



## Request for City Council Committee Action from the Department of

Date: February 28, 2008

To: Public Service and Regulatory Services Chair Don Samuels

**Subject: Chapter 349 Class A Towing Fees**

### **Recommendation:**

The Division of Business Licenses recommends the City Council approve the proposed language for Title 13, Chapter 349.270 which establishes a total maximum fee for Class A motor vehicle services, a maximum storage fee for storage of vehicles, and a requirement to accept all forms of payment currently accepted by the City of Minneapolis Impound Lot.

Prepared by: Richard Tuffs, Licenses Inspector

Approved by:

Ricardo Cervantes

Deputy Director, Licenses and Consumer Services

Burt Osborne

Director of Licensing, Operations, and Environmental Services

Rocco Forte'

Director of Regulatory Services and Emergency Preparedness

Presenters in Committee: Ricardo Cervantes, Gary Schiff

### **Financial Impact**

- No financial impact

### **Supporting Information**

See attached Staff Report: Class A Motor Vehicle Services (Towing) Fees, February 27, 2008.

2008-Or-\_\_

AN ORDINANCE  
of the  
CITY OF  
MINNEAPOLIS

By: Schiff

---

**Amending Title 13, Chapter 349 of the Minneapolis Code of Ordinances relating to Licenses and Business Regulations: Wreckers and Tow Trucks.**

The City Council of the City of Minneapolis do ordain as follows:

That Chapter 349 of the Minneapolis Code of Ordinances be amended by adding thereto a new Section 349.270 to read as follows:

**349.270. Service fee – Class A Motor Vehicle Service.** The total maximum service fee, inclusive of tow, maintenance, administrative and related fees, for class A motor vehicle service shall not exceed one-hundred percent (100%) of the fee charged for a comparable tow by the City of Minneapolis impound facility. The maximum storage fee for storage of a vehicle removed by a class A motor vehicle service licensee shall not exceed one-hundred percent (100%) of the fee charged for storage by the City of Minneapolis impound facility. Class A motor vehicle service licensees shall honor all forms of payment currently accepted by the City of Minneapolis impound facility.

**Licenses and Consumer Services**  
**Ricardo Cervantes, Deputy Director**

**Staff Report**  
**Class A Motor Vehicle Services (Towing) Fees**  
**February 27, 2008**

The City of Minneapolis authorizes licensed private companies to provide five classes of towing services. The Class A motor vehicle service is the action of towing and impounding a motor vehicle from private property without the permission on the vehicle owner. This has been referred to as non-consensual towing, private property impound towing, or third party towing. This type of towing service is usually used to remove those vehicles that have parked, or otherwise trespassed, on private property without the property owner's permission. Currently, the ordinances of the City of Minneapolis do not regulate the rate that can be charged for this type of towing service, nor by what means of payment the public may use to pay the towing company.

Below is the proposed ordinance language that would add a maximum fee to Class A Motor Vehicle Service (towing) and would add a requirement that the Class A Motor Vehicle Service Licensee accept any form of payment currently accepted by the impound lot. Methods of payment now accepted at the Minneapolis Impound lot are cash, check, Visa, Master, and American Express cards.

The proposed language is as follows:

**349.270. Service fee – Class A Motor Vehicle Service.** The maximum service fee for class A motor vehicle service shall not exceed one-hundred percent (100%) of the fee charged for a tow by the City of Minneapolis impound facility. The maximum storage fee for storage of a vehicle removed by a class A motor vehicle service licensee shall not exceed one-hundred percent (100%) of the fee charged for storage by the City of Minneapolis impound facility. Class A motor vehicle service licensees shall honor all forms of payment currently accepted by the City of Minneapolis impound facility.

The language for the proposed ordinance is nearly identical to Minneapolis Ordinance 320.70, which sets forth the maximum service fee for motor vehicle immobilizing (booting).

On August 11<sup>th</sup>, 2006 the Department of Licenses and Consumer Services Division hosted a meeting with the Minneapolis Class A towing industry. The three licensed companies attended the meeting. The attendees received a copy of the proposed ordinance amendment, the notice of the public hearing and copies of the research material thus far collected with regard to the survey of other cities and local towing rate comparison.

One item of contention at this meeting was whether cities have the right to regulate towing rates. The City Attorneys Office has reviewed this situation and has confirmed

that cities may regulate the rates for non-consensual towing only. A copy of the specific federal code is attached below:

*United States Code: 49 U.S.C. § 14501.*

*(c) Motor Carriers of Property.—*

*(1) General rule.— Except as provided in paragraphs (2) and (3), a State, political subdivision of a State, or political authority of 2 or more States may not enact or enforce a law, regulation, or other provision having the force and effect of law related to a price, route, or service of any motor carrier (other than a carrier affiliated with a direct air carrier covered by section 41713 (b)(4)) or any motor private carrier, broker, or freight forwarder with respect to the transportation of property.*

*United States Code: 49 U.S.C. § 14501.*

*(C) does not apply to the authority of a State or a political subdivision of a State to enact or enforce a law, regulation, or other provision relating to the price of for-hire motor vehicle transportation by a tow truck, if such transportation is performed without the prior consent or authorization of the owner or operator of the motor vehicle.*

*According to a recent Supreme Court case, City of Columbus v. Ours Garage and Wrecker Service, 200 U.S. 321, 327 (2001), the court found that any regulation outside of towing without prior consent would be unenforceable unless it has a safety implication. The Court does take in account the intent of the rule making body to assess their intentions to make sure there is an adequate safety concern.*

For the purpose of the proposed ordinance, the Division of Licenses and Consumer Services recommends the fee to be set at one-hundred percent of the fee charged by the impound facility for non-consensual tows from public property. Since the City Council may consider options to permit a fee higher than the maximum impound lot charges, the chart below indicates what the rate would be at higher percentages.

Impound Lot Fees in Comparison to Proposed Towing Fees (Assuming 1 Day of Storage)

A 100 percent maximum fee would set the towing fee at  $\$138 + 18 = \$156$

A 125 percent maximum fee would set the towing fee at  $\$172.50 + 22.50 = \$195$

A 150 percent maximum fee would set the towing fee at  $\$207.00 + 27 = \$234$

Below is a chart that indicates the towing rates that are charged by the four towing companies now licensed to provide Class A motor vehicle services. (Chart A - Towing Rates)

Three other cities similar in size to Minneapolis regulate the maximum towing rates for non-consensual towing from private property. The full results of this comparable cities review are in Chart B - Tow Fee Schedule by Comparable Cities below.

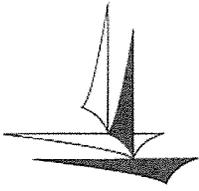
**Chart A  
Towing Rates  
February, 2008**

<u>Type of Fees</u>	Rapid Recovery Jan, 2008	Wrecker Services Oct, 2007	Gopher Towing Oct, 2007	Cedar Towing Sept, 2007	City of Mpls. Impound Lot
Tow Fee (Private Property)	\$285	\$ 260.00 (tax incl)	\$220.00* (plus tax)	\$ 280.40 (tax incl)	\$ 138.00
Heavy duty			Plus \$60	\$400.49 (tax incl)	\$175.00
Storage per Day	\$25.00	\$ 25.00 (at midnight day of) \$ 50.00 after 10 days	\$ 25.00 (first 24 hours)*	\$ 35.00	\$ 18.00 (at midnight day of)
Administrative Fee		\$ 50.00	\$30 after the third day		
Drop Fee		\$ 100.00 cash only	\$ 50.00*	\$ 50.00 cash only	Public Property \$5 - \$15
Dollies Fee		\$ 100.00	\$ 35.00*	\$15.00 plus tax	
High Risk Fee			\$ 25.00*		
Regular Service Tow	\$75 Hook Up plus \$3 per mile	\$110/\$85 Hook Up plus \$3 per mile	\$ 75.00* plus \$3.50 1-10 miles; \$3.00 10+ miles	\$ 50.00 - \$95 plus \$3 per mile	

\*(\$ 5 fee added when check or credit card are used)

<p style="text-align: center;"><b>Chart B</b>  <b>Tow Fee Schedule by Comparable Cities</b>  <b>January, 2008</b></p>				
Cities	Require License For Towing	Is there a cap?	What is the cap?	How it is Broken Down
Minneapolis, MN	Yes	No	None	None
Buffalo, NY	Yes	Yes	All two axels \$ 90 After first 24 hrs. \$ 25  Tractor Truck \$ 136 \$ 14 A Day	Type of Vehicle
Cincinnati, OH	Yes	Yes	\$90. for less than 10,000 lbs; \$12 for 24 hour storage  \$150 for over 10,000 lbs. \$20 for 24 hour storage	Gross Weight of Vehicle
Kansas City, MO	Yes	No	*None	None
New York, NY	Yes	Yes	\$100 tow plus three days storage	None
Omaha, NE	Yes	Yes	\$150 Passenger Vehicle plus admin fee of \$25  \$15 per day storage	City Council reviews maximum fees every 2 years
Pittsburgh, PA	Yes	Yes	\$ 110 Passenger Vehicle  Up to \$ 220 for Large Vehicles	Gross Weight of Vehicle
Saint Louis, MO	Yes	No	None	None
Saint Paul, MN	Yes	No	None	None
Toledo, OH	Yes	Yes	\$ 90 Under 10,000 lbs  \$ 12 Storage per/24hrs  \$ 150 Over 10,000 pounds  \$ 12 Storage per/24hrs	By Weight
Tulsa, OK	Yes, Oklahoma Dept of Public Safety		Rates based on weight, location, distance, time and hook-up requirements.	

\*Determined each year on May 1<sup>st</sup> by the City Manager



**Minneapolis**  
*City of Lakes*

**Regulatory Services  
Department**

**Licenses &  
Consumer Services  
Division**

350 South 5<sup>th</sup> Street – Room 1C  
Minneapolis, MN 55415-1391

Office (612) 673-2080  
Fax (612) 673-3399  
TTY (612) 673-2157

**Date: March 5<sup>th</sup>, 2008**

**Place: City Hall Council Chambers  
350 South 5<sup>th</sup> Street – Room 317  
Minneapolis, MN 55415-1391**

**Purpose: Amendments to the Minneapolis Code of Ordinances relating to  
Wreckers and Tow Trucks.**

On Wednesday, March 5<sup>th</sup>, 2008 at 1:00 p.m. or shortly thereafter, the Public Safety and Regulatory Services Committee of the Minneapolis City Council will consider the following amendments to the Code of Ordinances:

**Amendments to Chapter 349 of the Minneapolis Code or Ordinances relating to the establishment of maximum fees that may be charged by Class a Motor Vehicle Service licensees.**

It has been determined that your business may be affected if the proposed ordinance amendments are adopted.

You are invited to be present at the public hearing and to express your opinion or inform this office of your approval or disapproval of the proposed amendments in writing.

Questions concerning this matter may be directed to Inspector Richard Tuffs at 612 673-3911.

Ricardo Cervantes, Deputy Director  
Licenses and Consumer Services

-CONTINUED-

