



AGENDA REPORT

Meeting Date: October 6, 2009
Item Number: D-1
To: Honorable Mayor & City Council
From: David L. Snowden
Subject: **RESOLUTION OF THE COUNCIL OF THE CITY OF BEVERLY HILLS
AMENDING THE COMPREHENSIVE SCHEDULE OF TAXES, FEES
& SERVICE CHARGES FOR THE FISCAL YEAR 2009/2010 TO
ESTABLISH FEES RELATED TO IMPOUNDED VEHICLES AND
APPROPRIATING FUNDS THEREFOR**

Attachments: 1. Resolution

RECOMMENDATION

It is recommended that the City Council conduct a public hearing, adopt the resolution amending the Comprehensive Schedule of Taxes, Fees & Service Charges for the Fiscal Year 2009/2010 to establish fees related to impounded vehicles, and appropriate funds for the Police Department's Vehicle Impound Storage Program.

INTRODUCTION

On September 15, 2009, the City Council directed staff to develop a program to store impounded vehicles on City property. This program will allow the City to productively use properties that are otherwise underused and to recover other costs and expenses associated with operating an impound storage facility. Additionally, this program will provide a more convenient and accessible location for people to retrieve their vehicles from impound.

DISCUSSION

The Police Department impounds approximately 2,250 vehicles a year. While these vehicles are impounded for a variety of reasons, some common reasons include:

- Parking in No Stopping Zones
- Expired Registration (over 6 months)
- Unpaid Parking Citations (5 or more)
- Arrest of Driver (when necessary)
- Involvement in a Crime
- Unlicensed/Suspended Driver's License (30-Day Impounds)

For many years, the City has contracted with a private vendor to tow and store impounded vehicles. Under the City's current outsourcing arrangement with the vendor that provides light duty towing and storage services, impounded vehicles are stored at the vendor's facility in West Los Angeles. For most people, this arrangement is inconvenient and creates logistical problems because they are required to travel to West Los Angeles in order to retrieve their vehicles.

The City facilities located at 332 and 336 Foothill Road could store impounded vehicles. These facilities are conveniently located one block east of the Police Department, will provide ample storage space for the City's impound program, and can be secured to prevent access by unauthorized personnel. Additionally, the use of these facilities to store vehicles will allow the City, rather than an outside vendor, to collect the fees paid by vehicle owners for the daily storage and lien sale processing of impounded vehicles. Collection of impound fees will allow the City to recover some of the fair market value of these facilities, which are currently generating no revenue for the City, although they are being used by the City for storage. These fees will also offset the costs related to operating the Vehicle Impound Storage Program.

During the September 15, 2009 City Council meeting, staff proposed that the Vehicle Impound Storage Program be implemented in two phases.

Phase One

Phase One will provide for the storage of "30-Day Impounds" at the 336 Foothill Road facility. While "30-Day Impounds" account for less than 15% of the City's total impounds, staff estimates that they will generate approximately 75% of total cost recovery associated with the entire Vehicle Impound Storage Program.

In order to store impounded vehicles at the 336 Foothill Road facility, minor retrofits are needed to ensure that the vehicles are properly secured. Additionally, the upgrading of one civilian position in the Police Department to a supervisor and the increasing of an assignment bonus for one police sergeant assigned to the Traffic Bureau are necessary to ensure the effective and efficient operation of the program. While these upgrades will compensate employees for additional work and responsibilities that are associated with the program, they will not increase the City's total number of employees. The appropriations required to implement Phase One of the Vehicle Impound Storage Program are in the Resolution.

Staff estimates that Phase One of this program will be completed within six weeks and anticipates beginning to store "30-Day Impounds" on City property in early November 2009.

Phase Two

Phase Two of the Vehicle Impound Storage Program will have the City impound and store the remaining 85% of impounded vehicles. The key component of this phase is a managed competitive bid process. While this process is intended to consider proposals to provide contractual services for the City's entire insourced vehicle storage operation, it will also consider proposals to lease the facilities on 332 and 336 Foothill Road from the City to operate as a for-profit vehicle impound facility.

Interested vendors will have the opportunity to submit proposals to provide services to tow vehicles, to operate and provide security for the City's vehicle storage facility, to process lien sales, or to rent the City properties for use as a storage facility. Staff will evaluate the competitive proposals against each other and against the City's ability to provide the services with City employees.

Staff is currently drafting a Request For Proposals (RFP) document to solicit bids and proposals for the Vehicle Impound Storage Program. The RFP is anticipated to be released in early October. Following the evaluation of the proposals received, staff will submit its recommendations to the City Council for consideration and, if acceptable, for adoption. Staff anticipates that Phase Two of the program will be completed by the end of January 2010. At that point, all impounded vehicles will be stored in the City's vehicle storage facility.

Establishment of Fees

In order to recover the costs associated with storing impounded vehicles on City property, the City must adopt daily storage and lien sale processing fees. Additionally, staff recommends the establishment of a vehicle auction purchase deposit charge. These fees and charges would become effective on November 5, 2009 and are in Exhibit A of the Resolution.

- Daily Storage Fee

During the September 15, 2009 City Council meeting, staff proposed establishing a fee of \$38.33 for the daily storage of impounded vehicles. This proposed fee was 20% less than staff's calculation of the full cost of providing vehicle storage services (\$47.91). Additionally, it was in accordance with the City Council's direction to establish a fee that is closer to what is currently charged and not more than what the market rate is for the region.

Based on the total expenses associated with providing vehicles storage services, the City's cost and revenue consultant has determined that the City's full cost of providing these services equates to \$45.68 per day, per impounded vehicle. The consultant's calculation is 4.7% less than staff's initial calculation.

Staff recommends that the City Council adopt a fee of \$38.83 for the storage of impounded vehicles. This fee is 15% less than the City's full cost of providing vehicle impound storage services.

- Lien Sale Processing Fees

The adoption of lien sale processing fees is necessary for the City to recover the costs associated with filing possessory liens against vehicles which remain in storage for an extended period of time.

California Civil Code Section 3074 mandates that fees assessed for lien sale processing be based on vehicle value, and in no case can be more than \$70 for vehicles valued at \$4,000 or less and \$100 for vehicles valued more than \$4,000. These fees may be charged only after the City initiates lien sale proceedings against a vehicle. Additionally, not more than 50 percent of the allowable fee may be charged until the City has possession of the required lien processing documents authorizing the lien sale.

Based on the total expenses associated with lien sale processing, the City's cost and revenue consultant has determined that the City's full cost of providing these services equates to \$89.76 for vehicles valued at \$4,000 or less and \$136.76 for vehicles valued at more than \$4,000.

In order to maximize the City's ability to recover costs associated with the Vehicle Impound Storage Program, staff recommends that the City Council adopt lien sale processing fees at the maximum amount allowable under State law.

- Vehicle Auction Purchase Deposit

For vehicles that are valued at more than \$4,000 and are sold at lien sale, California Civil Code Section 3071 provides vehicle owners with the opportunity to redeem their vehicles within 10 days after the lien sale upon payment of the amount of the sale and all costs and expenses of the sale. This statute requires that the City store these vehicles for an additional 10 days after the lien sale auction.

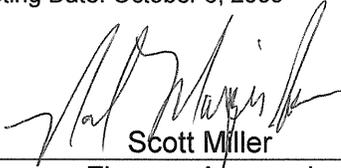
In order to recover the City's costs of providing vehicle storage services, staff recommends establishing a vehicle auction purchase deposit charge for vehicles valued at more than \$4,000. When a buyer purchases one of these vehicles from the City at its lien sale auction, the buyer will be required to provide a deposit of \$388, which equates to 10 days of storage fees.

If the vehicle owner redeems the vehicle within the 10-day period, the buyer's deposit will be fully refunded. If the vehicle owner does not redeem the vehicle within the 10-day period, the buyer's deposit will be applied to the full amount of the sale. In cases where the vehicle owner does not redeem the vehicle and the buyer fails to pay the full amount of the sale, the buyer's deposit will be forfeited and credited to the amount of daily storage fees owed on the vehicle.

FISCAL IMPACT

Over a five year period, the Vehicle Impound Storage Program is estimated to recover over \$1,300,000 in City costs not currently being recovered. An appropriation of \$46,389 is needed to launch Phase One of this program.

Meeting Date: October 6, 2009



Scott Miller

Finance Approval



David L. Snowden

Approved By

RESOLUTION NO.

RESOLUTION OF THE COUNCIL OF THE CITY OF BEVERLY HILLS
AMENDING THE COMPREHENSIVE SCHEDULE OF TAXES, FEES &
SERVICE CHARGES FOR THE FISCAL YEAR 2009/2010 TO ESTABLISH
FEES RELATED TO IMPOUNDED VEHICLES AND APPROPRIATING
FUNDS THEREFOR

The Council of the City of Beverly Hills does resolve as follows:

Section 1. As set forth in previous Resolutions, the City Council has established, amended, fixed, and modified all fees, permit fees, City series charges, and other fees, charges, extractions, and required payments for municipal services, inspections, enforcement activities, or for other indicated purposes (“Comprehensive Schedule Of Taxes, Fees & Charges”). The City Council now desires to amend the Comprehensive Schedule Of Taxes, Fees & Charges and provide for a fee for daily storage of impounded vehicles known as “Daily Storage Fee,” fees for lien sale processing known as “Lien Sale Processing Fees,” and a charge for deposits on vehicles purchased at lien sale known as “Vehicle Auction Purchase Deposit.”

Section 2. The fees and charges for impounded vehicles for Fiscal Year 2009/10 is hereby adopted as set forth in Exhibit A, attached hereto and incorporated herein and shall be included in the Comprehensive Schedule of Taxes, Fees & Charges.

Section 3. Notwithstanding Section 2, the City Council is taking action only on those fees that have been modified as set forth in Exhibit A. All fees whether or not modified herein, shall continue and remain in effect unless and until modified by resolution, motion or other action of this council.

Section 4. Appropriation of funds in the amount of \$46,389 is authorized as follows:

Appropriations

FROM:	TO:
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\$46,389.00 0102608-46041	\$9,065.00 Regular Salaries
Vehicle Impound Storage	0102608-71100
Program, General Fund	
Police Miscellaneous Services	\$2,090.00 Retirement
Revenue Account	0102608-71700
	\$134.00 Medicare
	0102608-71720
	\$2,880.00 Small Equipment, Tools
	and Hardware
	0102608-72180
	\$20,000.00 Maintenance and Repair -
	Building & Improvements
	0102608-73040
	\$12,220.00 Ongoing Contractual
	Services
	0102608-73040
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TOTAL: \$46,389.00	TOTAL: \$46,389.00

Section 5. The City Clerk shall certify to the adoption of this resolution and shall cause this resolution and his certification to be entered in the Book of Resolutions of the Council of this City.

Adopted:

NANCY KRASNE
Mayor of the City of
Beverly Hills, California

ATTEST:

_____(SEAL)
BYRON POPE
City Clerk

APPROVED AS TO FORM:



LAURENCE S. WIENER
City Attorney

APPROVED AS TO CONTENT:



SCOTT G. MILLER
Director of Administrative Services/
Chief Financial Officer



DAVID L. SNOWDEN
Chief of Police

EXHIBIT A

Comprehensive Schedule of Taxes, Fees & Service Charges for the Fiscal Year 2009/2010

Additional Fees Related to Impounded Vehicles

TYPE OF FEE OR CHARGE	FY2009/10 RATE
Daily Storage Fee (Impounded Vehicles and Motorcycles) <i>* Plus actual cost of towing according to agreement with towing vendor</i>	\$38.83 per day *
Lien Sale Processing Fee for Vehicles Valued at \$4,000 or Less (Initial Filing)	\$35.00
Lien Sale Processing Fee for Vehicles Valued at \$4,000 or Less (Completion)	\$35.00
Lien Sale Processing Fee for Vehicles Valued at More than \$4,000 (Initial Filing)	\$50.00
Lien Sale Processing Fee for Vehicles Valued at More than \$4,000 (Completion)	\$50.00
Vehicle Auction Purchase Deposit (Vehicles Valued at More than \$4,000)	\$383.00