



CITY OF BEVERLY HILLS STAFF REPORT

Meeting Date: April 21, 2011
To: Honorable Mayor & City Council
From: David L. Snowden, Chief of Police
Subject: Phase II of the Vehicle Impound Storage Program
Attachments: None

INTRODUCTION

Based on direction provided by the City Council at its September 15, 2009 meeting, staff has further explored the feasibility, costs, and benefits of developing Phase II of the City's Vehicle Impound Storage Program. This research has identified additional options for vehicle impoundment and storage. These options would allow the City to expand its current program to provide higher levels of service to the community and offset an additional \$465,000 in City expenses over the next five years.

BACKGROUND

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 that arrangement, impounded vehicles were stored at the vendor's facility in West Los Angeles.

On September 15, 2009, the City Council directed staff to develop a program to store impounded vehicles on the City-owned properties at 332 and 336 Foothill Road, hereafter collectively referred to as the City's Vehicle Impound Storage Facility. This program allows the City to productively use properties that were otherwise underused and to recover other costs and expenses associated with operating an impound storage

facility. Additionally, this program provides a convenient and accessible location for vehicle owners to retrieve their vehicles from impound.

In order to maximize the City's ability to achieve cost recovery and ensure that the program was properly established, staff proposed that the Vehicle Impound Storage Program be implemented in two phases. Phasing would allow the City to begin its cost recovery efforts as soon as possible, while allowing the Police Department to incrementally absorb the operation of this new program. Phase I would provide for the storage of "30-Day Impounds" (vehicles impounded because the driver was unlicensed or was driving on a suspended driver's license), which account for less than 15% of the City's total impounds. Phase II would provide for the storage of the remaining 85% of impounded vehicles. The key component of Phase II would be a managed competitive bid process that would consider private sector proposals to provide contractual services for the City's entire insourced vehicle storage operation. It would also consider proposals from vendors to lease the City's Vehicle Impound Storage Facility.

The City launched Phase I of the program on December 30, 2009. By the end of 2010, the Vehicle Impound Storage Program had resulted in the storage of 267 impounded vehicles at the City's Vehicle Impound Storage Facility. On average, each vehicle stored under Phase I results in the recovery of \$765 in General Fund costs related to facility depreciation and salary and benefits associated with operating the program. Over the past four years, the City has impounded an average of 315 "30 Day Impounds" per year. The projected cost recovery of Phase I is set forth in the chart below.

PHASE I PROJECTED COST RECOVERY – NET IMPACT TO GENERAL FUND					
YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	5 YR TOTAL
\$194,900	\$220,189	\$225,603	\$231,145	\$236,818	\$1,108,655

This program recovers the \$23,000 in annual expenses directly related to insourcing this operation. In addition, the program recovers a portion of the expenses that weren't previously recovered, such as the cost of the Vehicle Impound Storage Facility. These previous expenditures existed prior to the implementation of this program and would continue to exist if the program was discontinued. As a direct result of Phase I of this program, the City is projected to recover its annually costs.

This program conforms to all regulations and restrictions that are placed on fee based programs, which stipulate revenues collected can't exceed the total expenses for operating this program

DISCUSSION

On May 24, 2010, the City released a Request for Proposals (RFP) for services that would be necessary to launch Phase II and facilitate the storage of the remaining 85% of impounded vehicles on City-owned property. The due date for proposals was July 14, 2010. The City received proposals from four vendors.

A team of staff members from the Police, Public Works and Transportation, and Administrative Services Departments evaluated the proposals. None of the proposals offered to provide all of the services in the manner that the City specified in the RFP. One vendor offered to provide lien sale processing services only. Another offered to provide after-hours security services only. The two towing companies that responded

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offered only to lease the Vehicle Impound Storage Facility and did not submit proposals to provide the contractual services as the City specified in the RFP.

Based on the proposals submitted, the evaluation team determined that the insourcing of the storage of the remaining 85% of impounded vehicles would require the City to staff the Vehicle Impound Storage Facility with City employees or enter into a lease arrangement with a vendor. Leasing the facility to a vendor to operate a private towing business would introduce additional issues into this program. The primary issue with a lease arrangement relates to the likelihood of the vendor contracting with multiple public and/or private organizations for towing and storage services. This practice is commonplace in the towing industry and would likely result in the vendor storing vehicles that were towed or impounded from neighboring jurisdictions right in the middle of Beverly Hills. These non-Beverly Hills impounds would have the potential to considerably increase the volume of traffic at the facility and impact the City's quality of life.

PROPOSAL

With the City Council's desire to maintain Beverly Hills as a "Friendly City" and provide an opportunity for people to retrieve their impounded vehicles from a convenient and local facility in mind, staff has modified its proposal for Phase II to include both an "A" and a "B" component. Although this modification does not provide for the storage of all impounded vehicles on City property, it would expand the program to allow for the storage of more vehicles and provide a higher level of service to the community.

Phase II-A

After operating Phase I of the program for 15 months, staff has determined that the sub-garage of the Vehicle Impound Storage Facility has the capacity to store additional vehicles. Storing additional vehicles in this portion of the facility is ideal because it is already secured and does not require additional retrofitting to be used for this program.

By storing vehicles impounded for expired registration and unpaid parking citations in the sub-garage of the Vehicle Impound Storage Facility, approximately 680 additional vehicles could be stored locally every year. Because the storage of these additional vehicles would increase the workload associated with the program by approximately 200%, the Police Department's Traffic Bureau would need additional resources to operate the program effectively and ensure that other traffic-related programs are not adversely affected. These resources could be supplied on a part-time basis which would provide the resources essential for the storing additional vehicles while maintaining the flexibility to scale back the program at a later date, if necessary.

Phase II-B

Parking in a no stopping zone is the most common reason that an average law-abiding person's vehicle is impounded. Most of the time, the operators of these vehicles did not realize that they were parking in a restricted area or assumed that the consequence for the parking violation would amount to nothing more than a parking citation. Of the 2,250 vehicles impounded each year, approximately 600 are impounded for this reason. Additionally, nearly 90% of these vehicles are impounded between the hours of 3:00 p.m. and 5:00 p.m. from the no stopping zones on Wilshire Boulevard, La Cienega Boulevard, and Olympic Boulevard.

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In order to provide an increased level of service to people whose vehicles are towed for no stopping zone violations and mitigate the inconvenience and logistical problems they currently experience with traveling to West Los Angeles in order to retrieve their impounded vehicles, staff proposes that these vehicles impounded between the hours of 3:00 p.m. and 5:00 p.m. be *temporarily* stored on the surface lot at the Vehicle Impound Storage Facility. These vehicles would remain stored at the City's facility throughout the afternoon and available locally for release upon payment of towing and vehicle release fees. Vehicles not retrieved from the City's facility by 6:00 p.m. would be re-towed to the vendor's facility and available for release according to established procedures. It is projected that less than 5% of the vehicles towed for no stopping violations will be re-towed. However, vehicles that are re-towed would not be assessed a second towing fee. Fees associated with the impound process would remain transparent to vehicle owners, no matter which facility they retrieved their vehicles from. By implementing Phase II-B, the City would be able to provide an increased level of service to the vast majority of law-abiding people who are likely to take advantage of the opportunity to retrieve their vehicles from a local storage facility.

In order to ready the surface lot at the Vehicle Impound Storage Facility for this program expansion, a gate would need to be installed at the property's 332 Foothill Road entrance and a small amount of supplies would need to be purchased.

Vendor Issues

The City's current towing vendor is willing to provide the services necessary to implement Phase II-A and Phase II-B as outlined above. However, the scope of work of the City's contractual arrangement with the vendor would be significantly changed if Phase II was implemented in its entirety. The amount of time involved for the vendor to tow and safely store additional vehicles in the sub-garage of the Vehicle Impound Storage Facility would more than double. Furthermore, the vendor would supply hundreds of additional man-hours to the program, at no cost to the City, by securing and releasing vehicles temporarily stored on the surface lot at the Vehicle Impound Storage Facility. In recognition of these significant changes to the scope of work, the vendor has advised staff that it would only be able to provide the services for this program expansion if it's towing and storage rates were increased.

Staff conducted a survey of the region and comparable cities to determine the market rates for towing and storage fees.

CITY	TOWING FEE
Pasadena	\$ 90.00
Burbank	101.50
Glendale	107.50
Beverly Hills (Current)	110.50
Los Angeles	110.50
San Fernando	110.50
South Pasadena	120.00
West Hollywood	122.00
San Marino	135.00
Long Beach	148.00
Beverly Hills (Proposed)	150.00
Santa Monica	160.00
Culver City	160.00
San Diego	178.00
Ventura County (Unincorporated)	190.00
Santa Barbara	198.00
San Francisco	199.25
AVERAGE	\$ 140.63

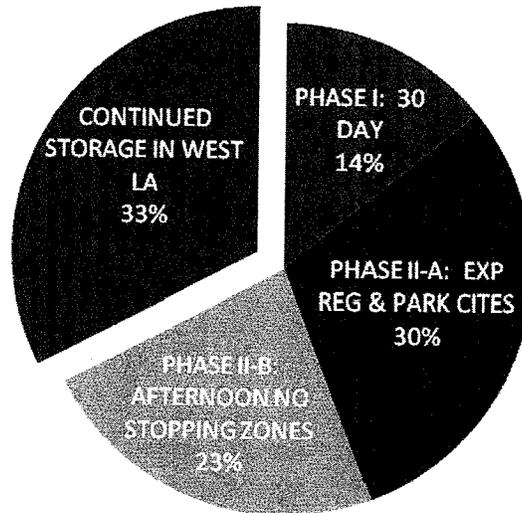
CITY	STORAGE FEE
Pasadena	\$ 20.00
West Hollywood	30.00
Burbank	31.50
Glendale	33.00
Beverly Hills (Vendor's Facility - Current)	34.00
Los Angeles	34.00
San Fernando	34.00
San Marino	34.00
Beverly Hills (Vendor's Facility - Proposed)	37.06
San Diego	38.00
Beverly Hills (City Facility - Current)	40.77
South Pasadena	41.00
Culver City	42.50
Santa Monica	42.75
Santa Barbara	44.00
Ventura County (Unincorporated)	45.00
Long Beach	46.00
San Francisco (First 4 Hours)	51.25
San Francisco (After 4 Hours)	59.75
AVERAGE	\$ 38.87

If the City Council desired to implement Phase II-A and Phase II-B, staff recommends that the vendor's towing and storage rates be increased to \$150.00 and \$37.06, respectively, to facilitate the program expansion. These rates are lower than both the cities of Santa Monica and Culver City and would compensate the vendor for the significant amount of additional services it would provide the City under Phase II-A and Phase II-B. Additionally, the vendor's facility is located in the City of Los Angeles and is subject to a 10% parking tax on all storage fees collected by the vendor. Accordingly, staff recommends that the storage fee at the vendor's facility be increased to \$37.06. This would take into consideration both the vendor's costs and Los Angeles parking tax.

While there is certainly ample competition in the region to provide towing services for the City, the current vendor understands the progressive nature of the City's program and is capable of launching this next phase immediately. If the City Council desires to expand this program, staff recommends that the revised agreement with the vendor only be extended for six (6) months. By the end of that period, the program expansion would be stabilized and the City would issue another RFP and solicit competitive bids for the entire expanded program to determine if a decrease in the towing and storage rates is warranted.

Proposal Summary

By insourcing the storage of vehicles impounded for expired registration and unpaid parking citations and temporarily storing vehicles impounded on business days in the afternoon for no stopping zone violations, the City would increase the number of opportunities it provides vehicle owners to retrieve their vehicles from a local storage facility by nearly 400%.



By doing so, two-thirds of impounded vehicles would be at least temporarily available for release in Beverly Hills. Some types of impounded vehicles which would continue to be stored exclusively in West Los Angeles include:

- Arrest of Driver (when necessary)
- Involvement in a Crime

FISCAL IMPACT

If implemented, the proposed expansions of the Vehicle Impound Storage Program would result in additional vehicles being stored on City property. The City would continue to assess fees on vehicles which remain in storage and are either released to their owners or sold at lien sale. Accordingly, the program can expand while still achieving the City's cost recovery.

Over five years, the proposed expansion would allow the City to more productively use its property and offset over \$465,000 in expenses that are currently not being recovered.

PHASE II ESTIMATED COST RECOVERY – NET IMPACT TO GENERAL FUND					
YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	5 YR TOTAL
\$79,862	\$92,731	\$95,669	\$97,507	\$100,588	\$466,357

The longevity of the entire Vehicle Impound Storage Program is another fiscal issue associated with the proposed expansion of the program. As it is currently operated, the City's costs are recovered at an average of \$220,000 per year. If the City implemented both components of Phase II, this amount would increase to approximately \$315,000 per year. However, the financial feasibility of this program is based on the fact that it

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transformed underutilized City facilities into properties that are utilized for purposes of this program. Eventually, the City plans to re-purpose all of the City-owned properties on the east side of Foothill Road between Third Street and Alden Drive. When that re-purposing eventually takes place, the City would need to move the program into another facility or eliminate the Vehicle Impound Storage Program altogether and resume an outsourcing arrangement for the storage of all impounded vehicles.

With minor to moderate security retrofitting, staff has determined that the City sub-garage underneath the Library has the potential to store impounded vehicles and serve as the Vehicle Impound Storage Facility, if necessary. This facility is currently used for employee parking by employees of the Fire, Information Technology, and Community Services Departments. While there would be some operational issues to resolve, it is possible to store vehicles in this facility. If the Vehicle Impound Storage Program was moved to this location at some point in the future, these employees would be required to park in other Civic Center parking structures. The underground parking garage that is currently under construction for the Wallis Annenberg Center for the Performing Arts has the potential to accommodate this modest amount of employee parking.

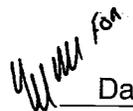
Staff also considered two other alternative sites for the potential relocation of this program. These two options include leasing or purchasing a flat parcel of land or using the City-owned property located at 2323 S. La Cienega in Los Angeles to store vehicles. Both options do not provide the same level of benefit that the Library sub-garage offers.

Leasing a flat parcel of land on which to store impounded vehicles isn't financially feasible since the costs recovered wouldn't include non-cash expenses, such as depreciation. This deficiency is the key difference between the City's current program and a program that is operated from a leased or purchased flat parcel.

The City-owned property at 2323 S. La Cienega in Los Angeles is only 4,800 square feet, compared to the over 55,000 square feet of the existing City Vehicle Impound Storage property. The size of this property makes it unsuitable for the Vehicle Impound Storage Program as it is currently operated.

RECOMMENDATION

It is recommended that the City Council provide direction to staff on whether to proceed with the proposed expansions of the Vehicle Impound Storage Program.



David L. Snowden, Chief of Police

Approved By