



**CITY OF HOUSTON - CITY COUNCIL**

Meeting Date: 12/14/2021

ALL

Item Creation Date: 11/5/2021

ARA - Approve Non-Consent Tow Rate Increase

Agenda Item#: 1.

**Background:**

The Administration & Regulatory Affairs Department (ARA) recommends that City Council adopt a motion approving an increase in the City's non-consent tow rates. The City regulates the rates tow truck operators may charge for vehicles towed without the owner's consent.

In 2020, three tow operators requested that the City perform a non-consent tow rate study under State Law and City Code. As required by City Ordinance, the operators issued a check to cover the estimated administrative costs of the rate review. ARA initiated the study in 2021, as agreed to by the City and the operators. ARA engaged the Eixenberger Group to assist with the study.

As a result of the study request, the City froze the rates at the 2020 rate of \$174.00 for standard (light duty) and \$264.50 per hour (two-hour minimum) for heavy-duty tows. The City last reviewed non-consent tow rates in 2008. Since 2009, non-consent tow rates have been adjusted annually based on the Consumer Price Index (CPI) formula outlined in Section 8-123(d)(3)(e).

ARA developed a methodology and completed the rate review. To complete the review, ARA:

- Surveyed Houston's tow companies regarding costs and operations
- Reviewed fuel, insurance, equipment, and other available factors that impact tow costs
- Reviewed reports and other available information related to evaluating and setting non-consent tow rates
- Surveyed other Texas cities and the Texas Department of Licensing and Regulation regarding current non-consent tow rates
- Calculated rates based on the Consumer Price Index formula outlined in Chapter 8 applied during non-rate study years

For standard (light duty) non-consent tows, ARA developed a rate based on the cost component analysis. This rate is the same as the rate calculated using the CPI formula outlined in Section 8-123(d)(3)(e) and is consistent with rates reported by the tow operator respondents and with the rates charged in other Texas cities. For heavy-duty tows, ARA calculated the rate based on the CPI formula.

Based on the review, ARA proposes a regular non-consent tow rate of \$190.00. ARA recommends a heavy-duty rate of \$289 per hour (two-hour minimum) based on the CPI formula adjustment.

As required by Section 8-123(d)(1), ARA presented this recommendation and held a hearing at the December 14 Regulatory and Neighborhood Affairs committee meeting.

**Fiscal Note:**

There is no impact to the fiscal budget or no additional spending authority. Therefore, no Fiscal Note is required as stated in the Financial Policies.

**Departmental Approval Authority:**

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**Tina Paez, Director  
Administration & Regulatory  
Affairs Department**

**Other Authorization**

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