

March 29, 2012

TO: Clay Phillips, City Manager
FROM: Gil Rojas, Director of Finance
SUBJECT: Review of City Towing Fees

Background

On March 13, 2012, the ACLU released a report which questioned whether the City of Escondido profits from its towing fees. In response to the report and resulting media coverage, the City Manager directed the Finance Department to conduct a review in consultation with the Police Department.

Summary Findings

The City of Escondido's towing fees are in two categories:

1. Fees charged to individuals retrieving a vehicle from impound; and
2. Fees charged to towing companies to contract with the City to provide towing services.

The impound fees charged by the City to individuals are \$100 if the impound is related to a grant-funded checkpoint, or if not, \$180. Impound fees are waived for approximately 30% of vehicles retrieved (e.g. an individual whose vehicle was stolen and recovered or whose vehicle was involved in an accident for which they were not at fault). A preliminary analysis of the cost to provide the service incurred for each impound shows the direct cost per tow to be approximately \$185.05. The \$180 fee is appropriate based on a market analysis of comparable cities. Further analysis is required to determine if the \$80 discount is appropriate for vehicles impounded during grant-funded checkpoints.

The towing fee charged to the six towing companies contracting with the City to provide towing services is \$75,000 each for a total of \$450,000. Over the last four years, the total revenues collected from the towing companies equal the total expenses of the towing program. This break-even point cannot be sustained due to the current trend of decreasing impounds. As a result, the towing fee should be reassessed with the new contract period.

Recommendations

- Conduct further analysis of the \$80 discount applied to vehicles impounded during grant-funded checkpoints to determine if it is appropriate
- Conduct further analysis to reassess the fee charged to towing companies to participate in the program with the new contract period.

Description of Impound Analysis Pages

Attachment 1

- A) Shows detail of direct cost (\$117.29) and supplies and materials (\$16.21)
- B) Calculates the direct supervision cost (\$27.03)
- C) Adds the department overhead rate (\$14.40) – see page 3 for detail
- D) Adds the City overhead rate (\$10.11) – see page 4 for detail

Attachment 2

Narrative of Police Department staff time and description of duties and tasks

Attachment 3

Calculation of Police Department overhead rate

Attachment 4

Calculation of citywide overhead rate

Attachment 5

Calculation of maximum fee to be charged on Tow Contracts

City of Escondido
 Direct Cost Fee Calculation
 Average Cost to Impound Vehicle
 FY 2011-12

DIRECT COSTS:

| Staff Labor Costs | | | | | | | |
|---------------------------|-------|-----------|------------------|-----------------------|--------------------|----------------------------------|------------|
| | Hours | % of Time | Hrly Salary Rate | Variable Benefit Rate | Fixed Benefit Rate | Hrly Rate with Salary & Benefits | Total Cost |
| Police Officer 1 | 2080 | 0.04% | 34.96 | 50.01% | \$ 13,410 | 58.89 | 44.17 |
| Police Officer 2 | 2080 | 0.04% | 34.96 | 50.01% | \$ 13,410 | 58.89 | 45.15 |
| Dispatcher | 2080 | 0.01% | 27.12 | 35.71% | \$ 13,410 | 43.25 | 10.81 |
| CSO | 2080 | 0.01% | 23.98 | 35.71% | \$ 13,410 | 38.99 | 9.75 |
| Records Tech | 2080 | 0.01% | 17.11 | 35.69% | \$ 13,410 | 29.66 | 7.42 |
| Average Staff Labor Costs | | | | | | \$ 53.68 | \$ 117.29 |

45 minutes
 46 minutes or 90 minutes * 51.17%
 15 minutes
 15 minutes
 15 minutes

| Supplies and Materials | FY11/12 Budgeted Amount | Total Cost |
|---|-------------------------|------------|
| Vehicle deprec. fuel/maint for 2 cars for 45 min | | \$ 5.77 |
| Radios fee for 45 min, 2 per officer | | \$ 0.50 |
| Modem air time | | \$ 0.50 |
| Computer costs | | \$ 2.42 |
| ARJIS fees, officers & dispatchers | | \$ 0.71 |
| ATT airtime | | \$ 0.28 |
| Vest, weapons 10 year life divided by 45 min. | | \$ 1.44 |
| Netmotion | | \$ 0.04 |
| Duplication costs for each report, average | | \$ 2.00 |
| radio cos, 2 per officer (4 X \$.36) | | \$ 1.44 |
| Standard officer equipment (not already included) | | \$ 1.11 |
| Total Supplies and Materials | | \$ 16.21 |

| Supervisor | | | | | | | |
|------------------------------|-------|----------------------|----------------------|-----------------------|--------------------|----------------------------------|------------|
| | Hours | % of Time Supervised | Avg Hrly Salary Rate | Variable Benefit Rate | Fixed Benefit Rate | Hrly Rate with Salary & Benefits | Total Cost |
| Police Sergeant | 2080 | 0.01% | 48.50 | 50.01% | \$ 13,410 | 79.20 | \$ 19.80 |
| Police Lieutenant | 2080 | 0.00% | 53.57 | 50.01% | \$ 13,410 | 86.81 | \$ 7.23 |
| Total Supervisor Labor Costs | | | | | | | \$ 27.03 |

15 minutes
 5 minutes

| | |
|------------------------------|------------------|
| Total Staff Labor Costs | \$ 117.29 |
| Total Supplies and Materials | \$ 16.21 |
| Total Supervisor Labor Costs | \$ 27.03 |
| Total Direct Costs | \$ 160.54 |

| | |
|-----------------------------|------------------|
| Department Overhead (8.97%) | \$ 14.40 |
| City Overhead (6.30%) | \$ 10.11 |
| Total Costs | \$ 185.05 |
| Cost per Impound | \$ 185.05 |

101307
 51307
 -58315
 -85585
 8714

| <u>Staff member</u> | <u>Estimated average time</u> | <u>Duties or Tasks</u> |
|------------------------|-------------------------------|---|
| Officer #1 | 45 minutes | Writes a citation, determines license status via DMV database, prepares vehicle impound report, performs mandatory vehicle content inventory and inspects and notes any existing damage for report. Stands by for tow truck and usually until vehicle is lifted onto tow truck. |
| Officer #2 | 90 minutes * | In about 52% of the impound instances, takes driver into custody for some criminal violation. Includes average amount of time to transport and process the prisoner at the station. May have to inventory items of evidence and book evidence into Evidence Room. Includes documenting every aspect with multiple forms . This item was ONLY factored in to the costs for 52% of the instances. |
| Sergeant | 15 minutes | Reviews and approves officer's report. Provides direct supervision, handles unusual circumstances that arise. |
| Lieutenant | 5 minutes | Provides management support and direction, oversees field operations of impounding and related work. |
| Dispatcher | 15 minutes | Communicates with field officers via radio or CAD, accesses DMV and other databases to determine license status, confirm identity of driver/occupants, check warrant and registration databases, make phone calls to Tow company to request service, input teletype data into stored vehicle database. |
| Police Records Tech | 15 minutes | Copying, routing to other departments or agencies, preparing mandatory stored vehicle notice for mailing, preparing Watch Log for media review. |
| Community Service Ofc. | 15 minutes | Front desk staff, researching impounded vehicle in stored vehicle system, locating and duplicating report, taking payments and issuing vehicle release forms. |

*- only factored in for 52% of the instances.

**City of Escondido
Department Overhead Fee Calculation
FY 2011-12**

| | | Hourly Rate | Variable Benefit | Fixed Benefit | Hourly w/benefits | Annual |
|--|---|-------------|------------------|---------------|-------------------|------------------|
| Chief of Police | 1 | 72.12 | 54.01% | \$ 14,705 | \$ 118.13 | \$ 245,720 |
| Asst Chief of Police | 1 | 68.63 | 54.01% | \$ 14,705 | \$ 112.77 | \$ 234,562 |
| Police Captain | 1 | 67.12 | 54.01% | \$ 14,705 | \$ 110.45 | \$ 229,726 |
| 9 Police Lieutenants | 9 | 53.87 | 54.01% | \$ 14,705 | \$ 90.04 | \$ 1,685,559 |
| Crime Analyst | 1 | 29.08 | 39.68% | \$ 14,705 | \$ 47.69 | \$ 99,190 |
| Police Records Manager | 1 | 29.63 | 39.68% | \$ 14,705 | \$ 48.46 | \$ 100,790 |
| Police Services Bureau Manager | 1 | 39.43 | 39.68% | \$ 14,705 | \$ 62.14 | \$ 129,257 |
| Public Safety Communications Manager | 1 | 37.50 | 39.68% | \$ 14,705 | \$ 59.45 | \$ 123,655 |
| Sr Crime Analyst | 1 | 30.81 | 39.68% | \$ 14,705 | \$ 50.11 | \$ 104,226 |
| Total Salary & Benefit Costs | | | | | | 2,952,685 |
| Total Police Mgt & Administrative Costs | | | | | | 2,952,685 |

| | | | | | |
|------------------------------------|---|--|--|--|--------------------------|
| <u>Total Mgt & Admin Costs</u> | | | | | Department Overhead Rate |
| <u>Total Department Budget</u> | = | | | | |
| 2,952,685 | | | | | |
| 32,911,110 | = | | | | 8.97% |

City of Escondido

Citywide Overhead Rate Calculation

FY 2011/12

| <u>Overhead Departments</u> | FY 11/12 <u>Budget</u> | Total User <u>Dept</u> | Less User Dept w/Direct <u>Allocations</u> | Adj User <u>Dept Total</u> | % of <u>Total</u> | <u>User Departments</u> | FY 11/12 <u>Budget Amt</u> |
|-----------------------------|---------------------------|---------------------------|--|-------------------------------|----------------------|--|-------------------------------|
| City Counsel | 273,305 | 141,928,345 | (68,568,100) | 73,360,245 | 0.37% | Economic Development | - |
| City Manager | 816,245 | 141,928,345 | (68,568,100) | 73,360,245 | 1.11% | Community Services/Library | 3,269,005 |
| City Attorney | 196,130 | 141,928,345 | (68,264,525) | 73,663,820 | 0.27% | Community Services/Older Adult Services | 609,365 |
| City Clerk | 469,945 | 141,928,345 | (67,614,365) | 74,313,980 | 0.63% | Community Services/Senior Nutrition Center | 248,950 |
| City Treasurer | 295,860 | 141,928,345 | (66,429,840) | 75,498,505 | 0.39% | Community Services/Rent Control | - |
| Finance | 1,114,710 | 141,928,345 | (69,413,215) | 72,515,130 | 1.54% | Community Services/OASIS | - |
| Human Resources/Risk Mgmt | 462,750 | 141,928,345 | (67,917,940) | 74,010,405 | 0.63% | Community Development/Planning Division | 1,288,335 |
| Information System | 944,920 | 141,928,345 | (72,306,545) | 69,621,800 | 1.36% | Community Development/Code Enf Division | 900,915 |
| | | | | | | Community Development/Building Division | 709,930 |
| Total OH Departments | 4,573,865 | | | | | Public Works/Engineering Division | 1,938,295 |
| | | | | | | Public Works/Maintenance Division | 5,079,925 |
| | | | | | | Public Works/Maintenance Parks Division | 2,380,510 |
| | | | | | | Police Department | 32,911,110 |
| | | | | | | Fire Department | 17,129,250 |
| | | | | | | Fire/Emergency Management Division | 143,965 |
| | | | | | | Community Relations | 144,050 |
| | | | | | | Vehicle Parking District | 79,080 |
| | | | | | | Center for the Arts | 1,159,630 |
| | | | | | | Comm Srvs Admin/Recreation | 3,738,445 |
| | | | | | | Reidy Creek | 648,910 |
| | | | | | | CDBG | 303,575 |
| | | | | | | Recycling | 650,160 |
| | | | | | | Landscape Maintenance Districts | 845,115 |
| | | | | | | Housing | 1,184,525 |
| | | | | | | Mobilehome Park Management | 32,675 |
| | | | | | | Home (Federal) | 102,785 |
| | | | | | | Water/Lakes Canal | 45,374,165 |
| | | | | | | Wastewater/Recycled Water/Stormwater | 21,055,675 |
| | | | | | | Bernardo Hamilton Assessment District | - |
| | | | | | | Total User Departments | 141,928,345 |
| | | | | | | | 146,502,210 |

| Citywide Overhead Rate FY 11/12 | |
|---------------------------------|-------|
| City Counsel | 0.37% |
| City Manager | 1.11% |
| City Attorney | 0.27% |
| City Clerk | 0.63% |
| City Treasurer | 0.39% |
| Finance | 1.54% |
| Human Resources/Risk Mgmt | 0.63% |
| Information System | 1.36% |
| Citywide Overhead Rate | 6.30% |

City of Escondido
Tow Contract

| Fiscal Year | 2011/12 | 2010/11 | 2009/10 | 2008/09 | |
|---|----------|------------|------------|------------|------------|
| Average Cost to Impound Vehicle | | 180 | 180 | 180 | |
| Number of Impounds per year | | 3,392 | 4,413 | 4,953 | |
| Yearly Cost to Impound Vehicle | | 610,560 | 794,340 | 891,540 | |
| Vehicle Impound Collection Rate | | 57% | 57% | 57% | |
| Estimated Vehicle Impound Fee Collected | | 348,019 | 452,774 | 508,178 | |
| Yearly Cost of unpaid impound fees | | 262,541 | 341,566 | 383,362 | |
| Lieutenant Admin/Planning Costs | | 18,008 | 18,008 | 18,008 | |
| Admin Cost to Administer Tow Program | | 85,737 | 85,737 | 85,737 | |
| | | 366,286 | 445,311 | 487,107 | 432,901.40 |
| Actual Impound Fees Collected | | 365,612.09 | 439,770.00 | 509,700.00 | |
| Impound Fee | | 180 | 180 | 180 | |
| Estimated Number of Impounds Paid | | 2,031 | 2,443 | 2,832 | |
| Total Impounded Vehicles | | 3,392 | 4,413 | 4,953 | |
| Vehicle Impound Collection Rate | | 0.60 | 0.55 | 0.57 | 0.57 |
| | | 365,612.09 | 439,770.00 | 509,700.00 | |
| 15% of Total | | 54,841.81 | 65,965.50 | 76,455.00 | |
| 85% of Total | | 310,770.28 | 373,804.50 | 433,245.00 | |
| Number of Impounds collected at \$100 | | 548 | 660 | 765 | |
| Number of Impounds collected at \$180 | | 1,727 | 2,077 | 2,407 | |
| | | 2,275 | 2,736 | 3,171 | |
| Collection Rate | | 0.67 | 0.62 | 0.64 | 0.64 |
| Yearly Cost to Impound Vehicle | | 610,560 | 794,340 | 891,540 | |
| Actual Impound Fees Collected | | 365,612 | 439,770 | 509,700 | |
| Shortfall | | 244,948 | 354,570 | 381,840 | |
| Collection Percentage | | 60% | 55% | 57% | |
| Tow company fees | | 450,000 | 400,000 | 400,000 | 400,000 |
| Yearly Cost of unpaid impound fees | Estimate | (244,948) | (244,948) | (354,570) | (381,840) |
| Lieutenant Admin/Planning Costs | | (18,008) | (18,008) | (18,008) | (18,008) |
| Admin Cost to Administer Tow Program | | (85,737) | (85,737) | (85,737) | (85,737) |
| Total | | 101,307 | 51,307 | (58,315) | (85,585) |
| Percentage Difference | | 0.23 | 0.13 | (0.15) | (0.21) |