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January 20, 2004

OFFICE OF THE MAYOR,  
IGNACIO DE LA FUENTE, PRESIDENT  
AND MEMBERS OF THE CITY COUNCIL  
OAKLAND, CA

Attention: Chairperson Danny Wan  
Finance and Management Committee

**SUBJECT: REPORT ON SURVEY OF TOWING CONTRACTS IN SELECTED  
BAY AREA CITIES**

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This supplements our report dated December 9, 2003, which was based on information available to us as of October 31, 2003.

**San Francisco**

In our report we stated that “San Francisco collects storage fees from its towing contractor in the form of rent for using city-owned storage facilities.” At the request of the owner of A&B Auto, Inc., (which has the towing contract with the City of Oakland) this is to explain our statement in greater detail.

The agreement between the City and County of San Francisco (City) and the contractor **requires** the contractor to store all towed vehicles on either of two parcels of land, and to pay rent for the space. Moreover, the contractor is not permitted to use any other location to store towed vehicles unless authorized in writing. The City’s Department of Parking and Traffic, which administers the contract, collects rent for both locations from the contractor and remits it to the City and the Port of San Francisco. The two rented locations are described below:

Location #1 consists of approximately 1.5 acres owned by the City, located downtown at Seventh and Harrison Streets, and used for short-term storage of vehicles – i.e. up to 18 hours. The contractor is also furnished office space in the adjacent Hall of Justice.

Location #2 consists of approximately 12.75 acres owned by the Port of San Francisco, located at Pier 70, and used for: (1) long-term storage of vehicles, (2) holding public auctions of vehicles, and (3) dismantling and/or crushing vehicles.

The contractor's manager estimated that approximately 90 percent of the combined space of the two rented locations is used for the storage of vehicles.

### **Vallejo**

The Chief of Police told us in writing that the City of Vallejo collected approximately \$220,000 in release fees for the year ended December 31, 2002. We had requested this information, but it was not provided at the time we issued our report dated December 9, 2003.

### **Conclusion**

Although we have revised the attached Exhibit A based on the information stated above, these revisions have no substantive effect on our original report. In our opinion, among the cities that we surveyed San Jose remains the city most comparable to Oakland in terms of the number of vehicles towed.

Prepared by:

Signed by:

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Craig Boyer  
Deputy City Auditor

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Roland E. Smith, CPA, CFS  
City Auditor

Report Completion Date:  
December 10, 2003

Attachment

Survey of Vehicle Towing Contracts  
Schedule of Fees and Revenues

**EXHIBIT A**  
**Revised 12/10/03**

	Oakland	San Francisco	San Jose	Hayward	Vallejo	San Mateo	Walnut Creek	Pleasanton	Berkeley
<b>Number of Vehicles Towed</b>	24,500	74,725	28,000	4,765	3,500	1,600	1,530	1,100	585
<b>Schedule of Fees (as of October 31, 2003):</b>									
City Release Fee	\$ 100.00	\$ 50.00	\$ 97.00	\$ 100.00	\$ 85.00	\$ -	\$ -	\$ -	\$ 75.00
Regular Vehicle Towing Fee	\$ 88.40	\$ 121.00 <sup>1</sup>	\$ 110.00	\$ 120.00	\$ 90.00	\$ 135.00	\$ 80.00	\$ 110.00	\$ 75.00
Gate Fee	\$ -	\$ -	\$ 30.00	\$ 35.00	\$ 50.00	\$ 45.00	\$ 25.00	\$ 50.00	\$ -
Inside Storage Fee	\$ 29.50	\$ 34.75	\$ 46.00	\$ 45.00	\$ 25.00	\$ 35.00	\$ 20.00	\$ 35.00	\$ 25.00
Outside Storage Fee	\$ 29.50	\$ 34.75	\$ 36.00	\$ 40.00	\$ 30.00	\$ 35.00	\$ 20.00	\$ 30.00	\$ 20.00
Other Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25.00	\$ -	\$ 45.00
<b>City Revenues (as of December 31, 2002):</b>									
Contractor Fees:									
Storage Fees	\$ -	\$ -	\$ 780,000 <sup>3</sup>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rental of Storage Facilities	-	1,931,821 <sup>2</sup>	-	-	-	-	-	-	-
Towing Fees	441,000	1,079,515	420,000	-	-	-	-	-	-
Total Contractor Fees	\$ 441,000	\$3,011,336	\$1,200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Fees:									
City Release Fees	\$ 704,977 <sup>4</sup>	\$1,791,380	\$ 670,000	\$241,400	\$220,000	\$ -	\$ -	\$ -	\$ 36,375
<b>Total City Towing Revenues</b>	<b>\$ 1,145,977</b>	<b>\$4,802,716</b>	<b>\$1,870,000</b>	<b>\$241,400</b>	<b>\$220,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 36,375</b>

- Footnote 1: San Francisco collects the \$121.00 towing fee if the vehicle owner picks up the vehicle within the first four hours of being towed. If the owner picks up the vehicle between the fifth hour and the twenty-fourth hour, the towing fee plus the prorated storage fee is \$149.25.
- Footnote 2: San Francisco requires the contractor to store towed vehicles on land owned by the City or the Port of San Francisco. The City's Department of Parking and Traffic collects the rent and remits it to the City and the Port.
- Footnote 3: During 2002, San Jose collected 50 percent of storage fees pertaining to vehicles that are subject to mandatory 30-day impounds or mandatory forfeitures, after deducting the first four days of storage, until the vehicles were claimed. San Jose did not distinguish between storage fees that were collected from owners or through lien sales.  
Effective April 1, 2003, San Jose's contract has provided for charging contractors a flat fee of \$50.00 for every type of tow, plus \$5.00 for every dispatch that was made. The change is expected to be revenue neutral because San Jose anticipates that it will collect approximately the same amount of revenue under the new fee structure as compared to the old fee structure. The new fee procedure should also be easier to administer.
- Footnote 4: 2001 vehicle release fee data.