

**Towing and Impound Management Practices in Select Los Angeles  
County Cities**

Prepared for the  
Fiscal Year 2016-17 Los Angeles County Civil Grand Jury

Prepared by  
Harvey M. Rose Associates, LLC

(415) 552-9292

May 12, 2017

# Table of Contents

Introduction .....	i
1. Towing and Impound Statistics Reporting and Management .....	1
2. Contract Management.....	10
3. Fees .....	19
4. Ethics and Transparency .....	28
5. Public Information and Customer Service .....	36

# Introduction

## Investigation Objectives

Pursuant to Penal Code Section 926, the FY 2016-17 Los Angeles County Civil Grand Jury retained Harvey M. Rose Associates, LLC to assist the Civil Grand Jury in conducting an Investigation of Towing and Impound Management Practices in Select Los Angeles County Cities. The objectives of the investigation were as follows:

1. Quantify and analyze differences in towing and impound activity in the twelve selected cities, including:
  - o The volume of towing contracts and vendors used by local jurisdictions;
  - o The annual volume of vehicle impounds relating to applicable code violations;
  - o A breakdown of the annual volume of impounds classified by reasons stipulated in State and local law;
  - o The annual value of fines and fees charged by local authorities and towing vendors;
  - o The annual volume of impounded vehicles released back to the registered owner compared to those sold in sales.
2. Determine how each jurisdiction's laws, policies, business practices and provision of in-kind services from contractors may impact impound activity, and fines and fee revenue.
3. Assess contract administration practices and tow vendor compliance with their contractual requirements.
4. Identify variations in practices and results in the twelve surveyed cities.
5. Determine if such practices are reflective of best practices.

The twelve cities selected by the Civil Grand Jury for this investigation are shown in Exhibit I. The contract tow vendors for each city are also presented.

## Methods and Scope

The primary tool used for this investigation were surveys of the twelve cities and their tow/impound contractors and review of contracts between the surveyed cities and their towing and impound contract vendors as well as documentation pertaining to their most recent solicitation for contract towing and impound services. The surveys covered tow/impound statistics, towing and impound fees paid by the tow contractors to the cities, fees charged to individuals whose vehicles have been towed/impounded, tow company contact administration practices, and information on gifts and in-kind services provided by the tow contractors and related ethics regulations in effect in each jurisdiction. Tow and impound statistics and business practices of the twelve cities were collected and analyzed for 2014 and 2015.

We attempted to conduct initial interviews with a representative of each city and tow contractor prior to submitting survey forms for each city and tow contractor to complete regarding their towing and

impound business practices and procedures. In some cases, city and tow contractor representatives were unavailable for these interviews prior to the date by which we had to submit the survey forms to allow enough time for their completion and return to us for tabulation to meet the Grand Jury report deadlines. Cities also provided supplementary documents with their survey responses.

We independently collected and reviewed budget, tow company contract, website and other information about each city and, where available, their tow contractors prior to submitting the survey forms to the cities and tow company contractors.

**Exhibit I: Twelve Cities and Towing Contractors Selected for Investigation**

<b>City</b>	<b>Towing Contractor(s)</b>
Baldwin Park	Royal Coaches
Beverly Hills	Tip Top Towing
El Monte	Freddy Mac
Glendale	1) Crescenta Valley Towing 2) Gay’s Towing 3) Monterey Towing
Glendora	Jan’s Towing
Huntington Park	1) Mr. C’s 2) HP Towing
Inglewood	1) Bryant’s 2) B&H Towing
Irwindale	1) Jan’s Towing 2) Royal Coaches
Montebello	Helms & Hill
San Fernando	Black & White Towing
West Covina	1) Bob’s Tow 2) Royal Coaches
Whittier	1) Bob & Dave’s 2) Hadley Towing

## Overview

The authority for local government agencies to tow and impound motor vehicles is granted in the California Vehicle Code, predominantly in Sections 22650 through 22856. The Vehicle Code outlines various reasons local authorities can impound a vehicle, clarifies what types of fees and fines can be charged by an impounding agency and lienholder, and prescribes requirements on notifying registered owners and interested parties before a vehicle is towed, impounded, and/or processed as a lien sale. Due process requirements for contesting or challenging vehicle tows are spelled out in California Vehicle Code Section 22852. Additional regulations on claiming a lien, as well as processing a lien sale, are found in California Civil Code Sections 3067 through 3074.

The Vehicle Code establishes a base level of regulation but also permits local governments to adopt by ordinance additional laws and policies and procedures regulating the towing and impound of vehicles within their respective jurisdictions. Consequently, a local government's policies may impact what types of infractions are enforced more than others and that lead to a vehicle impound. Other local operational factors may also impact towing activity, including law enforcement staffing levels, the use of public safety checkpoints, patrolling policies, and the use of technology, such as Automatic License Plate Recognition (ALPR) scanners.

The twelve cities investigated ranged in size and reflect the diverse income levels and racial/ethnic diversity of Los Angeles County. The 2015 population estimates for the twelve cities ranged from 1,437 to 201,020. Median household income ranged from \$34,887 to \$97,327. Exhibit II presents population and median household income for the twelve cities.

**Exhibit II: Population and Median Household Income, 12 Cities Investigated**

City	Population	Median Household Income	Income Relative to Median
Baldwin Park	77,056	\$ 51,742	-4%
Beverly Hills	34,869	\$ 97,327	81%
Inglewood	111,656	\$ 42,044	-22%
El Monte	116,732	\$ 38,085	-29%
Glendale	201,020	\$ 52,574	-2%
Glendora	52,009	\$ 75,148	39%
Huntington Park	59,430	\$ 34,887	-35%
Irwindale	1,437	\$ 50,341	-7%
Montebello	63,291	\$ 45,875	-15%
San Fernando	24,931	\$ 55,170	2%
West Covina	108,484	\$ 69,189	28%
Whittier	87,438	\$ 66,457	23%
Median	70,174	\$ 52,158	97%
Minimum	1,437	\$ 34,887	-35%
Maximum	201,020	\$ 97,327	81%

Source: American Community Survey, 2015. U.S. Census Bureau

Harvey M. Rose Associates, LLC

## **1. Towing and Impound Statistics Reporting and Management**

---

- **Many of the twelve cities and towing contractors surveyed for this investigation were found to be lacking key management information and statistics about vehicles impounded in their jurisdictions.**
- **While nine of the twelve cities surveyed did report the total number of impounds in their jurisdictions for 2015, three cities could not report this basic information at all.**
- **Only six of the twelve cities surveyed were able to provide key information on the outcomes for the vehicles impounded in 2015 in their jurisdiction: the number of vehicles returned to their owners, and the number sold in lien sales or as salvage.**
- **Seven of the cities surveyed were able to provide at least some information on vehicles impounded by violation type and/or location in 2015. But five of the twelve surveyed cities, or 42 percent, reported that they did not have the data available in that format or would need to conduct a paper file hand count to produce such information and did not have the time or resources to do so.**
- **Of the 18 surveyed towing companies under contract to the twelve cities in 2014 and 2015, eleven reported the total number of vehicles they impounded in 2015. The other seven contractors did not report this information, indicating that they likely do not have basic management information about their services for their contract cities readily available.**
- **Of the ten respondent cities that reported total impounds in 2015 in their city, Baldwin Park had the most impounds at 2,361, and Irwindale had the fewest at 337. Compared to the number of vehicles in their cities, Irwindale had a very high proportion of vehicle impounds at 98 percent, most likely due to the high number of nonresidents working in the city. The second and third highest vehicle impound rates were found in Beverly Hills (15%) and Baldwin Park (14%). Whittier (4%) and Glendale (1%) reported the lowest percentage of impounds relative to vehicles available.**
- **Of the twelve cities surveyed, only three reported the number of impound hearings conducted in 2015. The other nine cities reported that they do not track this figure. Since impound hearings are required by State law to provide due process for individuals who wish to contest the circumstances under which their vehicle was towed or stored, it is concerning that all cities are not tracking these hearings and monitoring them for possible patterns of improper towing or storage practices by the city, the towing contractor, or both.**

By State law, standardized documentation must be completed for all vehicles towed and stored by municipalities and/or their towing contractors. The CHP 180 form must be completed for all impounded

vehicles. It contains information about the vehicle and its owner and becomes the “core record” for each vehicle towed and impounded. In some jurisdictions, this core information is also entered into an electronic system by the city’s tow vendor or the city itself so that it can be summarized and analyzed for management purposes. With such information electronically recorded, city and tow company management are better equipped to assess the efficiency and impact on the public of their tow and impound practices and policies and make improvements when needed.

The results of the survey conducted for this investigation show that the surveyed cities maintain little, or have limited access to, data about vehicles towed and impounded in their jurisdictions. While nine of the twelve cities surveyed were able to provide the most basic information - the number of vehicles impounded in 2015 - three could not report this baseline information. Further, only six of the twelve surveyed cities could report the outcomes, or dispositions of the vehicles impounded in 2015. Specifically, the cities were asked to report the number of vehicle impounds that resulted in:

1. Vehicle returned to owner
2. Vehicle sold in a lien sale
3. Vehicle sold as salvage
4. Other

Along with the total number of vehicles impounded, this baseline information should be collected and reviewed by city management as a means of assessing the impact of their tow and impound policies and the performance of their towing vendor. A high rate of impounded vehicles sold in lien sales, for example, could indicate that current fee levels or tow company business practices are making it difficult for citizens to account for their transgressions and retrieve their vehicles.

Other information that should be valuable to city management but that many of the cities were not able to provide is the specific violations and locations where vehicle were towed. Cities were asked to provide details on their impounded vehicles by specific violation (e.g., parking violations such as blocking a hydrant) and location such as a crime scene or an accident. Seven cities provided partial information in response to this request, such as violation only or location only, but only one, Beverly Hills, could provide both violation and location. Five cities could not provide any of this information. The absence of the requested information further indicates the lack of management information and the lack of computer systems for cities and their tow vendors to store, retrieve and report key information about vehicle towing and impounds. While towing and impounding vehicles can have a major impact on the vehicle owners, many of the cities surveyed appear to have very little information at their disposal to assess and understand the impacts and effectiveness of their vehicle tow and impound program and policies.

From the cities that reported the requested management information on the number of impounds per year, the following information is presented.

## **Variances between Cities in the Number of Impounds is not Explained by Jurisdiction Size but Reflects Differing Policies and Approaches to Vehicle Enforcement Issues and Varying Impacts on Citizens for Comparable Offenses**

The number of impounds in 2015 reported by the nine surveyed cities that provided this information ranged from 337 in Irwindale to 2,361 in Baldwin Park. This range is likely due to variations in population size and number of vehicles in the twelve cities. However, normalizing the numbers for those two variables shows that there are still variances in impound rates beyond those caused by differences in population and the number of vehicles in each city.

Exhibit 1.1 shows the vehicle impound rates for every 1,000 people and for every 1,000 vehicles in each of the nine cities that provided annual impound statistics. As can be seen, for those cities, the median number of impounds for every 1,000 people was 17.4 in 2015, ranging from a low of 2.7 in Glendale to a high of 234.5 in Irwindale. Similarly, the median number of impounds for every 1,000 vehicles in the cities was 76.6 in 2015, ranging from a low of 8.7 in Glendale to a high of 982.5 in Irwindale. Irwindale may be unusually high because the 2015 population of the city, at 1,437, and the number of vehicles available at 343, are both much lower than in the other cities, therefore resulting in high impound ratios if the city is aggressively towing and impounding vehicles of non-residents.

The City of Irwindale was one of the few cities able to report its impounds by specific violation and location. These statistics showed that the most of the impounds are due to police stops in cases in which the drivers do not have licenses or have suspended licenses. The high rate of impounds in the City of Irwindale may reflect a particular law enforcement emphasis in that jurisdiction on apprehending individual with suspended licenses.

After Irwindale, the City of Beverly Hills has the highest number of impounds per resident and per vehicles available at 59.2 and 154.1, respectively, and still leaves a wide variance in the number of impounds between the surveyed cities, whether compared to residents or vehicles. As discussed further below, the City of Beverly Hills has a high number of parking related impounds compared to the other surveyed cities, most likely reflecting a law enforcement issue unique to that jurisdiction.



**Exhibit 1.1: Number of Impounds per Resident and per Vehicle  
Twelve Surveyed Cities of Los Angeles County**

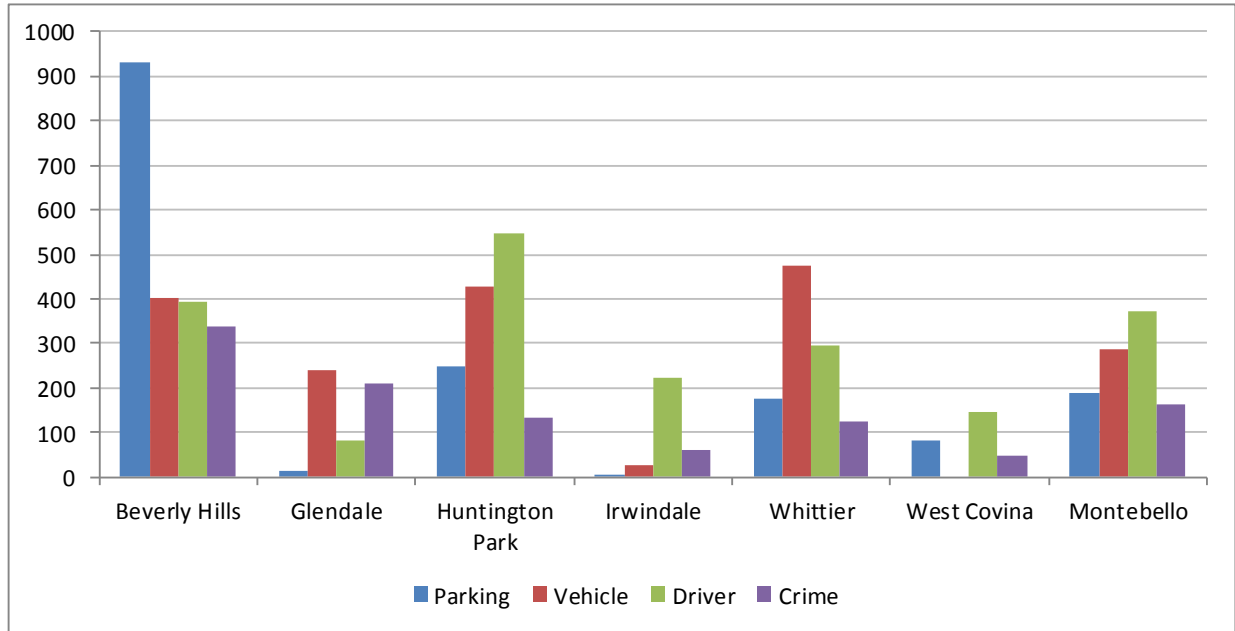
City	# Impounds 2015	Population	Vehicles Available*	Impounds/ 1000 persons	Impounds/ 1000 Vehicles
Baldwin Park	2,361	77,056	16,631	30.6	142.0
Beverly Hills	2,065	34,869	13,402	59.2	154.1
El Monte	---	116,732	27,673	---	---
Glendale	544	201,020	62,458	2.7	8.7
Glendora	---	52,009	15,976	---	---
Huntington Park	1,358	59,430	12,213	22.9	111.2
Inglewood	---	111,656	33,128	---	---
Irwindale	337	1,437	343	234.5	982.5
Montebello	1,011	63,291	17,894	16.0	56.5
San Fernando	435	24,931	5,680	17.4	76.6
West Covina	587	108,484	29,395	5.4	20.0
Whittier	1,156	87,438	25,876	13.2	44.7
Median		70,174	17,263	17.4	76.6
Minimum		1,437	343	2.7	8.7
Maximum		201,020	62,458	234.5	982.5

Source: Impounds from city and tow company Civil Grand Jury survey results. Population and vehicle data from U.S. Census Bureau's American Community Survey, 2015.

As mentioned above, only seven of the twelve cities surveyed could report at least some information on the number of impounds in their jurisdiction by violation type and/or location. For most of the respondents, type of violation was reported by broad violation type (vehicle in violation, driver in violation, parking violation, and crime), rather than by specific code violation, which is how the information was requested. Location information was requested as follows: accident scene, crime scene, parked location, blocked driveway, streetside (i.e., police stop), sobriety checkpoint, safety/license checkpoint, and other.

Exhibit 1.2 presents the distribution of violation types for the seven cities that could report this information. As can be seen, each city is different, with no consistent trend among them. Observations from this information are that the most frequent source of impounds for four of the seven cities (Huntington Park, Montebello, Irwindale, and West Covina) are from driver violations. These include drivers being arrested when stopped, driving with a suspended or no license, or an uninsured driver. City of Beverly Hills impounds were generated most frequently from parking violations, probably due to the city's strict parking regulations.

**Exhibit 1.2: Impound Statistics by California Vehicle Code Violation Type, 2015**



Source: Civil Grand Jury survey of twelve Los Angeles County cities

Another area where management information was found lacking among the surveyed cities is in tracking the disposition, or outcomes, of vehicle impounds. Only six of the twelve cities surveyed, or fifty percent, could report the outcomes of their vehicle impounds for 2015. The results are presented in Exhibit 1.3.

As shown in Exhibit 1.3, there was less variance in the reported statistics pertaining to vehicle impound dispositions, or outcomes. This can be an important measure of the impact of the towing and impound practices in a city. For example, in San Fernando, only 68.3 percent of the vehicles impounded were returned to their owners in 2015 whereas in Beverly Hills, at least 79.9 percent of all vehicles impounded, or over ten percentage points more, were returned to their owners<sup>1</sup>. The loss of a vehicle can present a hardship on the owner, particularly if it is used as a means of transportation for work or is needed for performing the owner’s job. The impact could be harder on lower income vehicle owners who may have fewer resources available to retrieve their vehicles and fewer transportation options. Tracking vehicle impound outcomes would enable cities to determine if changes are needed in their towing and impound practices and policies to both enforce the law and avoid imposing undue hardships on their citizens.

<sup>1</sup> The City of Beverly Hills reported 358 “other” outcomes for their 2,065 impounds in 2015. These included repossessions and private impounds that may or may not have ended up with the original owner.

**Exhibit 1.3: Outcomes for Impounded Vehicles, 2015**  
**Six of Twelve Surveyed Cities Reporting**

City	Vehicle Returned to Owner	% Total	Vehicle Sold in Lien Sale	% Total	Vehicle Sold Salvage	% Total	Other	% Total	TOTAL
Baldwin Park	1,634	69.2%	519	22.0%	208	8.8%	-	-	2,361
Beverly Hills	1,650	79.9%	57	2.8%	-	-	358	17.3%	2,065
El Monte	<i>not tracked</i>								
Glendale	<i>not tracked</i>								
Glendora	<i>not tracked</i>								
Huntington Park	<i>not tracked</i>								
Inglewood	<i>not tracked</i>								
Irwindale	132	70.6%	41	21.9%	14	7.5%	-	-	187
Montebello	<i>not tracked</i>								
San Fernando	297	68.3%	138	31.7%	<i>not tracked</i>	-	-	-	435
West Covina	463	78.9%	59	10.1%	65	11.1%	-	-	587
Whittier	875	75.7%	281	24.3%	-	-	-	-	1,156
Median	669	73.1%	99	22.0%	14	7.5%	-	-	872

Source: Civil Grand Jury survey of twelve Los Angeles County cities.

Notes: City of Beverly Hills' "Other" outcomes (358 in the chart above) include certain vehicles stored at the vendor's primary facility in Santa Monica instead of its Beverly Hills facility, private street repossessions, private impounds and field releases. Most are ultimately returned to the owner or parties such as a bank or insurance company.

The City of Irwindale reported 187 impounds in 2015 because it only obtained detailed impound and outcome data from one of its two contract tow vendors. When impound data from its two tow vendors are combined, total impounds for 2015 was 337. However, outcome data was not available from both vendors so the data in Exhibit 1.3 is presented for one vendor only since it included outcomes.

The lack of detailed information reported is surprising in that a review of the contracts for tow and impound services in the twelve surveyed cities showed that most cities require that their vendors provide some sort of reporting each month or quarter on at least the number of towed and impounded vehicles and, in some cities, characteristics of the vehicles or circumstances under which the towing occurred (see more details on these contractual requirements in Section 2 of this report). Though most surveyed cities were able to report the total number of impounds in their jurisdiction, fewer were able to report requested characteristics such as the specific violation that resulted in the vehicle impounding and/or the location of the initial towing.

It appears that at least some of the cities' contractual information requirements may be being met with high level summary statistics only, possibly from manual hand counts, such that the cities and/or tow vendors are not able to manipulate this data to present it in other ways as they could if the information were collected and reported using a computerized application. Further, the same statistics reported by the cities and the tow vendors did not match in most cases, as shown in Exhibit 1.4. In many cases, only

the city or only the tow company reported the requested statistics, even though both should have the information. In other cases, both parties reported the statistics, but they did not match, though some were close. In only one case, the City of Irwindale, was 41 vehicles reported by both the city and its tow contractor as the number of vehicles sold in lien sales in 2015.

**Exhibit 1.4: Differences in Number of Impounds and Vehicles Sold in Lien Sales as Reported by Surveyed Cities and their Tow Contractors.**

City	Total Impounds			# Vehicles Sold in Lien Sale		
	City Reported	Tow Co. Reported	Difference	City Reported	Tow Co. Reported	Difference
Baldwin Park	2,361	2,548	(187)	519	571	(52)
Beverly Hills	2,065	2,047	18	57	83	(26)
El Monte	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Glendale	na.	1,297	(1,297)	n.a.	n.a.	n.a.
Glendora	n.a.	454	(454)	n.a.	18	(18)
Huntington Park	1,358	n.a.	1,358	n.a.	n.a.	n.a.
Inglewood	n.a.	2,505	(2,505)	n.a.	n.a.	n.a.
Irwindale*	187	337	(150)	41	41	-
Montebello	1,011	1,452	(441)	n.a.	347	(347)
San Fernando	n.a.	n.a.	n.a.	138	n.a.	138
West Covina	587	603	(16)	59	138	(79)
Whittier	1,156	343	813	281	109	172

Source: Grand Jury surveys of twelve Los Angeles County cities and their towing contractors

\*The City of Irwindale has two contract tow vendors but only had access to one vendor’s statistics when they completed the survey, resulting in the discrepancy shown in the table.

**State Required Impound Hearings not Tracked in Eight of Twelve Surveyed Cities**

As stated above, State law requires that municipalities provide hearings for individuals who believe that their vehicles may have been improperly towed or stored. California Vehicle Code 22852 requires that municipalities that have impounded vehicles must provide the registered and legal owners of the impounded vehicles with an opportunity for a “poststorage hearing” to determine the validity of the impoundment. Notice of the opportunity for the hearing must be mailed to the legal owner along with notice of the vehicle being impounded within 48 hours. The owner then has ten days to request a poststorage, or impound, hearing. The hearing must take place within 48 hours of the request, excluding weekends and holidays. California Vehicle Code 22850.5 allows municipalities to charge a fee for impound hearings. Only one city, Glendale, reported having such a fee: \$75 per hearing.

In their survey responses, only four of the twelve cities surveyed reported the number of impound hearings conducted in 2015. The other eight cities provided no response to the question, indicating that they do not track this information.

Since impound hearings are a State requirement for all cities to provide protection for citizens from having their vehicles towed and stored improperly, it is concerning that all cities are not tracking the

occurrence and results of such hearings to monitor possible recurring trends in alleged improper towing and storage by their contract tow companies or law enforcement. If their experience is like the four cities that did report their number of hearings in 2015, the numbers are not so large as to be burdensome to track. Exhibit 1.5 presents the number of impound hearings conducted in 2015 for the three cities that could report this statistic.

**Exhibit 1.5: Number of Impound Hearings, 2015**

<b>City</b>	<b># Impound Hearings</b>
Baldwin Park	<i>not tracked</i>
Beverly Hills	104
El Monte	<i>not tracked</i>
Glendale	148
Glendora	60
Huntington Park	<i>not tracked</i>
Inglewood	---
Irwindale	---
Montebello	<i>not tracked</i>
San Fernando	<i>not tracked</i>
West Covina	0
Whittier	<i>not tracked</i>

Source: Civil Grand Jury survey of twelve Los Angeles County cities

### **The Number of Sobriety and Safety Checkpoints Vary Among Surveyed Cities**

As another sign of variation in traffic and vehicle enforcement traffic practices and policies between cities, no clear pattern was found in the number of sobriety/safety checkpoints held by the twelve surveyed cities. As can be seen in Exhibit 1.6, seven of the twelve surveyed cities conducted combination safety sobriety/checkpoints in 2014 and/or 2015 but five cities reported none. The number of checkpoints conducted over the two year period ranged from four in Glendora to 49 in Glendale.

### Exhibit 1.6: Number of Sobriety/Safety Checkpoints, 2014 and 2015

City	2014	2015	TOTAL
Baldwin Park	0	0	0
Beverly Hills	0	0	0
El Monte	0	6	6
Glendale	27	22	49
Glendora	2	2	4
Huntington Park	7	2	9
Inglewood	10	8	18
Irwindale	0	0	0
Montebello	4	4	8
San Fernando	0	0	0
West Covina	0	0	0
Whittier	12	10	22

Source: Civil Grand Jury survey of twelve Los Angeles County cities

In some cases, the checkpoints lead to vehicles being towed and impounded but only one of the surveyed cities, Whittier, records and reported the number of vehicle impounds stemming from checkpoints. The City of Whittier reported 28 vehicles impounded from sobriety and safety checkpoints. While there are many reasons cities conduct sobriety/safety checkpoints, the number of citations, the specific California Vehicle Code violations and the number of vehicles towed and impounded at the checkpoints should be tracked, recorded and reported for data-based traffic safety management and to measure the checkpoints' impacts on citizens.

All of the surveyed cities that reported conducting sobriety and safety checkpoints in 2014 and 2015 used grant funding and paid the officers assigned overtime. Checkpoint costs reported by the surveyed cities ranged from \$6,203 to \$11,286 per event.

### Recommendations

- 1.1 All cities should collect and report key statistics about the number of vehicles towed and impounded and length of impounds at least annually to their city councils and the public.
- 1.2 All cities should collect and report to their city councils and the public the number of impound hearings conducted each year, including the reasons for the hearings and the outcomes to detect possible patterns of improper towing and storage of vehicles.
- 1.3 All surveyed cities and others should share vehicle tow and impound statistics with one another annually to determine how they compare and if the results they are obtaining are consistent with their vehicle related enforcement policy objectives, including the impact of vehicle towing and impounds on lower income members of the public.

## 2. Contract Management

---

- Of the twelve surveyed cities, 10 cities used an open and competitive bidding process for selecting towing vendors in their most recent solicitations. Inglewood and Whittier stood out from the common practice of issuing RFPs to select towing vendors.
- On average, the surveyed cities offer base contract agreements for four years, but extensions vary greatly. The most notable is West Covina where towing vendors went from serving a three-year contract term to a 10-year extension and could end up with a 13 year or more term if granted the five-year extensions allowed in their contract.
- Almost every city requires that their towing vendor maintain a primary storage facility and office within or proximate to the contract city's limits. In addition, every city measures the response time for tow trucks dispatched to police calls, the average maximum response time being 20 minutes for a tow truck to arrive on scene to a call.
- Out of the twelve surveyed cities, seven stipulate in their contracts that their towing vendors must provide periodic reports, usually monthly or quarterly, detailing towing activity, service charges, and franchise fee payments. These more specific requirements put the contracting city in a much better position to monitor their contractors' and police department's performance and to better ensure that improper towing and storage activities are not taking place.
- Of the twelve cities, nine maintain contract clauses that require some performance reporting. However, six of these cities only required evaluating customer complaints or tow response time performance and two cities only vaguely state that the police chief retains the right to review contractor performance. Glendale stood out from its peers for requiring their vendors track and monitor several performance measures including response time for answering city calls, wait times for customer calls, and implementing a Quality Assurance Plan to meet 93 other performance standards outlined in their contract.
- Through more extensive performance-based contracting, cities can identify and prioritize service objectives for contractors; develop a system to collect and analyze performance data; establish contract provisions for meeting, exceeding, or not meeting performance objectives; and link contractor performance to future procurement decisions. This process can help cities hold their towing contractors more accountable to the community.

## Cities and their Towing Vendor Selection

Of the twelve surveyed cities, ten used an open and competitive bidding process for their most recent selection of tow and impound service vendors. As displayed in Exhibit 2.1, the majority of cities surveyed selected their vendors through an open and competitive bidding process.

**Exhibit 2.1: Last Round of Competitive Bidding for Tow Contractors**

Cities	Current Towing Vendors	Year Last Competitively Bid?
Baldwin Park	Royal Coaches	2014
Beverly Hills	Tip Top	2012
El Monte	Freddie Mac's	2016
Glendale	(1) Gay's, (2) Mid Valley, (3) Crescenta Valley	2016
Glendora	Jan's	2006
Huntington Park	Mr. C's	2016
Inglewood	(1) B&H, (2) Bryant's	<i>Not Applicable</i>
Irwindale	(1) Jan's, (2) Royal Coaches	2016
Montebello	Helms & Hill	2009
San Fernando	Black & White	2014
West Covina	Royal Coaches	2009
Whittier	(1) Hadley Tow, (2) Bob & Dave's	<i>Not competitively bid</i>

Source: Civil Grand Jury survey responses and review of towing contracts

Inglewood and Whittier stood out from the common practice of issuing RFPs to select towing vendors. Unlike the majority of its peers, Whittier does not maintain a policy or practice to use an open, competitive bidding process for selecting towing vendors. The City of Inglewood does not award towing franchise agreements, but issues towing business permits to participate in the city's pool of towing referrals. Towing vendors must apply for a permit, get approved by the Police Department, and are subject to annual reviews to renew their permits.

It is important to note that a few of the cities in this study recently changed their towing vendors. These cities are:

- Glendale: In October 2015, the City Council directed city staff to conduct a competitive bidding process for reviewing towing services, leading to the recent 2016 contract awards to Gay's, Mid Valley, and Crescenta Valley. Prior to this bidding process, the last competitive contract awards were in 2006 at which time the city awarded franchise contracts to Gay's, Crescenta Valley, and Monterey to serve three separate districts, and Sunset was selected for citywide heavy duty towing. Sunset eventually closed its business, and Monterey was not selected in the most recent contract award due to a history of struggling to comply with the city's performance standards. Crescenta Valley was recently purchased by Hadley Tow, which also serves the City of Whittier.
- Huntington Park: Prior to Mr. C's, Huntington Park had engaged HP Tow as their official towing vendor with a service agreement from 1999 through 2015. HP Tow received numerous contract amendments from 1999 until February 2016 when the city terminated its contract citing HP



Tow's gifts to a city councilmember as a breach of its service agreement prohibiting gifts to city officials.

- In 2009, West Covina awarded two towing franchise agreements to Royal Coaches and Bob's to serve separate regions in the city. The city terminated its contract with Bob's in July 2016 for undisclosed reasons related to ongoing litigation between the two parties. Royal Coaches currently serves the whole city in the interim.
- In September 2014, the Whittier City Council delayed renewing their service agreement with Hadley due to multiple performance issues relating to drivers exceeding speed limits and committing other traffic and parking violations, consuming alcohol and narcotics while on duty, and hard selling customers. The business also had been cited for inappropriately storing police holds and illegally discharging wastewater into the county storm drains. Despite the Police Chief's recommendation to award the towing contract to Bob's solely, the City Council renewed Hadley's service agreement in December 2014, and they started service again in April 2015 after meeting contractual service requirements.

### Length of Towing Vendor Contract Terms

On average, the surveyed cities offer base contract agreements for 3.75 years, but extensions vary greatly. Exhibit 2.2 below presents term information for current tow and impound vendor contracts.

**Exhibit 2.2: Current Length of Contract Terms for Tow Contractors**

City	Towing Vendors	Current Term of Contract	Years in Base Term	Maximum Possible, with any Extensions
Baldwin Park	Royal Coaches	2014-2018	4	4
Beverly Hills	Tip Top	2012-2013; four 1-year extensions	1	5
El Monte	Freddie Mac's	2016-2020	4	4
Glendale	(1) Gay's, (2) Mid Valley, (3) Crescenta Valley	2016-2021; two 2-year extensions	5	9
Glendora	Jan's	2006-2012; 4-year extension to 2016; four 1-year extensions	6	12
Huntington Park	Mr. C's	2016-2021	5	5
Inglewood	(1) B&H, (2) Bryant's	Annual permit renewal	1	1
Irwindale	(1) Jan's, (2) Royal Coaches	2017-2020; 6 month extension, month-to-month	3	3.5+
Montebello	Helms & Hill	2009-2014; annual extensions without a cap	5	5+ (no max.)
San Fernando	Black & White	2014-2019; 5-year extension	5	10
West Covina	Royal Coaches	2009-2012; extension from 2012-2022; 5 year extensions	3	13+
Whittier	(1) Hadley Tow, (2) Bob & Dave's	Hadley: 2015-2018 / B&D: 2014-2017; two 1-year extensions	3	5
<b>Average</b>			<b>3.75</b>	<b>n.a.</b>

Source: Civil Grand Jury surveys and review of towing contracts

Although the average base contract term is four years, there are notable differences in extension agreements. The most notable is West Covina where towing vendors went from serving a three-year contract term to a 10-year extension and could end up with a 13 year or more term if granted the five year extensions allowed in their contract.

While there may be a limited pool of vendors able to bid on these towing and impound contracts, it is still in the cities’ best interests and a best practice to regularly competitively bid these contracts. The impact of doing so is to keep the vendors competitive on price and performance. <sup>1</sup> Competitive bidding every three to five years would be a reasonable standard for the twelve cities. Contract provisions that allow for terms of 9-13 years and more are not in the best interests of the cities or the public.

### **Operational Requirements and Response Times Require a Local Presence**

Almost every city requires either in their municipal code or service agreements or operating permits that their towing vendor maintain their primary storage facility and office within city limits, or within a few miles of city limits, of the contracting city. In addition, every city measures the response time for tow trucks dispatched to police calls, the average maximum response time being 20 minutes for a tow truck to arrive on scene to a call. Facility location and response time requirements are highlighted below.

**Exhibit 2.3: Location and Response Time Requirements**

<b>City</b>	<b>Storage and Office Location Requirements</b>	<b>Response Time Requirements</b>
Baldwin Park	Within five miles of city limits	25 minute monthly average, 30 minute maximum
Beverly Hills	Within seven miles of city limits	15 minute maximum
El Monte	Within five miles of city limits	15 minute maximum
Glendale	No more than half a mile outside city limits	15 minute maximum from 7am-7pm; 30 minute maximum from 7pm-7am
Glendora	Within city limits*	20 minute maximum from 7am-6pm; 25 minute maximum from 6pm-7am
Huntington Park	Within five miles of city limits	20 minute maximum
Inglewood	Must be in city limits	15 minute maximum
Irwindale	Within five miles of City Hall or six miles from city limits at Chief's discretion	15 minute average; 20 minute maximum; 15 minute maximum for critical incidents
Montebello	Within city limits	15 minute maximum
San Fernando	Within five miles from the Police Department	15 minute maximum; must dispatch within 10 minutes
West Covina	No requirement	15 minute maximum
Whittier	Within city limits	15 minute average; 20 minute maximum; 15 minute critical incident

Source: Review of city ordinances and towing service agreements

\*Glendora’s original contract with Jan’s Towing required their primary storage facility and office to be within city limits; however, the city amended this requirement in their 2012 extension to permit Jan’s primary facility for Glendora’s tows to be in an adjacent city, Azusa.

<sup>1</sup> National Institute for Governmental Purchasing Business Council: White Paper 2014. *Everybody Wins: Crafting a Solicitation that Fosters Transparency, Best Value, and Collaborative Partnership*

## Reporting Requirements on Towing Vendor Finances and Towing Related Activity are Inconsistent and Often Minimal

Although every city requires their contractors to maintain detailed records documenting fees paid to the city and towing activity, only seven cities require that their contractors automatically provide monthly or quarterly reports to city management summarizing their vehicle tow and impound activities. Requiring the towing contractors to keep records on hand for city review is not as effective as a management tool because there is no guarantee that cities will allocate resources to regularly review these records. Besides tow and impound record requirements, most of the surveyed cities lack a structured process to evaluate their tow contractors' performance.

Out of the 12 surveyed cities, seven stipulate in their contracts that their towing vendors must provide periodic reports, usually monthly or quarterly, detailing towing activity, service charges, and franchise fee payments. Although five cities do not include financial reporting requirement clauses in their contracts, every city requires that their towing vendors at least maintain detailed financial records subject to audit. This unfortunately does not guarantee that the tow contractors will maintain the records as required or that the cities will regularly review them and monitor tow contractor performance. Such a review can become an extra non-routine task and requires allocating staff resources to an extra duty. The more effective approach is to require regular tow contractor reporting, as is the case in seven of the surveyed cities, to ensure that the tow contractors are maintaining the proper records and that City management staff will always have the records at their disposal for review and monitoring. Financial reporting requirements for the twelve surveyed cities are summarized below in Exhibit 2.4.

### Exhibit 2.4: Twelve Surveyed Cities' Financial Reporting Requirements for Tow Contractors

City	Contractor Required to Regularly Submit Financial Reports to City?		Financial Reporting Contract Requirements
	YES	NO	
Baldwin Park	✓		Annual and monthly payment reports
Beverly Hills	✓		Monthly reports of itemized services and charges
El Monte		✓	Contractor must <i>maintain</i> detailed records of all transactions subject to inspection by City.
Glendale	✓		Monthly reports of itemized charges for all towing activity and quarterly reports detailing towing activity and the calculation of release fees (VTACR) owed to city
Glendora	✓		Monthly report of activity detailing service charges and lien sales
Huntington Park	✓		Annual report of all gross receipts earned
Inglewood		✓	Contractor must <i>maintain</i> detailed records of all transactions subject to inspection
Irwindale	✓		Quarterly reports of gross receipts and lien sales records
Montebello		✓	Contractor must <i>maintain</i> detailed records of all transactions subject to inspection
San Fernando	✓		Quarterly payment reports itemizing towing activity
West Covina		✓	Contractor must <i>maintain</i> detailed records of all transactions subject to inspection
Whittier		✓	Contractor must <i>maintain</i> detailed records of all transactions subject to inspection

Source: Review of city towing contracts

In addition to financial information, eight of the twelve cities surveyed include additional reporting requirements in their towing contracts. Sometimes integrated with the monthly financial payments and reports, the eight cities require that their vendors provide detail on the volume of vehicles being towed, released, or lien sold, along with other descriptive information.

As can be seen in Exhibit 2.5, the information requirements vary among the eight cities that require such reporting. The most common requirement is listing all tows, impound and lien sale activity. While this is useful information to have, other cities require specific information that enables them to better assess the performance of their tow contractors and the impact of their towing and impound policies and practices on members of the public. These requirements include vehicle descriptors (make, model, Vehicle Identification Number, owner information), dates of impound and release (which allows for assessing total impound time), and police case numbers (to easily track cases back to individual officers and incidents). The cities of Glendale and Irwindale specifically require that tow location information be reported and the cities of Irwindale and San Fernando require information on the incident that led to the tow. Finally, the City of Glendale alone requires that their contractors report when personal property found in vehicles is inventoried.

**Exhibit 2.5: Tow Contractor Activity Reporting Required by Surveyed Cities**

City	No Activity Reporting Requirements	Regular Activity Report Required	Must Report Amount of Time Vehicle Stored	Must Report Tow Location	Must Report when Personal Property Inventoried	Must Report Information on Tow Incident
Baldwin Park		✓				
Beverly Hills		✓	✓			
El Monte		✓	✓			
Glendale		✓	✓	✓	✓	
Glendora		✓				
Huntington Park	✓					
Inglewood	✓					
Irwindale		✓	✓	✓		✓
Montebello	✓					
San Fernando		✓	✓			✓
West Covina	✓					
Whittier	✓					
<b>TOTAL</b>	<b>5</b>	<b>7</b>	<b>5</b>	<b>2</b>	<b>1</b>	<b>2</b>

Source: Review of city towing contracts

These more specific requirements put the contracting city in a much better position to monitor their contractors' and police department's performance and to better ensure that improper towing and storage activities are not taking place. Adding these reporting requirements to all contracts and regularly reviewing the information would provide greater assurance to the public that that their city's towing and impound operations are functioning efficiently and properly.

## Performance Reporting Requirements are Inconsistent and Often Minimal

Although most cities impose important reporting requirements on towing activity and financial disclosure, most contracts lack detail on how the city will assess the performance of their towing vendors and use such evaluations in considering contract awards or extensions.

As can be seen in Exhibit 2.6, four cities do not require any performance reporting by their tow contractors. Two additional cities do not mandate reporting of performance metrics but require that the vendors maintain the information available upon request by the cities. Of the cities that do mandate regular performance reporting, tow response times and customer complaints are the most commonly used metrics. Other notable metrics are found in the City of Glendale, which requires that their tow vendors maintain and provide records on phone wait times and a Quality Assurance Plan detailing how the vendor will meet 93 performance standards outlined in their contract.

**Exhibit 2.6: Performance Metrics in Agreements between Cities and Tow Contractors**

City	Performance Metrics Reported or Evaluated by City				
	No Performance Reporting Required	Tow Response Time	Customer Complaints	Phone Wait Time	Quality Assurance Plan Compliance
Baldwin Park		✓			
Beverly Hills		✓			
El Monte	✓	*			
Glendale	*	*	*	*	*
Glendora	✓	*			
Huntington Park		*	✓		
Inglewood	✓	*			
Irwindale		*			
Montebello		*	✓		
San Fernando	✓	*			
West Covina		*	✓		
Whittier	*	*			

Source: Review of city towing contracts and ordinances

\*This city does not mandate regular reporting but requires that the city have specific records available for inspection in the performance areas shown.

Of the 12 cities, nine maintain contract clauses that discuss performance reporting; however, four cities (Huntington Park, Irwindale, Montebello, and West Covina) focus on evaluating customer complaints, and two other cities (Inglewood and Whittier) only vaguely state that the police chief retains the right to review contractor performance. Baldwin Park and Beverly Hills require their contractors to address their response times on a monthly basis.

While most cities address contractor performance in one or two areas, Glendale stood out from its peers for requiring their vendors to track and monitor several performance measures including response time for answering city calls, wait times for customer calls, and implementing a Quality Assurance Plan to meet 93 other performance standards outline in their contract.

## **Towing Vendors Can Be Better Managed Through Performance-Based Contracting**

Since the Vehicle Code details administrative requirements for towing, storing, and auctioning lien vehicles, cities are not required to develop extensive local regulations for administering these local programs. As demonstrated in the results of the Civil Grand Jury survey of twelve cities, only one city had developed a comprehensive contract management plan and integrated it into their towing franchise agreement while five cities failed to incorporate any specific performance reporting requirements. Although the other six agencies mentioned some performance metrics in their contracts, monitoring only customer complaints or response times is not a comprehensive approach to monitoring a towing vendor's overall service to the public.

Compounded by the fact that just about every city requires tow vendors to maintain facilities and offices within or near their city limits, and to swiftly respond to dispatch calls between 15 to 30 minutes, competition for open bids can be minimal or nonexistent. Cities then run the risk of engaging in long term contracts that provide little oversight and accountability. With enhanced performance-based contract management, cities and the public can be more informed about the service being provided by their towing contractors and their impact in the community.

Best practices in contract management recommend that governments adopt the following process when entering into contract agreements:

- 1) Identify and prioritize service objectives for contractors;
  - a. Cities can identify specific performance objectives addressing towing response times, wait times for customer service over the phone and at the counter, customer complaints resolutions, and other objectives.
- 2) Develop a system to collect and analyze performance data;
  - a. Cities could require periodic reporting of performance statistics to assess the impact of their towing vendors on the community. Data could include activity measures, such as the volume of vehicles towed, stored, impounded, and lien sold, as well as performance measures to assess compliance with service objectives.
- 3) Establish contract provisions for meeting, exceeding, or not meeting performance objectives;
  - a. In addition to simply stating that the city may terminate its contract at any time due to noncompliance with the terms of a contract, cities could also impose liquidated damages against contractors based on the volume and severity of contract violations, and specify corrective action steps to remedy contract violations. Alternatively, if a contractor meets or exceeds service objectives, the contract should require that this performance be used when approving rate adjustments or providing bonuses.
- 4) Link contractor performance to future procurement decisions;
  - a. Since most contracts offer term extensions, contracts should require that contractor's documented performance against defined service objectives be used in determining whether the contractor deserves a contractor renewal or extension.

- 5) Reflect the provisions outlined above, as well as the process for regular performance monitoring, in the final agreement.<sup>2</sup>

## **Recommendations**

- 2.1 All cities should adopt performance-based contract management approaches like Glendale to better monitor and evaluate their towing contractors and their impact on the community.
- 2.2 The City of Whittier should implement a competitive bidding process for their towing services upon the completion of their current contract term to conform to procurement best practices and negate the appearance of impartiality or bias.

---

<sup>2</sup> National Performance Management Advisory Commission. *A Performance Management Framework for State and Local Government: From Measurement and Reporting to Management and Improving*. 2015.

### 3. Fees

---

- Of the twelve surveyed cities, six impose franchise fees on their tow vendors through flat fees charged per vehicle towed, ranging from \$45 to \$250 in 2015. Another four cities imposed franchise fees as percentages of their vendors' gross revenue for towing related activities ranging from seven percent to 30 percent. Two cities, Beverly Hills and Whittier, chose not to impose a franchise fee on their towing contractors.
- All cities impose a vehicle release fee paid to the cities by vehicle owners before their impounded vehicle can be released. These fees range from \$50 to \$245 for basic vehicle releases. Seven cities also charge different release fees when vehicles are towed for specific reasons, such as DUI arrests and other police impounds.
- The current median tow fee charged by towing and impound contractors for a regular vehicle is \$175, ranging from a low of \$118.50 in Glendale to a high of \$205 in El Monte, a 73 percent difference.
- The current median daily storage fee for a regular vehicle is \$52, ranging from a low of \$33 in Inglewood to a high of \$60 in El Monte and Huntington Park.
- Of the nine tow vendors that provided this information in the survey, on average, 57 percent of vehicles impounded in 2015 were released within the first three days, but 32 percent remained on the lot for a week or more.
- Total fees paid by vehicle owners for vehicles retrieved after one day range from a low of \$228 in Glendale to a high of \$494, or over twice as much, in Baldwin Park. Median fees after one day of storage in the twelve surveyed cities are \$347. Vehicles retrieved after seven days face median fees of \$659, ranging from a low of \$450 in Glendale to a high of \$818 in Baldwin Park, or 82 percent more.
- Cities have an obligation under State law to ensure that their franchise fees and administrative release fees are recovering no more than the actual and reasonable cost of administering their towing program. At least six cities have not adjusted their franchise fees in several years, indicating that cities may not be regularly assessing the administrative costs of their towing programs.

#### **Franchise Fees and Vehicle Release Fees Paid to Cities Vary Significantly**

Pursuant to the California Vehicle Code, cities can recover the cost of administering towing programs in two ways. First, Vehicle Code Section 12110(b) allows cities to impose franchise fees on towing vendors; however, the fee “may not exceed the amount necessary to reimburse the public entity for its actual and reasonable costs incurred in connection with the towing program.” In addition, Vehicle Code Section 22850.5 allows cities to impose fees on vehicle owners to recover the cities' administrative costs

---

*Harvey M. Rose Associates, LLC*



relating to the removal, impound, storage, or release of their vehicles. This most commonly manifests as a vehicle release fee. Exhibit 3.1 below highlights the franchise fees charged to each city’s towing vendor and the release fees passed onto customers.

**Exhibit 3.1: City Franchise and Release Fees, 2015**

City	Franchise Fee paid by Tow Vendors	City Release Fee Paid by Vehicle Owners <sup>1</sup>
Baldwin Park	\$125 per vehicle from police calls; 25% of gross receipts from owner calls, 30-day impounds, and lien sales (minus lien fees)	\$245 all releases
Beverly Hills	None	\$117 basic; \$162 investigative release
El Monte	\$125 per vehicle	\$120 basic; \$240 impound; \$500 DUI; \$720 prostitution
Glendale	\$250 per vehicle, all vendors	\$72 basic; + \$35 for DUI; \$20 for oversized
Glendora	\$75 per vehicle	\$120 all releases
Huntington Park	14% of gross receipts <sup>2</sup>	\$108.23 basic; \$159.16 impounds; \$318.30 DUI
Inglewood	7% of gross receipts, all vendors	\$150 basic; \$150 DUI
Irwindale	30% of impound/storage, 10% of lien sales	\$50 basic; \$150 impound; \$325 for DUI
Montebello	\$154 per vehicle	\$180 all releases
San Fernando	\$45 per vehicle	\$130 impound
West Covina	30% of gross receipts from Royal Coaches with a \$100,000 annual minimum <sup>3</sup>	\$178 all releases
Whittier	None	\$121 basic; \$230 DUI; \$200 30-day impounds

Source: Review of towing contracts, city websites, and Civil Grand Jury survey responses.

<sup>1</sup>Release fees for “impounds” are referring to vehicles that were towed in accordance with Vehicle Code sections prohibiting driving with a restricted license or without a license, and other police holds.

<sup>2</sup>Huntington Park terminated a long-standing contract with HP Tow in 2016 that imposed no franchise fee.

<sup>3</sup>West Covina recently terminated a secondary contractor, Bob’s Tow, in 2016. Their franchise fee equated to 34% of gross receipts minus owner notification fees.

Of the twelve surveyed cities, six of them charged franchise fees from their tow vendors in 2015 through flat fees charged per vehicle towed, ranging from \$45 to \$250. Another four cities’ franchise fees were based on percentages of gross revenue for the vendors’ towing related activities, ranging from seven percent to 30 percent. Two cities, Beverly Hills and Whittier, chose not to impose franchise fees on their towing contractors.

As for release fees paid to the cities by vehicle owners in 2015, all cities imposed fees on owners when releasing vehicles, ranging from \$50 to \$245 for basic vehicle releases. Seven cities also imposed different release fees when the vehicles were towed for specific reasons, such as DUI arrests and other police impounds.

## Cities Collected a Wide Range of Revenue from Franchise and Vehicle Release Fees

Since local jurisdictions manage their towing contracts in different ways, revenue from franchise and release fees depend upon how a city calculates its actual costs for administering its towing program. Exhibit 3.2 provides the surveyed cities' revenues from tow vendors for 2014 and 2015.

**Exhibit 3.2: City Franchise and Release Fee Revenues, 2014 and 2015**

City	Total Tow Vendor Fees Paid to City, 2014	Total Tow Vendor Fees Paid to City, 2015	Total Vehicle Release Fees Paid by Vehicle Owners to City, 2015	Total Franchise Fees and Release Fees Paid to City, 2015
Baldwin Park	\$314,949	\$318,513	\$334,070	\$652,583
Beverly Hills	<i>Not Applicable</i>	<i>Not Applicable</i>	\$176,202	\$176,202
El Monte	\$47,575	\$76,145	\$176,190	\$252,335
Glendale	\$273,830	\$364,379	\$33,530	\$397,909
Glendora	\$63,150	\$43,275	\$28,540	\$71,815
Huntington Park	<i>Not Reported</i>	<i>Not Reported</i>	\$102,878	\$102,878
Inglewood	\$22,294	\$44,503	<i>Not Reported</i>	\$44,503
Irwindale	\$51,814	\$47,154	\$30,250	\$77,404
Montebello	\$201,740	\$197,120	\$130,462	\$327,582
San Fernando	<i>Not Applicable</i>	\$20,753	\$23,841	\$44,594
West Covina	\$144,004	\$98,059	\$47,882	\$145,941
Whittier*	\$8,200	\$9,000	\$92,453	\$101,453
Median	\$63,150	\$61,650	\$92,453	\$124,410
Minimum	\$8,200	\$9,000	\$23,841	\$44,503
Maximum	\$314,949	\$364,379	\$334,070	\$652,583

Source: Review of Civil Grand Jury city surveys

Note: Beverly Hills did not provide franchise fee revenues for 2014. Huntington Park changed towing contactors in 2016, its prior contractor, HP Tow, was not required to pay any franchise fee.

\*City of Whittier vendor fees are for 30 day impounds only.

As can be seen in Exhibit 3.2, median franchise fee revenue in the ten cities that required payment from their tow vendors was \$61,650 in 2015, ranging from a low of \$9,000 in Whittier to a high of \$364,379 in Glendale<sup>1</sup>. Two cities, Beverly Hills and Whittier, did not impose franchise fees on their tow vendors in 2015 and instead covered their administrative costs for their tow and impound program through release fees, or possibly with their own resources. Median release fee revenue paid to the cities by vehicle owners in 2015 for all cities that reported this revenue was \$92,453, ranging from a low of \$23,841 in San Fernando to a high of \$334,070 in Baldwin Park.

The broad range of fee revenue collected from tow vendors and vehicle owners whose vehicles are towed and stored by the tow vendors for the surveyed cities indicate that cities take very different approaches to how much of their tow and impound program costs are paid for by vehicle owners, how they identify the allowable costs that can be recovered through these fees and the extent to which these costs are ultimately passed on to the vehicle owners.

<sup>1</sup> The City of Whittier charges vendor fees for 30 day impounds only.

## The Current Median Tow Company Towing Fee for a Regular Vehicle is \$175, Ranging from \$118.50 to \$205

All vehicles towed are subject to a one-time basic tow fee imposed by the towing vendor. All cities regulate tow fees through their service agreements, of which adjustments must be approved by the contracting city. Aside from Inglewood and Irwindale, we found that every city with multiple tow vendors requires that all of their vendors charge the same towing fees.

Exhibit 3.3 presents the array of base tow fees. The range of rates presented show that the cost to vehicle owners can vary significantly depending on the jurisdiction in which their vehicle is towed. The lowest tow fee for a regular vehicle is \$118.50 in Glendale, while the highest is \$205 in El Monte, or 75 percent higher. The median is \$175,

**Exhibit 3.3: Tow Contractor Tow Fees Reported in Survey**

City	Regular Vehicle	Motorcycle	Medium	Heavy Duty
Baldwin Park	\$195	\$195	\$230	\$325
Beverly Hills	\$160	\$80	\$250	\$350
El Monte	\$205	\$205	\$205	\$205
Glendale	\$118.50	\$118.50	\$118.50	\$227.00
Glendora	\$175.00	\$175.00	\$235.00	\$325.00
Huntington Park	\$185	\$185	\$250	\$350
Inglewood	\$121.90	(1)\$169.65; (2)\$121.90	\$183.55	\$255.55
Irwindale	(1)\$175; (2)\$195	(1)\$175; (2)\$195	(1)\$235; (2)\$230	\$325
Montebello	\$154	\$154	\$250	\$350
San Fernando	NA	NA	NA	NA
West Covina	\$195	\$195	\$230	\$325
Whittier	\$175	\$175	\$193	\$257
Median	\$175	\$175	\$230	\$325
Minimum	\$118.50	\$80	\$118.50	\$205
Maximum	\$205	\$205	\$250	\$350

Source: Review of Civil Grand Jury towing vendor surveys; San Fernando has not provided its fee schedule.

Inglewood: (1)=Bryant's; (2)=B&H

Irwindale: (1)=Jan's; (2)=Royal Coaches

## Current Median Daily Storage Fee among Survey Cities for a Regular Vehicle is \$52, Ranging from \$33 to \$60

All vehicles towed are subject to daily storage fees imposed by the towing vendor. All cities regulate storage fees through their service agreements with their tow vendors, for which any adjustments must be approved by the contracting city. Aside from Irwindale, every city with multiple vendors requires that they charge the same towing fees.

Exhibit 3.4 shows the array of daily storage fees. As with the base towing fees presented above, the variation in fees can result in very different costs for the vehicle owners depending on the city in which

their vehicle is impounded. The lowest daily storage fee for a regular vehicle is \$33 in Inglewood, while the highest fee is \$60 in El Monte and Huntington Park. The median is \$52.

**Exhibit 3.4: Current Tow Contractor Daily Storage Fees**

City	Regular Vehicle	Motorcycle	Medium	Heavy Duty
Baldwin Park	\$54	\$54	\$57	\$60
Beverly Hills	\$42	\$35	\$65	\$75
El Monte	\$60	\$60		
Glendale	\$37	\$10	\$41	\$52
Glendora	\$52	\$30.00	\$57.00	\$65.00
Huntington Park	\$60	\$60	\$60	\$60
Inglewood	\$33	\$15.28	\$53.66	\$53.66
Irwindale	(1)\$52; (2)\$54	(1)\$30; (2)\$54	\$57.00	(1)\$65; (2)\$60
Montebello	\$52	\$52	\$55	\$65
San Fernando	NA	NA	NA	NA
West Covina	\$54	\$54	\$57	\$60
Whittier	\$45	\$45	\$50	\$60
Median	\$52	\$49	\$57	\$60
Minimum	\$33	\$10	\$41	\$52
Maximum	\$60	\$60	\$65	\$75

Source: Review of Civil Grand Jury towing vendor surveys; San Fernando has not provided its fee schedule.

Irwindale: (1)=Jan's; (2)=Royal Coaches

## Most Vehicles were Released within 72 Hours or Remained for Over a Week in 2015

Of the nine tow vendors that provided this information, on average, 57 percent of vehicles they impounded were released within the first three days in 2015, but 32 percent remained on the lot for seven days or more.

**Exhibit 3.5: Volume of Vehicles Towed by Days before Release, 2015**

City and Towing Vendor	Days before Vehicle Release								Total
	1 day	2 days	3 days	4 days	5 days	6 days	7 days	7+ days	
Baldwin Park: Royal Coaches	931	322	225	109	79	41	27	814	2,548
Beverly Hills: Tip Top	445	35	8	-	-	-	-	2	490
Glendale: Gay's	283	232	115	91	63	37	34	179	1,034
Glendora: Jan's	65	29	46	35	30	21	20	127	373
Irwindale: Jan's	48	28	14	7	5	1	5	68	176
Irwindale: Royal Coaches	64	17	8	8	10	4	5	57	173
Montebello: Helms & Hill	240	264	144	4	48	24	48	600	1,372
West Covina: Royal Coaches	173	65	48	34	36	16	14	217	603
Whittier: Hadley	73	82	54	39	36	29	17	13	343
<b>Totals</b>	<b>2,322</b>	<b>1,074</b>	<b>662</b>	<b>327</b>	<b>307</b>	<b>173</b>	<b>170</b>	<b>2,077</b>	<b>7,112</b>
<b>Percentage</b>	<b>33%</b>	<b>15%</b>	<b>9%</b>	<b>5%</b>	<b>4%</b>	<b>2%</b>	<b>2%</b>	<b>29%</b>	<b>100%</b>
<b>Grouped Percentages</b>	57%		10%			32%			

Source: Review of Civil Grand Jury towing vendor surveys

Note: The following towing vendors have not completed their surveys: Freddie Mac from El Monte; Gay's, Monterey, and Crescenta Valley from Glendale; HP Tow from Huntington Park; Black and White from San Fernando; and Bob & Dave's from Whittier. Bryant's and B&H from Inglewood completed their surveys, but reported that this information is not tracked. The Civil Grand Jury's survey to cities included the same question to delineate the volume of tows by the number of days before release, but only three cities (Beverly Hills, Irwindale, Whittier) provided this data while the other nine reported that this information is not tracked.

**Fees for a Regular Vehicle can Range From \$228 to \$494 for One Day of Storage**

Since most towed vehicles are released within the first three days of storage, but nearly a third of vehicles remain in storage for over a week, cost estimates for releasing a regular vehicle are provided in Exhibit 3.6. This exhibit is for informational purposes only as each city may charge additional fees depending on the car size, purposes of tow or impoundment, and if the lien sale process had begun.

As can be seen in the illustration in Exhibit 3.6, total fees for vehicles retrieved after one day can range from a low of \$228 in Glendale to a high of \$494, or over twice as much, in Baldwin Park. Median fees after one day are \$347. Vehicles retrieved after seven days would face median fees of \$659, ranging from a low of \$450 in Glendale to a high of \$818 in Baldwin Park, or 82 percent more.

**Exhibit 3.6: Current Estimated Costs to Release a Regular Vehicle**

Cities	City Release Fee <sup>1</sup>	Tow Fee <sup>2</sup>	Daily Storage <sup>2</sup>	1 Day	2 Days	3 Days	7 Days	15 Days	30 Days
Baldwin Park	\$245.00	\$195	\$54	\$494	\$548	\$602	\$818	\$1,250	\$2,060
Beverly Hills	\$117.00	\$160	\$42	\$319	\$361	\$403	\$571	\$907	\$1,537
El Monte	\$120.00	\$205	\$60	\$385	\$445	\$505	\$745	\$1,225	\$2,125
Glendale	\$72.00	\$118.50	\$37	\$228	\$265	\$302	\$450	\$746	\$1,301
Glendora	\$120.00	\$175.00	\$52.00	\$347	\$399	\$451	\$659	\$1,075	\$1,855
Huntington Park	\$108.23	\$185	\$60	\$353	\$413	\$473	\$713	\$1,193	\$2,093
Inglewood	\$150.00	\$121.90	\$33.00	\$305	\$338	\$371	\$503	\$767	\$1,262
Irwindale	\$50.00	\$185	\$53.00	\$288	\$341	\$394	\$606	\$1,030	\$1,825
Montebello	\$180.00	\$154	\$52	\$386	\$438	\$490	\$698	\$1,114	\$1,894
San Fernando	\$130.00	not provided		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
West Covina	\$178.00	\$195	\$54	\$427	\$481	\$535	\$751	\$1,183	\$1,993
Whittier	\$121.00	\$175	\$45	\$341	\$386	\$431	\$611	\$971	\$1,646
Median	\$121	\$175	\$52	\$347	\$399	\$451	\$659	\$1,075	\$1,855
Minimum	\$50	\$119	\$33	\$228	\$265	\$302	\$450	\$746	\$1,262
Maximum	\$245	\$205	\$60	\$494	\$548	\$602	\$818	\$1,250	\$2,125

Source: Review of Civil Grand Jury city and towing vendor surveys

<sup>1</sup>Release fees in this analysis are for basic vehicle storage releases. The City of San Fernando charges a release fee and an administrative fee.

<sup>2</sup>Vendor tow and daily storage fees are current rates for regular vehicles. Cities with more than one vendor charging different tow and storage rates were averaged out for this cost analysis.

Costs presented in Exhibit 3.6 above do not cover the spectrum of possible charges that may significantly increase or decrease the cost of releasing stored or impounded vehicles. Scenarios that may impact total release costs include:

- Seven cities charge higher release fees for vehicles that were impounded as police holds, as noted in Exhibit 3.1.
- If a lienholder has begun the lien sale process and notified persons of interest, an additional lien processing fee of \$70 to \$100 can be imposed after the first 72 hours (Vehicle Code 22651.07 and 22851.12).
- As displayed in Exhibits 3.2 and 3.3, towing and daily storage fees can fluctuate depending on the size of the vehicle.
- Cities and vendors may charge a gate fee up to one-half of the hourly tow rate charged for towing a vehicle if the vehicle is released outside normal business hours (Vehicle Code 22658(n)(2)(B)).
- If an impounded vehicle has outstanding traffic or parking violation fees that have not been paid to the local authority, those fees may need to be paid as a condition of release (Vehicle Code 22651).

## **Cities have a Statutory Obligation to Periodically Assess the Cost of Administration**

Vehicle Code Section 12110(b) allows cities to impose franchise fees on towing vendors that may not exceed the amount necessary to reimburse the public entity for its actual and reasonable costs incurred in connection with the towing program. Vehicle Code Section 22850.5 allows cities to impose fees on vehicle owners to recover administrative costs relating to the removal, impound, storage, or release of vehicles.

Since there is no standardized structure for cities to manage and evaluate their towing vendors and towing related programs, cities have varying levels of oversight and involvement with their towing contractors. Consequently, as observed in our survey of twelve cities, the range of franchise and vehicle release fees varies greatly in form and value. Although cities are responsible for not charging franchise and release fees that exceed administrative costs, State law does not dictate how to calculate these fees, or how often the actual cost of administration should be assessed.

The cost of administration heavily relies upon the time and cost of personnel involved in the towing program. Since public employee salaries and benefits typically escalate or change on an annual basis, the cost of service changes annually as well. Cities may not be recovering the full-cost of administration, or possibly overcharging towing vendors and towing service users. We highlight the following cities that have not updated their fees in several years and may not be recovering fees to cover the actual cost of service:

- Inglewood still has not updated its franchise fee since at least 2010.
- Irwindale has not updated its franchise fee since 2012.
- Montebello has not updated its franchise fee since 2012.
- San Fernando has not updated its franchise fee since at least 2009.
- West Covina has not updated its franchise fee since at least 2009.

Cities should ensure compliance with the Vehicle Code by adopting best practices in establishing charges and fees that call for regular, periodic assessment of the cost of service justifying the fees.<sup>2</sup>

### **Recommendations:**

- 3.1 All cities should adopt policies that require the cost of administering their towing programs to be reassessed on a periodic basis to ensure that franchise fee and administrative fees are not exceeding the cost of service. Since personnel costs typically adjust annually, this cost assessment should be conducted at least once every four years, the average base term of towing contracts in the survey.
- 3.2 All cities should annually review their city and tow contractor fees charged to vehicle owners, including comparisons with other cities in Los Angeles County, to assess and justify the amounts charged, considering the potential hardship on their citizens relative to the policy objectives of

---

<sup>2</sup> Government Finance Officers Association. *Best Practice: Establishing Government Charges and Fees*. February 2014  
Harvey M. Rose Associates, LLC

the fees such as deterring certain types of behavior as well as considering the fairness of the fees being charged relative to other jurisdictions.



## 4. Ethics and Transparency

---

- Gifts provided by towing vendors or their employees to designated city officials must be disclosed in those officials' statements of economic interests. However, gift reporting requirements can be avoided if gifts are provided to city employees who are not designated officials, city departments, or city related organizations, like labor unions, employee associations, or professional associations.
- Six of the twelve cities surveyed for this investigation indicated that their towing vendors provided in-kind services and gifts outside of their contract requirements. The vendors' donations and services typically included free meals at public safety checkpoints and community meetings, sponsorships for luncheons and athletic events, and supporting community events.
- Of the surveyed cities, only two cities maintain policies regulating or prohibiting towing vendors from selling auctioned lien vehicles to city officials or city agencies; five cities maintain policies regulating or prohibiting the city from contracting with vendors that are owned by city employees. One city has a policy regulating or prohibiting the city from contracting with vendors who employ relatives of city officials.
- Police department personnel are heavily involved in the contracting process as nine of the twelve cities include the police department in making an official recommendation for the towing contract award. Single departments, usually the police departments, were found to be solely responsible for a number of the key stages in the tow vendor procurement processes. In conjunction with the observation that only three cities provided documentation of their towing proposal evaluations, there are opportunities for city employees involved in the procurement process to benefit from gifts and services of interested parties and not be subject to financial disclosure.
- There have been several instances of impropriety involving towing vendors providing in-kind services and donations to government officials and employees in Los Angeles County in recent years. Cities have an obligation to mitigate fraud and abuse by adopting and enforcing conflict of interest policies, enhancing the competitive bidding process to include more stakeholders documenting proposal evaluations, and increasing reporting requirements for gifts and services provided by towing vendors.

### Financial Interest Disclosure Laws

California Government Code Sections 87200 – 87210 require that certain public officials at the state and local level disclose their financial interests and abstain from making decisions that result in personal gain and that may be considered conflicts of interest. Public officials include candidates running for office, elected officials, city managers, city attorneys, and other public administrators who manage and make

decisions on the use of public resources. Government Code Sections 87300 – 87314 require local governments to adopt local conflict of interest codes that designate officials and employees who must disclose their financial interests.

These designated employees must file annual statements of economic interests either with the California Fair Political Practices Commission and/or the local filing officer, usually the City Clerk. Financial interests include income, investments, equity in property and businesses, and gifts. Aggregate gifts from a single source totaling \$50 or more in one year must be disclosed in the statement of economic interests, although designated officials cannot accept more than \$470<sup>1</sup> annually from that source. It is important to note that such gift limitations do not apply to campaign contributions, which have different limitations depending on state or local campaign finance laws.

### **Financial Interest and Gift Disclosure Requirements Can Be Avoided by Providing Gifts to Non Designated Officials**

Gifts provided by towing vendors or their employees to designated city officials must be disclosed in those officials' statements of economic interests. However, gift reporting requirements can be avoided if gifts are provided to city employees who are not designated officials, city departments, or city related organizations, like labor unions, employee associations, or professional associations.

Of the twelve cities surveyed, six cities indicated that their towing vendors provided services and gifts in addition to support requirements in their contracts. Those cities include:

- Baldwin Park: The towing vendor for this city donated \$1,750 in 2014, and \$2,400 in 2015 to support the police officer's association in an athletic competition, and for providing bikes and food at community events.
- Beverly Hills: The towing vendor spent \$1,000 a year in 2014 and 2015 on biannual lunches for the police department. The vendor also provides two wrecked cars for the City's annual "Every 15 Minutes" campaign to raise awareness about drunk driving.
- Huntington Park: The prior towing vendor occasionally provided food for police officers stationed at public safety checkpoints, and coffee and pastries for community meetings. The city does not track, and consequently did not report, the value of these gifts in 2014 and 2015.
- Irwindale: The City of Irwindale reported that one of its tow contractors, Royal Coaches, provided the City with donations and contributions in the form of \$10,000 in 2014 and \$4,860 in 2015 for the Library Foundation, 4<sup>th</sup> of July Fireworks, Music in the Park, Senior Center Thanksgiving dinner, and targeted tutoring at the Library.
- San Fernando: The towing vendor reportedly purchases tables for Police Advisory luncheons; however, the value of these purchases was not reported by the city in 2014 and 2015.
- West Covina: The City of West Covina reported that it did not know if its tow vendor, Royal Coaches, had provided any services, materials or donations to the City. However, the tow

---

<sup>1</sup> Gift limits adjust with inflation every odd year, the most recent adjustment increasing from \$460 to \$470 for January 2, 2017 through December 31, 2018.

vendor reported donations and contributions for civic and City activities in the amounts of \$6,074.58 and \$1,307.54 in 2014 and 2015, respectively.

Seven of the twelve cities indicated that the towing vendors provide free support services including towing of city vehicles, lending of lights for road incidents, and road clean up; however, these services are stipulated in each respective city’s towing contract. These six cities are: Baldwin Park, Beverly Hills, Glendora, Huntington Park, Irwindale, San Fernando, and West Covina. These services do not benefit particular individuals and are common contractual agreements.

### **Most Cities Surveyed Do Not Maintain Specific Policies Addressing Potential Conflicts of Interest with Towing Vendors**

Since State financial disclosure laws apply to specific designated officials, another way for cities to mitigate conflicts of interest is to adopt and enforce local policies that prohibit all city employees from using their position of influence for personal gain. Of the surveyed cities, only two cities, Glendale and West Covina, maintain policies regulating or prohibiting towing vendors from selling auctioned lien vehicles to city officials or city agencies. Only five of the 12 cities maintain policies regulating or prohibiting the city from contracting with vendors that are owned by city employees: Baldwin Park, Beverly Hills, Glendale, Glendora, and Whittier. Finally, only one city, Glendora, has a policy regulating or prohibiting the city from contracting with vendors who employ relatives of city officials. Exhibit 4.1 below provides a summary of policies maintained by each city.

**Exhibit 4.1: Select Conflict of Interest Policies in the Twelve Surveyed Cities**

City	Policies in Place for:		
	Prohibiting Auctioning Vehicles to City Officials/ Agencies	City Contracts with Businesses Owned by City Employees	City from Contracting with Businesses Employing City Official Relatives
Baldwin Park		✓	
Beverly Hills		✓	
El Monte			
Glendale	✓	✓	
Glendora		✓	✓
Huntington Park			
Inglewood			
Irwindale			
Montebello			
San Fernando			
West Covina	✓		
Whittier		✓	
<b>TOTAL</b>	<b>2</b>	<b>5</b>	<b>1</b>

Source: City responses to the Civil Grand Jury survey

In their survey responses, the cities of El Monte, Huntington Park, Irwindale, and Montebello reported that they do not maintain city or departmental policies specifically addressing the three areas above;

however, each of their towing contracts contain a brief, general “Conflict of Interest” clause wherein the vendor must acknowledge that no city officials’ or employees’ financial interests will be served by the contract award. Whittier’s towing contract also contains a similar clause in addition to their policies.

**Procurement of Tow Vendor Services were Controlled by the Police or Single Departments in a Number of Cities, Increasing the Risk of Conflicts of Interest**

Eleven of the twelve cities surveyed issued Requests for Proposals (RFPs) for towing services in recent years. In those eleven cities, the police department or another individual department, rather than a consortium of city departments and stakeholders, controlled key aspects of those towing vendor procurement processes. In six of the cities, for example, a single department, usually the police department, prepared the RFP. In four cities, a single department evaluated proposals and in nine cities, a single department prepared the recommendation for contract award for approval by the City Council. In six of the nine surveyed cities, the single department preparing the contract award recommendation was the police department. The final contract award decision was made by the City Council in every city. A summary of staff involved in the procurement process is summarized in Exhibit 4.2.

**Exhibit 4.2: Distribution of Responsibility for Towing Vendor Selection Processes in the Twelve Surveyed Cities**

City	RFP Preparation	Proposal Evaluation	Recommendation	Final Decision
Baldwin Park	Public Works	Public Works	Public Works	City Council
Beverly Hills	Police	Police	Police	City Council
El Monte	Committee: Finance, Police, Public Works, Administration	Committee: Finance, Police, Public Works, Administration	City Manager	City Council
Glendale	Police	Committee: Finance, Public Works, Police	Committee: Finance, Public Works, Police	City Council
Glendora	Police	Police, City Manager	Police, City Manager	City Council
Huntington Park	Police	Police	Police	City Council
Inglewood*	Purchasing/Dept Staff	Purchasing and Departmental Staff	Police	City Council and Police
Irwindale	Police	City Staff Committee	City Staff Committee	City Council
Montebello	Purchasing and Departmental Staff	Purchasing and Departmental Staff	City Manager	City Council
San Fernando	Police	Police/Stakeholder Committee	Police	City Council
West Covina	Purchasing and Departmental Staff	Police	Police	City Council
Whittier*	None	None	Police	City Council
<b>Single Dept.</b>	<b>6</b>	<b>4</b>	<b>7</b>	<b>n.a.</b>

Source: City responses to the Civil Grand Jury survey

\* The City of Inglewood does not award towing franchise agreements, but issues towing business permits to participate in the city’s pool of towing referrals. The City of Whittier does not issue an RFP for towing services

Having more parties involved in the procurement process reduces the chances of conflicts of interest, particularly in cases where bidding vendors have provided or might provide in-kind services or gifts to a city department, such as the police department. Involving representatives of other departments that would not be conducting business with the vendor would provide more assurance of the procurement process being objective and free of conflict of interest.

As highlighted earlier, four cities indicated in their surveys that their towing vendors provided some form of in-kind services or gifts outside their required contractual arrangements. These services were often in the form of meals and sponsorships for police related activities. Since these services and gifts were not directed toward specific designated officials, these gifts have not been prior reported or disclosed. The lack of gift reporting requirements for non-designated officials creates opportunity for towing contractors to curry favor from police and other city personnel involved in the procurement process. For example, staff involved in evaluating proposals may favor contractors who continue to periodically cater meals for their departments. In addition, a police chief or city manager may also favor a contractor who provides meals and sponsorships that support their staff. In either circumstance, gifts delivered in such a manner can continue to be provided without being disclosed in the surveyed cities.

### **Proposal Evaluation Documentation is Scarce**

As part of the Civil Grand Jury’s survey, the twelve cities were asked to indicate whether 20 different measures or criteria are used during the evaluation of towing vendor proposals, to indicate if other criteria is used, or to provide documentation of their proposal evaluations. The criteria provided in the survey was as follows. Respondents were asked to indicate which of the criteria they included in their tow vendor proposal evaluations.

i	Management qualifications
ii.	Company and/or employee safety records
iii.	Company employee training record and approach
iv.	Customer service approach and record
v.	Customer/public complaints filed
a.	>>Citizen complaint record
b.	>>Customer/public complaints on social media
viii.	Damage claim procedures (e.g., arbitration must be used)
ix.	Civil suits/claims
x.	Facility assessment (cleanliness, professionalism):
a	>>Office
b	>>Vehicle storage area
c	>>Area for police holds
d.	>>Area for trucks
xv.	Prior experience in tow/impound/salvage business

xvi.	References
xvii.	Financial stability/viability
xviii.	Prior violations of current agreement
xvix.	Prior violations of any agreements with other cities
xx.	Background check results: Previous felony convictions Other convictions
xxi.	Other (specify)

Exhibit 4.3 presents survey responses indicating which evaluation criteria they used to assess tow vendor proposals received. The exhibit also presents which respondent cities provided documentation of their bidder evaluations. As can be seen, only three cities provided documentation of their scoring process (Beverly Hills, Glendale, Irwindale) and it is therefore assumed that the other cities did not document their evaluation process.

**Exhibit 4.3: City Responses to Evaluation Criteria**

City	Survey Evaluation Criteria Selected	Evaluation Documentation Provided?
Baldwin Park	Other: Storage yard location (other bidders disqualified due to this)	No
Beverly Hills	Facility assessments (office, storage, police hold), references, financial stability, prior violations.	Yes: Provided proposal scoring notes
El Monte	Used all criteria listed in survey	No
Glendale	None - alternate documentation	Yes: 2016 scoring sheets on qualifications of personnel, service requirements, facility and equipment requirements, prior experience, references, and financial viability.
Glendora	Used all criteria listed in survey	No
Huntington Park	None - alternate documentation	Referenced factors in RFP on firm experience, inventory of equipment and facilities, policies and protocols, insurance coverage, claims, training, and financial viability
Inglewood	Used all criteria listed in survey	No
Irwindale	None - alternate documentation	Yes: 2011 interview assessments provided with ratings on appearance, community involvement, compliance with city requirements, and motivation to serve
Montebello	None	No
San Fernando	Used all criteria in survey except customer complaints, claims/suits	No
West Covina	None	No
Whittier	None	No

Source: City responses to the Civil Grand Jury survey

With only three cities maintaining records of their towing vendor proposal evaluations, there is additional risk that, even when steering committees were created for the tow vendor procurements, employees involved in the procurement process could influence vendor recommendations without empirical evidence demonstrating that a recommended vendor's proposal and performance exceeds other bidders. All cities should adopt scoring templates for towing vendor bidders and maintain records of these completed forms to ensure that proposal evaluations are conducted in a fair and unbiased manner.

## **Cities are Obligated to Avoid and Reduce the Risk of Abuse in the Contracting Process**

Internal control best practices recommend that governments respond to risk by accepting, avoiding, reducing, or sharing risk.<sup>2</sup> Since each city manages its own towing vendor, and contracting is the predominant method for providing towing services, governments can avoid and reduce the risk of fraud and abuse by establishing, monitoring, and enforcing policies that dissuade or prohibit city officials and employees from using their contract oversight authority or position in the procurement process for personal gain.

In recent years, there have been several instances throughout the County of Los Angeles of towing vendors providing gifts, donations, and other financial interest to various government officials and employees, potentially undermining the public's trust. Examples include:

- Vernola's Towing, a towing vendor for the Los Angeles County Sheriff, sold a stolen, high value vehicle to an Assistant Sheriff for a steeply discounted rate in 2014.<sup>3</sup>
- Royal Coaches donated \$1,000 to the son of Irwindale's former mayor while in the midst of contract negotiations with the City in 2012. Although the mayor recused himself from the contract award vote, the Fair Political Practices Commission imposed a \$2,000 penalty against him after determining he had been inappropriately involved in discussions to break the single vendor service model that led to Royal Coaches being awarded a contract.<sup>4</sup>
- H.P. Tow was one of many businesses in contract with the City of Huntington Park that donated to a campaign committee for a candidate that did not run for office. This committee subsequently paid a Huntington Park councilwoman for "consulting services" stirring possible conflict of interest violations.<sup>5</sup> H.P. Tow's proprietor had also been involved in an FBI investigation for alleged bribery attempts of another Huntington Park councilmember,<sup>6</sup> leading the city to terminate its contract as campaign contributions are prohibited in their service agreement under the clause that the vendor "shall make no payments for this contract and shall

---

<sup>2</sup> Government Accountability Office. *Standards for Internal Control in the Federal Government*. September 2014.

<sup>3</sup> Chang, Cindy. "Top L.A. County sheriff's official bought stolen Audi." *Los Angeles Times*. 8 October 2015.

<sup>4</sup> Favot, Sarah. "Former Irwindale mayor agrees to \$2,000 fine for Political Reform Act violation." *Pasadena Star-News*. 11 August 2014.

<sup>5</sup> Elmahrek, Adam. "Huntington Park councilwoman's consulting business raises questions about conflicts of interest." *Los Angeles Times*. 12 February 2017.

<sup>6</sup> Rubin, Joel. "The feds had an open-and-shut bribery case against 2 brothers. Then it unraveled." *Los Angeles Times*. 17 October 2016.

give no gifts to any of city's officers or employees." In addition, H.P. Tow may have also been in ongoing violation of this clause as the city reported that the vendor used to provide meals during public safety checkpoints.

## **Recommendations:**

- 4.1 All cities should incorporate a clause in their towing vendor contracts to require that all donations, gifts, and free services provided by the towing vendor outside of their service agreement to any city official or employee, city department, or city affiliated associations or events be documented and reported to the city.
- 4.2 All cities should adopt policies that prohibit the sale of lien vehicles to city entities or employees.
- 4.3 All cities should adopt policies that prohibit city employees from participating in the procurement or management of contracts of which employees may possess equity in a vendor or of which the vendor may be employing a relative of the city employee.
- 4.4 All cities should adopt policies that require more than only the police department or any other single department to be involved in the tow vendor procurement process: developing Requests for Proposals for towing and vendor services, evaluating proposals received, and recommending a contract award to the final decision maker.
- 4.5 All cities should adopt policies requiring that competitive bidding be employed in the selection of towing and impound services and that the City Council, and not a single employee such as the city manager, make the final decision on awarding contracts for tow and impound services.
- 4.6 All cities should adopt policies outlining specific criteria to be used for evaluating towing vendor proposals, create templates to be completed by individuals participating in the proposal evaluation, and maintain historical records to ensure fair and unbiased scoring in the evaluation process.



## 5. Public Information and Customer Service

---

- Information for the public about surveyed cities tow and impound processes and fees is not well publicized in nearly all of the cities.
- State law mandates that city tow and impound contract vendors post all storage fees and a Towing Fee and Access Notice at their facilities but display of this type of information is not statutorily required for the cities that contract with these vendors. Consequently, only three of the twelve surveyed cities report that they post information about their city's towing and impound processes and practices at their police department or other city facilities which vehicle owners are likely to first visit when attempting to retrieve their vehicles. Similarly, only three cities reported having information available on a telephone hotline.
- Seven cities report having a handout with tow and impound information and seven cities report posting information about their towing and impound processes and fees on their city websites. However, review of those websites showed that the information is limited and difficult to find. Rather than stand-alone website pages, partial information about city fees only and or contract tow vendor locations is often posted on police department or other subsidiary Frequently Asked Questions pages. In some cases, tow and impound fees are posted in city master fee schedules that are not associated with web pages with titles related to the police department or towed or impounded vehicles.
- In spite of heavy concentrations of Hispanic or Latino residents in the majority of twelve surveyed cities, only three cities reported having Spanish versions of their handout. Only one city reported having Spanish versions of posters at their city facilities and only one city reported a Spanish version of their website.
- Of the ten tow companies that provided responses to survey questions about their hours of operation, seven are open from 8 a.m. to 5 p.m. weekdays, making it difficult for individuals to get to the tow facilities to retrieve their vehicles before incurring multiple days' storage fees and without taking time off from work. Two cities' tow vendors, in Inglewood and Huntington Park, are open 24 hours a day, seven days a week, providing the greatest levels of access for vehicle owners. Seven of the vendors are open at least a least a half day on Saturday and five of the ten respondents are open on Sundays, which is beneficial to those with Monday-Friday daytime jobs. However, weekday evening hours provide the greatest arrangement to help vehicle owners minimize their storage fees.

## Public Information

State law requires that law enforcement agency, cities, other government entities and tow yards, storage facilities, or impounding yards that charge for towing or storage, or both, post, in plain view of the public, a Towing Fees and Access Notice<sup>1</sup> and, at all cashier stations, a full fee schedule<sup>2</sup>. The Towing Fees and Access Notice is to provide information about the towing and impound process, role of the city in establishing and verifying the rates charged, information about the vehicle owners' rights, what to do in the event of a complaint or problem at the facility, liability issues, and other matters.

While State law mandates disclosure of rate and other information by the tow and impound facility operators, it does not include comparable requirements for municipalities. In the case of the twelve cities surveyed for this investigation, the State noticing requirements apply to their tow company contractors, but not to the cities themselves. However, in the interest of providing customer service to the public and transparency in their operations, whether performed directly by the city or under their auspices through contract services, it behooves cities to provide information about the full costs and processes that owners will experience in attempting to retrieve their vehicles.

Responses from the twelve surveyed Los Angeles County cities and a review of the cities' websites found that the cities generally do not provide complete or useful information about the processes and full costs for owners to retrieve their vehicles. Tow and impound services are operated by contract vendors in all of the twelve cities and not the cities. Vehicles are most frequently towed and impounded as a result of actions taken by the cities' police departments so, for the public, the experience with the tow company contactor is an extension of their experience with the cities. In spite of this, the cities provide scant information to the public on their websites or in posters and materials at police department or other city facilities.

Of the twelve cities surveyed, seven reported having handouts available for the public, upon request, with information about the fees and towing and impound processes, but five of the cities do not have such a document available for the public upon request. Only three cities reported having signs or posters at their police departments or other city facilities describing the process and rates. Seven cities reported having pertinent information available on their website and three reported operating towing and impound telephone "hotlines". Exhibit 5.1 summarizes the survey respondents' forums for providing information to the public about towing and impound services and costs.

---

<sup>1</sup> California Vehicle Code 22651.07(a)

<sup>2</sup> California Civil Code 3070(E)

**Exhibit 5.1: Reported Vehicle Towing and Impound Information Sources  
in Twelve Surveyed Cities**

City	Website	Handouts	Posters/ signs at City Facilities	Telephone hotlines
Baldwin Park	✓	✓		
Beverly Hills	✓	✓		✓
El Monte		✓		
Glendale	✓			
Glendora	✓			
Huntington Park	✓	✓		
Inglewood		✓	✓	✓
Irwindale			✓	✓
Montebello	✓	✓	✓	
San Fernando				
West Covina	✓	✓		
Whittier				
<b>TOTAL</b>	<b>7</b>	<b>7</b>	<b>3</b>	<b>3</b>

Source: Civil Grand Jury survey of twelve Los Angeles County cities

A review of the cities’ websites showed that the information is incomplete and would not provide much assistance to a member of the public trying to determine how to retrieve their impounded vehicle and how much retrieval is going to cost. None of the city’s websites provide comprehensive information, particularly in the area of fees for which the city websites only post city vehicle release or administrative fees, but not the contract tow vendor’s towing, storage and other fees.

Vehicle owners in ten of the surveyed cities are required to pay city vehicle release or administrative fees in addition to tow, storage and other related fees charged by the tow vendor. Except for one city, Irwindale, only city fees are presented on city websites<sup>3</sup>. Tow, storage and other tow vendor fees are not presented on six of the seven cities that reported having pertinent information on their websites. Five cities have no information about towing and impound processes and fees whatsoever.

**Hours of operations**

In the survey of tow company vendors that contract with the twelve surveyed cities, various practices regarding business hours were reported. As shown in Exhibit 5.2, the most common practice for the contract vendors is to be open from 8 a.m. to 5 p.m. Monday-Friday. The vendors in two cities, Huntington Park and Inglewood, are open 24 hours a day, seven days a week and one city, Beverly Hills, is open from 7 a.m. to 7 p.m. seven days a week.

<sup>3</sup> The City of Irwindale reported in their survey response that they did not have tow and impound process and fee information on their website, but a review of the city’s website found such information on a page linked to the Police Department’s home webpage.

Weekend hours vary, with two cities' vendors open from 8 a.m. to 5 p.m. Saturdays and Sundays, one open from 7 a.m. to 7 p.m. all weekend, one open from 8 a.m. until 12 noon on Saturdays only, three vendors closed on Saturday and five closed on Sundays.

For vehicle owners attempting to retrieve their vehicles, vendors open only from 8 a.m. to 5 p.m. Mondays through Fridays offer the least convenience, particularly for owners that cannot take time off from their jobs during that time or have commutes that make it difficult to get to the tow and impound facility during their hours of operation. The two cities with vendors operating 24 hours per day, Huntington Park and Inglewood, offer the greatest convenience to the public and provide an opportunity for vehicle owners to minimize their storage fees by being able to get to the facility during hours when they are not working. Similarly, the City of Beverly Hills vendor, open from 7 a.m. to 7 p.m. every day, provides more flexibility to vehicle owners. Weekend closures makes the vehicle retrieval process more burdensome for vehicle owners, particularly in the three cities that are only open from 8 a.m. to 5 p.m. Mondays through Fridays: Baldwin Park, Irwindale's second of two vendors<sup>4</sup>, and West Covina.

**Exhibit 5.2: Business Hours Reported by Tow Vendors**

City	M-F			Saturday					Sunday			
	24 hrs/day	8-5	7-7	24 hrs/day	8-5	7-7	8-12	Closed	24 hrs/day	8-5	7-7	Closed
Baldwin Park		✓						✓				✓
Beverly Hills			✓			✓					✓	
El Monte	no response											
Glendale	no response											
Glendora		✓			✓					✓		
Huntington Park	✓			✓					✓			
Inglewood (1)	✓			✓					✓			
Inglewood (2)		✓					✓					✓
Irwindale (1)		✓			✓					✓		
Irwindale (2)		✓						✓				✓
Montebello		✓					✓					✓
San Fernando	no response											
West Covina		✓						✓				✓
Whittier	no response											
<b>TOTAL</b>	<b>2</b>	<b>7</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>5</b>

Source: Grand Jury survey of tow and impound vendors in twelve Los Angeles County cities

It should be noted that nine of the eleven contract tow vendors that responded to this survey question reported that they provide after-hours service, for a fee, if requested by the vehicle owners. The median fee reported for this service is \$97.

As with many aspects of the contract tow and impound services provided to the twelve surveyed cities, business operating hours vary substantially between the cities, making the same experience of retrieving a towed and impounded vehicle more burdensome in some communities compared to others. The cities do have the ability to improve the situation by requiring certain evening or weekend hours of operations for their vendors in their agreements. Vendors open from only 8 a.m. to 5 p.m. five days a

<sup>4</sup> The City of Irwindale has two contract tow and impound vendors, one of which is open 24 hours a day, seven days a week and the other of which is open only from 8 a.m. to 5 p.m. weekdays. For vehicle owners whose vehicles are towed by the second vendor with more limited hours, the process of retrieval is much less convenient.

week are providing the lowest level of convenience to vehicle owners. The majority of respondents to this survey question demonstrated that many communities can and do provide a higher level of service to the public.

### **Recommendations:**

- 5.1 All cities should direct staff to expand the information on their city websites and in other hand out materials and posters available at city facilities to include webpages clearly designated for towed and impounded vehicle information, to include: all fees charged by both the city and the contract tow vendor(s), a description of the process for retrieving one's vehicle, including obtaining a release from the city before visiting the tow vendor and paying their fees, and information about post storage hearing rights and fees for instances in which a vehicle owner believes their vehicles were improperly towed and/or stored.
  
- 5.2 The city councils of all cities should consider amendments to their agreements with their tow vendors to ensure that some hours of service are provided on weekday evenings and/or weekends to enable more vehicle owners to retrieve their vehicles and minimize storage fees incurred due to limited hours of tow and impound vendor operations.