



Regulatory & Neighborhood Affairs Committee:

Public Hearing and Presentation of Proposed  
Non-Consent Tow Rates

December 14, 2021



# What is a Non-Consent Tow?

---

- A non-consent tow occurs whenever a vehicle is towed without the consent of the vehicle's owner and includes:
  - Police-authorized tows
  - Abandoned vehicles
  - Parking violations



# Setting Non-Consent Tow Rates

---

Two ways to set non-consent tow rates:

1. Annual computation via formula in §8-123 of the Houston Code of Ordinances
  2. Cost of Service rate study requested by the towing industry
- The public hearing regarding the proposed new rates is taking place during today's Regulatory and Neighborhood Affairs Committee meeting.



# Non-Consent Tow Rates: Quick Facts

---

- Two types of non-consent tow rates:
  - Standard (“light duty” <10,000 lbs) – currently \$174.00
  - Heavy duty (>10,000 lbs) – currently \$264.50 per hour (with a two-hour minimum charge)
- The State sets the maximum that can be charged for non-consent private property tows
- The City establishes rates for all non-consent tows originating in Houston pursuant to §8-123



# Rate Review Process

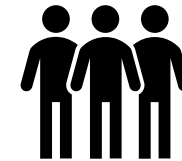
---

- ARA, with the assistance of the Eixenberger Group, developed a methodology and completed a towing rate review that:
  - Surveyed Houston's tow companies for cost of service data
  - Reviewed components that impact tow costs
  - Reviewed industry reports and other available factors that impact tow costs
  - Surveyed current non-consent tow rates in other Texas cities
  - Benchmarked the rates that resulted from the cost of service analysis against the Consumer Price Index formula outlined in Chapter 8 applied during non-rate study years



# Surveyed Cost Components

- Tow volume
- Business model
- Fuel
- Equipment
- Maintenance
- Insurance
- Labor
- Training
- Property
- Taxes
- Utilities
- Administration
- Communications
- Other



## Data Sources:

ATRI

BLS

IBIS World

Towing Companies

Utah Rate Review



# 2021 Tow Rate Survey Summary

## Standard - Reported Cost Per Tow

	R2	R3	R8	R10	R12	R13	R14	R15	R16	Average
<b>Cost Per Tow</b>	<b>\$149.60</b>	<b>\$248.00</b>	<b>\$137.48</b>	<b>\$115.00</b>	<b>\$107.00</b>	<b>\$219.20</b>	<b>\$158.72</b>	<b>\$108.85</b>	<b>\$187.65</b>	<b>\$159.06</b>
Profit Margin	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
\$ Profit per Tow	\$14.96	\$24.80	\$13.75	\$11.50	\$10.70	\$21.92	\$15.87	\$10.89	\$18.77	\$15.91
Estimated Tow Rate	\$164.56	\$272.80	\$151.23	\$126.50	\$117.70	\$241.12	\$174.59	\$119.74	\$206.42	\$174.96

## Heavy-Duty - Reported Cost Per Tow

	R16
<b>Cost Per Tow</b>	<b>\$370.76</b>
Profit Margin	10%
\$ Profit per Tow	\$37.08
Estimated Tow Rate	\$407.84



# Tow Rates in Other Texas Cities

---

<b>Summary of Rates for Major Texas Cities Standard (Light-Duty)</b>	
<b><u>City</u></b>	<b><u>Rates</u></b>
El Paso	\$100.00
Dallas	\$121.00
Fort Worth	\$150.00
Galveston	\$165.00
<b>Houston</b>	<b>\$174.00</b>
San Antonio	\$177.00
Austin	\$185.00
Victoria	\$200.00
Corpus Christi	\$255.00
Arlington	\$272.00
State (Private Property)	\$272.00





# Proposed Rates

---

	Current Rate	Proposed Rate	Increase
Regular (Light-Duty)	\$ 174.00	\$ 190.00	9%
Heavy Duty (per hour, 2 hour min.)	\$ 264.50	\$ 289.00	9%

- Light-Duty recommendation is based on conclusions from rate review
  - Nearly identical result had we implemented CPI adjustments
- Heavy Duty recommendation is only based on CPI adjustment
  - Did not receive sufficient data to make a recommendation



---

# Discussion



# Non-Consent Tow Rate History

<b>CPI Adjusted - Houston Non-Consent Tow Rates</b>				
	<b>Standard</b>		<b>Heavy-Duty (2-hr. min.)</b>	
		<b>Increase/ (Decrease)</b>		<b>Increase/ (Decrease)</b>
<b>Effective</b>	<b>Rate</b>	<b>\$</b>	<b>Rate</b>	<b>\$</b>
2020	\$174.00	(\$1.50)	\$264.50	(\$2.00)
2019	\$175.50	\$8.50	\$266.50	\$13.00
2018	\$167.00	\$8.00	\$253.50	\$12.50
2017	\$159.00	\$3.50	\$241.00	\$5.50
2016	\$155.50	(\$7.00)	\$235.50	(\$11.00)
2015	\$162.50	\$2.50	\$246.50	\$4.00
2014	\$160.00	(\$0.50)	\$242.50	(\$1.00)
2013	\$160.50	\$5.50	\$243.50	\$8.00
2012	\$155.00	\$9.50	\$235.50	\$14.50
2011	\$145.50	\$5.50	\$221.00	\$8.50
2010	\$140.00	(\$3.50)	\$212.50	(\$5.50)
2009 <sup>1</sup>	\$143.50	NA	\$218.00	NA

<sup>1</sup> Rates established as a result of a non-consent tow rate study