

PROPOSED TOW COMPANY REGULATIONS

Christa Valles, Council Central Staff
September 6, 2012

Problem:

Predatory Pricing & Private Impounds

2

- ❑ Private impounds: Involve private property owners requesting removal of illegally parked cars on private property.
- ❑ Vehicle owner responsible for cost of private impound; unlike with voluntary tow, vehicle owner has no opportunity to consent to charges.
- ❑ Currently no limits on what tow companies can charge for private impounds. Public impounds conducted at direction of SPD & WSP governed by contracts limiting tow costs.

C.B. 117568: Overview

3

- ❑ Sets maximum fees that tow companies can charge for private impounds.
- ❑ Requires tow companies that impound to obtain license.
- ❑ Makes certain violations civil infractions or misdemeanors.
- ❑ Empowers FAS to enforce maximum fees and suspend, revoke, or deny a tow company license.
- ❑ FAS can also enforce RCWs related to ensuring legal & proper tows conducted.

C.B. 117568: Context

4

Assumes DOL & WSP will continue to be responsible for enforcement of state tow regulations:

Must register with state if impound (RTTO)	Subject to annual physical inspections & audits by WSP	Must have written contracts with property owners
Must post signs in conspicuous location at private lots	Must provide customer itemized receipts	Cannot give incentives to property owners to call in tows
Be open 8am-5pm with 24-hour on-call staff to release vehicles	Must post certain info. at business locations, including rates, vehicle redemption rights, and where complaints can be directed	
Subject to additional requirements if towing for WSP, including employee background checks and rate limits on public impounds, storage, & after-hours release		

C.B. 117568: Focuses on gap in existing state regulations by setting max. fees for private impounds

5

- ❑ Setting maximum fees:
 - Must be reasonable and compensatory
 - Average Seattle tow company rate submitted to state: \$330 per hour

- ❑ Basis for maximum fees in C.B. 117568:
 - SPD public impound tow rates
 - SPD storage rates
 - WSP after-hours release fee

C.B. 117568: Private impound tow fees

6

- ❑ 1st hour: \$209
 - Double SPD's public impound hourly fee (\$104.5), slightly more than WSP's public impound hourly fee (\$177).
 - Rationale: Accounts for higher costs of private impounds (e.g. signs, contract costs) while providing reasonable profit margin.
 - Per RCWs, tow company may charge hourly fee for any portion of time up to 1 hour.
- ❑ 2nd & subsequent hours: \$130.60
 - 125% of SPD's public impound hourly rate (\$104.5)
 - Rationale: Overhead costs captured by higher 1st hour fee; combined hourly fee is reasonable & compensatory.
 - Per RCWs, tow company must calculate second & subsequent hourly fee in 15-minute increments.

C.B. 117568: Other Max Fees

7

- ❑ Storage: \$31 per 24-hour period
 - Based on SPD storage fees for public impounds.
 - RCWs require storage fee to be calculated in 12-hour increments.

- ❑ After-hours release: Flat fee of \$100
 - WSP allows \$88 per hour.

- ❑ Uncompleted tow: Hourly rates can only be charged for time spent from time of dispatch to release of vehicle to owner.

C.B. 117568: City Impound Fee

8

- ❑ Needed to help cover City's administrative & enforcement costs: ~\$85,000 annually
- ❑ Tow company license fees= \$12,000 per year
- ❑ City impound fee: \$15 per private impound redemption
 - Assuming at least 4000 private impounds per year
 - FAS receiving ~ \$23,500 in GSF in first year to cover potential gap in revenues & expenditures
 - After first year, City will have more info. on # of private impounds
- ❑ 2013 Total Projected Revenues: \$95,500
- ❑ 2013: Expenditures: ~\$85,000

C.B. 117568: Towing cost examples

9

Towing Time					
Fees	1 hr.	1.25 hrs.	1.5 hrs.	1.75 hrs.	2 hrs
Towing Fee	209	242	274	307	340
Storage Fee (12 hrs)	15.5	15.5	15.5	15.5	15.5
City Impound Fee	15	15	15	15	15
Total*	240	272	305	338	370

*before taxes, rounded

C.B. 117568: Consent to tow requirements

10

- ❑ No tow company may remove a vehicle without obtaining proper consent, which entails
 - Contract with private property owner
 - Signs posted in accordance with RCWs
 - Property owner authorizing specific tow
 - Tow company towing vehicle to storage facility within reasonable distance
 - Tow truck operator taking photos of the car & signs prior to hitching car to tow truck

C.B. 117568:

Misdemeanors & Civil Infractions

11

M
i
s
d
e
m
e
a
n
o
r
s

- ❑ Charge more than maximum rates
- ❑ Charge for towing service in excess of time spent
- ❑ Fail to release a vehicle if vehicle owner returns prior to tow occurring

C
i
v
i
l

i
n
f
r
a
c
t
i
o
n
s

- ❑ Tow a vehicle without proper consent
- ❑ Require vehicle owner to sign statement promising not to dispute validity of tow or tow fees
- ❑ Fail to release vehicle to any person authorized to redeem it
- ❑ Provide incentives to any person authorized to order a private impound
- ❑ Fail to provide itemized receipt

C.B. 117569: Penalties

12

- ❑ Tow companies subject to license suspension if:
 - 1 or more violations of maximum fee caps or other misdemeanors within 12-month period
 - 2 or more civil infractions within 12-month period
- ❑ Tow companies subject to license revocation if:
 - 3 or more violations of maximum fee caps or other misdemeanors within 12-month period
 - 4 or more civil infractions within 12-month period
 - 3 or more violations of State RCWs within 12-month period

C.B. 117568: License & administrative process

13

- ❑ Any tow company that impounds must apply for license
- ❑ Submit application to City + \$500
- ❑ Must renew annually
- ❑ FAS will process applications & issue licenses
- ❑ FAS will establish customer complaint hotline
- ❑ FAS license inspector will follow up on customer complaints & any suspected violations
- ❑ FAS empowered to deny, suspend or revoke licenses based on violations
- ❑ FAS can opt to enter into settlements with tow companies for violations of C.B. 117568 if tow companies satisfy conditions set by FAS