



# MIAMI BEACH

OFFICE OF THE CITY MANAGER

NO. LTC # 054-2013

## LETTER TO COMMISSION

TO: Mayor Matti Herrera Bower and Members of the City Commission

FROM: Kathie G. Brooks, Interim City Manager

DATE: February 19, 2013

SUBJECT: STATUS OF TOWING PERMITS

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CITY CLERK'S OFFICE

This Letter To Commission "LTC" serves to provide an update on the status of the towing permits that were approved by the Mayor and City Commission for Beach Towing Services and Tremont Towing Services, respectively.

At the November 14, 2012, City Commission meeting, the Mayor and Commission directed the Administration to provide actual annual gross revenues garnered by both Permittees for public tows and/or related services in order to estimate: (1) annual gross revenues generated from public tows and (2) average tow fee.

Public tows are carried out by either the Police or Parking Department. Actual annual gross revenues were calculated for FY 11/12 by tallying all receipts processed by the towing service providers. The average tow fee was calculated by dividing the total annual gross revenues by the number of tows for that period.

Please note that strictly Parking Department tows were utilized to determine the average tow fee below. In addition, our calculations were based on information available to us. Furthermore, Internal Audit verified, in a sample basis, the accuracy and reliability of our data entry and calculations, based on the information available. However no representations were made regarding the reliability, accuracy, and sufficiency of the information available and/or provided by the permittees. Nonetheless, reviews dated May 3<sup>rd</sup>, 2012 performed by Marcum, LLC, an independent audit contractor, regarding compliance to Towing Permit requirements including, among other things, the maximum allowable towing rates, did not find any exceptions.

The Police Department categorizes and files tow receipts contingent upon the nature of the incident; therefore, the tow receipt information is not readily available and would require substantial efforts and cost to research. Therefore, the following formula was utilized.

In FY 11/12, there were 10,983 tows and/or related services for both the Police and Parking Department. The Police Department's portion was 2,591 or 23.6% approximately and the Parking Department was 8,392 or 76.4% approximately.

The 8,392 tows and/or related services initiated by the Parking Department generated a total of \$1,881,578.31 (including sales tax where applicable<sup>3</sup>) for both permittees. This amount considers not just class "A" tows, but all tows and related charges including but not limited to storage charges (exterior/interior), administrative, millage, labor, etc.

However, from the 8,392 tows and/or related services, 198 vehicles were still under permittee's control and therefore no charges have been assessed and/or are available to us; 93 were either a refund, no charge, or vehicle was released with no assessed charges; and 66 vehicles were surrendered and title obtained by permittees, but no disposal proceed information was available, and/or provided to us.

The tows for which no monetary information was provided and/or available were excluded from our count, leaving 8,035<sup>1</sup> tows and/or related services to be considered in our calculations. Therefore, an estimated average tow fee of \$234.17 per tow was calculated by dividing the proceeds billed and received by the permittees (\$1,881,578.31) by the number of tows and/or related services for which monetary charge information was provided and/or available (8,035).

While it may not be accurate to assume that police tows were charged at the same rates as Parking Department Tows, if the same rates were extrapolated to police, an estimated average tow fee of \$234.17 for 10,890 (2,591 from Police, plus 8,299<sup>2</sup> from Parking) annual tows and/or related services equates to an estimated total annual gross revenues of \$2,550,111.30 (including sales tax where applicable<sup>3</sup>) for both permittees.

#### Towing Permit Enhancements - Update

The towing permits now require the following enhancements:

- Uniforms
- GPS/AVL
- Driver's License Checks
- Drug Testing

The following serves as an update regarding these enhancements:

**Uniforms:** The Permittees have submitted their proposed uniforms and it is currently under review by the Administration.

**GPS/AVL:** The Administration issued the minimum GPS/AVL system requirements to the Permittees. The Permittees now have a sixty (60) day period to review and provide a GPS/AVL system that meets these requirements. A meeting between the Administration and Permittees will be held shortly to review and discuss these minimum requirements.

Additionally, the processes and protocols regarding driver's license checks and drug testing will also be addressed at this meeting.

KGB/PDW/RM/SF/JS

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<sup>1</sup> : Includes charges for less than \$115.00, which is the minimum amount charged in tows where a class "A" tow truck and/or Car Carrier is used, as a result of discounts provided and approved by the permittees.

<sup>2</sup> : Number includes: 198 tows where vehicles were still under permittees control and 66 tows were vehicles were surrendered to the permittees, considering that at least estimated average fees will be charged and/or recovered by the permittees (8,035 + 198 + 66 = 8,299).

<sup>3</sup> : Sales and use taxes were assessed on storage charges.