K-02b

CITY COUNCIL AGENDA ITEM

Date: August 27, 2010

To: John Szerlag, City Manager

From: Gary G. Mayer, Chief of Police #607

Subject: Towing Administrative Fees

Background

The City of Troy currently charges an Administrative Fee of $10.00 for vehicles that are towed or impounded pursuant to the towing Agreement.

A census of area police departments revealed that Troy PD charges an administrative fee that is significantly less than the average rate charged by those jurisdictions, and significantly less than actual costs. A study of the actual costs incurred by the City to process an impound is at least $30.00 per vehicle. It is anticipated that the proposed increase will generate an additional $37,800.00 in revenue, and that the revenue generated will almost equal the actual administrative costs.

Pursuant to the towing Agreement with A&M Towing, "the Administrative Fee is subject to change by resolution of City Council, in its discretion. The Administrative Fee may be changed at any time."

Recommendation

It is anticipated that an increase in the Administrative Fee will have a positive financial impact on the city in the form of offsetting actual costs by an increase in revenue.

City Attorney's Review as to Form and Legality

Lori Grigg Bluhm, City Attorney — Date 9/8/2010

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INTEGRITY * RESPECT * LAWS AND THE CONSTITUTION * ACCOUNTABILITY * PROBLEM SOLVING * PROFESSIONALISM

MEMORANDUM

DATE: August 24, 2010

TO: Gary G. Mayer, Chief of Police

FROM: Keith A. Frye, Captain #607

RE: Towing Administrative Fees

Troy PD is authorized to assess an Administrative Fee for all vehicles that are towed or impounded pursuant to the contract with A & M Towing. The contract states:

> "At the time a vehicle that is towed or impounded under this Agreement is released from custody, or at any other time when the tow bill is paid, the CONTRACTOR shall collect for the CITY an Administrative Fee in the amount set by City Council. The Administrative Fees collected on behalf of the City will be submitted to the Troy Police Department each quarter, after CONTRACTOR receives an invoice from the City. The current Administrative fee is $10.00. CONTRACTOR acknowledges that the Administrative Fee is subject to change by resolution of City Council, in its discretion. The Administrative Fee may be changed at any time." (pg. 16)

An informal survey of area police departments revealed that Troy PD charges an administrative fee that is significantly less than the average rate charged by those jurisdictions.

Jurisdiction	Admin Fee	
Berkley	$50.00	
Beverly Hills *	$25.00	($45.00 if entered in LEIN)
Birmingham	$25.00	
Bloomfield Hills	$25.00	
Clawson	$100.00	
Hazel Park	$35.00	
Madison Heights	$10.00	
Pleasant Ridge	$25.00	
Royal Oak	$35.00	
Troy	**$10.00**	
Warren	$25.00	
Average	**$33.18**	

During the 2009 calendar year, 1891 vehicles were towed on behalf of Troy PD, generating $18,910.00 in administrative fees.

A study of the actual costs incurred for the administration of impounded vehicles is shown to be approximately $30.00 per vehicle, based on the hourly rate of impounding officers + salary & benefits of a Police Service Aide.

In 2010, 868 vehicles were towed from January to July, generating $8,680.00 in administrative fees. Assuming that 2010 is comparable to 2009, approximately $18,900.00 would be generated in administrative fees. If the administrative fee were raised to $30.00 (which is still below the average of other area police departments), then an additional $37,800.00 in revenue would be generated annually. The additional $37,800.00 + $18,900 = $56,700, which is closer to the actual cost of $62,787.00. I propose presenting an option for City Council to consider raising the administrative fee charged for vehicles towed or impounded from $10.00 to $30.00.