

City of Detroit

CITY COUNCIL

LEGISLATIVE POLICY DIVISION

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TO: Detroit City Council

FROM: David Whitaker, Director 
Legislative Policy Division

RE: Tow Rate Commission

DATE: December 14, 2023

Councilmember Gabriela Santiago-Romero requested LPD provide a report responding to questions regarding the Tow Rate Commission, its establishment, and the process by which it can be impaneled to review fees associated with Police Authorized Towing. The following is our response to this request. Specifically, Council Member Santiago-Romero posed the following questions.

- Has the tow rate commission been created?
- If so, does the commission have plans to submit a recommendation to City Council on its fee structure?
- If not, what steps does City Council need to take to establish the commission?
- When was the last time the fees were reviewed?

With regard to whether the tow rate commission has been created, the Detroit City Code under Section 46-2-91 sets forth the mechanism for its creation and provides the following:

Sec. 46-2-91. Tow rates for police authorized towing.

(a) *A Towing Rate Commission shall be created, composed of the Auditor General as Chairperson, the Director of Buildings, Safety, Engineering, and Environmental Department or designated representative, the Chief of Police or designated representative, a representative*

of the public appointed by the mayor, and a representative of the towing industry appointed by City Council.

(b) Such commission shall be charged with the duty of reviewing the administrative, towing, service, and storage fees for police authorized towing at least once every two years and submitting its recommendation to City Council by October 1st of the year of review. If the towing rate commission fails to forward such recommendation within the time provided, City Council may adopt a resolution to set the administrative, towing, service, and storage fees without such recommendation.

(c) Any tow contract initiated after calendar year 2021 shall be evaluated to determine whether an income-based rate structure or tow hardship policy is feasible. Such findings shall be submitted to the City Council via resolution for consideration.

The Towing Rate Commission (TRC) was established pursuant to Section 46-2-91. Since its establishment, the TRC was last convened in 2012. During this 2012 meeting, the TRC recommended to City Council that a tow rate increase be implemented. The tow rate fees are provided by City Council pursuant to Section 46-2-93, which provides:

Sec. 46-2-93. - Establishment, approval, and publication of towing, and storage, and administrative fees.

(a) No person performing police authorized towing or storage service on such wrecked or disabled vehicle shall charge fees in excess of the rates set by resolution of City Council. Such towing fee may consist of a flat rate hook-up fee plus an additional charge for each mile a vehicle is towed beyond one mile. Storage fees may be set on a *per diem* basis. The City Council may establish, by resolution, maximum fees for dolly tows, standard rates for police authorized towing to the City auto pound in lieu of the normal rates, excess time spent at the scene of a tow, separate fees for accident and non-accident tows to the curb or nearest side street, "dry runs" when the tower appears at the request of the Police Department, but does not perform an otherwise compensable towing task through no fault of the tower, and other necessary services.

(b) An administrative fee, as determined by City Council, shall be charged to the owner of each vehicle towed by a police authorized tower and shall be paid to the City when the vehicle is either redeemed or sold for a price that exceeds the towing and storage fees owed.

(c) In accordance with [Section 9-507](#) of the Charter and based on the reasonable cost of towing and storing a vehicle, *such towing and storage fees shall be established by the City Council through adoption of a resolution.*

(d) After adoption of a resolution by the City Council and approval of the resolution by the Mayor, the fees that are provided for in Subsection (a) of this section shall be: (1) Published in a daily newspaper of general circulation and in the Journal of the City Council; (2) Made available at the Police Department and at the Office of the City Clerk; and (3) Reviewed by the City Council at least once every two years for adjustment, if any, of the fees established under this section.

(e) Towing and storage fees that are authorized by City Council resolution shall become effective at the beginning of the next fiscal year or as close to the next fiscal year as the City Council finds practicable.

In May of 2013, Council approved a tow rate increase upon the recommendation of the TRC and Board of Police Commissioners (BOPC).¹

The 2013 approved tow rate of \$215.00, breaks down as follows²

\$125.00	TO THE TOW COMPANY
\$75.00	ADMINISTRATION FEE TO THE CITY
\$15.00	PER DAY STORAGE

Prior to 2013, there had not been an increase in the previous seventeen (17) years. The previous fee structure was as follows:³

\$75.00	TO THE TOW COMPANY
\$0	ADMINISTRATION FEE TO THE CITY
\$8.00	PER DAY STORAGE (First 3 days free)

In the 10 years since the last tow rate increase, it does not appear that a review of the administrative, towing, service, and storage fees have taken place at least once every two years as the procedure is outlined in the ordinance. If as it appears, no review or recommendation from the TRC has been submitted, City Council may request that the Auditor General (AG), as Chairperson of the TRC, convene the Commission to study and review the current rates and determine the necessity of an increase as prescribed by ordinance, or, City Council may adopt a resolution to set the administrative, towing, service, and storage fees without such recommendation, as set forth in Section 46-2-91(b).

If Council chooses to urge a meeting of the TRC to conduct a review of the administrative, towing, service, and storage fees as originally outlined in the ordinance, it is important to note, the BOPC has broad supervisory authority within the Police Department and in the past, reviewed recommendations for fee increases from the TRC. The BOPC's eleven-members are comprised of seven elected members and four appointed by the mayor. However, it does not appear that an affirmative recommendation from the BOPC is required for City Council to adopt a resolution approving the new fee schedule. Nonetheless, traditionally both the BOPC and the TRC have offered input on the fees prior to the adoption of a resolution by City Council.

The Legislative Policy Division (LPD) has been in contact with the Office of the Auditor General (AG). We have been informed that if it is the desire of the body, the AG stands ready to proceed with the process of reconvening the TRC for the purpose of reviewing Police Authorized Towing Rates and offering a recommendation to this Honorable Body.

¹ <https://detroitmi.gov/Portals/0/docs/policecommissioners/2016/Police%20Authorized%20Towing%20Presentation.pdf>

² Evidence tows and victims of carjacking, RA, CSC, and homicide are not charged. The fee is paid by the city of Detroit

³ Detroit towing cost could increase 166 percent; city would reap \$4 million, police commissioner says Updated: Apr. 12, 2013, 5:52 p.m.
Published: Apr. 12, 2013, 4:52 p.m.

⁴ Information relative to date of last rate increase and most recent empanelment of commission confirmed by DPD

regional transit policy, needs and funding going forward under the direction of the RTA; and BE IT FINALLY

RESOLVED, That a copy of this Resolution be sent to Marisol Simon, Regional Administrator of the Federal Transit Administration, Governor Rick Snyder, Mayor Dave Bing, Paul Tait, Executive Director of SEMCOG, and the SEMCOG Executive Committee Board members.

Adopted as follows:

Yeas — Council Members Brown, Cockrel, Jr., Jenkins, Jones, Spivey, Tate, and President Pugh — 7.

Nays — None.

*WAIVER OF RECONSIDERATION (No. 3), per motions before adjournment.

WHEREAS, The Towing Rate Commission recently voted to recommend that the following tow rates take immediate effect as follows:

For private towing services engaged by the Detroit Police Department:

a) To private or city storage pursuant to 55-15-1(3)(4), a flat rate of \$125.00 for the towing of any vehicle less than 10,000 pounds, gross vehicle weight, shall be charged to and paid by the owner of the vehicle towed. This rate shall apply regardless of the time and the equipment used during such tows. An additional truck fee of \$75.00 may be charged when the use of a second truck is deemed necessary by the Police Department. The second truck fee shall be charged to and paid by the owner of the vehicle towed. An additional storage fee of \$15.00 may be charged for each day of storage.

b) To private or city storage pursuant to 55-15-1(3)(4), a flat rate of \$175.00 for the towing of any vehicle 10,000 pounds or more, gross vehicle weight, but less than 60,000 pounds, gross vehicle weight, may be charged to and paid by the owner of the vehicle towed. This rate shall apply regardless of the time and the equipment used during such tows. A storage fee of \$20.00 may be charged for each day of storage.

c) To private or city storage pursuant to 55-15-1(3)(4), for any vehicle 60,000 pounds gross vehicle weight or more, a flat rate of \$300.00 may be charged to and paid by the owner of the vehicle towed. This rate shall apply regardless of the time and the equipment used during such tows. An additional truck fee of \$150.00 per hour or any part thereof, with a maximum of six (6) hours, may be charged when the need for a second truck is deemed necessary by the Detroit Police Department. The second truck fee shall be charged to and paid by the owner of the vehicle towed. A storage fee of \$25.00 may be charged for each day of storage.

d) A fee of \$100.00 for each boat, trailer, recreational vehicle, or any miscellaneous

item shall be charged to and paid by the Detroit Police Department.

e) An administrative fee of \$75.00 shall be charged to and paid by the owner of each vehicle, boat, trailer, recreational vehicle, or any miscellaneous item. An administrative fee of \$75.00 shall be added to the opening bid amount for each unclaimed vehicle, boat, trailer, recreational vehicle or any miscellaneous item offered for sale at public auction. The administrative fee shall be collected by the authorized tower at the time of redemption/auction and remitted to the City of Detroit.

Under circumstances where the Detroit Police Department compensates a police authorized tower for the tow of any vehicle, boat, trailer, recreational vehicle, or any miscellaneous item, such payment shall not relieve the owner of his/her responsibility for payment and the owner shall reimburse the city for the amount of such payment (55-15-8(e)) except as such payment is exempted under section 55-14-9.

f) For each tow to any private or city storage pursuant to the above rates, storage charges shall begin immediately upon the towing of each vehicle. Further, police authorized towers shall not be obligated to pay any administrative fee assessed on any vehicle towed to a city storage yard; rather, the administrative fee shall be charged to and paid by the owner of the vehicle towed.

WHEREAS, The change in the towing rate is necessary due to the increase in operating costs.

WHEREAS, Ordinance 55-15-5 and Ordinance 14-85 gives the City Council the authority to establish maximum and standard rates for police authorized tows. NOW THEREFORE BE IT

RESOLVED, That the above tow rates shall take immediate effect.

Adopted as follows:

Yeas — Council Members Brown, Cockrel, Jr., Jenkins, Jones, Spivey, Tate, and President Pugh — 7.

Nays — None.

*WAIVER OF RECONSIDERATION (No. 4), per motions before adjournment.

And the Council then adjourned.

CHARLES PUGH
President

JANICE M. WINFREY,
City Clerk

(All resolutions and/or ordinances except Resolutions of Testimonial or In Memoriam, are generally in the name of the Council Member who was chairperson of the day of the City Council Meeting on which the resolution was introduced.)

CITY COUNCIL

(REGULAR SESSION)

(All action of the City Council appearing herein is subject to reconsideration and/or approval of the Mayor.)

Detroit, Tuesday, April 30, 2013

Pursuant to adjournment, the City Council met at 10:00 A.M., and was called to order by the President Charles Pugh.

Present — Council Members Brown, Cockrel, Jr., Jenkins, Jones, Spivey, Tate, Watson, and President Pugh — 8.

Invocation Given By:

Council Member JoAnn Watson
Coleman A. Young Municipal Center
Two Woodward Avenue
Detroit, MI 48226

There being a quorum present, the City Council was declared to be in session.

The Journal of the Session of April 16, 2013 was approved.

RECONSIDERATIONS

NONE.

UNFINISHED BUSINESS

NONE.

PRESIDENT'S REPORT ON STANDING COMMITTEE REFERRALS AND OTHER MATTERS

NONE.

RESOLUTION

By ALL COUNCIL MEMBERS:

THE FOLLOWING ITEMS ARE BEING REFERRED TO THE BUDGET, FINANCE AND AUDIT STANDING COMMITTEE:
FINANCE DEPARTMENT/PURCHASING DIVISION

Submitting the following Finance Department/Purchasing Division Contracts:

1. Submitting reso. autho. **Contract No. 2876717** — (100% City Funding) — To Provide Public Safety Headquarters Building Management — Hines Detroit Services, LLC, One Campus Martius, Suite 3W, Detroit, MI 48226 — Contract Period: May 1, 2013 through April 30, 2016 — Contract Amount Not to Exceed: 2,760,000.00. **Finance.**

OFFICE OF THE OMBUDSMAN

2. Submitting responses to questions from Council Member Tate regarding Fiscal Year 2013-2014 Budget.

Adopted as follows:

Yeas — Council Members Brown, Cockrel, Jr., Jenkins, Jones, Spivey, Tate, Watson, and President Pugh — 8.

Nays — None.

RESOLUTIONS

By ALL COUNCIL MEMBERS:

THE FOLLOWING ITEMS ARE BEING REFERRED TO THE INTERNAL OPERATIONS STANDING COMMITTEE:

FINANCE DEPARTMENT/PURCHASING DIVISION

Submitting the following Finance Department/Purchasing Division Contracts:

1. Submitting reso. autho. **Contract No. 2796123** — (100% City Funding) — (CCR: March 29, 2009) — To Provide Moving Services — BDM Transport LLC, 1301 W. Lafayette, Suite 419, Detroit, MI 48226 — Contract Period: March 15, 2013 through March 15, 2014 — Estimated Cost: \$437,750.00. **General Services.**

Renewal of existing contract.

LAW DEPARTMENT

2. Submitting reso. autho. **Settlement** in lawsuit of Roddie Battle vs. City of Detroit, et al. Case No.: 11-001240NI. File No.: A20000.003160 (YRB); in the amount of \$5,000.00; by reason of alleged injuries sustained during an auto accident on or about June 3, 2010.

3. Submitting reso. autho. **Settlement** in lawsuit of Eric Kimbrough vs. City of Detroit; Case No.: 12-000721-NF; File No. A20000-003306 (CC); in the amount of \$90,000.00; by reason of alleged injuries sustained on or about February 7, 2011.

4. Submitting reso. autho. **Settlement** in lawsuit of MedCity Rehabilitation Services, LLC vs. City of Detroit. Case No. 12-002422-NF. File No. A20000.003356 (JDN); in the amount of \$50,000.00 by reason of alleged payment due for medical services rendered to Vincent Muse, Moniqua Wilcox, Evangeline Isom and Hollis Peguese.

5. Submitting reso. autho. **Agreement of Binding Arbitration Award** in lawsuit of Thomas McCracken et. al. vs. City of Detroit, et. al., Wayne County Circuit Court Case No.: 09-010633-CZ; in the amount of not more than \$500,000.00 for any and all claims arising out of the incidents cited within their complaint.

6. Submitting reso. autho. **Order of Dismissal and to Enter Into an Agreement to Arbitrate** in lawsuit of Jessie Payne vs. City of Detroit and Derrick Averitt; Case No.: 12-126172-NI and 12-129554-NF; File No.: A20000-003390 and A20000.003505 (CB); in an amount of not more than \$750,000.00 for any and all claims arising out of the incident which occurred on or about February 17, 2012 at or near Northland Mall Parking Lot.

Adopted as follows:

Yeas — Council Members Brown, Cockrel, Jr., Jenkins, Jones, Spivey, Tate, Watson, and President Pugh — 8.

Nays — None.