

Towing for No Insurance Violations

City Council Briefing
April 2, 2008



Current Statistics

- Auto Pound staffing – 12 sworn / 41 civilians
- 2006–2007 total expenses - \$8,150,499
- 2006-2007 revenues - \$13,002,123
- Auto Pound receives about 45,000 vehicles per year – average of 124 vehicles per day
- Average daily capacity - 63% full
- In 2007, DPD issued **75,845** citations for No Insurance - 3,852 of which were issued at accident scenes where the vehicle was towed.

Background / Issue

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 - State Law (Transportation Code) Requirement of Financial Responsibility - prohibits operating a motor vehicle in Texas unless financial responsibility (insurance) is established.
 - The City of Dallas began towing vehicles for No Insurance from accident scenes in April, 2006.
- Issue
 - ***Routine towing of vehicles for No Insurance violations from traffic stops will result in a significant increase in impoundments.***

Comparison

- San Antonio Police Department currently tows vehicles for No Insurance violations.
- Officers have discretion to allow violators to contact someone to bring proof of insurance to the location or confirm through their insurance company.
- 13,237 vehicles were impounded by San Antonio PD for No Insurance in 2007 – including 9,338 from traffic stops.

Current Procedure

- Officer initiates traffic stop based on observed violation – driver is required to produce a valid driver’s license and proof of insurance.
- Officer issues citation for “Failure to Maintain Financial Responsibility” if proof of insurance is not shown (75,845 issued in 2007). Officers are not required to attempt to confirm proof of insurance.
- Driver is issued citation and released at the scene. Copy of citation is sent to Municipal Court for processing.

Revised Procedure

- Officer initiates traffic stop based on observed violation - driver is required to produce a valid driver's license and proof of insurance.
- If driver states he is insured but unable to provide proof, officer will make reasonable attempt to verify.
- Officers will be allowed limited discretion in enforcing this policy. If an officer believes circumstances exist that preclude impounding the vehicle, it may be released at the scene with supervisory approval. The driver will be issued a citation for FMFR.
- If proof of insurance is not provided or verified, and no other circumstances exist to warrant releasing the vehicle, officers will issue the driver a citation and have the vehicle towed. Copy of the citation will be sent to Municipal Court for processing. This program initially will have a neutral impact on the municipal court system.

Revenue

- Pound fees – not including \$95 towing fee:
 - \$20 one-time impound fee
 - \$20 per day storage fee
 - \$50 notification fee (after 48 hours of storage)
- Projected revenue from vehicles towed for No Insurance - **\$50,000 for every 1,000 vehicles towed***
- *projection based on half the vehicles impounded for one day and half for two days

Potential Financial Impacts

- Additional civilian employee for every 2,000 vehicles towed (\$41,000 average including salary, pension and benefits)
- Expanded entrance/exit at additional 12,000 vehicles (\$250,000 - \$750,000)
- Building expansion at 25,000 additional tows to accommodate increased staff (\$1,500,000)
- Patrol officer time spent waiting for wreckers (\$17.50 per tow)* - soft dollar cost
- *approx 30 min per tow @ \$35 per hour

Auto Pound Capacity Impact

- At 90% capacity, Auto Pound would be closed to No Insurance tows.
- Auto Pound would reopen at 80% capacity.
- Expansion of Auto Pound lot would be necessary if the 90% threshold is routinely exceeded.
- Additional vehicles impounded increases the potential for environmental issues, longer wait times for wreckers, traffic impact in neighborhood surrounding Auto Pound, and down time for officers.

Option

- **Implement towing of vehicles for No Insurance violations**
- Comment
 - Monitor program closely in early stages for more accurate estimates of total impact to variables such as Pound capacity, officer down time, wrecker response time, revenues, costs, etc
 - Could require capital expenditures and additional staffing shortly after implementation

Example

- If half the vehicles cited for No Insurance are towed:
- 35,000 more vehicles impounded per year – 96 per day (\$1,750,000)
- Approx 17 additional Auto Pound employees (\$697,000 salaries/benefits)
- Potential capital improvements:
 - Expand Auto Pound entrance/exit (\$500,000)
 - Structure renovation (\$1,500,000)
- Officer down time waiting for wreckers (\$612,500)

- Financial Impact Estimates:

<u>First year</u>		<u>Second Year</u>	
Costs	\$3,309,500	Costs	\$1,309,500
Revenue	<u>\$1,750,000</u>	Revenue	<u>\$1,750,000</u>
Net	-\$1,559,500	Net	+\$440,500

Implementation Timeline

- April 2 - City Council briefed
- April 23 – Placed on Council Agenda for vote
- May 1 – Implementation
- June 16 – Update/Report on overall impacts provided to Public Safety Committee

Questions