\$111	\$150	\$134
Med. Duty	\$185	\$19	\$135	\$170	\$159	\$165	\$200	\$165	\$145	\$150	\$130	\$191	\$116	\$163	\$147
Hvy. Duty	\$250	\$250	\$200	\$211	\$228	\$210	\$250	\$200	\$185	\$215	\$200	\$234	\$177	\$285	\$260
Flatbed	\$165	\$160	\$125	147/170	\$159	\$100	\$150	\$110	\$110	\$125	\$105	\$191	\$116	\$163	\$147
Motorcycle	\$165	\$160	\$125	N/A	\$159	N/A		N/A	N/A	\$140	\$105	\$191	\$116	\$163	\$134
Storage															
Car Outside	\$40	\$40	\$34	\$40	\$45	\$25	\$40	\$32	\$30	\$35	\$30	\$40	\$29	\$38	\$35
Car Inside	\$45	\$45	\$42	\$44	\$49	\$35		\$32	\$35	\$40	\$35	\$47	\$35	\$46	\$45
Truck Outside	\$45	\$45	\$34	\$44	\$49	\$35	\$50	\$35	\$50	\$40	\$35/\$40	\$47	\$36	\$45	\$45
Truck Inside	\$50	\$50	\$42	\$44	\$49	N/A		\$35	\$50	\$45	N/A	\$53	\$41	\$54	\$51
Labor															
Labor/Hr.	165		\$96	\$150	N/A	\$40		N/A	\$80	\$100	\$85	\$129	\$116	\$150	\$109
Driveline	N/A	N/A	N/A	\$44	\$49	N/A		\$45	N/A	\$35	N/A	\$53	\$31	\$27	\$22
Dollies/go-jacks	N/A	N/A	N/A	\$54	\$59	\$40		\$45	N/A	\$50	\$40	\$66	\$44	\$52	\$45
Haz. Mat.	N/A	N/A	N/A	\$106	\$115	N/A		\$45	N/A	\$60	\$60	\$66	\$20	\$45	\$45
Winching	N/A	N/A	\$115	\$150	\$153	N/A		\$45	N/A	\$77	\$35	\$129	\$77	\$67	\$51
Rollover	N/A	N/A	\$115	\$45	\$59	N/A		\$45	N/A	\$77	\$35	\$129	\$77	\$67	\$51
On-scene release	N/A	N/A	N/A	\$75	\$72	N/A		\$45	N/A	\$56	\$52.50	\$68	\$56	\$75	\$67
After hours Release	\$75	\$80	\$60	\$57	\$163 / \$8	\$45		\$45	\$40	\$45	\$50	\$68	\$44	\$52	\$45
Service Call-Minimum	N/A	N/A	N/A		\$72	N/A		\$45	N/A	\$100	\$50	\$56	\$100	\$104	\$60
After hours Rel. M/D	\$82	\$95													
After hours Rel. H/D	\$115.00	\$125.00													

A sampling of Orange County Tow Fees

RESOLUTION NO. 11-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA, ADOPTING INCREASED FEES AND NEW FEE CATEGORIES FOR CONTRACT TOW OPERATORS.

THE CITY COUNCIL OF THE CITY OF COSTA MESA DOES HEREBY RESOLVE AS FOLLOWS:

WHEREAS, on March 3, 2009, the City Council approved the bid award to G & W Towing and Metro Pro Road Services for police towing services, for a five (5)-year term with the option of renewing for three (3) additional one (1)-year terms. In the original Request for Proposal for Police Towing Services (#1118) dated October 14, 2008, the City of Costa Mesa estimated that approximately 2,384 vehicles would be impounded and 1,351 vehicles stored annually; and

WHEREAS, in 2009, the Costa Mesa Police Department impounded 2,310 vehicles and stored 714 for a total of 3,024. In 2010, 1510 vehicles were impounded and 561 stored for a total of 2,071. Using statistical information gathered from the first eight-months of 2011, the Police Department projects 1,018 vehicles will be impounded and 379 stored for the 2011 year. The reason for the decrease in vehicle impounds and storages are due to judicial legislation making it more difficult to impound vehicles for motorists driving without a license; and

WHEREAS, the original Request for Proposals #1118, relating to contract tow operators, Section III: Special Terms and Conditions, subsection 5, allows the contract tow provider the opportunity to request a rate increase, prior to December 1, over and above the CPI once per year, detailing the basis for the request; and

WHEREAS, Costa Mesa Municipal Code Section 9-284.9 (a) provides that the City Council may from time to time adopt by resolution a maximum rate schedule applicable to the towing services covered by this article, such that the rate schedule will be at a level to ensure competition, provide a fair return on investment, and provide a high quality tow service to the public; and

WHEREAS, both contract tow providers, Metro Pro Roadside Services and G & W Towing submitted timely written requests to increase the contract fees due to rising

fuel costs, decreased numbers of impounded vehicles and unforeseen rises in operating costs; and

WHEREAS, based on a 54% reduction in vehicle storages and impounds by the City of Costa Mesa from 2009 to 2011, and unforeseen fuel and operating costs to both contract tow agencies, the City Council finds it appropriate to increase the tow rate fees pursuant to Exhibit "A" attached hereto. The City Council finds that this rate increase will ensure that the City of Costa Mesa's tow fees are consistent with those of neighboring cities, and will allow both contract tow agencies the ability to continue providing excellent service to the city.

NOW, THEREFORE, BE IT RESOLVED as follows:

Section 1: The City Council of the City of Costa Mesa finds and determines that based upon the data, information, analysis, oral and written documentation presented to this City Council concerning the necessary increase in contract tow fees described in Exhibit "A" attached hereto and by this reference incorporated herein, the fees set forth in said Exhibit "A" do not exceed the established reasonable cost of providing the service for which the fees are levied.

Section 2: The fees set forth in Exhibit "A" shall be effective and shall be implemented commencing March 1, 2012, which is at least 30 days after Council adoption.

PASSED AND ADOPTED this 3rd day of January, 2012.

Gary Monahan, Mayor

ATTEST:

APPROVED AS TO FORM:

Julie Folcik, City Clerk

Thomas P. Duarte, City Attorney

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss
CITY OF COSTA MESA)

I, JULIE FOLCIK, City Clerk of the City of Costa Mesa, DO HEREBY CERTIFY that the above and foregoing is the original of Resolution No. 11-___ and was duly passed and adopted by the City Council of the City of Costa Mesa at a regular meeting held on the 3rd day of January, 2012, by the following roll call vote, to wit:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

IN WITNESS WHEREOF, I have hereby set my hand and affixed the seal of the City of Costa Mesa this 4th day of January, 2012.

JULIE FOLCIK, CITY CLERK

(SEAL)

EXHIBIT A

CITY OF COSTA MESA ADJUSTED CONTRACT TOW RATE SCHEDULE

Service Provided	Current Rate	Adjusted Rate
Basic Tow	\$134.00	\$160.00
Flatbed or Medium Duty	\$147.00	\$180.00
Heavy Duty	\$260.00	\$290.00
Motorcycle	\$147.00	\$180.00
Outside Storage Car/MC	\$35.00	\$40.00
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