



City of Detroit
Office of the Auditor General

2024

Towing Rate Commission

**Presentation To The
Board of Police Commissioners**

June 25, 2025



PRESENTATION OVERVIEW



About the Commission

- ✓ Charter Authority
- ✓ Meet the 2024 Commissioners
- ✓ Our Approach and Methodology



Towing in Detroit

- ✓ Detroit Police Department Towing and Impound Unit
- ✓ Police Authorized Tows
- ✓ Detroit Police Authorized Towers
- ✓ Other Non-City Towing Activity



Towing Related City Standards

- ✓ Bonding and Insurance Standards
- ✓ Licensing and Permits



Proposed Towing Fees

- ✓ Towing Fee Structure
- ✓ Motorized Vehicles and Recreational Vehicles
- ✓ Boats, Trailers, and Campers
- ✓ Miscellaneous Tows
- ✓ Storage Fees
- ✓ Administrative Fees



Other Related Items



City Council Resolution



Next Steps

ABOUT THE COMMISSION

CITY CHARTER DIVISION 5. TOWING SUBDIVISION A. SEC. 46-2-81.



COMPOSITION

The Towing Rate Commission (TRC) 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.



DUTY

To review 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.



FAILURE TO ACT

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.

MEET THE 2024 TOWING RATE COMMISSIONERS



LAURA GOODSPEED, CHAIRPERSON

Auditor General



ANDREW ANYANWU

General Manager,
Operations



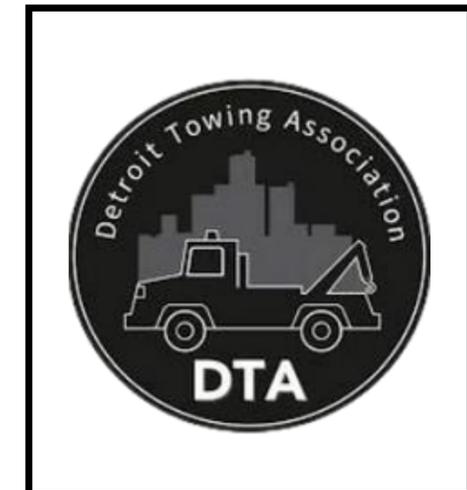
CAPTAIN JASON ADAMS

Police Towing and
Impound Unit



ISAIAH "IKE" McKINNON

Retired, City of Detroit
Chief of Police



PEGGY GOODWIN

Consultant and Public
Affairs Manager

WHY REVIEW TOWING FEES NOW?



LAST REVIEW OF TOWING FEES

- ✓ Since its establishment, the TRC was last convened in 2012.
- ✓ The 2012 TRC recommended to City Council that a towing fee increase be implemented.
- ✓ The current towing, storage, and administrative fees were adopted by City Council Resolution on April 24, 2013.



COST AND OTHER IMPACTS TO THE TOWING INDUSTRY

- ✓ From 2013 to 2023, the consumer price index increased by 28%.
- ✓ From 2013 to 2022, the National Average Wage Index grew by 42%, or from \$44,888 to \$63,795.
- ✓ The cumulative inflation rate for the average price of motor vehicle insurance from 2013 to date, is estimated at nearly 97%.
- ✓ A gallon of diesel fuel (adjusted for inflation) was \$3.75 in 2013, rose to \$6.16 in 2022 and is now \$4.23 in 2023.
- ✓ Cost of other materials necessary for adequate clean-up of accident scenes is estimated to have risen by 150% (e.g., the cost of oil dry bags has risen from \$8 per bag to \$20 per bag.)

OUR APPROACH AND METHODOLOGY

- ✓ Conducted benchmark studies of towing fees nationwide and in Michigan cities.
- ✓ Analyzed trends and changes in consumer price indices.
- ✓ Reviewed data, proposed fees, and other input from police authorized towers.
- ✓ Reviewed DPD Towing and Impound Unit financials and operations.
- ✓ Reviewed towing industry guidelines.



POLICE AUTHORIZED TOWS

MCL - SECTION 257.252K CHAPTER 257 ACT 300 OF 1949 300-1949-II

CITY CHARTER DIVISION 5. TOWING SUBDIVISION A. SEC. 46-2-81.

DETROIT POLICE DEPARTMENT (DPD)

- ✓ The City is responsible for maintaining clean, safe and functional streets.
- ✓ Residents and visitors are entitled to a safe and well-managed vehicle towing system for non-consensual tows that affords them a high level of customer service, convenience, courtesy, and professionalism.
- ✓ DPD is responsible for enforcing the towing ordinance.
- ✓ DPD's Towing and Impound Unit (PTIU) was established in 2018 and includes both towing and impound operations.
- ✓ In 2023 and 2024, PTIU performed approximately 20% of all "hooks" (i.e., tows) in the City.



POLICE AUTHORIZED TOWS



SUMMONED BY THE DETROIT POLICE DEPARTMENT

Detroit Police Authorized Towing Companies in the City of Detroit are dispatched by the Detroit Police Department to help remove or assist with the removal of:

- Vehicles involved in accidents.
- Vehicles interfering with emergency activities or impeding traffic from the traveled portion of a street, highway, or freeway.
- Stolen, flooded, and abandoned cars.
- Illegally parked vehicles.
- Vehicles take in conjunction with an arrest, forfeiture, stolen-recovery, or if needed for evidence are also police authorized tows.
- Debris, and hazardous materials from accidents and crime scenes.



POLICE AUTHORIZED TOWING FEE SCHEDULE

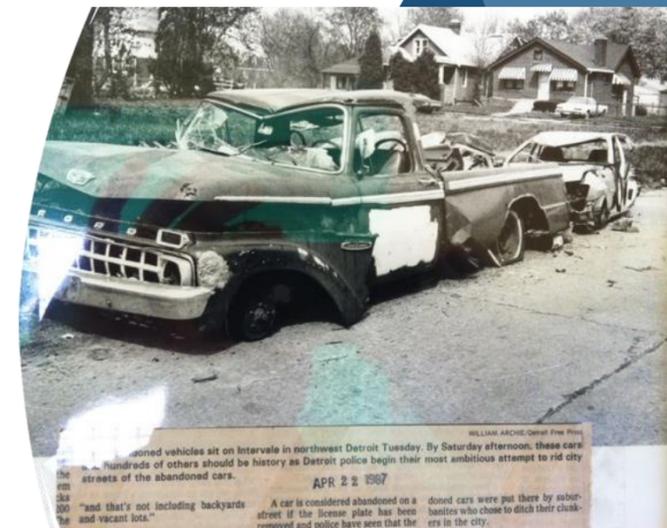
Pertains ONLY to police authorized tows and does not apply to other City contracted services or third-party private property impounds. Other City contacted services go through a public bidding process through the Office of Contracting and Procurement. An example of this type of contract would be for towing City of Detroit vehicles in need of repair or service.



POLICE AUTHORIZED TOWERS.

- ✓ PATs are experts in towing, and they are efficient, professional, and organized; they have capacity and are focused.
- ✓ PATs work side-by-side with Police on crime scenes and are trained to maintain the chain of custody needed for evidence.
- ✓ Approximately 80% of all DPD “hooks” in 2023 and 2024 were performed by PATs.
- ✓ Police authorized towing is 80% to 100% of each PAT’s business.
- ✓ In 2012 there were 27 PATs in Detroit; As of August 2024, there are 5 PATs operating under DPD contracts approved by City Council effective December 2022 through July 2027.

The photo from the Detroit Free Press shows the need for Police Authorized Towers dating back to 1987 due to an abundance of abandoned cars which create blight.



OTHER NON-CITY TOWING ACTIVITY



NON-CONSENSUAL TOWING

Private property owners often hire towing companies to remove vehicles not authorized to park on their property. An example is a fast-food chain might have signs in their parking spaces designating the space “for customers only.” If a person parks there and goes to the business next door, the private property owner may call the tow company they have hired to remove that vehicle. In Detroit, this is called PPI or Private Property Impounds.



CONSENSUAL TOWING

Consensual towing is towing often requested by the vehicle owner. The most common example is when a call is placed to a motor club because the vehicle will not start or breaks down while driving.



CITY STANDARDS

BONDING AND INSURANCE STANDARDS

Component Cost Details	Current and Proposed Cost or Requirement
Workers' Compensation	Michigan Statutory minimum
Employers' Liability	\$500,000.00 minimum each disease \$500,000.00 minimum each person \$500,000.00 minimum each accident
Commercial General Liability Insurance (Broad Form Comprehensive)	\$1,000,000.00 each occurrence \$2,000,000.00 aggregate
Garage Keeper's Legal Liability Insurance	\$50,000
Automobile Liability Insurance	\$1,000,000.00 combined single limit fo bodily injury and property damage

CITY STANDARDS

LICENSING AND PERMITS*

FOR JUNK YARDS, SCRAP YARDS, OTHER OPEN STORAGE YARDS, AND MARIJUANA SITES

Gross Land Area	Current and Proposed Cost or Requirement
Not over 5,000 sq. ft	Flat \$222
Over 5,000 to 10,000 sq. ft.	Base \$278
Over 10,000 to 50,000 sq. ft.	Base \$292
Over 50,000 to 100,000 sq. ft.	Base \$375
Over 100,000 + each additional 40,000 sq ft. or fraction thereof to Maximum	Base \$459 Each additional \$38
Maximum	\$3,410

**Note: 2024 TRC Commissioner Andrew Anyanwu, Operations General Manager, Building Safety Engineering and Environmental Department provided the current and proposed costs (i.e. "No Change".)*

TOWING FEE'S STRUCTURE



CATEGORY

- ✓ Motorized Vehicles Including Recreational Vehicles
- ✓ Boats, Campers, and Trailers
- ✓ Miscellaneous
- ✓ Out-of-Town Retrievals



TOW CLASSIFICATION

- ✓ Light Duty
- ✓ Medium Duty
- ✓ Heavy Duty



GUIDELINES

- ✓ By Weight
- ✓ Flat Fee



MOTORIZED VEHICLES AND RECREATIONAL VEHICLES

Tow Classification ^(A)	Current Fees	Current Weight Guidelines ^(B)	2024 TRC Proposed Fees ^(C)	Proposed Weight Guidelines ^(D)
Light Duty	\$ 125.00	10,000 lbs and less	\$ 225.00	10,000 lbs and less
Light Duty Second Truck	\$ 75.00	10,000 lbs and less	\$ 175.00	10,000 lbs and less
Medium Duty	\$ 175.00	10,001 lbs to 60,000 lbs	\$ 425.00	10,001 lbs to 26,000 lbs
Medium Duty Second Truck	None	10,001 lbs to 60,000 lbs	\$ 350.00	10,001 lbs to 26,000 lbs
Heavy-Duty	\$ 300.00	60,000 lbs and greater	\$ 700.00	26,001 lbs and greater
Heavy-Duty Second Truck	\$ 150.00	60,000 lbs and greater/ 6 hour cap	\$ 500.00	26,001 lbs and greater

MOTORIZED VEHICLES AND RECREATIONAL VEHICLES

A. Light versus Medium and Heavy-Duty Tows

- ✓ Light Duty tows include motorized vehicles, SUVs, minivans, trucks, passenger and recreational vehicles.
- ✓ Medium and Heavy-Duty tows are usually commercial vehicles.

B. Current Weight Guidelines

The 2024 Towing Rate Commission could not determine what information was used nor how the previous weight guidelines were determined by the prior 2012 Towing Rate Commission.

C. Proposed Fees

Research based, vetted, and approved by a majority vote of the 2024 TRC Commissioners (excluding DPD.)

D. Proposed Weight Guidelines

Based on vehicle guidelines per the Towing Recovery Association of America, which is the umbrella trade group and national voice of the entire towing and recovery industry.





BOATS, TRAILERS, AND CAMPERS

Tow Classification ^(A)	Current Fee	Current Weight Guideline ^(B)	2024 TRC Proposed Fee ^(C)	Proposed Weight Guideline ^(B)
Heavy-Duty	\$ 100.00	None/Flat Fee	\$ 700.00	None/Flat Fee

A. Heavy Duty Tows

Based on past and average tows, it was determined that boats, trailers, and campers typically require a Heavy-Duty tow.

B. Current and Proposed Weight Guideline

Remained consistent with a single flat fee for all weights.

C. Proposed Fee

The proposed fee is consistent with the proposed fee for a motorized vehicle and recreational vehicle Heavy-Duty tow.



MISCELLANEOUS TOWS



Tow Classification ^(A)	Current Fee	Current Weight Guideline	2024 TRC Proposed Fee	Proposed Weight Guideline
Light Duty	\$ 100.00	None/Flat Fee	\$ 200.00	None/Flat Fee

A. Miscellaneous Light Duty Tows

The Miscellaneous category includes motorcycles, on and off-road all terrain vehicles (ATVs), jet skis, scooters, mini-bikes, 4-wheelers, lawn equipment, paddle/non-engine rowboats, etc.

B. Current and Proposed Weight Guideline

Remained consistent with a single flat fee.

C. Proposed Fee

The proposed fee is a new Light Duty flat fee determined by the Commission. based on the varying types of tows in this category with varying towing requirements.

OUT-OF-TOWN RETRIEVALS*

Classification	Current Fee Per Mile	2024 TRC Proposed Fee Per Mile
Light/Medium Duty	\$4.00	\$6.00
Heavy-Duty	\$6.95	\$8.89

- *Notes: (A) The Current Out-of-Town Retrieval fees were not included in the 2012 Towing Rate Commission's recommendations to City Council. Instead, the fees are included in the current Police Authorized Towers contracts.*
- (B) Per the Police Authorized Towers contracts, the mileage for "Out-of-Town Retrievals" is to be calculated from the point at which the tow truck exits the City of Detroit city limits to retrieve the vehicle, to the point at which the tow truck and towed vehicle re-enters the City of Detroit city limits using the most reasonably efficient route:*
- (C) The charges are "in addition" to the towing fees associated with the category and classification of the item being towed.*



STORAGE FEES*

Category	Storage	Current Daily Fee	2024 TRC Proposed Daily Fee
Motorized Vehicles and Recreational Vehicles	Light Duty	\$ 15.00	\$ 30.00
	Medium Duty	\$ 20.00	\$ 40.00
	Heavy-Duty	\$ 25.00	\$ 50.00
Boats, Trailers, and Campers	Heavy-Duty	\$ 25.00	\$ 50.00
Motorcycles	Light Duty	\$ 15.00	\$ 30.00

**Notes: (A) According to the Detroit Police Department Manual, storage fees are waived if a complainant's vehicle is towed, transported, and held at the Department's approved evidence lot for the purpose of collecting and processing evidence, if the crimes are either homicide, criminal sexual conduct, robbery, or carjacking.*

(B) The Detroit Police Department does not assess fees when a vehicle was stolen and recovered in the City of Detroit. Exceptions include situations where the vehicle is being picked up by a corporate or business entity, such as an insurance company, or where the individual has insurance that includes payment of towing and storage fees.

ADMINISTRATIVE FEE

Current Fee	2024 TRC Proposed Fee
\$75.00	\$75.00

2021 TOWING DIVISION ORDINANCE

- ✓ The first Administrative Fee was included in City Council's Resolution resulting from the previous 2012 TRC recommendations.
- ✓ The 2012 TRC operated under the 1984 Towing Division Ordinance. The Administrative Fee was codified in the 2021 Towing Division Ordinance.

ORDINANCE LANGUAGE

Under Section 46-2-114. Administrative fees:

- ✓ An administrative fee shall be charged to, and paid by, the owner of each vehicle towed by a private tow company in a non-consensual tow, other than a Department authorized tower, from a location inside the City.
- ✓ The Police Department shall establish the administrative fee for non-consensual tows in accordance with Section 9-507 of the Charter subject to approval by the City Council through adoption of a resolution.

ADMINISTRATIVE FEE



DETROIT POLICE DEPARTMENT ADMINISTRATIVE FEE

The Administrative Fee is a service fee supporting the following operational costs:

- ✓ GovTow (vehicle tow management and tracking solution.)
- ✓ Michigan's Law Enforcement Information Network (LEIN.)
- ✓ Staffing, including but not limited to:
 - Tow Desk Staffing (24 Hours a day, 7 days a week)
 - Auction and Abandoned Vehicle Officer(s)
 - Impounding Officer(s)
 - Supervisor(s)
 - Office Management Assistant(s)
- ✓ Other operational costs specifically associated with the PTIU not listed above.

OTHER RELEVANT ITEMS



TOWING DIVISION ORDINANCE HARDSHIP POLICY

- Per the Section 46-2-91 (c) of the Towing Ordinance:
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.
- Through the current Police Authorized Towing contracts (with effective dates from 2022 to 2027,) DPD implemented a discretionary program which allow owners of vehicles stolen in the city of Detroit to apply for a poverty waiver for DPD authorized towing and storage fees.



DPD'S AUTHORITY TO WAIVE OR REDUCE FEES

- DPD is responsible for reviewing, approving, and if applicable waiving or reducing fees in accordance with the contracts.

OTHER RELEVANT ITEMS



DISPOSAL FEES

- ✓ The Police Authorized Towers (PATs) advised the TRC that currently there is no mechanism that allows them to recover the cost of disposing items not redeemed and left in their storage lots.
- ✓ Currently, through the City's competitive procurement practices, DPD outsources disposal of items not redeemed and on a City storage lot.
- ✓ The 2024 TRC determined that we have no authority to set disposal fees since it was not specifically listed as one of its duties in the 2021 Towing Division Ordinance.
- ✓ The 2024 TRC resolved that this is an operational concern between DPD and the PATs. Any resulting changes in contract terms would go through the City's procurement process for subsequent approval by City Council.

CITY COUNCIL RESOLUTION

- ✓ Resolution To Set The Administrative, Towing, Service, And Storage Fees In Accordance With The Recommendation Of The Tow Rate Commission.
- ✓ Drafted September 23, 2024.
- ✓ Approved by City Council February 18, 2025.
- ✓ Approved by Mayor February 26, 2025.
- ✓ New Rates and Fees Effective July 1, 2025.





NEXT STEPS

- ✓ Auditor General convene 2026 Tow Rate Commission, February 2026.
- ✓ Review current rates and fees.
- ✓ Submit recommendations to City Council by October 1, 2026.



On Behalf of the

2024 Towing Rate Commission

THANK YOU



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City of Detroit
Office of the Auditor General